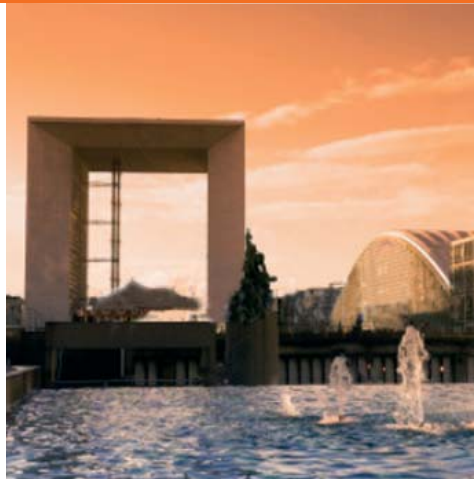


ING GROUP



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

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Interim Report

ING GROEP N.V.

INTRODUCTION

ING Group evaluates the results of its banking operations and insurance operations using the financial measures of underlying result before tax. The breakdown of underlying result before tax by business line for the banking and insurance activities can be found in Note 13 'Segment Reporting'.

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

- Operating result
- Non-operating items.

Both are analysed through various sub-components. The total of Operating result and Non-operating items equals underlying result before tax.

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

- Realised capital gains/losses and impairments on debt and equity securities;
- Revaluations on assets marked to market through the profit and loss; and
- Other non-operating impacts, e.g. provision for guarantees on separate account pension contracts, equity related and other DAC unlocking, VA/FIA Guaranteed benefit Reserve Unlocking and DAC offset on gains/losses on debt securities.

The Operating result for the Life insurance business is broken down in expenses and the following sources of income:

- Investment margin which includes the spread between investment income earned and interest credited to insurance liabilities (excluding market impacts, including dividends and coupons);
- Fees and premium-based revenues which includes the portion of life insurance premiums available to cover expenses and profit, fees on deposits and fee income on assets under management (net of guaranteed benefit costs in the US);
- Technical margin which includes the margin between costs charged for benefits and incurred benefit costs; it includes mortality, morbidity and surrender results.; and
- Non-modelled which is immaterial and includes parts of the business for which no margins are provided.

The reconciliation between IFRS-EU and underlying income, expenses and net result can be found in Note 13 'Segment reporting'.

The first six months of 2010 figures have been restated for the move towards fair value accounting on reserves for Guaranteed Minimum Withdrawal Benefits for life as of 1 January 2011 for the US Closed Block VA.

CONSOLIDATED RESULTS

ING Group posted an underlying result before taxation of EUR 4,100 million, up from EUR 2,964 million in the same period last year, reflecting solid first six months results at ING Bank and a significant improvement compared to last year at ING Insurance.

Underlying net profit was EUR 2,991 million in the first six months of 2011 against EUR 2,149 million in the same period last year. ING Bank reported strong six months results, driven by a healthy interest margin, higher client balances and lower risk costs. Total underlying result at ING Insurance showed continued momentum in performance compared with the first six months of 2010, following a robust increase in operating result and less negative market impacts. The operating result benefitted from an increase in the investment margin and significant improvement in the technical margin compared with the corresponding period last year.

ING Group's net result for the first six months 2011 was EUR 2,888 million compared with EUR 2,441 million in the first six months of 2010.

Net result in the first six months of 2011 included EUR –227 million of special items, EUR 62 million in gains on divestments and EUR 66 million from discontinued operations which relates to the Latin American pensions, life insurance and investment management operations.

Following the announcement of the sale of the Latin American pension, life insurance and investment management operations, actual and historical results previously included under Insurance Latin America as well as ING Investment Management Latin America have been restated and are excluded from underlying net result and are now presented as discontinued operations. Net result from discontinued operations for the six months ending 30 June 2011 include EUR 67 million, compared with EUR 93 million a year ago.

The underlying effective tax rate was 26.0% in the first six months, compared with 26.2% in the first six months of 2010.

BANKING

ING's banking 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 slightly to EUR 2,998 million from EUR 2,889 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 improved 0.6% compared with the first six months of 2010. Interest results rose 3.4% compared with last year. This was driven by a four basis point increase in the interest margin to 1.43%, 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 –102 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 1.5% to EUR 591 million, mainly in Financial Markets.

Underlying operating expenses rose 4.3% to EUR 4,909 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 57.0% from 55.0% 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 Banking 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.

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 608 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 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 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 83 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.

Operating expenses increased to EUR 397 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 33 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 85 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 1,419 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 1,156 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 115 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 82 million from a loss of EUR 117 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 –185 million compared with EUR –53 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. Financing charges rose EUR 45 million, as the total costs of Group core debt are allocated to Corporate Line Bank as of 2011. 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.

INSURANCE

Total underlying income from the insurance operations for the six months ending 30 June 2011 decreased 8.1% to EUR 18,859 million, mainly due to lower investment and other income. Investment and other income was EUR 3,559 million in the first six months of 2011, a 26.4% decrease compared with the same period a year ago. This decrease is more than offset by a decrease in the underwriting expenditure. In the first six months of 2010, Investment and other income was driven by positive revaluations of derivatives hedging guarantees on and hedging interest rate risk in the United States and Japan closed block variable annuity businesses as well as the separate account pension contracts in the Netherlands.

Insurance results continued to improve in the first six months of 2011. The operating result of EUR 1,201 million increased 60.7% from the same period last year as a result of higher investment margin, fees and premium based revenues and technical margin. This effect was partly offset by higher DAC amortisation. The underlying result before tax in the first six months of 2011 rose to EUR 1,102 million from EUR 76 million a year ago as a result of favourable market impacts.

Life insurance and investment management

The operating result from Life Insurance and Investment Management was EUR 1,327 million, or 33.0% higher than the first six months of 2010. This improvement was driven by an increase EUR 191 million in the investment margin as well as a EUR 109 million higher technical margin. Fees and premium based revenues increased by EUR 149 million but were partly offset by an increase of EUR 113 million in DAC amortisation and trail commissions.

The investment margin increased to EUR 849 million from EUR 658 million in the first six months of 2010. This increase from the same period last year is mainly attributable to increased dividend income in the Netherlands and the US (excluding US Closed Block VA).

Fees and premium-based revenues grew 6.7% from the same period last year to EUR 2,357 million, primarily driven by increases in US Closed Block, Asia and ING IM, partly offset by adverse developments in the Benelux, US and Central and Rest of Europe. At ING IM the increase reflected higher Assets under Management and the introduction of fixed service fees in the second six months of 2010.

The technical margin amounted to EUR 455 million and improved by EUR 109 million (or 31.5%) compared to the first six months of 2010, mainly due to EUR 70 million positive impact from an early surrender of a contract with a large pension fund in the Netherlands.

Life & ING IM administrative expenses were EUR 1,444 million, just EUR 5 million or 0.3% lower than the first six months of 2010. This was caused by positive one-offs in the second quarter of 2010 in the Benelux, increased expenses in 2011 due to the implementation of a new IT organisation in CRE and the fixed service fee at ING IM, largely offset by lower expenses in the US following a reduction in staff.

DAC amortisation and trail commissions increased to EUR 940 million from 827 million in the first six months of 2010, or up 13.7%. This is mainly driven by US Closed Block VA business that significantly reduced DAC balance in the second quarter of 2010 as well as the growth in fees and premium based revenues in US Closed Block and Asia.

The non-life operating result increased by 31.0% to EUR 110 million compared to EUR 84 million in the first six months of 2010 mainly due to lower claims, commissions and operating expenses in the Netherlands.

The operating result for the Corporate Line was EUR –236 million versus EUR –336 million in the first six months of 2010. The improvement resulted from lower interest paid on hybrids since December 2010 and the discontinuation by ING Group of allocating interest on ING Group core debt to the Insurance Corporate Line as from 1 January 2011.

Total operating result increased by 60.8% to EUR 1,201 million for the first six months of 2011 as compared to EUR 746 million a year ago.

The underlying result before tax improved to EUR 1,102 million from EUR 76 million in the first six months of 2010. The increase was mainly driven by higher operating result and improved market impacts as the first six months of 2010 included the negative effect of DAC unlocking for the US, where the first six months of 2011 included negative effects of impairments on subordinated debt from Irish banks and Greek government bonds that are impacted by the restructuring proposals of July 2011.

Gains/losses and impairments on investments came out at EUR –236 million from EUR –343 million in the first six months of 2010. Impairments on subordinated debt from Irish banks (EUR 180 million) and Greek government bonds that are impacted by the restructuring proposals of July 2011 (EUR 123 million) were only partly offset by capital gains on public equities in the Benelux and favourable market conditions in the US and the Benelux.

Revaluations decreased to EUR 197 million in the first six months of 2011 versus EUR 201 million in the same period last year. Revaluations were exceptionally high in the first six months of 2010 due to a EUR 194 million marked-to-market impact related to CMOs and interest rate hedges in the US. In 2011 positive figures reflect the improved market sentiment.

Market and other impacts improved to EUR –60 million over the first six months of 2011 from EUR –528 million in the same period last year. The US showed negative DAC unlocking in individual retirement and individual life, where the prior year showed more negative DAC unlocking related to equity. In the Benelux the result was negatively impacted by the change of provision for guarantees on separate account pension contracts (net of hedging).

Insurance Benelux

Insurance Benelux posted a strong performance in the first six months of 2011, driven by higher investment returns and a higher technical margin. The operating result rose 64.3% to EUR 593 million from EUR 361 million in the first six months of 2010.

Life investment margin climbed to EUR 335 million versus EUR 239 million in the first six months of 2010. This was partly attributable to reinvestment into fixed income securities and higher dividends on equity. Furthermore, an incidental dividend on a fixed income fund was received in the second quarter of 2011.

Fees and premium-based revenues remained stable at EUR 306 million compared with EUR 307 million in the first six months of 2010.

Technical margin increased 123.0% to EUR 223 million from EUR 100 million in the same period last year, mainly due to EUR 70 million positive impact from an early surrender of a contract with a large pension fund in the Netherlands.

Life administrative expenses increased to EUR 281 million from EUR 271 million in the first six months of 2010, driven by EUR 25 million incidental releases of provisions in payroll expenses in the second quarter of 2010.

DAC amortisation and trail commissions remained flat at EUR 114 million compared with the first six months of 2010.

The non-life operating result increased 32.5% to EUR 106 million from EUR 80 million in the first six months of 2010, mainly driven by lower claims, lower commission expenses and lower operating expenses.

The underlying result before tax in the first six months of 2011 decreased by EUR 158 million or 34.8% to EUR 296 million from EUR 454 million in the first six months of 2010. Underlying result was impacted by the change of the provision for guarantees on separate account pension contracts net of hedging (EUR –202 million) and impairments on subordinated debt from Irish banks (EUR –171 million) and Greek government bonds that are impacted by the restructuring proposals of July 2011 (EUR –16 million). These negative impacts were partly offset by higher capital gains on public equities.

