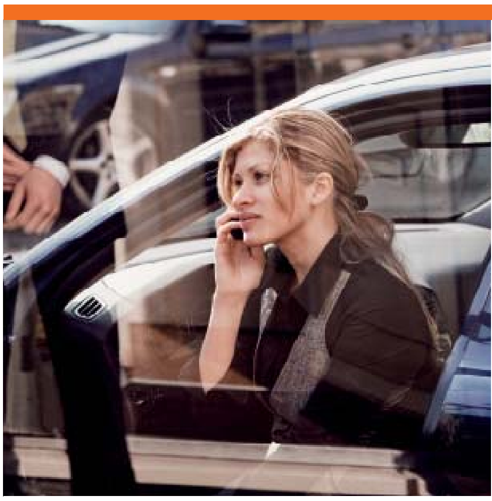
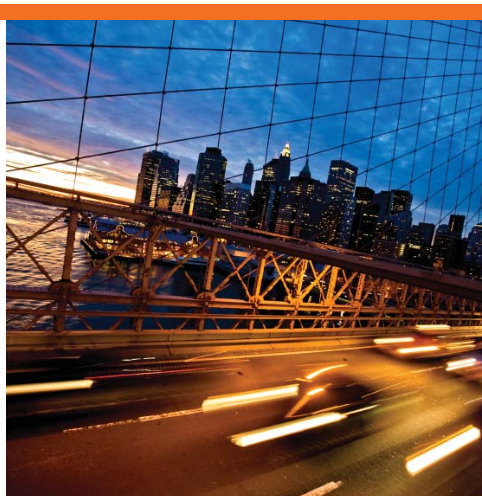
ING GROUP


Condensed consolidated interim financial information for the period ended 30 June 2014

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INTRODUCTION

ING Group evaluates the results of its banking segments using a financial performance measure called underlying result. Underlying result is defined as result under IFRS-EU excluding the impact of divestments and special items. Special items include items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary operating activities. Disclosures on comparative periods also reflect the impact of current period's divestments.

ING Group evaluates the results of its insurance segments using a financial performance measure called operating result. Operating result is defined as result under IFRS-EU excluding the impact of non-operating items, divestments and special items. Non-operating items include realised capital gains/losses and impairments on debt and equity securities, revaluations on assets marked to market through the profit and loss account and other non-operating market impacts. The operating result for the life insurance business is analysed through the margin analysis, which includes the investment margin, fees and premium-based revenues and the technical margin. The operating results of the insurance segments are reconciled to underlying result (as defined for the banking segments) for the purpose of combining bank and insurance segments in ING Group.

The breakdown of underlying result before tax by business line for banking and insurance activities can be found in Note 23 'Segment Reporting'.

IPO of NN Group

In July 2014, ING Group sold 31.9% of its interest in NN Group (a wholly owned subsidiary of ING Group) through an initial public offering ('IPO') and transactions with anchor investors and underwriters. This third quarter IPO did not impact ING's first half years balance sheet and profit and loss account of 2014. Reference is made to Note 28 'Subsequent events' for information on these transactions.

ING GROUP CONSOLIDATED RESULTS

ING posted strong results in the first half of 2014, driven by strong performance of ING Bank and a substantial improvement at NN Group. ING posted a solid first six month underlying net result of EUR 2,169 million. ING Group's first half year net result was EUR –851 million, primarily due to various strategic actions, which more than offset the underlying net result.

ING Group showed an underlying result before taxation of EUR 3,004 million, up 5.3% from EUR 2,852 million in the same period last year.

ING's Banking underlying result before tax rose 6.0% to EUR 2,454 million from EUR 2,316 million in the first six months of last year. The first half of 2014 included EUR 124 million of negative credit and debt valuation adjustments (CVA/DVA) recorded in Commercial Banking and the Corporate Line versus a EUR 99 million positive impact in the first half of 2013. The result before tax was furthermore affected by the deconsolidation of ING Vysya Bank; effective as of the second quarter of 2014. Excluding CVA/DVA and the deconsolidation of ING Vysya Bank, underlying result before tax increased by EUR 386 million, or 17.9%, mainly due to a sharp decline in the net additions to loan loss provisions and higher income in Retail Banking, partly offset by lower income in Commercial Banking.

The operating result for the ongoing business of NN Group, consisting of the segments Netherlands Life, Netherlands Non-life, Insurance Europe, Japan Life, Investment Management and Other, for the first half of 2014 was EUR 522 million, a 19.2 % increase compared with EUR 438 million in the same period last year, mainly driven by a higher D&A result in Netherlands Non-life and an improved holding result as well as higher operating results from the reinsurance business and NN Bank. This improvement was partially offset by lower results in Netherlands Life, Insurance Europe and Japan Life.

ING Group's underlying net result was EUR 2,169 million in the first six months of 2014 against EUR 2,071 million in the first six months of 2013. Net result was EUR –851 million compared with EUR 2,791 million in the first half of 2013.

Net result in the first six months of 2014 included EUR –1,335 million of special items, EUR –1,767 million result on divestments and EUR 81 million net result from discontinued operations. The underlying effective tax rate was 26.4% compared with 25.5% in the first six months of 2013.

During the first half year of 2014, ING Group recorded an after-tax loss of EUR 2,005 million related to the deconsolidation of Voya Financial, Inc. ('Voya', formerly Insurance ING U.S.) and a EUR –1,059 million net special item due to the successful finalisation of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. Another significant special item was the payment of EUR –202 million related to the nationalisation of SNS. Net gains/losses on divestments totalled EUR –1,767 million and were mainly attributable to the aforementioned loss due to the deconsolidation of Voya and a EUR 202 million gain following the deconsolidation of ING Vysya Bank (triggered by changes to the governance structure).

Interim report continued

BANKING OPERATIONS

ING's banking underlying result before tax rose 6.0% to EUR 2,454 million from EUR 2,316 million in the first six months of last year. The first half of 2014 included EUR 124 million of negative credit and debt valuation adjustments (CVA/DVA) recorded in Commercial Banking and the Corporate Line versus a EUR 99 million positive impact in the first half of 2013. The result was furthermore affected by the deconsolidation of ING Vysya Bank; effective as of the second quarter of 2014, ING's share in the net profit of ING Vysya Bank is fully recorded under other income (share of result from associates), whereas in previous periods ING Vysya Bank was consolidated. Excluding CVA/DVA and the deconsolidation of ING Vysya Bank, underlying result before tax increased by EUR 386 million, or 17.9%, mainly due to a sharp decline in the net additions to loan loss provisions and higher income in Retail Banking, partly offset by lower income in Commercial Banking. The annualised underlying return on average IFRS-EU equity increased to 10.7% from 9.3% in the first six months of 2013.

Total underlying income decreased 1.5% to EUR 7,599 million from EUR 7,716 million in the first six months of 2013, but was up 2.5% excluding CVA/DVA and the deconsolidation of ING Vysya Bank. Interest result was up by EUR 90 million, or 1.5%, driven by higher lending and savings margins in Retail Banking, partly offset by lower interest results in Bank Treasury and the Corporate Line as well as the deconsolidation of ING Vysya Bank. The underlying interest margin improved by 8 basis points to 1.48% in the first six months of 2014. Commission income increased to EUR 1,155 million from EUR 1,136 million last year. Investment income declined to EUR 144 million compared with EUR 176 million in the first half of 2013. Other income decreased to EUR 287 million from EUR 483 million last year, mainly due to the aforementioned negative swing in CVA/DVA.

Underlying operating expenses including other impairments were up 1.1% to EUR 4,272 million, mainly due to the Belgium bank taxes which were recognised in full in the first quarter of 2014, while they were largely accrued over the quarters in 2013 and due to higher pension costs in the Netherlands. This was partly offset by the deconsolidation of ING Vysya Bank. The cost/income ratio was 56.2% compared with 54.7% in the first half of 2013. However, excluding the volatile CVA/DVA impacts in both quarters, the cost/income ratio improved slightly to 55.3% from 55.5% a year ago.

Net additions to loan loss provisions declined to EUR 872 million compared with EUR 1,176 million last year, reflecting improvements in the economic conditions. Risk costs were annualised 60 basis points of average risk-weighted assets compared with 85 basis points in the first half of 2013.

Retail Netherlands

Underlying result before tax of Retail Netherlands rose to EUR 571 million from EUR 420 million in the first six months of 2013, mainly due to higher income and lower risk costs, while operating expenses remained stable.

Total underlying income increased to EUR 2,086 million, up 4.6% compared with EUR 1,994 million in the first half of 2013, reflecting higher interest margins on lending and savings, which more than compensated for the decline in volumes due to the transfer of WUB (WestlandUtrecht Bank) assets and liabilities to NN Group as of mid-2013. The net production of mortgages (adjusted for the transfer of WUB assets) was EUR –0.4 billion in the first half of 2014. Other lending, mainly business lending, decreased by EUR 0.2 billion. Savings volumes continued to grow, with funds entrusted up EUR 3.9 billion in the first half of 2014. Investment and other income declined by EUR 41 million on last year, mainly due to a loss on the sale of real estate in own use.

Operating expenses including other impairment slightly increased 0.3% to EUR 1,145 million, as the benefits from the ongoing cost-efficiency programmes and lower operating expenses following the transfer of part of the WUB organisation to NN Bank compensated for higher pension costs and IT spending. The combined cost savings programmes, announced in 2011 and 2012, are on track. Since the start of the programme, EUR 304 million of cost savings have already been realised out of an expected EUR 480 million by year-end 2017.

The net addition to loan loss provisions declined to EUR 370 million versus EUR 432 million in the first half of 2013, reflecting a gradual economic recovery in the Netherlands. The decline was both in mortgages and business lending.

Retail Belgium

Retail Belgium's underlying result before tax increased to EUR 400 million from EUR 363 million in the first six months of 2013, due to higher income partly offset by increased expenses, while risk costs remained flat.

The underlying income rose 9.0% to EUR 1,265 million compared with EUR 1,161 million last year, as growth in client balances was accompanied by higher interest margins in most products. The lending portfolio increased by EUR 3.2 billion in the first half of 2014, of which EUR 0.9 billion was in residential mortgages and EUR 2.2 billion in other lending. Funds entrusted increased by EUR 3.3 billion in the first half of 2014, mainly due to current accounts inflow in the mid-corporate and SME segments.

Interim report continued

Operating expenses including other impairments increased by EUR 68 million (or 9.5%) compared with the first half of 2013. The increase was largely attributable to the annual Belgian bank taxes of EUR 75 million, versus EUR 24 million in the first half of 2013 when these taxes were largely accrued during the year. Excluding the bank taxes, operating expenses increased 2.6%. The strategic projects announced by ING Belgium in the beginning of 2013 are on track to realise EUR 160 million of cost savings by the end of 2017. Of this amount, EUR 60 million has already been realised.

The net addition to the provision for loan losses remained stable on EUR 80 million compared with a year ago. Risk costs for mortgages remained low at EUR 9 million, despite a small increase. The net addition for non-mortgage lending to private persons was up EUR 8 million to EUR 20 million in the first half of 2014, while risk costs for the business banking segment declined by EUR 11 million to EUR 51 million.

Retail Germany
Retail Germany's underlying result before tax rose to EUR 364 million from EUR 259 million in the first six months of 2013, mainly due to higher interest results, partly offset by higher operating expenses.

The underlying income increased to EUR 776 million in the first half of 2014 compared with EUR 650 million a year ago, mainly due to higher interest results. The interest result rose 18.2% to EUR 720 million, due to higher lending and savings balances and an improved margin on savings supported due to the downward adjustments of savings rates. Despite the reduction of rates, funds entrusted increased by EUR 5.7 billion in the first half of 2014. The lending portfolio was up by EUR 1.3 billion, of which EUR 1.0 billion was in residential mortgages and EUR 0.3 billion in other lending.

Operating expenses including other impairments increased by EUR 26 million, or 7.4%, compared with the first half of 2013. The increase primarily reflects an increase in headcount and marketing expenses to support business growth as well as increased deposit insurance premiums.

The net addition to the provision for loan losses was EUR 37 million versus EUR 42 million a year ago.

Retail Rest of World
Retail Rest of World's underlying result before tax increased to EUR 307 million from EUR 229 million in the first six months of last year. The higher results mainly reflect better commercial results in Poland, Italy, and Spain, and the absence of risk costs in the UK Legacy run-off portfolio. This was in part offset by the deconsolidation of ING Vysya Bank and lower results in Turkey and Australia.

Total underlying income decreased by EUR 92 million to EUR 1,130 million from EUR 1,222 million in the first half of 2013, mainly caused by the deconsolidation of ING Vysya Bank (effective as of the second quarter of 2014) which contributed EUR 81 million to underlying income versus EUR 153 million a year ago. Adjusted for the deconsolidation of ING Vysya Bank, income declined by 1.9% mainly attributable to Turkey and Australia, and last year´s gain on the sale of ING Bank's equity stake in KB Financial Group. The decline in Turkey was mainly caused by new regulation on overdrafts and margin pressure, while Australia included a one-off gain on the sale of a mortgage portfolio in the first half of 2013. This was in part offset by higher income from Poland, Italy and Spain. In the first six months of 2014, net inflow of funds entrusted, excluding currency effects and the deconsolidation of ING Vysya Bank, was EUR 2.8 billion, mainly in Spain and Australia. The net production in lending (also excluding currency effects and the deconsolidation of ING Vysya Bank) was EUR 2.2 billion, mainly in Australia.

Operating expenses including other impairments decreased by EUR 83 million (or –10.0%) to EUR 751 million compared to first half of 2013, mainly due to the deconsolidation of ING Vysya Bank. Adjusted for the deconsolidation of ING Vysya Bank, operating expenses declined by 4.5% on the previous year, partly caused by favourable currency impacts.