Insurance Central and Rest of Europe

The operating result before tax for Insurance Central and Rest of Europe declined 22.8% to EUR 115 million from EUR 149 million in the same period last year. This decline was mainly caused by higher administrative expenses as a result of higher project expenses for Solvency II and other new regionally shared costs.

The investment margin for the first six months of 2011 was flat at EUR 36 million.

Fees and premium-based revenues declined to EUR 241 million from EUR 254 million in the first six months of 2010. This was mainly due to the nationalisation of pension funds in Hungary and reallocation of health insurance premiums in Greece from fees and premium based revenues to the technical margin.

The technical margin increased by EUR 22 million from EUR 67 million in the first six months of 2010 to EUR 89 million at the end of June 2011. EUR 16 million of this increase was caused by the reallocation of health insurance premiums in Greece from fees and premium based revenues to the technical margin and EUR 3 million due to lower claims in Spain.

Life administrative expenses increased to EUR 157 million from EUR 122 million in the same period a year ago. This increase was mostly due to higher project expenses for Solvency II and shared IT expenses.

DAC amortisation and trail commissions increased by EUR 5 million compared with the same period last year to EUR 100 million. This is mainly due to higher commissions in Poland.

The underlying result before tax was EUR –2 million, which is EUR 128 million lower than in the same period last year. In addition to a decrease in operating result of EUR 34 million, the deterioration of underlying result was driven by EUR 117 million of impairments on Greek government bonds that are impacted by the restructuring proposals of July 2011 and subordinated debt from Irish banks, whereas the first six months of 2010 included EUR 23 million impairments.

Insurance United States

The operating result for Insurance US increased 34.3% to EUR 325 million from EUR 242 million in the first six months of 2010. The increase from the prior year is due to higher investment margin and lower administrative expenses. These effects are partly offset by lower technical margin mainly driven by lower amortisation of the gain related to the transfer of the US group reinsurance business in the first quarter of 2010.

The investment margin of EUR 428 million is a 10.9% increase from the first of 2010, primarily driven by lower interest rate swap expense, a reduction in average credited rates, and higher accretion of income on previously impaired securities due to improved market values.

Fees and premium-based revenues rose to EUR 528 million, a 1.3% increase from the first six months of 2010.

The technical margin of EUR 44 million decreased 53.7% from the first six months of 2010. The decrease from the prior year is due to the lower amortisation of the gain related to the transfer of the US group reinsurance business in the first quarter of 2010 and strong claim results in Employee Benefits in the prior year, as well as a large volume of Individual Life claims in the first quarter of 2011.

The total operating income remained flat at EUR 1,000 million as compared to EUR 1,003 million a year ago.

Administrative expenses were EUR 376 million, down 19.0% from the first six months of 2010, reflecting expense reductions initiated in late 2010, including the reduction of more than 700 positions since 30 June 2010.

DAC amortisation and trail commissions of EUR 300 million increased 1.0% over the first six months of 2010. The change was primarily due to a change in operating income that drives DAC amortisation and higher AUM-based trail commissions.

The underlying result before tax increased to EUR 428 million in the first six months of 2011 as compared to EUR 99 million in the previous year. The increase is driven by expense reductions in late 2010 reflected in the operating result, improved impairment results, partly offset by lower revaluations and higher market impacts.

Gains/losses and impairments narrowed to EUR –43 million from EUR –304 million in the first six months of 2010 as market conditions continue to improve. Losses in the first six months of 2011 reflect EUR –79 million of impairments and credit related losses, partially offset by EUR 36 million in trading gains.

Revaluations were EUR 162 million compared with EUR 289 million in the first six months of 2010. The decrease is primarily due to the second quarter of 2010 showing highly positive revaluations on CMOs.

Market and other impacts were EUR –15 million compared with EUR –128 million in the first six months of 2010. The prior year reflected higher DAC amortisation, due to the strong revaluation results, and more negative DAC unlocking partially due to equity related DAC Unlocking.

Insurance US Closed Block VA

The operating result for the US Closed Block VA increased to EUR 31 million in 2011 compared to EUR 28 million in the first 2010. The increase of 10.7% is driven by improved operating income being largely negated by increased DAC amortisation.

Investment margin of EUR 15 million increased from EUR –25 million in the first six months of 2010. The increase from previous year reflects reinvestment of short-term investments and government bonds into longer-duration fixed income securities.

Fees and premium-based revenues increased to EUR 118 million from EUR 58 million in the first six months of 2010, reflecting higher fee income and lower hedging costs due to improving market conditions, as well as the impact related to the move towards fair value accounting on reserves for Guaranteed Minimum Withdrawal Benefits for life ('GMWB').

The technical margin decreased EUR 3 million compared with the first six months of 2010 to EUR 13 million.

Administrative expenses of EUR 41 million are flat as compared to the first six months of 2010.

DAC amortisation and trail commissions increased to EUR 74 million over the first 6 months of 2011 from EUR –19 million in the same period previous year, driven by higher operating income as well as lower interest on DAC. DAC amortisation is reported net of interest, which declined by EUR 46 million from a year earlier due to the significant reductions in the DAC balance during 2010.

The underlying result before tax increased to a profit of EUR 122 million compared to a loss of EUR 558 million in the same period previous year. The loss in the same period previous year was driven by a reduction in the DAC balance of EUR 946 million and was partially offset by hedging gains that were greater than reserve changes.

Gains/losses and impairments of EUR 1 million in the six months ended per 30 June 2011 compared to EUR 14 million in the same period previous year. Revaluations of EUR 3 million compared to EUR –2 million in the first six months of 2011.

Market and other impacts of EUR 87 million improved substantially from EUR –598 million in the first six months of 2010. The prior year reflected a EUR 946 million reduction in the DAC balance, partially offset by hedging gains. A methodology change in DAC calculation reduced volatility of market and other impact in 2011.

Insurance Asia/Pacific

The operating result for Insurance Asia/Pacific amounted to EUR 281 million, compared with EUR 232 million in the first six months of 2010. The operating result increased by 20.2%, compared with the prior year on higher investment margin, fees and premium based revenues and technical margin.

The investment margin rose 57.1% to EUR 33 million, compared with EUR 21 million a year ago.

Fees and premium-based revenues rose 8.2% to EUR 710 million, mainly driven by growth in the Japan COLI business and modelling of the Malaysian Employee Benefits business in 2011. The increase was partly offset by a decline in ING Life Korea and lower fee income on the non-core Japan SPVA.

The technical margin was EUR 86 million as compared to EUR 68 million a year ago, mainly driven by higher surrender results in ING Life Korea being partly offset by a decline in mortality result in Japan.

Life administrative expenses increased 9.7% to EUR 227 million in line with business growth.

DAC amortisation and trail commissions were EUR 351 million compared with EUR 337 million in the first six months of 2010 following increased fees and premium based revenues.

The underlying result before tax increased to EUR 313 million from EUR 253 million in the first six months of 2010 on strong first quarter performance in Japan as well as surrender profits in Korea being partly offset by higher operating expenses following business growth and positive market and other impacts.

ING Investment Management

The operating result increased by 33.3% to EUR 92 million from EUR 69 million a year ago owing to higher fee and premium-based revenues that were partly offset by higher operating expenses.

Fees and premium-based revenues increased by 10.5% from EUR 411 million to EUR 454 million. Higher revenues from the introduction of a fixed service fee in Luxemburg and higher fee base were partly offset by adverse currency impacts.

Administrative Expenses increased 5.2% from EUR 344 million to EUR 362 million on the introduction of a Fixed Service Fee in Luxemburg and adverse currency impact.

Non-operating income was higher primarily owing to an increase in revaluations following positive market impacts partly offset by lower gains/losses and impairments.

The underlying result before tax increased 38.8% to EUR 111 million from EUR 80 million in the first six months of 2010 due to higher operating income as well as improved results from non-operating items.

Corporate Line

The Corporate Line Insurance operating loss before tax of EUR –236 million improved from EUR –336 million in the first six months of 2010, primarily due to lower interest on hybrids and debt. The Corporate Line Insurance mainly consists of items related to Capital Management and other insurance results. Corporate Line Insurance also includes ING Life Japan's SPVA guaranteed benefits, which are reinsured to ING Reinsurance, net of the associated hedges that correspond to those benefits. Results have been restated to reflect the sale of the Latin American pension and life insurance businesses, which are now reflected in the net result from discontinued operations, while ING's stake in the Brazilian insurer Sul America is now reported in the Corporate Line and contributes EUR 50 million to operating result over the first six months of 2011.

BALANCE SHEET

Compared with the end of December 2010, ING Group's balance sheet decreased by EUR 6 billion to EUR 1,241 billion at the end of June 2011, including EUR 24 billion of negative foreign exchange movements. The transfer in June 2011 of balance sheet items of ING Direct USA (excluding the Illiquid Assets Back-up Facility), ING Car Lease and Insurance Latin America to Assets and liabilities held for sale caused large changes per item. The balance sheet growth was driven by increased loans and advances to customers and financial assets at fair value through profit and loss. Shareholders' equity decreased EUR 0.6 billion to EUR 40.3 billion caused by negative exchange rate differences of EUR –1.9 billion and the repurchase premium on the non-voting equity securities of EUR –1.0 billion, offset by the net profit of EUR 2.9 billion.

Loans and advances to customers

Loans and advances to customers declined EUR 24 billion compared with the end of December 2010 due to the reclassification of the Residential Mortgage portfolio of ING Direct USA with EUR 30 billion to Assets held for sale. In Germany and the Netherlands the residential mortgage portfolio increased. The increase in the Netherlands relates to mortgages under NHG (Nationale Hypotheek Garantie). The Illiquid Assets Back-up Facility government receivable within the Bank declined by EUR 3 billion to EUR 9 billion in the first six months of 2011 due to foreign exchange movements and repayments.

Investments

Investments fell by EUR 26 billion in the first six months of 2011 to EUR 208 billion. ING Bank decreased by EUR 22 billion driven by the reclassification of ING Direct USA to assets held for sale. Excluding this impact, investments remained flat. Investments at ING Insurance's decreased by EUR 4 billion, due to negative currency effects and revaluations.

Financial assets/liabilities at fair value

Financial assets at fair value through profit and loss diminished by EUR 9 billion from the end of December 2010. Financial assets at fair value through profit and loss at ING Bank remained almost flat compared to year-end 2010. For ING Insurance the decrease was EUR 8 billion, mainly due to currency effects. Financial liabilities at fair value through profit and loss decreased by EUR 15 billion, all of which was incurred within ING Bank and mainly related to lower repurchase transactions and lower valuation of derivatives following the increase in long term interest rates.

Debt securities in issue

Debt securities in issue increased EUR 16 billion compared with the end of December 2010, mainly attributable to growth in long-term debt securities. During the first six months of 2011, ING Bank issued EUR 16 billion in the capital markets.