The addition to the provision for loan losses was EUR 71 million, down from EUR 159 million a year ago, which included EUR 45 million of risk costs for the UK legacy run-off portfolio. The remaining decrease is mainly due to lower net additions in Turkey and the deconsolidation of ING Vysya Bank.

Commercial Banking
Underlying result before tax of Commercial Banking declined 18.4% to EUR 1,075 million from EUR 1,318 million in the first six months of 2013. The decline was fully attributable to lower income, particularly due to CVA/DVA impacts, while risk costs declined and expenses were slightly lower.

Underlying income declined by EUR 396 million, or 13.5%, to EUR 2,542 million in the first half of 2014, mainly in Financial Markets, which included EUR 102 million negative CVA/DVA adjustments this year, compared to EUR 154 million positive adjustments last year. Excluding CVA/DVA impacts, income was 5.0% lower, mainly due to lower income in the Rates and Foreign Currency businesses due to challenging market conditions.

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The total interest result declined by EUR 72 million, or 4.1%, on the first six months of 2013, mainly due to lower interest in Bank Treasury, as a result of initiatives taken to meet new regulatory liquidity rules in combination with the low yield environment impacting investment returns, as well as in the General Lease run-off business, Interest result in Industry Lending was slightly lower, as a decline in Real Estate Finance, following the decline in the portfolio, was largely offset by growth in Structured Finance. The interest results in General Lending & Transaction Services and Financial Markets were stable.

Commission income decreased by EUR 11 million, or 2.0%, on the first six months of 2013, mainly attributable to lower fees from Industry Lending (both Structured Finance and Real Estate Finance) and from General Lending & Transaction Services. Investment income was EUR 3 million lower, reaching EUR 123 million this year. Other income dropped to EUR 260 million from EUR 570 million in the first six months of 2013. This decline was for the large part attributable to Financial Markets, which included EUR 102 million negative CVA/DVA adjustments this year, compared to EUR 154 million positive adjustments last year.

Operating expenses including other impairments were EUR 1,153 million, or 0.3% lower compared with the same period in 2013, as impairments on real estate declined by EUR 18 million to EUR 15 million this year. Excluding these impairments, expenses increased by EUR 14 million, or 1.2%, mainly due to higher pension expenses as well as IT investments to enhance service offering and product capabilities. The underlying cost/income ratio in the first half of 2014 was 45.4%, compared with 39.4% a year ago.

Net additions to loan loss provisions declined to EUR 314 million from EUR 463 million in the first half of 2013, reflecting improvements Industry Lending and the General Lease run-off portfolio. This is in part offset by General Lending & Transaction Services. The improvement in Industry Lending is mainly due to lower risk costs in Real Estate Finance, while the higher risk costs in General Lending & Transaction Services related to a few specific files.

Corporate Line

The Corporate Line Banking reported an underlying result before tax of EUR –263 million compared with EUR –274 million in the first half of last year. DVA on own issued debt improved from EUR –54 million a year ago to EUR –22 million this year, while impact from the fair values excluding DVA was EUR 69 million less negative. This year’s result was further supported by lower solvency costs and improved Bank Treasury-related results, the latter mainly attributable to lower interest expenses on long-term funding following repurchase of Dutch government-guaranteed ING Bank notes in June last year. The above positive impacts were largely offset by lower income on capital surplus (due to lower returns on reinvested tranches and higher allocation of income to the business units following increase in economic capital) as well as higher financing charges, mainly due to a EUR 51 million one-off loss following accelerated amortisation of capitalised fees on issued debt.

Interim report continued

INSURANCE OPERATIONS

Operating result (before tax) is used to evaluate the financial performance of the insurance segments. Each segment's operating result is calculated by adjusting the reported Net result before tax for the following items:

- Non-operating items: related to (general account) investments that are held for own risk (net of policyholder profit sharing):
  - Capital gains/losses and impairments: realised gains and losses as well as impairments on financial assets that are classified as available for sale. These investments include debt and equity securities (including fixed income and equity funds), private equity (< 20% ownership), real estate funds as well as loans quoted in active markets.
  - Revaluations: revaluations on assets marked-to-market through the consolidated profit and loss account. These investments include private equity (associates), real estate (property and associates), derivatives unrelated to product hedging programs (i.e. interest rate swaps, foreign exchange hedges) and direct equity hedges.
  - Market & other impacts: these impacts mainly comprise the change in the provision for guarantees on separate account pension contracts (net of hedging) in the Netherlands, the equity related and other deferred acquisition costs unlocking for Japan Closed- Block VA as well as the accounting volatility related to the reinsurance of minimum guaranteed benefits of Japan Closed-Block VA.
- Result on divestments result before tax related to divested operations.
- Special items before tax: items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently or regularly. This includes for instance restructuring expenses, goodwill impairments, results related to early retirement of debt and gains/losses from employee pension plan amendments or curtailments.
- Total net result from discontinued operations. Reference is made to Note 19 'Discontinued operations'.

NN GROUP

The operating result for the ongoing business of NN Group, consisting of the segments Netherlands Life, Netherlands Non-life, Insurance Europe, Japan Life, Investment Management and Other, for the first half of 2014 was EUR 522 million, a 19.2% increase compared with EUR 438 million in the same period last year, mainly driven by a higher Disability & Accident result in Netherlands Non-life and lower holding expenses and funding costs as well as higher operating results from the reinsurance business and NN Bank. This improvement was partially offset by lower results in Netherlands Life, Insurance Europe and Japan Life.

Non-operating items related to ongoing business improved to a loss of EUR 18 million in the first half of 2014 from a loss of EUR 54 million in the same period last year.

Gains/losses and impairments decreased from a gain of EUR 52 million in the first half of 2013 to a EUR 41 million loss in the first half of 2014, mainly driven by impairments on real estate and public equity in Netherlands Life, partly offset by gains on the sale of bonds in Insurance Europe.

Revaluations improved to a gain of EUR 84 million in the first half of 2014 compared with a loss of EUR 9 million in the first half of 2013, largely as a result of positive revaluations on private equity investments in Netherlands Life and Netherlands Non-life.

The EUR 37 million improvement in the loss from market and other impacts reflects a change of EUR 46 million in the provision for guarantees on separate account pension contracts (net of hedging) in the Netherlands compared to the first half of 2014, partly offset by a EUR 9 million negative impact in Insurance Europe related to a one-off contribution to the new guarantee fund in Poland related to the pension reforms.

The result before tax of Japan Closed Block VA was EUR 43 million in the first half of 2014, compared with EUR 65 million in the same period last year. This decrease was primarily due to the impact of various modelling refinements which led to a one-off reserve increase of EUR 51 million in the first half of 2014, partly offset by a higher hedge results in the second quarter of 2014.

Special items before tax deteriorated to a loss of EUR 597 million in the first half of 2014 from a loss of EUR 42 million in the same period last year, largely as a result of the EUR 541 million negative impact of the agreement to make ING's closed defined benefit plan in the Netherlands financially independent. The result before tax from continuing operations (excluding Insurance other) was EUR –49 million in the first half of 2014, compared with EUR 348 million last year. This deterioration is largely the result of the adverse impact from the special items in the first half of.

Netherlands Life

The operating result for Netherlands Life was EUR 295 million in the first half of 2014 compared with EUR 331 million in the same period of 2013, as a higher investment margin was more than offset by lower fees and premium based revenues and lower technical margin.

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The investment margin increased to EUR 290 million in the first half of 2014 from EUR 268 million in the first half of 2013, mainly reflecting an increased allocation to higher-return asset classes as well as higher invested volumes, partly offset by lower dividends on fixed income funds and private equity in the second quarter of 2014.

Fees and premium-based revenues in the first half of 2014 decreased by EUR 39 million to EUR 217 million compared with the first half of 2013, mainly owing to lower fee income on the unit-linked portfolio as of 1 January 2014 and a decreasing individual life closed book. In addition, a difference between the reserving rate and the rate for premium increases contributed to higher premium-based revenues on pension products in the first half of 2013.

In the first half of 2014 the technical margin was EUR 70 million, down EUR 28 million compared with the first half 2013, mainly due to lower mortality results and an adverse impact from the movement of unit-linked guarantee provisions.

Administrative expenses were stable at EUR 246 million in the first half of 2014 compared with the same period last year, as the impact of the transformation programme in the Netherlands was partly offset by higher employee benefit expenses.

DAC amortisation and trail commissions declined 16.3% to EUR 36 million in the first half of 2014, mainly reflecting the gradual run-off of the individual life closed book and lower pension premiums.

Gains/losses and impairments decreased to a EUR 66 million loss in the first half of 2014 from a gain of EUR 12 million in the same period of 2013. The loss in 2014 was mainly due to impairments on real estate and public equity, while the gain in 2013 was mainly driven by realised gains on debt securities and public equity.

Revaluations improved to a gain of EUR 82 million in the first half of 2014 compared to EUR 0 million in the first half of 2013. The 2014 revaluations mainly consist of private equity revaluations whereas in 2013 negative real estate revaluations were offset by positive private equity revaluations.

The loss of EUR 51 million in the first half of 2014 in market and other impacts reflects the movement in the provision for guarantees on separate account pension contracts (net of hedging).

Special items were a loss of EUR 347 million in the first half of 2014, including a EUR 331 million special item related to the impact of the agreement to make ING’s closed defined benefit pension plan in the Netherlands financially independent. Special items in the first half of 2013 mainly reflect preparation costs for the IPO of NN Group.

The result before tax was EUR –87 million in the first half of 2014, compared with EUR 226 million in the first half of 2013, mainly as a result of the impact of the agreement to make ING’s closed defined benefit pension plan in the Netherlands financially independent.

Netherlands Non-life
The operating result for Netherlands Non-life was EUR 61 million in the first half of 2014, a 56.4% increase compared with EUR 39 million in the first half of 2013. The strong improvement reflects a favourable claims development in Disability & Accident (D&A) and management actions to restore profitability in the Disability portfolio. The operating result for Property & Casualty (P&C) decreased as a result of an unfavourable claims experience in the first half of 2014. The operating result from broker businesses (NN Group’s wholly-owned insurance brokers Mandema and Zicht) showed an increase of EUR 1 million to EUR 3 million in the first half of 2014.

In the first half of 2014 the combined ratio was 99.4% compared with 102.4% in the same period of 2013. The improvement was mainly attributable to an improved underwriting performance in D&A, driven by the management actions taken to restore profitability.

Administrative expenses decreased by EUR 18 million to EUR 111 million in the first half of 2014, mainly as a result of the transformation programme in the Netherlands.

The result before tax decreased to EUR –20 million from EUR 21 million in the first half of 2013. The result of the first half of 2014 included a EUR –82 million special item related to the agreement to make ING’s closed defined benefit pension plan in the Netherlands financially independent.

Gross premium income decreased slightly compared with a year ago to EUR 1,047 million as P&C gross premium income was impacted by stricter underwriting and product rationalisation.

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Insurance Europe
The operating result of Insurance Europe was EUR 90 million in the first half of 2014, a 5.3% decline compared with EUR 95 million in the first half of 2013, mainly caused by a lower investment margin and higher DAC amortisation partly compensated by higher fees and premium based revenues and lower administrative expenses.

The investment margin in the first half of 2014 was EUR 48 million, down from EUR 54 million a year ago. This decline reflects lower invested volumes following dividend payments to NN Group in the fourth quarter of 2013, partly compensated by higher investment income for Greece in the first quarter of 2014, related to an early redemption of Residential Mortgage Backed Securities (RMBS).

Fees and premium-based revenues in the first half of 2014 increased to EUR 255 million from EUR 248 million in the same period of 2013. This increase was mainly driven by higher life sales in Belgium and Spain, higher pension inflows in Romania as well as the reclassification of operating income non-modelled business to fees and premium-based revenues in Turkey as of the first quarter of 2014. These items were partly offset by the impact of the pension reforms in Poland which took effect in February 2014.

The technical margin decreased from EUR 94 million in the first half of 2013 to EUR 92 million in the first half of 2014, mainly driven by lower morbidity and surrender margins across the region, partly compensated by a reclassification of the crisis tax in Belgium from the technical margin to DAC amortisation and trail commissions in the second half of 2013.

Administrative expenses decreased to EUR 149 million in the first half of 2014 from EUR 160 million in the first half of 2013, mainly driven by EUR 8 million lower project expenses and EUR 3 million currency effects.

DAC amortisation and trail commissions increased to EUR 163 million in the first half of 2014 from EUR 154 million in the same period of 2013, mainly due to the aforementioned reclassification of the crisis tax in Belgium.

Non-operating items increased to EUR 11 million in the first half of 2014 from EUR 2 million a year ago following a EUR 10 million gain on the sale of corporate bonds in Belgium, Spain and Greece, and a EUR 8 million gain on the sale of Government bonds in Spain, partly offset by a EUR 9 million one-off contribution to the new guarantee fund in Poland related to the pension reforms.

The result before tax increased to EUR 97 million in the first half of 2014 from EUR 91 million in the first half of 2013. The decrease in the operating result was compensated by the improvement in non-operating items.

Japan Life
The operating result for Japan Life was EUR 90 million in the first half of 2014, a 20.4% decline compared with EUR 113 million in the first half of 2013, due to the 6.9% depreciation of the Japanese yen against the euro in 2014. Excluding currency impacts, the operating result decreased by 8.1% due to lower investment margin and higher head-office cost allocations.

The investment margin declined from EUR 6 million in the first half of 2013 to EUR –2 million in the first half of 2014. Excluding currency impacts, the investment margin decreased by EUR 7 million mainly due to realised gains in March and July 2013 which were reinvested at a lower yield.