Insurance and investment contracts

Insurance and investment contracts decreased by EUR 12 billion to EUR 260 billion at the end of June 2011, due to currency effects and the transfer of the Latin America pensions, life insurance and investment management operations to liabilities held for sale.

Customer deposits

Customer deposits and other funds on deposits fell by EUR 53 billion to EUR 458 billion at the end of June 2011, fully explained by the reclassification of ING Direct USA.

Shareholders' equity

Shareholders' equity decreased EUR 0.6 billion, or 2%, to EUR 40.3 billion from EUR 40.9 billion at December 2010. The decrease was, to a large extent, driven by EUR –1.9 billion foreign exchange movements and EUR –1.0 billion repurchase premium non-voting equity securities, partly offset by EUR 2.9 billion net profit.

CAPITAL MANAGEMENT

ING's capital position continued to be strong in the first six months of 2011. ING Group's debt/equity ratio increased from 13.4% at the end of December 2010 to 13.9%, reflecting the repurchase to the Dutch State of EUR 2 billion of non-voting equity securities (core Tier 1 securities) at a total amount of EUR 3 billion in May 2011, offset by retained earnings of EUR 2.9 billion for the first six months of 2011.

The Financial Conglomerates Directive (FiCo) ratio for ING Group decreased to 152% at the end of June 2011 from 159% at the end of December 2010, largely driven by the repayment to the Dutch State. ING Bank's core Tier 1 ratio 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 6.3 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. The Insurance Group Directive ratio strengthened from 241% at the end of December 2010 to 252% at the end of June 2011, of which 8%-points was driven by the decrease in goodwill (reflected in required regulatory adjustments) due to the classification of Latin American pension and life insurance assets and liabilities as held for sale. The remaining improvement was related to retained earnings, while required capital rose slightly by EUR 0.1 billion to EUR 8.4 billion. The expected net transaction result of approximately EUR 1.0 billion on the sale of the Latin American business will increase the IGD ratio by an additional 12%-points at closing. ING comfortably passed the bank stress test conducted by the European Banking Authority with solvency levels that would remain well above the EBA's hurdle rates.

RISK MANAGEMENT

Banking

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.

Securities portfolio

The value of the securities portfolio was EUR 121.0 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 –19 million in the first six months of 2011.

Insurance

Credit risk

In the first six months year 2011, the general account decreased by EUR 7.5 billion from EUR 174.2 billion at 31 December 2010 to EUR 166.7 billion at 30 June 2011, largely driven by currency and interest rate movements which more than offset positive net flows. The depreciation of the Euro against the US dollar, Japanese yen and the Korean won and negative revaluations due to increased credit spreads and lower equity values had a negative impact. Government bonds exposure stabilised at EUR 48.3 billion at the end of June 2011 compared to EUR 48.5 billion at the end of December 2010. In the first six months 2011 credit spreads widened for the southern European region, causing negative revaluations on that part of the sovereign exposure.

Greece, Ireland and Portugal

Greece, Ireland and Portugal have applied for support from the European Financial Stability Fund ('EFSF'). At 30 June 2011, ING Insurance's combined balance sheet value of 'Government bonds' and unsecured 'Financial institutions' bonds to Greece, Ireland and Portugal was EUR 0.6 billion. This amount was fully classified as available-for-sale (at fair value). This amount includes EUR 0.3 billion of Greek government bonds, EUR 0.1 billion of Irish government and financial institutions bonds, EUR 0.1 billion of Portuguese government bonds and EUR 0.1 billion of Portuguese financial institutions bonds. The total pre-tax revaluation reserve in equity for the abovementioned available-for-sale securities amounted to EUR –0.3 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 Insurance recognised EUR 123 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 Insurance's remaining exposure to Greece at 30 June 2011 was EUR 0.3 billion, which was fully classified as available-for-sale. The related pre-tax revaluation reserve in equity amounted to EUR –0.1 billion.

In the first quarter of 2011 ING Insurance recognised an impairment of EUR 180 million on subordinated debt from Irish banks.

Market risk

Interest rate risk affecting the IFRS result mainly arises in the Benelux and the US. Interest rate risk is hedged at portfolio level, resulting in a non-linear interest rate risk profile. Equity risk is mainly present in the Benelux and the United States. For the Benelux the sensitivities reflect the risk of impairments on direct exposures which is partially hedged. The equity risk on the separate account pension contracts is fully hedged. In both cases there is still a significant amount of basis risk. For the US, the sensitivities include the unhedged part of equity risk related to future margins embedded in client funds. Equity risk of VA business in Japan and Europe is delta hedged. Real Estate exposure relates to direct holdings and real estate investment funds, mainly in the Benelux. Foreign exchange exposure mainly relates to translation risk on earnings from outside the euro zone.

Insurance Risks

Insurance risks such as mortality, longevity, morbidity and adverse P&C claims result from the pricing and acceptance of insurance contracts. Through scenario analysis, ING Insurance measures the sensitivity of pre-tax earnings of the insurance operations to an adverse change of the insurance risk factors over a one-year period. Earnings sensitivity to mortality risk mainly arises in Asia/Pacific, with smaller contributions from the remaining regions. Earnings sensitivity to morbidity risk (sickness, disability, accidental death, workers' compensation, medical insurance and long-term care insurance) is more evenly spread over the regions, with the largest impact from the Benelux. Earnings sensitivity to P&C risk is highly concentrated in the Benelux. Overall exposure to insurance risks did not change significantly during the first six months of 2011 and sensitivities mainly changed as a result of modelling updates.

DIVIDENDS

It is ING's policy to pay dividends in relation to the long-term underlying development of cash earnings. Dividends will only be paid when the Executive Board considers such a dividend appropriate. Given the uncertain financial environment, increasing regulatory requirements and ING's priority to repurchase the remaining outstanding core Tier 1 securities, no interim dividend will be paid in the first six months of 2011.

OTHER

Reference is made to Note 15 'Important events and transactions' in 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. In Note 17 'Related party transactions' in the Condensed consolidated interim accounts information is provided on related party relationships and transactions." Both disclosures are deemed to be incorporated by reference here.

LOOKING AHEAD

ING reached important milestones in the second quarter as we work towards the separation of the Group and the establishment of strong stand-alone banking and insurance companies. The US and European & Asian insurance businesses are making good progress on their performance improvement as they prepare for separate IPOs. 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 Executive Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates 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 Executive Board, so that the timeliness, completeness and correctness of the external financial reporting are assured.

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

- the ING Groep 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 Groep N.V. and the entities included in the consolidation taken as a whole;
- the ING Groep 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, paragraphs 8 and 9 of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)* regarding ING Groep N.V. and the entities included in the consolidation taken as a whole.

AMSTERDAM, 2 AUGUST 2011

Jan H.M. Hommen

CEO, chairman of the Executive Board

Patrick G. Flynn

CFO, member of the Executive Board

J.V. (Koos) Timmermans

CRO, member of the Executive Board

Condensed consolidated balance sheet of ING Group

as at

amounts in millions of euros	30 June 2011	31 December 2010
ASSETS		
Cash and balances with central banks	12,091	13,072
Amounts due from banks	56,580	51,828
Financial assets at fair value through profit and loss 2	255,190	263,894
Investments 3	207,807	234,240
Loans and advances to customers 4	589,108	613,204
Reinsurance contracts	5,447	5,789
Investments in associates	3,235	3,925
Real estate investments	1,743	1,900
Property and equipment	2,920	6,132
Intangible assets 5	3,975	5,372
Deferred acquisition costs	10,021	10,499
Assets held for sale 6	61,188	681
Other assets	31,426	36,469
Total assets	1,240,731	1,247,005
EQUITY		
Shareholders' equity (parent)	40,288	40,904
Non-voting equity securities	3,000	5,000
	43,288	45,904
Minority interests	832	729
Total equity	44,120	46,633
LIABILITIES		
Subordinated loans	10,180	10,645
Debt securities in issue	151,593	135,604
Other borrowed funds	19,526	22,291
Insurance and investment contracts	259,599	271,128
Amounts due to banks	81,889	72,852
Customer deposits and other funds on deposit	458,262	511,362
Financial liabilities at fair value through profit and loss 7	123,174	138,539
Liabilities held for sale 6	58,991	424
Other liabilities	33,397	37,527
Total liabilities	1,196,611	1,200,372
Total equity and liabilities	1,240,731	1,247,005

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

Condensed consolidated profit and loss account of ING Group

for the three and six month period 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
Continuing operations				
Interest income banking operations	16,174	15,992	33,531	32,310
Interest expense banking operations	-12,861	-12,774	-26,826	-25,874
Interest result banking operations	3,313	3,218	6,705	6,436
Gross premium income	6,299	6,758	14,506	14,987
Investment income 8	1,711	1,877	3,458	3,422
Commission income	1,090	1,022	2,171	2,026
Other income 9	650	2,210	495	2,527
Total income	13,063	15,085	27,335	29,398
Underwriting expenditure 10	7,190	9,579	15,395	18,163
Addition to loan loss provision	370	465	702	962
Intangible amortisation and other impairments 11	54	124	158	300
Staff expenses	1,967	1,872	3,921	3,742
Other interest expenses	125	158	280	314
Other operating expenses	1,501	1,406	3,025	2,814
Total expenses	11,207	13,604	23,481	26,295
Result before tax from continuing operations	1,856	1,481	3,854	3,103
Taxation	374	294	987	720
Net result from continuing operations	1,482	1,187	2,867	2,383
Discontinued operations				
Net result from discontinued operations 20	39	43	68	95
Net result from continuing and discontinued operations (before minority interests)	1,521	1,230	2,935	2,478
Net result attributable to:				
Equityholders of the parent	1,507	1,211	2,888	2,441
Minority interests	14	19	47	37
	1,521	1,230	2,935	2,478
Net result from continuing operations attributable to:				
Equityholders of the parent	1,469	1,169	2,822	2,348
Minority interests	13	18	45	35
	1,482	1,187	2,867	2,383
Net result from discontinued operations attributable to:				
Equityholders of the parent	38	42	66	93
Minority interests	1	1	2	2
	39	43	68	95

	3 month period 1 April to 30 June		6 month period 1 January to 30 June	
amounts in euros	2011	2010	2011	2010
Earnings per share				
Basic earnings per ordinary share 12	0.18	0.32	0.43	0.53
Diluted earnings per ordinary share 12	0.18	0.32	0.43	0.53
Earnings per share for continuing operations				
Basic earnings per ordinary share for continuing operations 12	0.17	0.31	0.41	0.51
Diluted earnings per ordinary share for continuing operations 12	0.17	0.31	0.41	0.51
Earnings per share for discontinued operations				
Basic earnings per ordinary share for discontinued operations 12	0.01	0.01	0.02	0.02
Diluted earnings per ordinary share for discontinued operations 12	0.01	0.01	0.02	0.02

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

Condensed consolidated statement of comprehensive income of ING Group

for the three and six month period 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	1,521	1,230	2,935	2,478
Unrealised revaluations after taxation	67	276	-721	1,823
Realised gains/losses transferred to profit and loss	175	-24	213	164
Changes in cash flow hedge reserve	96	490	-208	695
Transfer to insurance liabilities/DAC	-308	-843	91	-1,869
Exchange rate differences	-346	2,423	-1,942	4,508
Total amount recognised directly in equity (other comprehensive income)	-316	2,322	-2,567	5,321
Total comprehensive income	1,205	3,552	368	7,799
Comprehensive income attributable to:				
Equityholders of the parent	1,212	3,517	338	7,761
Minority interests	-7	35	30	38
	1,205	3,552	368	7,799

For the three month period 1 April 2011 to 30 June 2011 the Unrealised revaluations after taxation comprises EUR -1 million (1 April 2010 to 30 June 2010: EUR -14 million) 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 3 million (1 January 2010 to 30 June 2010: EUR -20 million) 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 -16 million (1 April 2010 to 30 June 2010: EUR 189 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 -117 million (1 January 2010 to 30 June 2010: EUR 315 million) related to the share of other comprehensive income of associates.