Fees and premium-based revenues were EUR 236 million in the first half of 2014, a 4.8% decrease compared with EUR 248 million in the same period of 2013, due to the depreciation of the Japanese yen against the euro. Excluding this currency effect, fees and premium based revenues increased by 8.2% driven by strong sales and favourable persistency.

The technical margin remained flat at EUR 4 million in the first half of 2014 compared with the same period of 2013. Excluding currency effects, the technical margin increased 66.7% driven by higher morbidity results.

Administrative expenses were EUR 49 million in the first half of 2014, a 3.9% decrease compared with EUR 51 million in the first half of 2013. Excluding currency effects, administrative expenses increased by 8.9% compared to first half of 2013, primarily due to increased head office charges.

DAC amortisation and trail commissions increased to EUR 99 million in the first half of 2014 compared to EUR 94 million in the same period of 2013. Excluding currency effects, DAC amortisation and trail commissions increased by 20.5% due to higher premium volumes.

Non-operating items were EUR –2 million in the first half of 2014 versus EUR 10 million in the same period a year ago. Excluding currency impacts, non-operating items decreased by EUR 11 million, as the first half of 2013 included realised gains.

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The result before tax decreased to EUR 88 million in the first half of 2014 from EUR 123 million in the first half of 2013. Excluding currency impacts, the result before tax decreased 18.5% due to the decrease in operating result and non-operating items.

Investment Management

The operating result for Investment Management was EUR 77 million in the first half of 2014, a 6.9% increase compared with EUR 72 million in the first half of 2013, mainly driven by higher fee income.

Fees were EUR 234 million in the first half of 2014, a 3.6% increase compared with EUR 226 million in the first half of 2013. The increase was driven by EUR 5 million of one-off fee income in the first quarter as well as higher revenues in the second quarter this year. Outflows in lower yielding proprietary assets were offset by inflows in higher margin products. The introduction of the fixed service fee in the Netherlands, which led to a EUR 4 million increase in income in the first half of 2014, has an offsetting impact in administrative expenses. The ratio of fees to average AuM improved slightly from 25 basis points in the first half of 2013 to 27 basis points this year.

Administrative expenses were EUR 158 million in the first half of 2014, a 1.9% increase compared with EUR 155 million in 2013. The first half of 2014 benefited from EUR 10 million of personnel provision releases. The increase of EUR 3 million compared with 2013 was mainly caused by the introduction of the fixed service fee in 2014 and higher marketing expenses in the first quarter of 2014.

The result before tax decreased to EUR –45 million in the first half of 2014 from EUR 72 million in 2013. The first half of 2014 included a special item of EUR –122 million, reflecting the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

Other

The operating result for the segment Other was a loss of EUR 90 million in the first half of 2014, compared with a loss of EUR 212 million in the same period last year. The substantial improvement reflects lower holding expenses and funding costs as well as higher operating results from the reinsurance business and NN Bank.

The holding result improved to EUR –112 million compared with EUR –178 million in the first half year of 2013. Interest costs on hybrids and debt decreased to EUR –68 million mainly following refinancing of both external and intercompany loans with ING Group and a EUR 1 billion debt-to-equity conversion in December of last year. Investment income & fees increased to EUR 19 million and reflects interest income on the EUR 600 million and EUR 450 million subordinated loans issued by NN Life to NN Group in the first half year of 2014. Holding expenses were down EUR 34 million, mainly reflecting cost savings achieved under the transformation programme in the Netherlands.

The operating result of the reinsurance business increased to EUR 20 million from EUR –20 million in the first half year of 2013, which included a EUR 31 million one-off loss on a specific reinsurance contract. Furthermore higher hedge results on the VA Europe portfolio and higher underwriting results contributed to the improvement.

The operating result of NN Bank increased to EUR 7 million from EUR –13 million in the first half year of 2013. The partial transfer of assets and liabilities from WUB to NN Bank on 1 July 2013 led to a relatively higher increase in operating income than expenses.

The other results of EUR –6 million in the first half of 2014 mainly reflects a non-recurring adjustment on the amortisation of certain fixed income securities.

The result before tax improved to EUR –125 million in the first half of 2014 from EUR –250 million in the same period last year, mainly due to the improved operating result.

Special items before tax in the first half of 2014 amounted to EUR –36 million and were mainly related to the transformation programme in the Netherlands, as well as the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

The result on divestments and discontinued operations for the first half year of 2013 reflects the loss on the sale of the Mexican mortgage business in the second quarter of last year.

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Japan Closed Block VA

The operating result of Japan Closed Block VA was EUR 43 million in the first half of 2014, a 26.5% increase compared with EUR 34 million in the same period last year. Excluding currency effects, the operating result increased by 43.3% mainly driven by lower DAC amortisation. The first half of 2013 included DAC amortisation, which was fully written off per 1 October 2013.

Fees and premium based revenues were EUR 58 million in the first half of 2014, a decline of 15.9% as compared to EUR 69 million in the same period last year, due to the 6.9% depreciation of the Japanese Yen against the euro as compared to the first half of 2013. Excluding currency effects, fees and premium based revenues decreased by 4.9%.

Administrative expenses in the first half of 2014 decreased to EUR 9 million from EUR 12 million in the first half of 2013.

DAC amortisation and trail commissions in the first half of 2014 amounted to EUR 6 million, down 75.0% from the same period in the prior year. Per 1 October 2013 all DAC was written down to restore reserve adequacy to the 50% confidence level following a segmentation change. As a result, this line only includes trail commissions as of 2014.

Non-operating items were nil in the first half of 2014, down from EUR 31 million in the first half of 2013. In the first half of 2014, a loss of EUR 51 million in the first quarter due to a one-off reserve increase reflecting the impact of various modelling refinements was offset by positive hedge results in the second quarter.

The result before tax in the first half of 2014 decreased to EUR 43 million compared with EUR 65 million in the same period in the previous year. Positive hedge results in the second quarter of 2014 fully offset the negative impact of the one-off reserve increase in the first quarter, while the first half of 2013 included EUR 31 million positive hedge results.

Interim report continued

ING GROUP BALANCE SHEET

ING Group's balance sheet decreased by EUR 110 billion to EUR 971 billion at 30 June 2014 from EUR 1,081 billion at the end of 2013. Assets/liabilities held for sale decreased by EUR 154 billion and EUR 146 billion, respectively, in the first six months reflecting the deconsolidation of Voya. ING Vysya Bank was deconsolidated in the first quarter of 2014, which decreased total assets by EUR 6 billion. Excluding the impact of the deconsolidation of Voya and ING Vysya Bank, assets increased reflecting strong commercial growth.

Amounts due from/and to banks

Amounts due from banks remained flat at EUR 43 billion, while Amounts due to banks increased by EUR 5 billion to EUR 32 billion.

Loans and advances to customers

Despite EUR 4 billion lower lending due to the deconsolidation of ING Vysya Bank and a decline of EUR 3 billion in securities at amortised cost and IABF due to the unwinding of the Illiquid Assets Back-up Facility, Loans and advances to customers increased by EUR 8 billion to EUR 540 billion due to growth in customer lending and new production of mortgages at NN Bank,

Financial assets/liabilities at fair value

Financial assets/liabilities at fair value through P&L increased by EUR 12 billion to EUR 177 billion, and by EUR 3 billion to EUR 102 billion, respectively. The increase was due to higher Financial Markets activities combined with higher valuation of trading activities, following a further decline of interest rates. Financial assets and liabilities at fair value contain predominantly derivatives, securities and repos, which are mainly used to facilitate the servicing of ING's clients (banks and non-banks).

Investments

Investments increased by EUR 20 billion to EUR 161 billion at the end of June 2014. At ING Bank, investments increased primarily reflecting purchases of government bonds to further improve the liquidity profile of the Bank. At NN Group, debt securities available for sale increased due to declining interest rates.

Debt securities in issue

The increase in the first half of 2014 in Debt securities in issue is mainly due to EUR 7 billion higher CD/CP balances. ING Bank issued EUR 7 billion long term debt, of which EUR 6 billion senior unsecured debt and EUR 1 billion RMBS. These new issuances are offset by maturing debt of EUR 7 billion.

Insurance and investment contracts

Insurance and investment contracts increased by 4 billion to EUR 116 billion. This mainly reflects an increase in deferred profit sharing to policyholders following positive revaluations of debt securities.

Customer deposits

Customer deposits grew by EUR 19 billion to EUR 489 billion, excluding a EUR 4 billion decrease due to the deconsolidation of ING Vysya Bank, reflecting ING Bank's strength as a deposit gatherer. The growth was driven by higher saving accounts, due to strong net inflows in Retail Banking, coupled with increased credit balances on customer accounts.

Shareholders' equity

Shareholders' equity increased by EUR 3 billion to EUR 48 billion. Positive revaluations of debt securities, mainly due to lower interest rates, and the change in the cash flow hedge reserve were partially offset by the net loss and the deferred interest crediting to policyholders.

Shareholders' equity per share increased from EUR 11.93 at the end of December 2013 to EUR 12.59 on 30 June 2014.

Number of shares

The total number of shares was 3,858 million at the end of June 2014, versus 3,841 million at the end of December 2013. The total number of shares equals the 3,850 million outstanding in the market plus treasury shares, which increased from 3.9 million at the end of December 2013 to 7.7 million at the end of June 2014.

Interim report continued

CAPITAL MANAGEMENT

ING Group

The amount of core debt at ING Group decreased to EUR 4.6 billion at the end of June 2014 from EUR 5.0 billion at the end of 2013. The decrease primarily reflects the use of proceeds related to the (partial) sell down of our stakes in Voya and SulAmérica S.A. to reduce core debt, which was partly offset by a EUR 850 million capital injection in the second quarter of 2014 from ING Group into NN Group ahead of its IPO in early July 2014. The Group debt/equity ratio increased from 8.5% at the end of 2013 to 8.7% at the end of the second quarter, as lower debt was more than offset by lower equity.

ING Bank

As of 1 January 2014, the CRR/CRD IV capital rules entered into force. The capital position reflects own funds according to the Basel III rules as specified in the CRR/CRD IV. As CRD IV will be phased in gradually until 2019, the CRD IV positions will reflect the capital according to the 2019 end-state rules (fully-loaded) and the 2014 rules (phased-in).

ING Bank's fully-loaded CRR/CRD IV common equity Tier 1 ratio of 10.5%, improving from 10.0% at year-end, thereby complying with the CRR/CRD IV solvency requirements. The increase can be explained by retained earnings offset by RWA growth due to asset production and state repayment. The fully-loaded percentage is calculated on the basis of immediate and full implementation and disregarding the possible impact of future management actions.

NN Group

NN Group's capital position was strengthened prior to the IPO through a capital injection by ING Group of EUR 850 million which was the main driver of the increase of the IGD ratio to 272% at the end of the second quarter. The Solvency I capital ratio of NN Life improved to 250%, mainly driven by the issue of a subordinated loan of EUR 450 million to NN Group by NN Life. The cash capital position at the holding company increased to EUR 1,156 million at the end of the second quarter, following the EUR 850 million capital injection by ING Group and EUR 365 million dividends received from operating units. NN Group successfully issued a EUR 1 billion dated subordinated bond in April 2014 and EUR 1 billion of undated subordinated debt in July 2014. The proceeds were used to repay subordinated debt and senior debt to ING Group. These transactions mark another step towards NN Group's standalone capital structure.

RISK MANAGEMENT

BANKING

ING Bank's lending credit outstandings increased in the first six months of 2014 in Retail Banking as well as in Commercial Banking. The NPL ratio slightly increased to 2.9% with a coverage ratio of 38.0%. The funding profile remains strong with a loan-to-deposit ratio of 1.03 and continued Long Term funding issuance.

Credit risk management

ING Bank's non-performing loans (NPLs) expressed as a percentage of lending credit outstandings increased to 2.9%, up from 2.8% in the first half year of 2014. This was caused by a combination of an increase in non-performing loans with lower lending credit outstandings in Retail Banking International. The latter is the result of the deconsolidation of ING Vysya Bank. At Retail Banking Benelux the NPL ratio slightly increased at 3.3%, while the NPL ratio at Retail Banking International slightly decreased at 1.4%. Within Commercial Banking, the NPL ratio remained unchanged at 3.6%. The growth in credit outstandings was offset by higher NPLs.

In the first half of 2014, ING Bank's stock of provisions remained stable at EUR 6.2 billion, as net additions to loan loss provisions were fully matched by write-offs and the deconsolidation of ING Vysya Bank. The coverage ratio slightly decreased to 38.0% from 38.6% at year-end due to higher NPLs.

Securities portfolio

In the first half of 2014, ING Bank's overall exposure to debt securities increased to EUR 107.5 billion from EUR 96.8 billion. The increase in government bonds of EUR 10.4 billion was mainly due to LCR eligible government bonds partially offset by the unwinding of the IABF deal, which was classified as loans & advances to customers. The net growth consisted of government bond investments in Europe and the US with medium and long-term tenors. The increase in covered bonds was offset by a decrease in ABS. The debt securities revaluation reserve rose to EUR 1.3 billion after tax, compared with EUR 0.8 billion at year-end.

Market risk

The average Value-at-Risk (VaR) increased to EUR 9 million from EUR 8 million at year-end, mainly due to lower diversification. The overnight VaR for ING Bank's trading portfolio ranged from EUR 6 million to EUR 14 million.

Funding and liquidity

In the first six months of 2014, the macro-economic environment was characterised by monetary stimulus actions confirming the intention of the Fed and ECB to keep interest rates low which led to increased liquidity in the market. The ECB announced measures amongst others rates cuts, the TLTRO and a plan for outright ABS purchases, and the Fed continued the quantitative easing. In this environment, ING Bank continued to issue long-term funding with in total EUR 9 billion partially used to replace maturing debt.

Interim report continued

ING Bank's loan-to-deposit ratio, excluding securities that are recorded at amortised cost slightly decreased to 1.03 from 1.04 at the end of 2013 mainly due to an increase in customer deposits.

In the first six months of 2014, ING Bank's total eligible collateral position increased to EUR 203 billion at market values compared with EUR 180 billion at the end of December 2013. The improvement primarily reflects increase in high quality liquid government bonds.

Risk-weighted assets (RWA)
At the end of June 2014, ING Bank's total RWA was EUR 293.4 billion, an increase of EUR 10.9 billion mainly due to CRR/CRD IV entering into force as at 1 January 2014. The RWA composition reflects the new Basel III rules as applicable at this moment as specified in the CRR/CRD IV.

Credit RWA increased by EUR 11.4 billion to EUR 249.8 billion. Excluding the EUR 18.5 billion RWA impact from CRR/CRD IV, credit RWA decreased by EUR 7.1 billion, despite volume growth, as result of the deconsolidation of ING Vysya Bank and improvements in conservative calculation methods triggered by the implementation of CRD IV. Market RWA increased by EUR 0.5 billion to EUR 9.3 billion, while operational RWA declined by EUR 1.0 billion to EUR 34.3 billion following the deconsolidation of ING Vysya Bank.

NN GROUP
Net result sensitivities
The methodology for net result sensitivities is calibrated to a 95% level of confidence, defined as the after tax impact of a 1-in-20 year shock event.

Net result sensitivities (full year impact)

amounts in millions of euros		2Q2014	4Q2013 **
Market and Credit Risk *	Interest Rates up	**16**	–8
	Interest Rates down	**–21**	8
	Equity down	**–450**	–444
	Equity up	**205**	306
	Real Estate down	**–293**	–289
	Foreign Exchange down	**–73**	–54
	Counterparty default	**–90**	–91
	Credit spread	**–20**	–24
	Credit spread	**16**	–8
	Variable annuity (Japan and Europe VA)	**–251**	–258
Insurance Risk	Mortality	**–33**	–34
	Morbidity	**–122**	–125
	Property & Casualty (P&C)	**–118**	–119

* Shock levels are approximately as follows: Interest Rates 30% (shocks vary by duration and by currency, shock to 15 year euro interest rate is 30%); Equity 30%; Real Estate 8%; Foreign Exchange rates 20%. Variable annuity sensitivities include all related market risks.
** The approach to sensitivities has been revised as of the first quarter of 2014 to incorporate a higher level of confidence in line with NN Group's risk appetite. The revised methodology for sensitivities is calibrated to a 95% level of confidence, defined as the after-tax impact on a 1-in-20-year shock event, whereas the previous basis used a before-tax impact of a 1-in-10-year shock event.

In proceedings pending before the District Court in Rotterdam, the Court has, upon the request of the parties, including NN, submitted preliminary questions to the European Court of Justice to obtain clarity on principal legal questions with respect to cost transparency related to unit-linked policies. The main preliminary question being considered by the European Court of Justice is whether European law permits the application of information requirements based on general principles of Dutch law that extend beyond information requirements as explicitly prescribed by laws and regulations in force at the time the policy was written. Although the European Court does not decide on the applicable standards in specific cases, NN and ING believe the ruling of the European Court of Justice can give clarification on this question of legal principle which is also subject of other legal proceedings in The Netherlands. On 12 June 2014, the Attorney General to the European Court of Justice gave its non-binding advisory opinion to the European Court of Justice. It is expected that the European Court of Justice will render its judgment by the end of 2014, at the earliest. The financial exposure related to Dutch unit-linked products can be substantial for the Dutch insurance business of ING and may affect ING, both financially and reputationally. However, ING's exposure cannot be reliably estimated or quantified at this time.

Interim report continued

DIVIDEND

ING's policy is to pay dividends in relation to the long-term underlying development of cash earnings. Dividends will only be paid when the Executive Board considers such a dividend appropriate. Given the uncertain financial environment, increasing regulatory requirements and ING's priority to repay the remaining outstanding core Tier 1 securities, no interim dividend will be paid over the first six months of 2014.

OTHER

Reference is made to Note 27 'Other events' in the condensed consolidated interim accounts for information on the most important events in the first half of 2014, other than the information disclosed in this Interim report. In Note 26 'Related parties' 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

The progress that we have made with the restructuring over the past several years has brought ING Group well into the end stage of our transformation. ING moves forward as a stronger, simpler and more sustainable company that is well placed to achieve the strategic priorities of ING Bank while continuing to serve our customers and the communities in which we operate to the best of our ability.

Conformity statement

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

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

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

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

- the ING Groep N.V. interim accounts for the period ended 30 June 2014 give a true and fair view of the assets, liabilities, financial position and profit or loss of ING Groep N.V. and the entities included in the consolidation taken as a whole; and
- the ING Groep N.V. interim report for the period ended 30 June 2014 includes a fair review of the information required pursuant to article 5:25d, paragraphs 8 and 9 of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)* regarding ING Groep N.V. and the entities included in the consolidation taken as a whole.

AMSTERDAM, 5 AUGUST 2014

R.A.J.G. Hamers
CEO, CHAIRMAN OF THE EXECUTIVE BOARD

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

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

Condensed consolidated balance sheet of ING Group

as at

amounts in millions of euros	30 June 2014	31 December 2013	31 December 2012
ASSETS			
Cash and balances with central banks	**15,010**	13,316	17,657
Amounts due from banks	**43,185**	42,996	39,053
Financial assets at fair value through profit and loss 2	**177,493**	165,172	232,371
Investments 3	**161,465**	140,995	200,129
Loans and advances to customers 4	**539,517**	531,655	563,385
Reinsurance contracts 11	**270**	252	5,290
Investments in associates and joint ventures 5	**3,074**	2,022	2,461
Real estate investments	**1,137**	1,046	1,190
Property and equipment	**2,275**	2,446	2,674
Intangible assets 6	**1,835**	1,841	2,639
Deferred acquisition costs	**1,441**	1,353	4,549
Assets held for sale 7	**3,036**	156,884	66,946
Other assets 8	**20,779**	21,339	26,210
Total assets	**970,517**	1,081,317	1,164,554
EQUITY 9			
Shareholders' equity (parent)	**48,461**	45,776	51,303
Non-voting equity securities	**683**	1,500	2,250
	49,144	47,276	53,553
Minority interests	**616**	5,913	1,643
Total equity	**49,760**	53,189	55,196
LIABILITIES			
Subordinated loans 10	**6,748**	6,889	8,786
Debt securities in issue 10	**135,420**	127,727	143,436
Other borrowed funds 10	**16,623**	13,706	16,723
Insurance and investment contracts 11	**116,036**	111,769	230,580
Amounts due to banks	**32,401**	27,200	38,704
Customer deposits and other funds on deposit	**489,254**	474,312	454,930
Financial liabilities at fair value through profit and loss 12	**101,522**	98,501	115,803
Liabilities held for sale 7	**4**	146,401	67,811
Other liabilities 13	**22,749**	21,623	32,585
Total liabilities	**920,757**	1,028,128	1,109,358
Total equity and liabilities	**970,517**	1,081,317	1,164,554

Amounts for 2013 and 2012 have been restated to reflect the changes in accounting policies as disclosed in the section 'Change in accounting policies in 2014' on page 24.

The comparison of the balance sheets is impacted by the classification as held for sale of Voya (as of 2013) and the classification to continuing operations of ING Group's business in Japan (as of 2013) as disclosed in the section 'Other significant changes'.

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

Condensed consolidated profit and loss account of ING Group

for the three and six month period

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	**2014**	2013	**2014**	2013
Continuing operations				
Interest income banking operations	**11,701**	13,683	**24,303**	27,699
Interest expense banking operations	**–8,734**	–10,706	**–18,331**	–21,846
Interest result banking operations	**2,967**	2,977	**5,972**	5,853
Gross premium income	**1,977**	2,015	**5,468**	5,648
Investment income 14	**934**	950	**1,870**	2,011
Commission income	**748**	729	**1,472**	1,427
Other income 15	**67**	–397	**581**	–1,180
Total income	**6,693**	6,274	**15,363**	13,759
Underwriting expenditure 16	**2,011**	1,753	**5,851**	4,336
Addition to loan loss provision	**405**	616	**872**	1,176
Intangible amortisation and other impairments 17	**28**	30	**43**	71
Staff expenses 18	**1,532**	1,507	**4,506**	3,082
Other interest expenses	**93**	123	**175**	243
Other operating expenses	**1,151**	1,059	**2,353**	2,134
Total expenses	**5,220**	5,088	**13,800**	11,042
Result before tax from continuing operations	**1,473**	1,186	**1,563**	2,717
Taxation	**411**	305	**417**	725
Net result from continuing operations	**1,062**	881	**1,146**	1,992
Discontinued operations 19				
Net result from discontinued operations	**25**	–8	**132**	–143
Net result from disposal of discontinued operations	**–3**	–4	**–2,024**	942
Total net result from discontinued operations	**22**	–12	**–1,892**	799
Net result from continuing and discontinued operations (before attribution to minority interests)	**1,084**	869	**–746**	2,791

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	**2014**	2013	**2014**	2013
Net result attributable to:				
Equityholders of the parent	**1,067**	895	**–851**	2,791
Minority interests	**17**	–26	**105**	
	1,084	869	**–746**	2,791
Net result from continuing operations attributable to:				
Equityholders of the parent	**1,045**	857	**1,102**	1,937
Minority interests	**17**	24	**44**	55
	1,062	881	**1,146**	1,992
Net result from discontinued operations attributable to:				
Equityholders of the parent	**22**	38	**–1,953**	854
Minority interests		–50	**61**	–55
	22	–12	**–1,892**	799

Condensed consolidated profit and loss account of ING Group continued

for the three and six month period

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in euros	**2014**	2013	**2014**	2013
Earnings per share 20				
Basic earnings per ordinary share	**0.28**	0.23	**–0.33**	0.68
Diluted earnings per ordinary share	**0.28**	0.23	**–0.33**	0.68
Earnings per share from continuing operations 20				
Basic earnings per ordinary share from continuing operations	**0.27**	0.22	**0.18**	0.46
Diluted earnings per ordinary share from continuing operations	**0.27**	0.22	**0.18**	0.46
Earnings per share from discontinued operations 20				
Basic earnings per ordinary share from discontinued operations	**0.01**	0.01	**–0.51**	0.22
Diluted earnings per ordinary share from discontinued operations	**0.01**	0.01	**–0.51**	0.22

Amounts for the three and six month period ended 30 June 2013 have been restated to reflect the changes in accounting policies as disclosed in the section ‘Change in accounting policies in 2014’ on page 24.

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

Condensed consolidated statement of comprehensive income of ING Group

for the three and six month period

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	**2014**	2013	**2014**	2013
Net result for the period from continuing and discontinued operations	**1,084**	869	**–746**	2,791
Items that will not be reclassified to the profit and loss account:				
Remeasurement of the net defined benefit asset/liability	**–76**	–24	**–348**	1,079
Unrealised revaluations property in own use	**–10**	2	**–12**	
Items that may be reclassified subsequently to profit and loss account:				
Unrealised revaluations available-for-sale investments and other	**1,669**	–3,898	**4,158**	–4,871
Realised gains/losses transferred to the profit and loss account	**–2**	14	**–92**	–21
Changes in cash flow hedge reserve	**891**	–445	**1,632**	–576
Transfer to insurance liabilities	**–659**	1,478	**–1,706**	1,937
Share of other comprehensive income of associates and joint ventures	**8**	–4	**40**	26
Exchange rate differences and other	**197**	–910	**236**	–614
Total comprehensive income	**3,102**	–2,918	**3,162**	–249
Comprehensive income attributable to:				
Equityholders of the parent	**3,055**	–2,684	**2,889**	–38
Minority interests	**47**	–234	**273**	–211
	3,102	–2,918	**3,162**	–249

Amounts for the three and six month period ended 30 June 2013 have been restated to reflect the changes in accounting policies as disclosed in the section ‘Change in accounting policies in 2014’ on page 24.

Reference relates to the accompanying notes. These form an integral part of the condensed consolidated interim accounts.