Condensed consolidated statement of cash flows of ING Group

for the six month period ended

amounts in millions of euros	30 June 2011	30 June 2010
Result before tax	3,940	3,219
Adjusted for		
– depreciation	853	838
– deferred acquisition costs and value of business acquired	–213	42
– increase in provisions for insurance and investment contracts	555	4,047
– addition to loan loss provisions	702	962
– other	–711	351
Taxation paid	–761	–144
Changes in		
– amounts due from banks, not available on demand	–5,501	–5,814
– trading assets	–1,492	–22,612
– non-trading derivatives	–957	–3,557
– other financial assets at fair value through profit and loss	283	693
– loans and advances to customers	–15,338	–11,018
– other assets	–857	399
– amounts due to banks, not payable on demand	2,705	709
– customer deposits and other funds on deposit	14,631	15,064
– trading liabilities	–10,733	19,470
– other financial liabilities at fair value through profit and loss	–868	4,452
– other liabilities	–3,848	–1,194
Net cash flow from (used in) operating activities	–17,610	5,907
Investments and advances		
– available-for-sale investments	–113,143	–79,947
– investments for risk of policyholders	–27,704	–26,407
– other investments	–1,253	–1,128
Disposals and redemptions		
– available-for-sale investments	105,377	76,059
– investments for risk of policyholders	30,054	27,388
– other investments	3,082	4,321
Net cash flow from (used in) investing activities	–3,587	286
Proceeds from borrowed funds and debt securities	174,175	219,097
Repayments of borrowed funds and debt securities	–155,552	–221,666
Repurchase of non-voting equity securities	–2,000	
Repurchase premium	–1,000	
Other net cash flow from financing activities	44	–55
Net cash flow from financing activities	15,667	–2,624
Net cash flow	–5,530	3,569
Cash and cash equivalents at beginning of period	20,740	20,959
Effect of exchange rate changes on cash and cash equivalents	–206	429
Cash and cash equivalents at end of period	15,004	24,957
Cash and cash equivalents comprises the following items:		
Treasury bills and other eligible bills	3,808	6,083
Amounts due from/to banks	–895	5,509
Cash and balances with central banks	12,091	13,365
Cash and cash equivalents at end of period	15,004	24,957

Condensed consolidated statement of changes in equity of ING Group

for the six month period ended

amounts in millions of euros	Share capital	Share premium	Reserves	Total share-holders' equity (parent)	Non-voting equity securities	Minority interests	Total
Balance at 1 January 2011	919	16,034	23,951	40,904	5,000	729	46,633
Unrealised revaluations after taxation			-721	-721			-721
Realised gains/losses transferred to profit and loss			213	213			213
Changes in cash flow hedge reserve			-208	-208			-208
Transfer to insurance liabilities/DAC			91	91			91
Exchange rate differences			-1,925	-1,925		-17	-1,942
Total amount recognised directly in equity			-2,550	-2,550		-17	-2,567
Net result for the period			2,888	2,888		47	2,935
			338	338		30	368
Repurchase of non-voting equity securities					-2,000		-2,000
Repurchase premium ¹⁾			-1,000	-1,000			-1,000
Changes in the composition of the group						79	79
Dividends						-6	-6
Purchase/sale of treasury shares			38	38			38
Employee stock option and share plans			8	8			8
Balance at 30 June 2011	919	16,034	23,335	40,288	3,000	832	44,120

¹⁾ Repurchase premium paid on the repurchase of EUR 2 billion non-voting equity securities

amounts in millions of euros	Share capital	Share premium	Reserves	Total share-holders' equity (parent)	Non-voting equity securities	Minority interests	Total
Balance at 1 January 2010	919	16,034	16,690	33,643	5,000	915	39,558
Unrealised revaluations after taxation			1,828	1,828		-5	1,823
Realised gains/losses transferred to profit and loss			164	164			164
Changes in cash flow hedge reserve			695	695			695
Transfer to insurance liabilities/DAC			-1,869	-1,869			-1,869
Exchange rate differences			4,502	4,502		6	4,508
Total amount recognised directly in equity			5,320	5,320		1	5,321
Net result for the period			2,441	2,441		37	2,478
			7,761	7,761		38	7,799
Changes in the composition of the group						62	62
Dividends						-4	-4
Purchase/sale of treasury shares			-32	-32			-32
Employee stock option and share plans			12	12			12
Balance at 30 June 2010	919	16,034	24,431	41,384	5,000	1,011	47,395

Condensed consolidated statement of changes in equity of ING Group continued

for the six month period ended

amounts in millions of euros	Share capital	Share premium	Reserves	Total share-holders' equity (parent)	Non-voting equity securities	Minority interests	Total
Balance at 1 January 2009 (before change in accounting policy)	495	9,182	7,657	17,334	10,000	1,594	28,928
Effect of change in accounting policy			-145	-145			-145
Balance at 1 January 2009 (restated)	495	9,182	7,512	17,189	10,000	1,594	28,783
Unrealised revaluations after taxation			6,002	6,002			6,002
Realised gains/losses transferred to profit and loss			725	725			725
Changes in cash flow hedge reserve			-1,146	-1,146			-1,146
Transfer to insurance liabilities/DAC			-276	-276			-276
Exchange rate differences			223	223		15	238
Total amount recognised directly in equity			5,528	5,528		15	5,543
Net result for the period			-524	-524		-103	-627
			5,004	5,004		-88	4,916
Changes in the composition of the group						-430	-430
Dividends						-1	-1
Purchase/sale of treasury shares			111	111			111
Employee stock option and share plans			23	23			23
Balance at 30 June 2009	495	9,182	12,650	22,327	10,000	1,075	33,402

The change in accounting policy for the insurance provisions for Guaranteed Minimum Withdrawal Benefits for Life is disclosed in Note 1 'Basis of presentation'.

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 Group, except for the amendments referred to below.

These condensed consolidated interim accounts should be read in conjunction with ING Group'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'; and
- 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 Group 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 Group 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 is not yet endorsed by the EU and, therefore, is not yet part of IFRS-EU. Implementation of IFRS 9 – if and when endorsed by the EU – may have a significant impact on equity and/or result of ING Group.

In June 2011 the revised IAS 19 'Employee Benefits' was issued, which will become effective as of 2013 if endorsed by the EU. At this moment, the revised standard is being analysed and the full impact is not yet known. One of the changes in the revised standard results in immediate recognition in equity of 'unrecognised actuarial gains and losses' as of the effective date. Unrecognised actuarial gains and losses as at 31 December 2010 are disclosed in Note 21 'Other liabilities' in the Group 2010 Annual Accounts and amount to EUR –1,734 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 Group's accounting principles under International Financial Reporting Standards as adopted by the EU and its decision on the options available are set out in the section 'Principles of valuation and determination of results' in the 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.

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.

Notes to the condensed consolidated interim accounts *continued*

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'.

Change in accounting policy for the insurance provisions for Guaranteed Minimum Withdrawal Benefits for Life

ING changed its accounting policy for the insurance provisions for Guaranteed Minimum Withdrawal Benefits for Life (GMWBL) on the Insurance US Closed Block VA book as of 1 January 2011. The revised accounting will better reflect the economic value of these guarantees and more closely align accounting practice with United States peers. Under the revised accounting, the insurance provisions will reflect current market interest rates and current estimates for other assumptions, except for volatility and correlation (which remain unchanged). ING substantially increased hedging of interest rate risk in the Insurance US Closed Block VA book; the results from these hedging derivatives are expected to largely mirror the effect of interest changes on the guarantees in future periods. Implementation of the revised accounting for GMWBL represents a change in accounting policy under IFRS, with a transitional impact being reflected in shareholders' equity. Comparative periods' results have been restated. The combined impact on shareholders' equity as at 1 January 2011 is EUR 651 million (lower equity).

The impact on individual balance sheet line items and previous reporting periods can be specified as follows:

Impact on balance sheet

amounts in millions of euros	1 January 2009	30 June 2009	31 December 2009	30 June 2010	31 December 2010
Deferred acquisition costs	1,146	392	-190	383	-105
Insurance and investment contracts	1,369	314	148	751	546
	-223	78	-338	-368	-651
Tax effect	78	-27	118	129	
Shareholders' equity	-145	51	-220	-239	-651

The impact on the consolidated profit and loss account can be specified as follows:

Impact on profit and loss account

amounts in millions of euros	2009	2010	1 April 2010 to 30 June 2010	1 January 2010 to 30 June 2010
Underwriting expenditure	-109	-281	186	39
Taxation	-38	128	65	14
Result after taxation	-71	-409	121	25

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	127,951	125,675
Investment for risk of policyholders	113,486	120,481
Non-trading derivatives	8,367	11,722
Designated as at fair value through profit and loss	5,386	6,016
	255,190	263,894

Notes to the condensed consolidated interim accounts continued

3 INVESTMENTS

Investments		
amounts in millions of euros	30 June 2011	31 December 2010
Available-for-sale		
– equity securities	9,613	9,754
– debt securities	189,262	212,793
	198,875	222,547
Held-to-maturity		
– debt securities	8,932	11,693
	8,932	11,693
	207,807	234,240

Exposure to debt securities

ING Group's total exposure to debt securities included in available-for-sale investments and assets at amortised cost of EUR 237,263 million (31 December 2010: EUR 266,859 million) is specified as follows by type of exposure and by banking and insurance operations:

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

amounts in millions of euros	Banking operations		Insurance operations		Total	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Government bonds	52,599	51,960	48,276	48,455	100,875	100,415
Covered bonds	26,808	28,947	1,124	1,327	27,932	30,274
Corporate bonds	1,285	1,066	37,777	38,404	39,062	39,470
Financial institution bonds	18,902	25,863	12,186	13,047	31,088	38,910
Bond portfolio (excluding ABS)	99,594	107,836	99,363	101,233	198,957	209,069
US agency RMBS	376	10,930	4,286	4,799	4,662	15,729
US prime RMBS	15	706	1,315	1,625	1,330	2,331
US Alt-A RMBS	163	2,431	304	358	467	2,789
US subprime RMBS	30	87	1,095	1,560	1,125	1,647
Non-US RMBS	12,523	14,677	4,991	5,174	17,514	19,851
CDO/CLO	481	574	810	731	1,291	1,305
Other ABS	3,747	4,490	2,482	2,429	6,229	6,919
CMBS	1,427	2,409	4,261	4,810	5,688	7,219
ABS portfolio	18,762	36,304	19,544	21,486	38,306	57,790
	118,356	144,140	118,907	122,719	237,263	266,859

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'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:

	Bank			Insurance		
	30 June 2011			30 June 2011		
	Balance sheet value	Pre-tax revaluation reserve	Pre-tax impairments in the first half of 2011	Balance sheet value	Pre-tax revaluation reserve	Pre-tax impairments in the first half of 2011
amounts in millions of euros						
Greece						
Government bonds – available-for-sale	406	–143	–187	323	–103	–123
Ireland						
Government bonds – available-for-sale				35	–19	
Financial institutions – available-for-sale	50	–9		12		–180
Financial institutions – at amortised cost	154					
Portugal						
Government bonds – available-for-sale	469	–163		109	–73	
Financial institutions – available-for-sale	193	–39		94	–81	
Financial institutions – at amortised cost	50					
Total	1,322	–354	–187	573	–276	–303

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.