Condensed consolidated statement of cash flows of ING Group

for the six month period

6 month period		1 January to 30 June	
amounts in millions of euros		**2014**	2013
Result before tax [(1)]		**–206**	3,599
Adjusted for:	– depreciation	**339**	377
	– deferred acquisition costs and value of business acquired	**–54**	2
	– change in provisions for insurance and investment contracts	**–1,133**	–1,512
	– addition to loan loss provisions	**872**	1,177
	– other	**2,655**	456
Taxation paid		**–474**	–881
Changes in:	– amounts due from banks, not available on demand	**918**	–3,816
	– trading assets	**–12,866**	–10,665
	– non-trading derivatives	**–1,370**	–875
	– other financial assets at fair value through profit and loss	**–1,398**	1,477
	– loans and advances to customers	**–11,607**	–754
	– other assets	**–2,135**	1,812
	– amounts due to banks, not payable on demand	**2,851**	–5,849
	– customer deposits and other funds on deposit	**17,380**	19,811
	– trading liabilities	**6,288**	7,093
	– other financial liabilities at fair value through profit and loss	**103**	–4,114
	– other liabilities	**1,450**	–5,087
Net cash flow from (used in) operating activities		**1,613**	2,251
Investments and advances	– available-for-sale investments	**–54,970**	–93,694
	– investments for risk of policyholders	**–17,333**	–34,811
	– other investments	**–203**	–421
Disposals and redemptions	– group companies (including cash in company disposed)	**–1,360**	–5,764
	– associates and joint ventures	**414**	201
	– available-for-sale investments	**39,280**	89,203
	– investments for risk of policyholders	**22,071**	40,439
	– loans	**–12**	968
	– other investments	**629**	2,648
Net cash flow from (used in) investing activities		**–11,484**	–1,231
Proceeds from borrowed funds and debt securities		**83,597**	77,308
Repayments of borrowed funds and debt securities		**–74,679**	–79,042
Proceeds of IPO Voya			1,061
Repayment of non-voting equity securities		**–817**	
Repurchase premium of non-voting equity securities		**–408**	
Other net cash flow from financing activities		**–362**	151
Net cash flow from financing activities		**7,331**	–522
Net cash flow		**–2,540**	498
Cash and cash equivalents at beginning of the period		**17,180**	24,150
Effect of exchange rate changes on cash and cash equivalents		**–72**	564
Cash and cash equivalents at end of the period		**14,568**	25,212
Cash and cash equivalents comprises the following items:			
Treasury bills and other eligible bills		**1,078**	662
Amounts due from/to banks		**–1,534**	4,643
Cash and balances with central banks		**15,010**	18,699
Cash and cash equivalents classified as Assets held for sale		**14**	1,208
Cash and cash equivalents at end of the period		**14,568**	25,212

[(1)] Result before tax includes results from continuing operations of EUR 1,563 million (2013: EUR 2,717 million) as well as results from discontinued operations of EUR –1,769 million (after tax EUR –1,892 million) and for 2013 EUR 881 million (after tax EUR 799 million).

Condensed consolidated statement of changes in equity of ING Group

amounts in millions of euros	Share capital	Share premium	Reserves	Total share-holders' equity (parent)	Non-voting equity securities	Minority interests	Total
Balance at 1 January 2014	921	16,038	28,817	45,776	1,500	5,913	53,189
Remeasurement of the net defined benefit asset/liability			–324	–324		–24	–348
Unrealised revaluations property in own use			–12	–12			–12
Unrealised revaluations available-for-sale investments and other			3,812	3,812		346	4,158
Realised gains/losses transferred to profit and loss			–92	–92			–92
Changes in cash flow hedge reserve			1,599	1,599		33	1,632
Transfer to insurance liabilities			–1,520	–1,520		–186	–1,706
Share of other comprehensive income of associates and joint ventures			40	40			40
Exchange rate differences and other			237	237		–1	236
Total amount recognised directly in equity (other comprehensive income)			3,740	3,740		168	3,908
Net result from continuing and discontinued operations			–851	–851		105	–746
Total comprehensive income			2,889	2,889		273	3,162
Repayment of non-voting equity securities					–817		–817
Repurchase premium			–408	–408			–408
Dividends						–34	–34
Purchase/sale of treasury shares			–39	–39			–39
Employee stock option and share plans	4	6	54	64		10	74
Changes in the composition of the group and other changes			179	179		–5,546	–5,367
Balance at 30 June 2014	925	16,044	31,492	48,461	683	616	49,760

Condensed consolidated statement of changes in equity of ING Group continued

amounts in millions of euros	Share capital	Share premium	Reserves	Total share-holders' equity (parent)	Non-voting equity securities	Minority interests	Total
Balance at 1 January 2013 (before change in accounting policy)	919	16,034	34,824	51,777	2,250	1,643	55,670
Effect of change in accounting policy			–474	–474			–474
Balance at 1 January 2013 (after change in accounting policy)	919	16,034	34,350	51,303	2,250	1,643	55,196
Remeasurement of the net defined benefit asset/liability			1,144	1,144		–65	1,079
Unrealised revaluations property in own use			–1	–1		1	
Unrealised revaluations available-for-sale investments			–4,994	–4,994		123	–4,871
Realised gains/losses transferred to profit and loss			–21	–21			–21
Changes in cash flow hedge reserve			–566	–566		–10	–576
Transfer to insurance liabilities			2,166	2,166		–229	1,937
Share of other comprehensive income of associates and joint ventures			26	26			26
Exchange rate differences and other			–583	–583		–31	–614
Total amount recognised directly in equity (other comprehensive income)			–2,829	–2,829		–211	–3,040
Net result for the period from continuing and discontinued operations			2,791	2,791			2,791
Total comprehensive income			–38	–38		–211	–249
Dividends						–10	–10
Purchase/sale of treasury shares			391	391			391
Employee stock option and share plans	2		–137	–135			–135
Changes in the composition of the group and other changes			–1,919	–1,919		3,016	1,097
Balance at 30 June 2013	921	16,034	32,647	49,602	2,250	4,438	56,290

Amounts for 2013 have been restated to reflect the changes in accounting policies as disclosed in the section 'Change in accounting policies in 2014' on page 24.

Notes to the condensed consolidated interim account of ING Group

amounts in millions of euros, unless stated otherwise

NOTES TO THE ACCOUNTING POLICIES

1 ACCOUNTING POLICIES

These condensed consolidated interim accounts of ING Groep N.V. (ING Group) have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’. The accounting principles used to prepare these condensed consolidated interim accounts comply with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and are consistent with those set out in the notes to the 2013 ING Group Consolidated Annual Accounts, except for the amendments referred to below.

These condensed consolidated interim accounts should be read in conjunction with the 2013 ING Group Consolidated Annual Accounts.

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 Note 1 ‘Accounting policies’ in the 2013 ING Group Consolidated Annual Accounts.

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

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

Changes in assets and liabilities as a result of classification as held for sale are included in the notes in the line ‘Changes in the composition of the group and other changes’.

Changes in accounting policies in 2014

Change in accounting for GMDB in Japan Closed Block VA

NN Group has moved towards fair value accounting for the reserves for Guaranteed Minimum Death Benefits (GMDB) reserves of the Japan Closed Block VA segment as of 1 January 2014. This improves the alignment of the book value of the GMDB reserves with their market value, better reflects the economic value of these guarantees and improves the alignment of the accounting for the guarantees with the accounting for the related hedges. Furthermore, such a move makes the accounting for the GMDB consistent with the accounting on the reserves for Guaranteed Minimum Accumulation and Withdrawal benefits.

As at 31 December 2013, the difference between the book value and the estimated fair value of the GMDB reserves was EUR 219 million (before tax). Implementation of fair value accounting for GMDB represents a change in accounting policy under IFRS with a transitional impact of EUR –165 million after tax being reflected only in Shareholders’ equity as of 1 January 2014. This impact is included in the table below.

Changes in IFRS-EU

The following new standards were implemented by ING Group on 1 January 2014 for IFRS-EU:
- IFRS 10 ‘Consolidated Financial Statements’;
- IFRS 11 ‘Joint Arrangements’ and amendments to IAS 28 ‘Investments in Associates and Joint Ventures’;
- IFRS 12 ‘Disclosure of Interests in Other Entities’;
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27);
- Amendments to IAS 32 ‘Presentation - Offsetting Financial Assets and Financial Liabilities’.
- Amendments to IAS 39 ‘Novation of Derivatives and Continuation of Hedge Accounting’; and
- Amendments to IAS 36 ‘Recoverable amount disclosures for non-financial assets’.

The significant changes in IFRS-EU in 2014 are explained below.

IFRS 10 ‘Consolidated Financial Statements’

IFRS 10 ‘Consolidated Financial Statements’ introduced amendments to the criteria for consolidation. Similar to the requirements that were applicable until the end of 2013, all entities controlled by ING Group are included in the consolidated annual accounts. However, IFRS 10 redefines control as being exposed to variable returns and having the ability to affect those returns through power over the investee. The requirements in IFRS 10 are generally similar to the policies and interpretations that ING Group applied and, therefore, the impact of implementing IFRS 10 was not significant. The implementation of IFRS 10 has no impact on Shareholders’ equity, Net result and/or Other comprehensive income. The impact of IFRS 10 is included in the table below.

Notes to the condensed consolidated interim accounts continued

IFRS 11 'Joint Arrangements' and amendments to IAS 28 'Investments in Associates and Joint Ventures'
IFRS 11 'Joint Arrangements' and the related amendments to IAS 28 'Investments in Associates and Joint Ventures' eliminate the proportionate consolidation method for joint ventures that was applied by ING. Under the new requirements, all joint ventures are reported using the equity method of accounting (similar to the accounting that is already applied for Investments in associates). The implementation of IFRS 11 has no impact on Shareholders' equity, Net result and/or Other comprehensive income. The impact of IFRS 11 is included in the table below.

Summary of impact of changes in accounting policies
The above mentioned impact of changes in accounting policies that were implemented as of 1 January 2014 is summarised as follows:

Changes in accounting policies in 2014: Impact on balance sheet

	31 December 2013	31 December 2012
Total Shareholders' equity (before change in accounting policy)	45,941	51,777
Japan Closed Block VA		
Change in Deferred acquisition costs	0	0
Change in Insurance and investment contracts	–219	–630
Impact before tax	–219	–630
Tax effect	54	156
Impact on Shareholders' equity	*–165*	*–474*
IFRS 10		
Assets held for sale	1,213	1,350
Liabilities held for sale	702	788
Minority interest	511	562
IFRS 10 Impact on Shareholders' equity	*0*	*0*
IFRS 11		
Amounts due from banks	–16	
Loans and advances to customers	–8	–19
Investments in associates and joint ventures	273	258
Real estate investments	–96	–98
Assets held for sale	–443	–2,876
Other assets	–230	–252
Impact on Total assets	–520	–2,987
Amounts due to banks	–57	
Customer deposits and other funds on deposit	–8	–73
Other liabilities	–12	–38
Liabilities held for sale	–443	–2,876
Impact on Total liabilities	–520	–2,987
IFRS 11 Impact on Shareholders' equity	*0*	*0*
Total Shareholders' equity (after change in accounting policy)	45,776	51,303

Notes to the condensed consolidated interim accounts continued

Changes in accounting policies in 2014: Impact on Net result – Japan Closed Block VA

	1 April to 30 June 2013	1 January to 30 June 2013	2013	2012
Net result from continuing operations (before change in accounting policy)	774	1,793	3,094	3,073
Japan Closed Block VA				
Impact on Total investment and other income	33	69	103	112
Impact on Underwriting expenditure	110	196	313	155
Tax effect	–36	–66	–104	–66
Impact on Net result from continuing operations	107	199	312	201
Net result from continuing operations (after change in accounting policy)	881	1,992	3,406	3,274
Discontinued operations after tax	–12	799	345	1,197
Net result	869	2,791	3,751	4,471

Changes in accounting policies in 2014: Impact on basic earnings per ordinary share – Japan Closed Block VA

3 month period	1 April to 30 June 2013		
	Amount (in millions of euros)	Weighted average number of ordinary shares outstanding during the period (in millions)	Per ordinary share (in euros)
Basic earnings (before change in accounting policy)	788	3,823.8	0.20
Impact of Japan Closed Block VA change in accounting policy	107		0.03
Basic earnings (after change in accounting policy)	895	3,823.8	0.23

Changes in accounting policies in 2014: Impact on diluted earnings per ordinary share – Japan Closed Block VA

3 month period	1 April to 30 June 2013		
	Amount (in millions of euros)	Weighted average number of ordinary shares outstanding during the period (in millions)	Per ordinary share (in euros)
Diluted earnings (before change in accounting policy)	788	3,828.7	0.20
Impact of Japan Closed Block VA change in accounting policy	107		0.03
Diluted earnings (after change in accounting policy)	895	3,828.7	0.23

Changes in accounting policies in 2014: Impact on basic earnings per ordinary share – Japan Closed Block VA

6 month period	1 January to 30 June 2013		
	Amount (in millions of euros)	Weighted average number of ordinary shares outstanding during the period (in millions)	Per ordinary share (in euros)
Basic earnings (before change in accounting policy)	2,401	3,813.9	0.63
Impact of Japan Closed Block VA change in accounting policy	199		0.05
Basic earnings (after change in accounting policy)	2,600	3,813.9	0.68

Notes to the condensed consolidated interim accounts continued

Changes in accounting policies in 2014: Impact on diluted earnings per ordinary share – Japan Closed Block VA

6 month period	1 January to 30 June 2013		
	Amount (in millions of euros)	Weighted average number of ordinary shares outstanding during the period (in millions)	Per ordinary share (in euros)
Diluted earnings (before change in accounting policy)	2,401	3,818.8	0.63
Impact of Japan Closed Block VA change in accounting policy	199		0.05
Diluted earnings (after change in accounting policy)	2,600	3,818.8	0.68

Under the accounting policies for Japan Closed Block VA applied until 2013, the result before tax for the first half of 2014 would have been EUR 24 million lower.

For the above changes in accounting policies the amounts for comparative periods 2013 and 2012 were restated accordingly. As a result of the retrospective change in accounting policies set out above, the Consolidated balance sheet of ING Group includes an additional balance sheet as at 31 December 2012.

Other significant changes

NN Group

In July 2014, ING Group sold 31.9% of its interest in NN Group (a wholly owned subsidiary of ING Group) through an initial public offering (‘IPO’) and transactions with anchor investors and underwriters. This third quarter IPO did not impact ING’s first half year's balance sheet and profit and loss account of 2014. Reference is made to Note 28 ‘Subsequent events’ for information on these transactions.

Voya

In May 2013, ING Group sold 28.75% of its interest in Voya (‘Voya’, formerly Insurance ING U.S., and a wholly owned subsidiary of ING Group) through an initial public offering (‘IPO’). In October 2013, ING Group further reduced its interest in Voya to 56.7%. The 2013 divestment transactions did not impact the profit and loss account of ING Group, as Voya continued to be fully consolidated. From the third quarter of 2013 Voya was presented as Assets and liabilities held for sale and discontinued operations because it was assessed highly probable that ING would lose control within a year.

In March 2014, ING Group sold a further 13.7% to reduce ING Group's interest in Voya to approximately 43% resulting in ING Group losing control over Voya. The share sale and the deconsolidation of Voya resulted in an after tax loss of EUR 2,005 million which is recognised in the 2014 profit and loss account in the line Net result from disposal of discontinued operations. The remaining interest in Voya is recognised as an Investment in associate held for sale. The profit and loss account of the first quarter of 2014 includes the result of Voya until the deconsolidation at the end of March 2014. Reference is made to Note 7 ‘Assets and liabilities held for sale’, Note 9 ‘Equity’, Note 19 ‘Discontinued operations and Note 27 ‘Other events’.

NN Group's business in Japan

At the end of 2013, ING Life Japan and the Japanese Closed Block VA guarantees reinsured to ING Re (‘NN Group’s business in Japan’) were no longer classified as held for sale and discontinued operations but transferred to continuing operations. ING Life Japan was combined with ING’s European insurance and investment management businesses in the IPO of NN Group on 2 July 2014. Reference is made to Note 28 ‘Subsequent events’.

Significant upcoming changes in IFRS-EU after 2014

IFRS 9 ‘Financial Instruments’

IFRS 9 ‘Financial Instruments’ was issued by the IASB in July 2014. The new requirements become effective as of 2018. IFRS 9 is not yet endorsed by the EU. Implementation of IFRS 9, if and when endorsed by the EU, may have a significant impact on Shareholders’ equity, Net result and/or Other comprehensive income.

Notes to the condensed consolidated interim accounts continued

NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET
2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value through profit and loss	30 June 2014	31 December 2013
Trading assets	126,738	114,247
Investment for risk of policyholders	38,822	39,589
Non-trading derivatives	7,773	8,546
Designated as at fair value through profit and loss	4,160	2,790
	177,493	165,172

Trading assets and trading liabilities include mainly assets and liabilities that are classified under IFRS-EU as 'Trading' but are closely related to servicing the needs of the clients of ING Group. ING Bank offers institutional and corporate clients and governments products that are traded on the financial markets. A significant part of the derivatives in the trading portfolio are related to servicing corporate clients in their risk management to hedge for example currency or interest rate exposures. In addition, ING Bank provides its customers access to equity and debt markets for issuing their own equity or debt securities ('securities underwriting'). Although these are presented as 'Trading' under IFRS-EU, these are related to services to ING's customers. Loans and receivables in the trading portfolio mainly relate to (reverse) repurchase agreements, which are comparable to collateralised borrowing (lending). These products are used by ING Bank as part of its own regular treasury activities, but also relate to the role that ING Bank plays as intermediary between different professional customers. Trading assets and liabilities held for ING's own risk are very limited. From a risk perspective, the gross amount of trading assets must be considered together with the gross amount of trading liabilities, which are presented separately on the balance sheet. However, IFRS-EU does not allow offsetting of these positions in the balance sheet. Reference is made to Note 12 'Financial liabilities at fair value through profit and loss' for information on trading liabilities.

On 30 June 2014, Non-trading derivatives includes EUR 108 million relating to warrants on the shares of Voya.

3 INVESTMENTS

Investments by type	30 June 2014	31 December 2013
Available-for-sale		
– equity securities - shares in ING managed Investment funds	1,954	1,832
– equity securities - shares in third party managed structured entities	1,568	1,759
– equity securities - other	4,334	3,674
	7,856	7,265
– debt securities	151,112	130,632
	158,968	137,897
Held-to-maturity		
– debt securities	2,497	3,098
	2,497	3,098
	161,465	140,995

The increase in Available-for-sale in the first half year of 2014 relates mainly to purchases of government bonds and improvements in the fair value.

In the second quarter of 2014, the remaining stake of 10.3% in SulAmérica S.A. was divested on the trade date 26 June 2014. The Available-for-sale equity securities were derecognised from the balance sheet as at 30 June 2014. The related receivable of EUR 170 million is recognised as 'Other assets – Other' until the cash is received on 2 July 2014. The profit of EUR 31 million is recognised as Investment income in the profit and loss account. For the earlier divestments in SulAmérica S.A. reference is made to Note 5 'Investments in associates and joint ventures'.

Notes to the condensed consolidated interim accounts continued

Exposure to debt securities

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

Debt securities	**30 June 2014**	31 December 2013
Available-for-sale investments	**151,112**	130,632
Held-to-maturity investments	**2,497**	3,098
Loans and advances to customers	**17,265**	21,914
Amounts due from banks	**3,017**	3,059
Available-for-sale investments and Assets at amortised cost	**173,891**	158,703
Trading assets	**22,480**	18,890
Investments for risk of policyholders	**1,983**	1,821
Designated as at fair value through profit and loss	**1,011**	1,289
Financial assets at fair value through profit and loss	**25,474**	22,000
	199,365	180,703

ING Group's total exposure to debt securities included in available-for-sale investments and assets at amortised cost is specified as follows:

Debt securities by type and balance sheet line (Available-for-sale investments and Assets at amortised cost)	Available-for-sale investments		Held-to-maturity investments		Loans and advances to customers		Amounts due from banks		Total	
	30 June 2014	31 December 2013	**30 June 2014**	31 December 2013	**30 June 2014**	31 December 2013	**30 June 2014**	31 December 2013	**30 June 2014**	31 December 2013
Government bonds	**113,086**	95,936	**50**	50	**1,221**	3,654			**114,357**	99,640
Covered bonds	**10,717**	8,937	**2,089**	2,563	**3,796**	4,559	**3,017**	3,059	**19,619**	19,118
Corporate bonds	**9,311**	8,012			**806**	805			**10,117**	8,817
Financial institutions' bonds	**16,581**	16,158		130		81			**16,581**	16,369
Bond portfolio (excluding ABS)	**149,695**	129,043	**2,139**	2,743	**5,823**	9,099	**3,017**	3,059	**160,674**	143,944
US agency RMBS	**541**	477							**541**	477
US prime RMBS	**11**	13							**11**	13
US Alt-A RMBS	**45**	89							**45**	89
US subprime RMBS	**12**	13							**12**	13
Non-US RMBS	**409**	395			**7,230**	7,903			**7,639**	8,298
CDO/CLO	**49**	59			**100**	197			**149**	256
Other ABS	**313**	514	**358**	355	**3,742**	4,270			**4,413**	5,139
CMBS	**37**	29			**370**	445			**407**	474
ABS portfolio	**1,417**	1,589	**358**	355	**11,442**	12,815			**13,217**	14,759
	151,112	130,632	**2,497**	3,098	**17,265**	21,914	**3,017**	3,059	**173,891**	158,703

Reclassifications to Loans and advances to customers and Amounts due from banks (2009 and 2008)

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

Notes to the condensed consolidated interim accounts continued

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

	Q2 2009	Q1 2009	Q4 2008
As per reclassification date			
Fair value	6,135	22,828	1,594
Range of effective interest rates (weighted average)	1.4%–24.8%	2.1%–11.7%	4.1%–21%
Expected recoverable cash flows	7,118	24,052	1,646
Unrealised fair value gains/losses in shareholders' equity (before tax)	–896	–1,224	–69
Recognised fair value gains (losses) in shareholders' equity (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	173	nil	–79
Recognised fair value gains (losses) in shareholders' equity (before tax) in the year prior to reclassification	–971	–192	–20
Recognised impairment (before tax) between the beginning of the year in which the reclassification took place and the reclassification	nil	nil	nil
Recognised impairment (before tax) in the year prior to reclassification	nil	nil	nil
Impact on the financial periods after reclassification:			
2014			
Carrying value as at 30 June	**880**	**7,061**	**366**
Fair value as at 30 June	**1,073**	**7,083**	**431**
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 30 June	**–235**	**–127**	**nil**
Effect on shareholders' equity (before tax) as at 30 June if reclassification had not been made	**193**	**22**	**65**
Effect on result (before tax) for the six month period ended 30 June if reclassification had not been made	**nil**	**nil**	**nil**
Effect on result (before tax) for the six month period ended 30 June (interest income and sales results)	**–3**	**101**	**9**
Recognised impairments (before tax) for the six month period ended 30 June	**nil**	**nil**	**nil**
Recognised provision for credit losses (before tax) for the six month period ended 30 June	**nil**	**nil**	**nil**
2013			
Carrying value as at 31 December	1,098	7,461	366
Fair value as at 31 December	1,108	7,215	422
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 December	–111	–137	nil
Effect on shareholders' equity (before tax) if reclassification had not been made	10	–246	56
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (interest income and sales results)	–10	188	20
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2012			
Carrying value as at 31 December	1,694	8,707	443
Fair value as at 31 December	1,667	8,379	512
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 December	–186	–221	–2
Effect on shareholders' equity (before tax) if reclassification had not been made	–27	–328	69
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (interest income and sales results)	–47	–164	22
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2011			
Carrying value as at 31 December	3,057	14,419	633
Fair value as at 31 December	2,883	13,250	648
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 December	–307	–446	–8
Effect on shareholders' equity (before tax) if reclassification had not been made	–174	–1,169	15
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (mainly interest income)	90	390	28
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil

Notes to the condensed consolidated interim accounts continued

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

	Q2 2009	Q1 2009	Q4 2008
2010			
Carrying value as at 31 December	4,465	16,906	857
Fair value as at 31 December	4,594	16,099	889
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 December	–491	–633	–65
Effect on shareholders' equity (before tax) if reclassification had not been made	129	–807	32
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (mainly interest income)	89	467	34
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2009			
Carrying value as at 31 December	5,550	20,551	1,189
Fair value as at 31 December	5,871	20,175	1,184
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 December	–734	–902	–67
Effect on shareholders' equity (before tax) as at 31 December if reclassification had not been made	321	–376	–5
Effect on result (before tax) as at 31 December if reclassification had not been made	nil	nil	nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)	121	629	n.a
Effect on result (before tax) for the year (mainly interest income)	n.a	n.a	47
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2008			
Carrying value as at 31 December			1,592
Fair value as at 31 December			1,565
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 December			–79
Effect on shareholders' equity (before tax) as at 31 December if reclassification had not been made			–27
Effect on result (before tax) if reclassification had not been made			nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)			9
Recognised impairments (before tax)			nil
Recognised provision for credit losses (before tax)			nil

4 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers by banking and insurance operations

	30 June 2014	31 December 2013
Banking operations	**515,732**	511,037
Insurance operations	**27,098**	25,360
	542,830	536,397
Eliminations	**–3,313**	–4,742
	539,517	531,655

Notes to the condensed consolidated interim accounts continued

Loans and advances to customers by type – banking operations

	30 June 2014	31 December 2013
Loans to, or guaranteed by, public authorities	**43,789**	44,251
Loans secured by mortgages	**291,474**	291,925
Loans guaranteed by credit institutions	**3,740**	4,143
Personal lending	**26,862**	26,761
Asset backed securities	**5,917**	6,336
Corporate loans	**150,168**	143,756
	521,950	517,172
Loan loss provisions	**–6,218**	–6,135
	515,732	511,037

In the first quarter of 2014, the decrease in Loans to, or guaranteed by, public authorities includes the repayment of EUR 2.7 billion by the Dutch State on the IABF loan.

Changes in loan loss provisions

	Banking operations		Insurance operations		Total	
	6 month period ended 30 June 2014	year ended 31 December 2013	6 month period ended 30 June 2014	year ended 31 December 2013	6 month period ended 30 June 2014	year ended 31 December 2013
Opening balance	**6,154**	5,505	**88**	111	**6,242**	5,616
Write-offs	**–680**	–1,609	**–18**	–31	**–698**	–1,640
Recoveries	**51**	116		1	**51**	117
Increase in loan loss provisions	**872**	2,289	**8**	42	**880**	2,331
Exchange rate differences	**7**	–109		–2	**7**	–111
Changes in the composition of the group and other changes	**–182**	–38	**–3**	–33	**–185**	–71
Closing balance	**6,222**	6,154	**75**	88	**6,297**	6,242

In 2014, Changes in the composition of the group and other changes relates mainly to the deconsolidation of ING Vysya. Reference is made to Note 5 'Investments in associates and joint ventures'.

In 2013, Changes in the composition of the group and other changes includes EUR –5 million as a result of the classification of Voya as held for sale and nil as a result of the classification to continuing operations of ING Japan.

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

The loan loss provision relating to banking operations at 30 June 2014 of EUR 6,222 million (31 December 2013: EUR 6,154 million) is presented in the balance sheet under Loans and advances to customers and Amounts due from banks for EUR 6,218 million (31 December 2013: EUR 6,135 million) and EUR 4 million (31 December 2013: EUR 19 million) respectively.

Notes to the condensed consolidated interim accounts continued

5 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures

	30 June 2014			31 December 2013		
	Interest held (%)	**Fair value of listed investment**	**Balance sheet value**	Interest held (%)	Fair value of listed investment	Balance sheet value
ING Vysya Bank Limited	**43**	**645**	**628**			
TMB Public Company Limited	**30**	**719**	**570**	30	601	556
SulAmérica S.A.				21	332	186
CBRE Dutch Office Master Fund I C.V.	**28**		**189**			
CBRE UK Property Fund LP	**27**		**172**	29		146
CBRE Retail Property Fund Iberica LP	**29**		**136**	29		118
CBRE Dutch Office Master Fund II C.V.	**28**		**118**			
CBRE Property Fund Central Europe LP	**25**		**102**	25		100
Allee Center Kft	**50**		**102**			
Fiumaranuova s.r.l.	**50**		**89**			
CBRE Retail Property Fund France Belgium C.V.	**15**		**80**	15		77
Dolphin B FPCI	**40**		**79**			
CBRE French Residential Fund C.V.	**42**		**60**	42		76
CBRE Retail Property Fund Central and Eastern Europe	**21**		**52**	21		51
Other investments in associates and joint ventures			**697**			712
			3,074			2,022

ING Vysya Bank Limited
ING Vysya Bank Limited ('ING Vysya') is a private bank with retail, private and wholesale activities. ING Vysya is listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Following the deconsolidation of ING Vysya in the first quarter of 2014 the remaining interest in ING Vysya is presented as an associate. Reference is made to Note 15 'Other income' and Note 27 'Other events'.