In the first quarter of 2011 ING Insurance recognised an impairment on subordinated debt from Irish banks.

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

Notes to the condensed consolidated interim accounts continued

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

amounts in millions of euros	Q2 2009	Q1 2009	Q4 2008
As per reclassification date			
Fair value	6,135	22,828	1,594
Effective interest rate (weighted average)	1.4%– 24.8%	2.1%– 11.7%	4.1%– 21%
Expected recoverable cash flows	7,118	24,052	1,646
Unrealised fair value losses in shareholders' equity (before tax)	–896	–1,224	–69
Recognised fair value gains (losses) in shareholders' equity (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	173	nil	–79
Recognised fair value gains (losses) in shareholders' equity (before tax) in the year prior to reclassification	–971	–192	–20
Recognised impairment (before tax) between the beginning of the year in which the reclassification took place and the reclassification	nil	nil	nil
Recognised impairment (before tax) in the year prior to reclassification	nil	nil	nil
2011			
Carrying value as at 30 June	6,563	15,481	721
Fair value as at 30 June	6,644	14,690	742
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 30 June	–386	–536	–11
Effect on shareholders' equity (before tax) as at 30 June if reclassification had not been made	82	–791	21
Effect on result (before tax) for the six month period ended 30 June if reclassification had not	nil	nil	nil
Effect on result (before tax) for the six month period ended 30 June (mainly interest income)	54	216	15
Recognised impairments (before tax) for the six month period ended 30 June	2	nil	nil
Recognised provision for credit losses (before tax) for the six month period ended 30 June	2	nil	nil
2010			
Carrying value as at 31 December	6,418	16,906	857
Fair value as at 31 December	6,546	16,099	889
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December	–491	–633	–65
Effect on shareholders' equity (before tax) if reclassification had not been made	128	–807	32
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (mainly interest income)	78	467	34
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2009			
Carrying value as at 31 December	6,147	20,551	1,189
Fair value as at 31 December	6,472	20,175	1,184
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December	–734	–902	–67
Effect on shareholders' equity (before tax) as at 31 December if reclassification had not been made	325	–376	–5
Effect on result (before tax) as at 31 December if reclassification had not been made	nil	nil	nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)	54	629	n/a
Effect on result (before tax) for the year (mainly interest income)	n/a	n/a	47
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2008			
Carrying value as at 31 December			1,592
Fair value as at 31 December			1,565
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December			–79
Effect on shareholders' equity (before tax) as at 31 December if reclassification had not been made			–28
Effect on result (before tax) if reclassification had not been made			nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)			9
Recognised impairments (before tax)			nil
Recognised provision for credit losses (before tax)			nil

Notes to the condensed consolidated interim accounts *continued***4 LOANS AND ADVANCES TO CUSTOMERS****Loans and advances to customers by banking and insurance operations**

amounts in millions of euros	30 June 2011	31 December 2010
Banking operations	565,157	589,039
Insurance operations	30,425	31,065
	595,582	620,104
Eliminations	-6,474	-6,900
	589,108	613,204

Loans and advances to customers by type – banking operations

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	151,294	154,509
	569,773	594,213
Loan loss provisions	-4,616	-5,174
	565,157	589,039

Changes in loan loss provisions

amounts in millions of euros	Banking operations		Insurance operations		Total	
	6 month period ended	year ended	6 month period ended	year ended	6 month period ended	year ended
	30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Opening balance	5,195	4,399	117	111	5,312	4,510
Changes in the composition of the group	-3		-3		-6	
Write-offs	-606	-1,166	-8	-42	-614	-1,208
Recoveries	62	105	1	1	63	106
Increase in loan loss provisions	702	1,751	11	41	713	1,792
Exchange rate differences	-131	155	-2	6	-133	161
Other changes	-595	-49			-595	-49
Closing balance	4,624	5,195	116	117	4,740	5,312

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

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'.

The loan loss provision relating to banking operations 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.

Notes to the condensed consolidated interim accounts **continued****5 INTANGIBLE ASSETS**

Intangible assets		
	30 June 2011	31 December 2010
amounts in millions of euros		
Value of business acquired	1,115	1,320
Goodwill	1,886	2,765
Software	666	754
Other	308	533
	3,975	5,372

The decrease in Goodwill mainly relates to the Latin American pensions, life insurance and investment management operations that classify as discontinued operations. Reference made to Note 20 'Discontinued operations'.

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 Group 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.

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 the Latin American pensions, life insurance and investment management operations, ING Real Estate Investment Management (ING REIM) and Clarion Real Estate Securities (CRES) (except for Clarion Partners), ING Investment Management Australia, ING Direct USA, ING Car Lease, ING Arrendadora, S.A. de C.V. in Mexico 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 Pacific Antai Life Insurance Company Ltd. (PALIC), ING Arrendadora, S.A. de C.V. in Mexico, ING REIM and CRES. Reference is made to Note 14 'Acquisitions and disposals'.

Assets held for sale		
	30 June 2011	31 December 2010
amounts in millions of euros		
Cash and balances with central banks	2,501	28
Amounts due from banks	308	
Financial assets at fair value through profit and loss	739	16
Available-for-sale investments	21,161	144
Held-to-maturity investments	508	
Loans and advances to customers	28,687	244
Reinsurance contracts	3	
Investments in associates	62	43
Real estate investments	102	
Property and equipment	3,291	12
Intangible assets	947	15
Deferred acquisition costs	9	43
Other assets	2,870	136
	61,188	681

Notes to the condensed consolidated interim accounts *continued***Liabilities held for sale**

amounts in millions of euros	30 June 2011	31 December 2010
Other borrowed funds	196	35
Insurance and investments contracts	716	217
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	1,185	172
	58,991	424

Cumulative other comprehensive income includes EUR 374 million (2010: EUR 7 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 33 'Related Parties' in the ING Group 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	97,319	108,050
Non-trading derivatives	13,620	17,782
Designated as at fair value through profit and loss	12,235	12,707
	123,174	138,539

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	Banking operations		Insurance operations		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
Income from real estate investments	8	34	16	18	24	52
Dividend income	13	14	105	88	118	102
Income from investments in debt securities			1,447	1,428	1,447	1,428
Income from loans			404	354	404	354
Realised gains/losses on disposal of debt securities	40	20	28	–34	68	–14
Impairments of available-for-sale debt securities	–215	–31	–172	–131	–387	–162
Reversals of impairments of available-for-sale debt securities	1			7	1	7
Realised gains/losses on disposal of equity securities	9	112	78	48	87	160
Impairments of available-for-sale equity securities	–13	–14	–18	–6	–31	–20
Change in fair value of real estate investments	–19	–14	–1	–16	–20	–30
	–176	121	1,887	1,756	1,711	1,877

Impairments of available-for-sale debt securities in banking and insurance operations include EUR 310 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.

Notes to the condensed consolidated interim accounts continued

Investment income						
6 month period	Banking operations		Insurance operations		Total	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
amounts in millions of euros	2011	2010	2011	2010	2011	2010
Income from real estate investments	16	75	28	32	44	107
Dividend income	15	17	140	112	155	129
Income from investments in debt securities			2,777	2,731	2,777	2,731
Income from loans			802	725	802	725
Realised gains/losses on disposal of debt securities	54	125	59	-89	113	36
Impairments of available-for-sale debt securities	-222	-107	-392	-296	-614	-403
Reversals of impairments of available-for-sale debt securities	43		4	11	47	11
Realised gains/losses on disposal of equity securities	22	115	175	72	197	187
Impairments of available-for-sale equity securities	-14	-22	-29	-10	-43	-32
Change in fair value of real estate investments	-19	-35	-1	-34	-20	-69
	-105	168	3,563	3,254	3,458	3,422

Impairments of available-for-sale debt securities in banking and insurance operations include EUR 490 million in the first half year of 2011 (first half year of 2010: nil) of impairments on subordinated debt from Irish banks and 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	
Insurance Benelux	39	19		
Insurance CRE	110	7		
Insurance US *	38	110		
Insurance Asia/Pacific	2	1		-2
ING IM				-5
Corporate Line Insurance	1			
	418	182	-1	-7

*Excluding US Closed Block VA

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		
ING Real Estate			-43	
Insurance Benelux	219	25		
Insurance CRE	120	11		
Insurance US *	76	268	-4	
Insurance Asia/Pacific	5	2		-2
ING IM				-9
Corporate Line Banking		2		
Corporate Line Insurance	1			
	657	435	-47	-11

*Excluding US Closed Block VA

Notes to the condensed consolidated interim accounts *continued***9 OTHER INCOME**

Other income						
3 month period	Banking operations		Insurance operations		Total	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
amounts in millions of euros	2011	2010	2011	2010	2011	2010
Net result on disposal of group companies	42	-10	27		69	-10
Valuation results on non-trading derivatives	28	118	286	2,121	314	2,239
Net trading income	162	152	-10	-428	152	-276
Result from associates	33	5	50	23	83	28
Other income	25	96	7	133	32	229
	290	361	360	1,849	650	2,210

In the second quarter of 2010 higher Valuation results on non trading derivatives on insurance operations were driven by revaluations of derivatives hedging guarantees on and interest rate risk in the United States and Japan closed block variable annuity business as well as the separate account pension contracts in the Netherlands. These valuation results on non trading derivatives related to the indirect equity exposures were more than offset by an opposite amount in underwriting expenditure (reference is made to Note 10 'Underwriting expenditure').