SulAmérica S.A.
SulAmérica S.A., is a public listed insurance company in Brazil.

In the first and second quarter of 2013, ING reduced its 36.5% stake in SulAmérica S.A. to approximately 21.5% through two separate transactions. Under the International Finance Corporation transaction, ING sold a stake of approximately 7.9% in SulAmérica S.A. for a total consideration of EUR 140 million. Under the terms of the Larragoiti transaction, ING sold a stake in SulAmérica S.A. of approximately 7% to the Larragoiti family, swapped its remaining indirect stake for tradable units, and unwound the existing shareholder's agreement. A net gain of EUR 64 million (before and after tax) was recognised in the Result from associates and joint ventures in the profit and loss account on these transactions in the second and fourth quarter of 2013.

In the first quarter of 2014, ING completed the sale to Swiss Re Group of 37.7 million shares in SulAmérica S.A. The transaction further reduced ING's stake in the Brazilian insurance holding to approximately 10.3%. ING received a total cash consideration of EUR 180 million. The transaction resulted in a net gain to ING of EUR 56 million which represents the difference between the carrying value and the fair value for both the 11.3% stake in scope of the transaction with Swiss Re and the 10% stake retained by ING which was recognised in the first quarter of 2014 in the profit and loss account in the line Result on disposal of group companies. The remaining investment in SulAmérica S.A. was accounted for as an available-for-sale investment until the final divestment in the second quarter of 2014. Reference is made to Note 3 'Investments' and Note 15 'Other income'.

Other investments in associates and joint ventures
Other investments in associates and joint ventures represents a large number of associates and joint ventures with an individual balance sheet value of less than EUR 50 million.

Notes to the condensed consolidated interim accounts continued

6 INTANGIBLE ASSETS

Intangible assets	30 June 2014	31 December 2013
Value of business acquired	**19**	20
Goodwill	**1,146**	1,136
Software	**620**	614
Other	**50**	71
	1,835	1,841

Allocation of Goodwill to reporting units
Goodwill is allocated to reporting units as follows:

Goodwill allocation to reporting units	30 June 2014	31 December 2013
Retail Belgium	**50**	50
Retail Germany	**349**	349
Retail Central Europe	**621**	611
Commercial Banking	**24**	24
Insurance Europe	**102**	101
	1,146	1,136

No goodwill impairment was recognised in the first half of 2014 (first half of 2013: nil). Changes in the first half of 2014 are mainly due to changes in currency exchange rates.

7 ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale relates to businesses for which a sale is agreed upon but for which the transaction has not yet closed or a sale is highly probable at the balance sheet date but for which no sale has yet been agreed.

As at 30 June 2014 Assets and liabilities held for sale relates mainly to the associate Voya and the joint venture ING-BOB Life Insurance Company.

As at 31 December 2013 Assets and liabilities held for sale related to Voya, the remaining ING's Insurance and investment management businesses in Asia ('Asia') excluding ING Japan.

In the first half of 2014, the divestment of the Taiwanese investment management businesses closed.

In the first half of 2013, the divestments of ING's Insurance businesses in Hong Kong, Macau and Thailand, ING's investment management businesses in Malaysia and Thailand, ING's Insurance joint ventures in South Korea and India and ING Direct UK closed. Reference is made to Note 25 'Companies and businesses acquired and divested'.

Voya
The sale in the first quarter of 2014 of approximately 37.8 million shares reduced ING Group's stake in Voya to approximately 43%, from approximately 57% as at 31 December 2013. Following this transaction, Voya is deconsolidated and is accounted for as an associate held for sale. The investment in Voya is recognised at its fair value which amounted to EUR 2,914 million at the date when control is lost. Reference is made to Note 27 'Other events'.

Associates held for sale are measured at the lower of the carrying value and fair value less costs to sell. The carrying value of the associate Voya is the market value at the date of deconsolidation. Any subsequent decrease in fair value below this carrying amount will be recognised in the profit and loss account as part of Net result from discontinued operations. Subsequent increases in fair value will only be recognised to the extent that these are a reversal of previously recognised decreases in fair value. Changes in fair value include both changes in market value of the listed shares of Voya and the related foreign currency impact. Any dividend received from Voya is recognised as income in the profit and loss account if and when declared.

Notes to the condensed consolidated interim accounts continued

Assets held for sale	30 June 2014	31 December 2013
Cash and balances with central banks	14	2,275
Financial assets at fair value through profit and loss		80,759
Available-for-sale investments	1	53,096
Loans and advances to customers		8,536
Reinsurance contracts		4,388
Investments in associates and joint ventures	3,019	146
Real estate investments		6
Property and equipment		131
Intangible assets		875
Deferred acquisition costs		4,430
Other assets	2	2,242
	3,036	156,884

Liabilities held for sale	30 June 2014	31 December 2013
Debt securities in issue		2,548
Other borrowed funds		138
Insurance and investments contracts		136,270
Financial liabilities at fair value through profit and loss		2,554
Other liabilities	4	4,891
	4	146,401

Included in Shareholders' equity is cumulative other comprehensive income of EUR 8 million (2013: EUR 35 million) related to Assets and liabilities held for sale. Remaining goodwill in Assets held for sale amounts to nil (2013: nil).

8 OTHER ASSETS

Other assets by type	30 June 2014	31 December 2013
Net defined benefit assets	383	1,006
Deferred tax assets	1,560	1,380
Reinsurance and insurance receivables	955	635
Property development and obtained from foreclosures	722	746
Income tax receivable	327	597
Accrued interest and rents	8,521	9,988
Other accrued assets	868	961
Other	7,443	6,026
	20,779	21,339

In the first half of 2014, the decrease of EUR 623 million in the Net defined benefit assets is mainly a result of the removal of the Net defined benefit assets related to the Dutch defined benefit pension fund from ING Group's balance sheet. Disclosures in respect of this transaction and the remaining Net defined benefit assets are provided in Note 22 'Pension and other post-employment benefits'.

Notes to the condensed consolidated interim accounts continued

9 EQUITY

Equity

	30 June 2014	31 December 2013
Share capital	**925**	921
Share premium	**16,044**	16,038
Revaluation reserve	**8,891**	5,557
Currency translation reserve	**–1,443**	–2,161
Net defined benefit asset/liability remeasurement reserve	**–574**	–3,766
Other reserves	**24,618**	29,187
Shareholders' equity (parent)	**48,461**	45,776
Non-voting equity securities	**683**	1,500
	49,144	47,276
Minority interests	**616**	5,913
Total equity	**49,760**	53,189

Share capital
In the first half of 2014, the increase in Share capital and Share premium resulted from ING Groep N.V. issuing 17.2 million (2013: 7.2 million) (depositary receipts for) ordinary shares for share-based employee incentive programmes.

Net defined benefit asset/liability remeasurement reserve
In the first half of 2014, the decrease of EUR 3.192 billion in the Net defined benefit asset/liability remeasurement reserve relates mainly to the transfer of all future funding and indexation obligations under ING's current closed defined benefit plan in the Netherlands to the Dutch ING Pension Fund. The related amount was transferred to Other reserves. Reference is made to Note 22 'Pension and other post-employment benefits'.

Non-voting equity securities
In the first half of 2014, the decrease of EUR 817 million in the Non-voting equity securities is due to the repayment by ING to the Dutch State on 31 March 2014. The payment of EUR 1.225 billion includes a EUR 817 million repayment of core Tier 1 securities and EUR 408 million in premiums.

Minority interest
In the first half of 2014, the deconsolidation of Voya impacted various components of equity including the minority interest and revaluation reserves. The loss on the deconsolidation of Voya is recognised in the profit and loss account. Reference is made to Note 7 'Assets and liabilities held for sale' and Note 27 'Other events'.

In 2013, minority interests included EUR 4,358 million due to the IPO and second tranche sale of Voya. This amount represented 43.5% of the net asset value under IFRS-EU of Voya. The proportional interests held and key information on Voya as at 31 December 2013 is included in the tables below.

Voya - Balance sheet

2013	Interest held (%)	Total assets	Total liabilities	Total equity	Minority interests
Voya - total	100.00	155,499	145,609	9,890	
ING Group's share	56.5			5,532	4,358

Voya - Profit and loss account

2013	Interest held (%)	Total income	Total expenses	Net result	Minority interests
Voya - total	100.00	13,232	13,082	150	
ING Group's share	56.5			39	111

Voya - Comprehensive income

2013	Interest held (%)	Com-prehensive income	Minority interests
Voya - total	100.00	–1,187	
ING Group's share	56.5	–1,124	–63

Notes to the condensed consolidated interim accounts continued

Following the deconsolidation of Voya in the first quarter of 2014 there is no remaining minority interest relating to Voya.

These and other equity movements are disclosed in the Condensed consolidated statement of changes in equity.

10 SUBORDINATED LOANS, DEBT SECURITIES IN ISSUE AND OTHER BORROWED FUNDS

Subordinated loans
ING Group redeemed the EUR 1.5 billion 8% ING Perpetual Hybrid Capital Securities ('Tier 1 hybrid') per the call date of 18 April 2014.

In the second quarter of 2014, EUR 1,125 million was received from three external investors in relation to the IPO of NN Group. This funding, which bears a 4% interest rate, will be repaid in three tranches of NN Group shares. The number of shares in the repayment is variable, such that the fair value of the shares at repayment date equals the notional repayment amount, taking into account a discount in the range of 1.5% to 3% of the market price. Reference is made to Note 28 'Subsequent events' for information on the NN Group IPO that took place on 2 July 2014.

Debt securities in issue
The increase in the first half of 2014 in Debt securities in issue is mainly due to EUR 7 billion higher CD/CP balances. ING Bank issued EUR 7 billion long term debt, of which EUR 6 billion senior unsecured debt and EUR 1 billion RMBS. These new issuances are offset by maturing debt of EUR 7 billion.

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

Other borrowed funds
The Tier 1 hybrid as mentioned above was replaced by the EUR 1.5 billion 3.625% CRD-IV eligible Tier 2 securities that were successfully issued by ING Bank in February 2014 and were recognised in Other borrowed funds.

On 8 April 2014, NN Group issued EUR 1 billion subordinated bonds with a maturity of 30 years and which is callable after 10 years and every quarter thereafter. The coupon is fixed at 4.625% per annum for the first 10 years and will be floating thereafter.

Notes to the condensed consolidated interim accounts continued

11 INSURANCE AND INVESTMENT CONTRACTS AND REINSURANCE CONTRACTS

Insurance and investment contracts, reinsurance contracts

The provision for Insurance and investment contracts, net of reinsurance (i.e. the provision for ING Group's own account) is presented gross in the balance sheet as 'Insurance and investment contracts'. The related reinsurance is presented as 'Reinsurance contracts' under Assets in the balance sheet.

Insurance and investment contracts, reinsurance contracts

	Provision net of reinsurance		Reinsurance contracts		Insurance and investment contracts	
	30 June 2014	31 December 2013	**30 June 2014**	31 December 2013	**30 June 2014**	31 December 2013
Life insurance provisions excluding provisions for risk of policyholders	**72,442**	67,577	**127**	122	**72,569**	67,699
Provision for life insurance for risk of policyholders	**37,194**	38,038	**49**	49	**37,243**	38,087
Life insurance provisions	**109,636**	105,615	**176**	171	**109,812**	105,786
Provision for unearned premiums and unexpired risks	**495**	266	**11**	3	**506**	269
Claims provisions	**3,203**	3,238	**83**	78	**3,286**	3,316
Total provisions for insurance contracts	**113,334**	109,119	**270**	252	**113,604**	109,371
Total provisions for investment contracts	**2,432**	2,398			**2,432**	2,398
	115,766	111,517	**270**	252	**116,036**	111,769

Life insurance provisions and provision for risk of policyholders changed reflecting the transfer of separate account pension contracts to the general account in Netherlands Life. Life insurance provisions also increased reflecting an increase in deferred profit sharing to policyholders following higher revaluation reserves on debt securities.

12 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial liabilities at fair value through profit and loss

	30 June 2014	31 December 2013
Trading liabilities	**79,529**	73,491
Non-trading derivatives	**7,919**	11,155
Designated as at fair value through profit and loss	**14,074**	13,855
	101,522	98,501

The change in the fair value of financial liabilities designated as at fair value through profit and loss attributable to changes in credit risk in the first half of 2014 includes EUR –74 million (first half of 2013: EUR –44 million; entire year 2013: EUR –129 million) and EUR –241 million (31 December 2013: EUR –167 million) on a cumulative basis.

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

Notes to the condensed consolidated interim accounts continued

13 OTHER LIABILITIES

Other liabilities by type	30 June 2014	31 December 2013
Deferred tax liabilities	**1,968**	998
Income tax payable	**545**	440
Net defined benefit liability	**589**	336
Other post-employment benefits	**150**	136
Other staff-related liabilities	**446**	558
Other taxation and social security contributions	**701**	833
Deposits from reinsurers	**56**	58
Accrued interest	**6,211**	7,876
Costs payable	**1,768**	1,749
Amounts payable to brokers	**3**	4
Amounts payable to policyholders	**522**	464
Reorganisation provision	**482**	575
Other provisions	**377**	367
Share-based payment plan liabilities	**23**	44
Amounts to be settled	**4,418**	4,258
Other	**4,490**	2,927
	22,749	21,623

Reference is made to Note 22 ‘Pension and other post-employment benefits’ for information on the Net defined benefit liability.