Result from associates						
3 month period	Banking operations		Insurance operations		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
Share of results from associates	34	6	50	23	84	29
Impairments	-1	-1			-1	-1
	33	5	50	23	83	28

Other income						
6 month period	Banking operations		Insurance operations		Total	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
amounts in millions of euros	2011	2010	2011	2010	2011	2010
Net result on disposal of group companies	42	385	27	2	69	387
Valuation results on non-trading derivatives	368	-231	-717	1,684	-349	1,453
Net trading income	64	667	342	-518	406	149
Result from associates	47	15	108	75	155	90
Other income	159	160	55	288	214	448
	680	996	-185	1,531	495	2,527

Result from associates						
6 month period	Banking operations		Insurance operations		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
Share of results from associates	61	17	108	75	169	92
Impairments	-14	-2			-14	-2
	47	15	108	75	155	90

Notes to the condensed consolidated interim accounts continued

10 UNDERWRITING EXPENDITURE

Underwriting expenditure				
	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
Gross underwriting expenditure				
– before effect of investment result for risk of policyholders	7,638	9,942	16,283	19,002
– effect of investment result risk of policyholders	41	–6,089	2,693	–2,035
	7,679	3,853	18,976	16,967
Investment result for risk of policyholders	–41	6,089	–2,693	2,035
Reinsurance recoveries	–448	–363	–888	–839
Underwriting expenditure	7,190	9,579	15,395	18,163

Underwriting expenditure by class				
	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
Expenditure from life underwriting				
Reinsurance and retrocession premiums	415	514	874	1,027
Gross benefits	6,416	6,052	13,229	12,164
Reinsurance recoveries	–446	–361	–885	–837
Change in life insurance provisions for risk of company	–52	2,180	93	2,752
Costs of acquiring insurance business	303	440	529	778
Other underwriting expenditure	138	120	276	235
Profit sharing and rebates	147	466	242	1,066
	6,921	9,411	14,358	17,185
Expenditure from non-life underwriting				
Reinsurance and retrocession premiums	7	8	32	50
Gross claims	262	264	533	515
Reinsurance recoveries	–2	–1	–4	–3
Change in provision for unearned premiums	–96	–106	246	236
Change in claims provision	–4	7	12	33
Costs of acquiring insurance business	65	74	134	141
Other underwriting expenditure	–1		–2	
	231	246	951	972
Expenditure from investment contracts				
Costs of acquiring investment contracts	1	1	2	2
Profit sharing and rebates				11
Other changes in investment contract liabilities	37	–79	84	–7
	38	–78	86	6
	7,190	9,579	15,395	18,163

Notes to the condensed consolidated interim accounts *continued***11 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	
	2011	2010	2011	2010	2011	2010
amounts in millions of euros						
Property and equipment	4	5	-1	-2	3	3
Property development	36	84			36	84
Software and other intangible assets		19				19
(Reversals of) other impairments	40	108	-1	-2	39	106
Amortisation of other intangible assets					15	18
					54	124

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.

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	
	2011	2010	2011	2010	2011	2010
amounts in millions of euros						
Property and equipment	8	11	-3	-2	5	9
Property development	101	235			101	235
Software and other intangible assets	21	19			21	19
(Reversals of) other impairments	130	265	-3	-2	127	263
Amortisation of other intangible assets					31	37
					158	300

In the first half year of 2011 EUR 101 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.

12 EARNINGS PER ORDINARY SHARE**Earnings per ordinary share**

3 month period	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2011	2010	2011	2010	2011	2010
Net result	1,507	1,211	3,784.6	3,780.5		
Attribution to non-voting equity securities	-835					
Basic earnings	672	1,211	3,784.6	3,780.5	0.18	0.32
Dilutive instruments:						
Stock option and share plans			7.6	5.4		
			7.6	5.4		
Diluted earnings	672	1,211	3,792.2	3,785.9	0.18	0.32

Notes to the condensed consolidated interim accounts **continued****Attribution to non-voting equity securities**

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

The first quarter of 2011 includes an attribution of EUR 425 million, being the coupon payable on the non-voting equity securities if and when the net result of the first quarter would be distributed as dividend. In the second quarter, EUR 2 billion of non-voting equity securities were repaid. The total attribution for the first half year of 2011 is EUR 282 million (i.e. a positive impact of EUR 143 million in the second quarter of 2011). The attribution in the second quarter of 2011 also includes the premium of EUR 1 billion paid in relation to the repurchase of the EUR 2 billion non-voting equity securities during the period.

The first quarter of 2010 includes an attribution of EUR 425 million, being the coupon payable on the non-voting equity securities if and when the net result of the first quarter would be distributed as dividend. The attribution for the first half year of 2010 is also EUR 425 million. Therefore, no additional attribution is reflected in the second quarter of 2010.

Dilutive instruments

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

The potential conversion of the non-voting equity securities has an anti-dilutive effect on the earnings per share calculation in 2011 and 2010 (the diluted earnings per share becoming higher or less negative than the basic earnings per share). Therefore, the potential conversion is not taken into account in the calculation of diluted earnings per share for these periods.

Earnings per ordinary share for continuing operations

3 month period

	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2011	2010	2011	2010	2011	2010
Basic earnings	672	1,211	3,784.6	3,780.5		
Less: Net result for discontinued operations	38	42				
Basic earnings for continuing operations	634	1,169	3,784.6	3,780.5	0.17	0.31
Dilutive instruments:						
Stock option and share plans			7.6	5.4		
			7.6	5.4		
Diluted earnings for continuing operations	634	1,169	3,792.2	3,785.9	0.17	0.31

Notes to the condensed consolidated interim accounts *continued***Earnings per ordinary share for discontinued operations**

3 month period

	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2011	2010	2011	2010	2011	2010
Net result for discontinued operations	38	42	3,784.6	3,780.5		
Basic earnings for discontinued operations	38	42	3,784.6	3,780.5	0.01	0.01
Dilutive instruments:						
Stock option and share plans			7.6	5.4		
			7.6	5.4		
Diluted earnings for discontinued operations	38	42	3,792.2	3,785.9	0.01	0.01

Earnings per ordinary share

6 month period

	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2011	2010	2011	2010	2011	2010
Net result	2,888	2,441	3,783.4	3,782.5		
Attribution to non-voting equity securities	-1,260	-425				
Basic earnings	1,628	2,016	3,783.4	3,782.5	0.43	0.53
Dilutive instruments:						
Stock option and share plans			7.6	5.4		
			7.6	5.4		
Diluted earnings	1,628	2,016	3,791.0	3,787.9	0.43	0.53

Earnings per ordinary share for continuing operations

6 month period

	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2011	2010	2011	2010	2011	2010
Basic earnings	1,628	2,016	3,783.4	3,782.5		
Less: Net result for discontinued operations	66	93				
Basic earnings for continuing operations	1,562	1,923	3,783.4	3,782.5	0.41	0.51
Dilutive instruments:						
Stock option and share plans			7.6	5.4		
			7.6	5.4		
Diluted earnings for continuing operations	1,562	1,923	3,791.0	3,787.9	0.41	0.51

Notes to the condensed consolidated interim accounts **continued****Earnings per ordinary share for discontinued operations**

6 month period

	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 January to 30 June 2011	2010	1 January to 30 June 2011	2010	1 January to 30 June 2011	2010
Net result for discontinued operations	66	93	3,783.4	3,782.5		
Basic earnings for discontinued operations	66	93	3,783.4	3,782.5	0.02	0.02
Dilutive instruments:						
Stock option and share plans			7.6	5.4		
			7.6	5.4		
Diluted earnings for discontinued operations	66	93	3,791.0	3,787.9	0.02	0.02

13 SEGMENT REPORTING**a. General**

ING Group's operating segments relate to the internal segmentation by business lines. ING Group identifies the following operating segments:

Operating segments of ING Group

Banking	Insurance
Retail Netherlands	Insurance Benelux
Retail Belgium	Insurance Central & Rest of Europe (CRE)
ING Direct	Insurance United States (US) *
Retail Central Europe (CE)	Insurance US Closed Block VA
Retail Asia	Insurance Asia/Pacific
Commercial Banking (excluding Real Estate)	ING Investment Management (IM)
ING Real Estate	Corporate Line Insurance
Corporate Line Banking	

* Excluding US Closed Block VA

As per the second quarter of 2011 the operating segment Insurance Latin America is not included in the segment reporting anymore as those activities classify mainly as discontinued operations. Reference is made to Note 20 'Discontinued operations'. Activities reported previously in the segment Insurance Latin America and that are not classified as discontinued operations are now reported in the Corporate Line Insurance.

The Executive Board of ING Group, the Management Board Banking and the Management Board Insurance set the performance targets and approve and monitor the budgets prepared by the business lines. Business lines formulate strategic, commercial and financial policy in conformity with the strategy and performance targets set by the Executive Board, the Management Board Banking and the Management Board Insurance.

The accounting policies of the operating segments are the same as those described under Accounting policies for the consolidated annual accounts except for the change described in Note 1 'Basis of presentation'. 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 and/or assets of the segment.

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

Notes to the condensed consolidated interim accounts **continued**

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

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

* Excluding US Closed Block VA

Notes to the condensed consolidated interim accounts continued

b. ING Group

Operating segments ING Group total

3 month period

1 April to 30 June 2011

amounts in millions of euros	Total Banking	Total Insurance	Elimi- nations	Total
Underlying income				
– Gross premium income		6,299		6,299
– Net interest result - banking operations	3,348		–3	3,345
– Commission income	682	408		1,090
– Total investment and other income	71	2,333	–114	2,290
Total underlying income	4,101	9,040	–117	13,024
Underlying expenditure				
– Underwriting expenditure		7,190		7,190
– Operating expenses	2,379	935		3,314
– Other interest expenses		236	–117	119
– Additions to loan loss provision	370			370
– Other impairments	48	6		54
Total underlying expenses	2,797	8,367	–117	11,047
Underlying result before taxation	1,304	673		1,977
Taxation	305	131		436
Minority interests	12	1		13
Underlying net result	987	541		1,528

Operating segments ING Group total

3 month period

1 April to 30 June 2010

amounts in millions of euros	Total Banking	Total Insurance	Elimi- nations	Total
Underlying income				
– Gross premium income		6,759		6,759
– Net interest result - banking operations	3,258		–29	3,229
– Commission income	658	364		1,022
– Total investment and other income	461	3,640	–32	4,069
Total underlying income	4,377	10,763	–61	15,079
Underlying expenditure				
– Underwriting expenditure		9,579		9,579
– Operating expenses	2,199	941		3,140
– Other interest expenses		219	–61	158
– Additions to loan loss provision	465			465
– Other impairments	106	6		112
Total underlying expenses	2,770	10,745	–61	13,454
Underlying result before taxation	1,607	18		1,625
Taxation	425	–96		329
Minority interests	17	2		19
Underlying net result	1,165	112		1,277

Notes to the condensed consolidated interim accounts *continued***Reconciliation between Underlying and IFRS-EU income, expenses and net result**

3 month period

1 April to 30 June	Income		Expenses		Net result	
amounts in millions of euros	2011	2010	2011	2010	2011	2010
Underlying	13,024	15,079	11,047	13,454	1,528	1,277
Divestments	71	7	12	7	50	-2
Discontinued operations					38	42
Special items	-32	-1	148	143	-109	-106
IFRS-EU	13,063	15,085	11,207	13,604	1,507	1,211

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

Reference is made to Note 20 'Discontinued operations' for information on Discontinued operations.

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

Operating segments ING Group total

6 month period

1 January to 30 June 2011

amounts in millions of euros	Total Banking	Total Insurance	Eliminations	Total
Underlying income				
– Gross premium income		14,506		14,506
– Net interest result - banking operations	6,744		-6	6,738
– Commission income	1,377	794		2,171
– Total investment and other income	488	3,560	-207	3,841
Total underlying income	8,609	18,860	-213	27,256
Underlying expenditure				
– Underwriting expenditure		15,395		15,395
– Operating expenses	4,783	1,865		6,648
– Other interest expenses		487	-213	274
– Additions to loan loss provision	702			702
– Other impairments	126	11		137
Total underlying expenses	5,611	17,758	-213	23,156
Underlying result before taxation	2,998	1,102		4,100
Taxation	787	277		1,064
Minority interests	35	10		45
Underlying net result	2,176	815		2,991

Notes to the condensed consolidated interim accounts continued

Operating segments ING Group total

6 month period

1 January to 30 June 2010

amounts in millions of euros	Total Banking	Total Insurance	Elimi- nations	Total
Underlying income				
– Gross premium income		14,990		14,990
– Net interest result - banking operations	6,521		–66	6,455
– Commission income	1,314	702		2,016
– Total investment and other income	719	4,833	–52	5,500
Total underlying income	8,554	20,525	–118	28,961
Underlying expenditure				
– Underwriting expenditure		18,162		18,162
– Operating expenses	4,427	1,841		6,268
– Other interest expenses		434	–118	316
– Additions to loan loss provision	962			962
– Other impairments	276	13		289
Total underlying expenses	5,665	20,450	–118	25,997
Underlying result before taxation	2,889	75		2,964
Taxation	775	2		777
Minority interests	38			38
Underlying net result	2,076	73		2,149

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

6 month period

1 January to 30 June

amounts in millions of euros	Income		Expenses		Net result	
	2011	2010	2011	2010	2011	2010
Underlying	27,256	28,961	23,156	25,997	2,991	2,149
Divestments	112	438	28	28	58	402
Discontinued operations					66	93
Special items	–33	–1	297	270	–227	–203
IFRS-EU	27,335	29,398	23,481	26,295	2,888	2,441

Divestments in the first half year of 2011 reflect the results on the sale of IIM Philippines, two real estate funds of REIM Australia and Clarion Partners and PALIC. 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.

Reference is made to Note 20 'Discontinued operations' for information on Discontinued operations.

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 14 'Acquisitions and disposals'), costs related to the separation of Banking and Insurance and restructuring costs. 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, costs related to the separation of Banking and Insurance and restructuring costs.

Notes to the condensed consolidated interim accounts *continued***c. Banking activities****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	–38	3,348
– Commission income	112	83	40	67	13	290	80	–3	682
– Total investment and other income	18	35	–215	18	11	193	–11	22	71
Total underlying income	1,019	507	821	252	56	1,271	194	–19	4,101
Underlying expenditure									
– Operating expenses	597	352	485	203	41	569	100	32	2,379
– 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	40	2,797
Underlying result before taxation	331	105	235	28	6	645	13	–59	1,304
Taxation	84	27	65	1	3	106	26	–7	305
Minority interests				8	3	8	–7		12
Underlying net result	247	78	170	19		531	–6	–52	987

* analysed as a part of operating expenses.

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	–70	3,258
– Commission income	123	92	41	73	13	226	93	–3	658
– Total investment and other income	–2	29	–59	–6	8	301		190	461
Total underlying income	1,058	513	930	244	65	1,250	200	117	4,377
Underlying expenditure									
– Operating expenses	569	329	433	196	43	514	110	5	2,199
– Additions to loan loss provision	123	44	88	21	7	168	14		465
– Other impairments *	10		3				85	8	106
Total underlying expenses	702	373	524	217	50	682	209	13	2,770
Underlying result before taxation	356	140	406	27	15	568	–9	104	1,607
Taxation	94	22	136	6	2	135	1	29	425
Minority interests		–7		5	5	9	5		17
Underlying net result	262	125	270	16	8	424	–15	75	1,165

* analysed as a part of operating expenses.

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	1,597	242	–41	6,744
– Commission income	239	182	89	133	29	533	177	–5	1,377
– Total investment and other income	49	62	–224	49	27	560	15	–50	488
Total underlying income	2,075	1,034	1,824	522	126	2,690	434	–96	8,609
Underlying expenditure									
– Operating expenses	1,194	708	969	397	85	1,155	200	75	4,783
– Additions to loan loss provision	169	68	234	41	16	115	59		702
– Other impairments *	4		13	1		1	93	14	126
Total underlying expenses	1,367	776	1,216	439	101	1,271	352	89	5,611
Underlying result before taxation	708	258	608	83	25	1,419	82	–185	2,998
Taxation	178	69	208	9	8	280	59	–24	787
Minority interests			1	17	11	14	–8		35
Underlying net result	530	189	399	57	6	1,125	31	–161	2,176

* 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	1,849	783	1,815	352	86	1,537	216	–117	6,521
– Commission income	265	188	79	144	26	429	187	–4	1,314
– 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	6	8,554
Underlying expenditure									
– Operating expenses	1,116	639	889	379	80	1,054	228	42	4,427
– Additions to loan loss provision	265	83	217	37	17	272	71		962
– Other impairments *	16		5			1	237	17	276
Total underlying expenses	1,397	722	1,111	416	97	1,327	536	59	5,665
Underlying result before taxation	715	314	675	72	33	1,250	–117	–53	2,889
Taxation	183	68	218	13	9	309	–5	–20	775
Minority interests		–8		9	11	18	4	4	38
Underlying net result	532	254	457	50	13	923	–116	–37	2,076

* analysed as a part of operating expenses.

d. Insurance activities

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

- Operating result
- Non-operating items

Both are analysed into various sub-components. The total of Operating result and Non-operating items equals underlying result before tax.

Notes to the condensed consolidated interim accounts *continued*

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

- Realised capital gains/losses and impairments on debt and equity securities;
- Revaluations on assets marked to market through the P&L; and
- Other non-operating impacts, e.g. provision for guarantees on separate account pension contracts, equity related and other DAC unlocking, VA/FIA Guaranteed benefit Reserve Unlocking and DAC offset on gains/losses on debt securities.

The Operating result for the Life insurance business is also broken down in expenses and the following sources of income:

- Investment margin which includes the spread between investment income earned and interest credited to insurance liabilities (excluding market impacts, including dividends and coupons)
- Fees and premium-based revenues which includes the portion of life insurance premiums available to cover expenses and profit, fees on deposits and fee income on assets under management (net of guaranteed benefit costs in the United States).
- Technical margin which includes the margin between costs charged for benefits and incurred benefit costs; it includes mortality, morbidity and surrender results.
- Non-modelled which is immaterial and includes parts of the business for which no margins are provided

Operating segments Insurance

3 month period							
1 April to 30 June 2011							
amounts in millions of euros	Insu- rance Benelux	Insu- rance CRE	Insu- rance US	Insu- rance US Closed Block VA	Insu- rance Asia/ Pacific	ING IM	Corpo- rate Line Insu- rance Total Insu- rance
Investment margin	216	21	213	7	18	1	476
Fees and premium based revenues	140	123	260	61	335	228	1,147
Technical margin	145	48	22	6	39		260
Income non-modelled life business	8	1			15		24
Life & ING IM operating income	509	193	495	74	407	229	1,907
Administrative expenses	142	75	194	20	113	180	724
DAC amortisation and trail commissions	49	52	149	37	170	1	458
Life & ING IM expenses	191	127	343	57	283	181	1,182
Life & ING IM operating result	318	66	152	17	124	48	725
Non-life operating result	66	1			1		68
Corporate Line operating result						-103	-103
Operating result	384	67	152	17	125	48	690
Gains/losses and impairments		-109	-4	-5	6		2
Revaluations	7		119		-1	9	-23
Market & other impacts	-109		-22	49	4	-1	61
Underlying result before tax	282	-42	245	61	134	56	-63
Taxation	33	4	42	-16	32	22	14
Minority interests	1	3					-3
Underlying net result	248	-49	203	77	102	34	-74

Notes to the condensed consolidated interim accounts continued

Operating segments Insurance

3 month period								
1 April to 30 June 2010				Insu- rance US Closed Block VA	Insu- rance Asia/ Pacific	ING IM	Corpo- rate Line Insu- rance	Total Insu- rance
amounts in millions of euros	Insu- rance Benelux	Insu- rance CRE	Insu- rance US					
Investment margin	141	18	185	-13	12	1		344
Fees and premium based revenues	139	132	269	18	335	214		1,107
Technical margin	46	31	44	8	41			170
Income non-modelled life business	8	4			18			30
Life & ING IM operating income	334	185	498	13	406	215		1,651
Administrative expenses	122	61	239	20	112	186		740
DAC amortisation and trail commissions	50	50	157	-25	175	1		408
Life & ING IM expenses	172	111	396	-5	287	187		1,148
Life & ING IM operating result	162	74	102	18	119	28		503
Non-life operating result	48	1			1			50
Corporate Line operating result							-176	-176
Operating result	210	75	102	18	120	28	-176	377
Gains/losses and impairments	-59	-19	-83		13	5		-143
Revaluations	7		207	-3	-4	3	-34	176
Market & other impacts	110		-108	-419	-12		37	-392
Underlying result before tax	268	56	118	-404	117	36	-173	18
Taxation	44	9	-81	-66	33	17	-52	-96
Minority interests	2	3					-3	2
Underlying net result	222	44	199	-338	84	19	-118	112

Operating segments Insurance

6 month period								
1 January to 30 June 2011				Insu- rance US Closed Block VA	Insu- rance Asia/ Pacific	ING IM	Corpo- rate Line Insu- rance	Total Insu- rance
amounts in millions of euros	Insu- rance Benelux	Insu- rance CRE	Insu- rance US					
Investment margin	334	36	429	15	33	2		849
Fees and premium based revenues	306	241	527	118	710	454		2,356
Technical margin	223	89	44	13	86			455
Income non-modelled life business	18	4			28			50
Life & ING IM operating income	881	370	1,000	146	857	456		3,710
Administrative expenses	281	157	375	41	227	362		1,443
DAC amortisation and trail commissions	114	100	300	74	351	1		940
Life & ING IM expenses	395	257	675	115	578	363		2,383
Life & ING IM operating result	486	113	325	31	279	93		1,327
Non-life operating result	106	2			2			110
Corporate Line operating result							-236	-236
Operating result	592	115	325	31	281	93	-236	1,201
Gains/losses and impairments	-111	-117	-43	1	27	5	2	-236
Revaluations	17		162	3	-2	13	4	197
Market & other impacts	-202		-15	87	7		63	-60
Underlying result before tax	296	-2	429	122	313	111	-167	1,102
Taxation	5	16	126	14	82	40	-6	277
Minority interests	9	6	1				-6	10
Underlying net result	282	-24	302	108	231	71	-155	815

Notes to the condensed consolidated interim accounts *continued***Operating segments Insurance**

6 month period

1 January to 30 June 2010

amounts in millions of euros	Insu- rance Benelux	Insu- rance CRE	Insu- rance US	Insu- rance US Closed Block VA	Insu- rance Asia/ Pacific	ING IM	Corpo- rate Line Insu- rance	Total Insu- rance
Investment margin	239	35	387	-25	20	2		658
Fees and premium based revenues	307	254	521	59	655	411		2,207
Technical margin	100	67	95	16	68			346
Income non-modelled life business	22	8			32			62
Life & ING IM operating income	668	364	1,003	50	775	413		3,273
Administrative expenses	272	122	464	41	207	343		1,449
DAC amortisation and trail commissions	115	95	297	-19	337	2		827
Life & ING IM expenses	387	217	761	22	544	345		2,276
Life & ING IM operating result	281	147	242	28	231	68		997
Non-life operating result	80	2			2			84
Corporate Line operating result							-336	-336
Operating result	361	149	242	28	233	68	-336	745
Gains/losses and impairments	-69	-23	-304	14	29	10		-343
Revaluations	-14		289	-2	-4	2	-70	201
Market & other impacts	176		-128	-598	-6		28	-528
Underlying result before tax	454	126	99	-558	252	80	-378	75
Taxation	90	25	-58	-61	71	28	-93	2
Minority interests		5					-5	
Underlying net result	364	96	157	-497	181	52	-280	73

While the reserves for the segment Insurance US Closed Block VA are adequate at the 50% confidence level, a net reserve inadequacy exists using a prudent (90%) confidence level. This inadequacy existed in the second quarter of 2011 and 2010 and in the first half year of 2011 and 2010. In line with Group Policy, Insurance US Closed Block VA is taking measures to improve adequacy in that region. This inadequacy was offset by reserve adequacies in other segments, such that at the Group level there is a net adequacy at the prudent (90%) confidence level.

Effective as of 2011, the estimate for the short-term equity growth assumption used to calculate the amortisation of DAC in the United States (Insurance US) was changed to a mean reversion assumption. The impact of this change in estimate in the second quarter of 2011 was approximately EUR 11 million higher result before tax and the impact in the first half year of 2011 was approximately EUR 18 million lower result before tax.

14 ACQUISITIONS AND DISPOSALS**Acquisitions**

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

Disposals and expected disposals***Pacific Antai Life Insurance Company Ltd.***

In December 2009 ING announced the sale of its entire stake in China's Pacific Antai Life Insurance Company Ltd. (PALIC) to China Construction Bank. This is the outcome of a strategic review announced in April 2009 as part of ING's Back to Basics program. The stake in PALIC was previously included in the segment Insurance Asia/Pacific. The transaction was closed in June 2011.

ING REIM and CRES (except for the sale of Clarion Partners), ING IM Australia, ING Direct USA, ING Arrendadora S.A. de C.V., the part of ING Real Estate Investment Management Australia that has not yet been disposed, the Latin American pensions, life insurance and investment management operations 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.

Notes to the condensed consolidated interim accounts *continued***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. 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 Investment Management Australia

In June 2011 ING announced that it reached an agreement to sell ING Investment Management (ING IM) Australia to UBS AG. ING IM Australia's business provides a number of investment strategies and products directly to the Australian institutional and wholesale markets. This transaction supports ING's objective to actively manage its capital and portfolio of businesses to ensure an attractive and coherent combination for the announced potential IPOs of its insurance and investment management activities. ING IM Australia is included in the segment ING Investment Management. The transaction is subject to regulatory approval and is expected to close in the fourth quarter of 2011.

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.

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.

Notes to the condensed consolidated interim accounts *continued***Latin American pensions, life insurance and investment management operations**

In July 2011 ING announced that it has reached an agreement to sell its Latin American pensions, life insurance and investment management operations for a total consideration of approximately EUR 2,680 million to Grupo de Inversiones Suramericana ("GRUPOSURA"). The sale is the first major step in the divestment of ING's insurance and investment management activities. Under the terms of the agreement, ING will receive approximately EUR 2,615 million in cash and GRUPOSURA will assume EUR 65 million in debt.

ING expects the sale to deliver a net transaction result of approximately EUR 1 billion. The transaction is subject to regulatory approvals and is expected to close by year-end. The transaction, including cash proceeds, debt reduction in Latin America, and the extraction of excess capital prior to closing, is expected to reduce the leverage in ING Insurance by approximately EUR 2.8 billion.

Included in the transaction are the mandatory pension and voluntary savings businesses in Chile, Colombia, Mexico, Uruguay and ING's 80% stake in AFP Integra S.A. in Peru; the life insurance businesses in Chile and Peru; including ING's 33.7% stake in InVita Seguros de Vida S.A. in Peru. The transaction also includes the local investment management capabilities in these five countries. Not included in the transaction is ING's 36% in leading Brazilian insurer Sul America SA. ING's Commercial Banking activities in Mexico, Brazil and Argentina are not affected by the announcement. ING's Mortgage and ING's Leasing businesses in Mexico are also not part of the transaction.

As per 30 June 2011, the Latin American pensions, life insurance and investment management operations classify as discontinued operations. In the condensed consolidated profit and loss account, for the current period but also for the comparative periods, the income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of result after tax. The Latin American pensions, life insurance and investment management operations used to be included in the segments Insurance Latin America and ING Investment Management before they classified as discontinued operations. The net result from discontinued operations is presented separately in the condensed consolidated profit and loss account. Reference is made to Note 20 'Discontinued operations' for more detailed disclosures.

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.

15 IMPORTANT EVENTS AND TRANSACTIONS

On 11 March 2011 a severe earthquake and tsunami struck Japan. While ING does not have any non-life operations in Japan, ING has life insurance, asset management and banking businesses in Japan. The life insurance business sold primarily two product types: Single Premium Variable Annuities (SPVA, closed for new business in 2009) and Corporate Owned Life Insurance (COLI). ING's financial position may be impacted by these events and any related developments, including through (but not limited to) death and health-related claims, policyholder behaviour, re-insurance coverage, investment losses and impact from general market developments. The direct financial impact of the earthquake and subsequent tsunami in Japan were relatively limited although indirect impacts are possible during the remainder of the year. The technical margin reflects EUR 4 million of additional reserves (IBNR) in anticipation of mortality claims related to the disaster.

16 FAIR VALUE OF FINANCIAL ASSETS

The methods used to determine fair value of financial assets and liabilities are disclosed in the 2010 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 by a transfer of available-for-sale investments of EUR 2.1 billion from Level 3 to Level 2, relating to mortgage backed securities in the United States. Previously these were classified in Level 3 because of the dispersion between prices obtained for the same security from different price sources. In 2011 prices supported by market observable inputs became available and were used in determining fair value.

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.

17 RELATED PARTY TRANSACTIONS

In the normal course of business, the Group enters into various transactions with related companies. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Transactions have taken place on an arm's length basis and include rendering or receiving of services, leases, transfers under finance arrangements and provisions of guarantees or collateral.

Notes to the condensed consolidated interim accounts **continued**

Transactions with related parties (Joint ventures and associates) and Key management personnel compensation are disclosed in Note 33 'Related Parties' in the ING Group 2010 Annual Accounts. Following the transactions as disclosed in Note 33 'Related Parties' the Dutch State is also a related party of ING Group. All other transactions between ING Group and the Dutch State are of a normal business nature and on an at arm's length basis. No other material changes in related party disclosures occurred. Reference is made to Note 19 'Issuances, Repurchases and Repayment of debt and equity securities in issue' for the repayment of EUR 2 billion of the remaining non-voting equity securities.

18 DIVIDEND PAID

No dividend was paid in the first half year of 2011.

19 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.

Repurchase of non-voting equity securities

In December 2009, ING repurchased the first half of the non-voting equity securities (core Tier 1 securities) of EUR 5 billion plus a total premium of EUR 605 million. On 13 May 2011, ING exercised its option for early repurchase of EUR 2 billion of the remaining non-voting equity securities (core Tier 1 securities). The total payment in May 2011 amounted to EUR 3 billion and included a 50% repurchase premium. ING has funded this repurchase from retained earnings. Provided that the strong capital generation continues, ING intends to repurchase the remaining EUR 3 billion non-voting equity securities (core Tier 1 securities) ultimately by May 2012 from retained earnings. The final decision on repurchase of these non-voting equity securities (core Tier 1 securities) will be made before the envisaged repayment date and will be conditional upon there having been no material changes regarding ING's capital requirements and/or ING's outlook on external market circumstances.

20 DISCONTINUED OPERATIONS

As at 30 June 2011 the Latin American pensions, life insurance and investment management operations are classified as disposal groups held for sale and as discontinued operations. The results of the Latin American pensions, life insurance and investment management operations for the period are presented below:

	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
Total income	219	171	384	338
Total expenses	164	118	298	222
Gross result	55	53	86	116
Result before tax from discontinued operations	55	53	86	116
Tax related to current pre-tax gross result	16	10	18	21
Net result from discontinued operations	39	43	68	95

Reference is made to Note 6 'Assets and liabilities held for sale' for information on the assets and liabilities of the discontinued operations.

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

6 month period		
amounts in millions of euros	30 June 2011	30 June 2010
Operating cash flow	33	6
Investing cash flow	-37	35
Financing cash flow		-5
Net cash flow	-4	36

Cash flows with regard to Assets and liabilities that classify as held for sale are presented in the condensed consolidated cash flow statement as an operating cash flow.



Review report

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

REVIEW REPORT

Introduction

We have reviewed the accompanying condensed consolidated interim accounts for the six month period ended 30 June 2011, of ING Groep 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



Disclaimer

ING Group's Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this document, the same accounting principles are applied as in the 2010 ING Group Annual Accounts, except for the changes described in Note 1 'Basis of presentation'. 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) the implementation

of ING's restructuring plan to separate banking and insurance operations, (4) 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, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in general competitive factors, (11) changes in laws and regulations, (12) changes in the policies of governments and/or regulatory authorities, (13) conclusions with regard to purchase accounting assumptions and methodologies, (14) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, and (15) ING's ability to achieve projected operational synergies. ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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