Notes to the condensed consolidated interim accounts continued

NOTES TO THE CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
14 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	
	2014	2013	2014	2013	2014	2013
Income from real estate investments	2	7	11	14	13	21
Dividend income	7	13	63	78	70	91
Income from investments in debt securities			451	492	451	492
Income from loans			255	166	255	166
Realised gains/losses on disposal of debt securities	26	19	9	27	35	46
Realised gains/losses on disposal of equity securities	34	7	2	11	36	18
Impairments of available-for-sale equity securities			–63	–43	–63	–43
Interest income on non-trading derivatives			140	161	140	161
Change in fair value of real estate investments		1	–3	–3	–3	–2
	69	47	865	903	934	950

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	
	2014	2013	2014	2013	2014	2013
Income from real estate investments	4	8	22	25	26	33
Dividend income	9	24	91	105	100	129
Income from investments in debt securities			892	982	892	982
Income from loans			451	293	451	293
Realised gains/losses on disposal of debt securities	125	113	36	90	161	203
Reversals of impairments of available-for-sale debt securities	1	2			1	2
Realised gains/losses on disposal of equity securities	41	23	21	146	62	169
Impairments of available-for-sale equity securities	–1	–2	–90	–100	–91	–102
Interest income on non-trading derivatives			274	312	274	312
Change in fair value of real estate investments		1	–6	–11	–6	–10
	179	169	1,691	1,842	1,870	2,011

Impairments/reversals of impairments on investments per segment

3 month period	Impairments		Reversal of impairments	
	1 April to 30 June		1 April to 30 June	
	2014	2013	2014	2013
Netherlands Life	–58	–39		
Netherlands Non-life	–3	–2		
Insurance Europe	–1	–1		
Other	–1	–1		
Total	–63	–43		

Impairments/reversals of impairments on investments per segment

6 month period	Impairments		Reversal of impairments	
	1 January to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Commercial Banking	–1	–2	1	2
Netherlands Life	–79	–92		
Netherlands Non-life	–5	–5		
Insurance Europe	–5	–1		
Other	–1	–2		
Total	–91	–102	1	2

Notes to the condensed consolidated interim accounts continued

15 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	
	2014	2013	**2014**	2013	**2014**	2013
Result on disposal of group companies	**1**	5		–58	**1**	–53
Valuation results on non-trading derivatives	**–132**	417	**–173**	–713	**–305**	–296
Net trading income	**276**	–244	**42**	90	**318**	–154
Result from associates and joint ventures	**18**	12	**30**	50	**48**	62
Other	**–33**	27	**38**	17	**5**	44
	130	217	**–63**	–614	**67**	–397

Result on disposal of group companies
In the second quarter of 2013, for the Insurance operations, Result on disposal of group companies includes EUR –58 million for the sale of ING Hipotecaria.

Valuation results on non-trading derivatives
In the second quarter of 2014, for the Banking operations, Valuation results on non-trading derivatives includes DVA adjustments on own issued notes amounting to EUR –45 million (second quarter of 2013: EUR 7 million).

Net trading income
In the second quarter of 2014, for the Banking operations, Net trading income includes EUR 8 million CVA/DVA adjustments on trading derivatives, compared with EUR 40 million CVA/DVA adjustment in the second quarter of 2013.

In the second quarter of 2014, for the Banking operations, Net trading income includes EUR 18 million (2013: EUR –332 million) foreign exchange results.

Result from associates and joint ventures
In the second quarter of 2013, for the Insurance operations, Result from associates includes EUR 45 million for the sale of approximately 7.9% interest in SulAmérica S.A. as disclosed in Note 5 ‘Investments in associates and joint ventures’.

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	
	2014	2013	**2014**	2013	**2014**	2013
Result on disposal of group companies	**199**	19		–58	**199**	–39
Valuation results on non-trading derivatives	**–42**	314	**–22**	–2,055	**–64**	–1,741
Net trading income	**263**	98	**–2**	339	**261**	437
Result from associates and joint ventures	**39**	12	**109**	75	**148**	87
Other	**–7**	56	**44**	20	**37**	76
	452	499	**129**	–1,679	**581**	–1,180

Result on disposal of group companies
In the first half of 2014, for the Banking operations, Result on disposal of group companies includes EUR 202 million profit on the deconsolidation of ING Vysya. Reference is made to Note 5 ‘Investments in associates and joint ventures’ and Note 27 ‘Other events’.

In the first half of 2013, for the Insurance operations, Result on disposal of group companies includes EUR –58 million from the sale of ING Hipotecaria.

Valuation results on non-trading derivatives
In the first half of 2014, for the Banking operations, Valuation results on non-trading derivatives includes DVA adjustments on own issued notes amounting to EUR –74 million (first half of 2013: EUR –43 million).

Included in the Valuation results on non-trading derivatives are the fair value movements on derivatives used to economically hedge exposures, but for which no hedge accounting is applied. For insurance operations, these derivatives hedge exposures in Insurance contract liabilities. The fair value movements on the derivatives are influenced by changes in the market conditions, such as stock prices, interest rates and currency exchange rates. The change in fair value of the derivatives is largely offset by changes in Insurance contract liabilities, which are included in Underwriting expenditure.

Notes to the condensed consolidated interim accounts continued

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

Net trading income
In the first half of 2014, for the Banking operations, Net trading income includes EUR –90 million CVA/DVA adjustments on trading derivatives, compared with EUR 181 million CVA/DVA adjustment in the first half of 2013.

In the first half of 2014, for the Banking operations, Net trading income includes EUR –65 million (first half of 2013: EUR –206 million) foreign exchange results.

Trading income mainly relates to trading assets and trading liabilities which include assets and liabilities that are classified under IFRS-EU as ‘Trading’ but are closely related to servicing the needs of the clients of ING Group. ING Bank offers institutional and corporate clients and governments products that are traded on the financial markets. A significant part of the derivatives in the trading portfolio are related to servicing corporate clients in their risk management to hedge for example currency or interest rate exposures. In addition, ING Bank provides its customers access to equity and debt markets for issuing their own equity or debt securities (‘securities underwriting’). Although these are presented as ‘Trading’ under IFRS-EU, these are directly related to services to ING’s customers. Loans and receivables in the trading portfolio mainly relate to (reverse) repurchase agreements, which are comparable to collateralised borrowing (lending). These products are used by ING Bank as part of its own regular treasury activities, but also relate to the role that ING Bank plays as intermediary between different professional customers. Trading assets and liabilities held for ING’s own risk are very limited. From a risk perspective, the gross amount of trading assets must be considered together with the gross amount of trading liabilities, which are presented separately on the balance sheet. However, IFRS-EU does not allow offsetting of these positions in the balance sheet. Reference is made to Note 2 ‘Financial assets at fair value through profit and loss’ and Note 12 ‘Financial liabilities at fair value through profit and loss’ for information on trading assets and liabilities.

Result from associates and joint ventures
In the first half of 2014, Result from associates and joint ventures includes a gain of EUR 56 million on the further sale of ING’s investment in SulAmérica S.A. Reference is made to Note 5 ‘Investments in associates and joint ventures’.

In the first half of 2013, for the Insurance operations, Result from associates and joint ventures includes EUR 45 million from the sale of approximately 7.9% interest in SulAmérica S.A.

16 UNDERWRITING EXPENDITURE

Underwriting expenditure

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2014	2013	**2014**	2013
Gross underwriting expenditure				
– before effect of investment result for risk of policyholders	**2,025**	1,766	**5,882**	4,365
– effect of investment result for risk of policyholders	**1,513**	228	**2,081**	2,355
	3,538	1,994	**7,963**	6,720
Investment result for risk of policyholders	**–1,513**	–228	**–2,081**	–2,355
Reinsurance recoveries	**–14**	–13	**–31**	–29
	2,011	1,753	**5,851**	4,336

Notes to the condensed consolidated interim accounts continued

Underwriting expenditure	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2014	2013	**2014**	2013
Expenditure from life underwriting				
Reinsurance and retrocession premiums	**22**	20	**58**	55
Gross benefits	**2,417**	2,592	**5,114**	5,071
Reinsurance recoveries	**–12**	–11	**–27**	–25
Change in life insurance provisions	**–760**	–1,243	**–494**	–2,050
Costs of acquiring insurance business	**115**	112	**239**	234
Other underwriting expenditure	**24**	20	**58**	44
Profit sharing and rebates	**4**	10	**12**	13
	1,810	1,500	**4,960**	3,342
Expenditure from non-life underwriting				
Reinsurance and retrocession premiums	**4**	14	**25**	29
Gross claims	**275**	273	**562**	540
Reinsurance recoveries	**–2**	–2	**–4**	–4
Change in provision for unearned premiums	**–97**	–104	**252**	251
Change in claims provision	**–17**	–15	**–31**	45
Costs of acquiring insurance business	**68**	65	**134**	132
Other underwriting expenditure				1
	231	231	**938**	994
Expenditure from investment contracts				
Other changes in investment contract liabilities	**–30**	22	**–47**	
	–30	22	**–47**	
	2,011	1,753	**5,851**	4,336

17 INTANGIBLE AMORTISATION AND OTHER IMPAIRMENTS

Intangible amortisation and (reversals of) impairments	Impairment losses		Reversals of impairments		Total	
3 month period	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2014	2013	**2014**	2013	**2014**	2013
Property and equipment	**7**	12	**–1**	–1	**6**	11
Property development	**15**	14			**15**	14
Software and other intangible assets		2		–6		–4
(Reversals of) other impairments	**22**	28	**–1**	–7	**21**	21
Amortisation of other intangible assets					**7**	9
					28	30

In the second quarter of 2014, EUR 15 million impairments are recognised on Property development relating to real estate development projects and properties obtained from foreclosures.

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

Notes to the condensed consolidated interim accounts continued

Intangible amortisation and (reversals of) impairments

6 month period	Impairment losses		Reversals of impairments		Total	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2014	2013	**2014**	2013	**2014**	2013
Property and equipment	**15**	19	**–3**	–3	**12**	16
Property development	**16**	40			**16**	40
Software and other intangible assets	**1**	3		–6	**1**	–3
(Reversals of) other impairments	**32**	62	**–3**	–9	**29**	53
Amortisation of other intangible assets					**14**	18
					43	71

In the first half of 2014, EUR 16 million impairments are recognised on Property development relating to real estate development projects and properties obtained from foreclosures.

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

18 STAFF EXPENSES

Staff expenses

3 month period	Banking operations		Insurance operations		Total	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2014	2013	**2014**	2013	**2014**	2013
Salaries	**782**	822	**178**	182	**960**	1,004
Pension costs	**83**	38	**24**	6	**107**	44
Other staff-related benefit costs	**8**	–6	**5**	2	**13**	–4
Social security costs	**130**	135	**28**	26	**158**	161
Share-based compensation arrangements	**13**	14	**2**	2	**15**	16
External employees	**156**	165	**54**	49	**210**	214
Education	**15**	13	**3**	3	**18**	16
Other staff costs	**40**	45	**11**	11	**51**	56
	1,227	1,226	**305**	281	**1,532**	1,507

Staff expenses

6 month period	Banking operations		Insurance operations		Total	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2014	2013	**2014**	2013	**2014**	2013
Salaries	**1,587**	1,659	**356**	370	**1,943**	2,029
Pension costs	**1,043**	117	**595**	24	**1,638**	141
Other staff-related benefit costs	**15**	–7	**12**	9	**27**	2
Social security costs	**261**	269	**51**	51	**312**	320
Share-based compensation arrangements	**24**	23	**3**	7	**27**	30
External employees	**321**	315	**107**	103	**428**	418
Education	**28**	25	**6**	7	**34**	32
Other staff costs	**79**	94	**18**	16	**97**	110
	3,358	2,495	**1,148**	587	**4,506**	3,082

In the first half of 2014, a charge of EUR 1,413 million is recognised in Pensions costs related to the Dutch defined benefit plan settlement. Reference is made to Note 22 ‘Pension and other post-employment benefits’ for information on pensions.

Notes to the condensed consolidated interim accounts continued

19 DISCONTINUED OPERATIONS
For the first half of 2014 Net result from discontinued operations includes mainly results from Voya and the Taiwanese investment management businesses.

Total net result from discontinued operations

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2014	2013	**2014**	2013
Net result from discontinued operations	**25**	–8	**132**	–143
Net result from disposal of discontinued operations [1]	**–3**	–4	**–2,024**	942
Total net result from discontinued operations	**22**	–12	**–1,892**	799

[1] The tax effect on the result on disposal of discontinued operations is EUR 114 million for the first half of 2014.

In 2014 and 2013, Net result from discontinued operations includes the net result (after tax) of the businesses classified as discontinued operations and is presented separately in the profit and loss account.

In the first half of 2014, Net result from disposal of discontinued operations includes the divestment loss on the further sale of the Voya of EUR 2,005 million. Reference is made to Note 27 ‘Other events’.

In the first half of 2013, Net result from disposal of discontinued operations included the divestment gain on the sale of the Insurance businesses in Hong Kong, Macau and Thailand of EUR 945 million. Reference is made to Note 25 ‘Companies and businesses acquired and divested’.

Net result from discontinued operations was as follows:

Result from discontinued operations – Asia and Voya

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2014	2013	**2014**	2013
Total income	**96**	4,220	**4,204**	8,565
Total expenses	**72**	4,167	**4,063**	8,626
Result before tax from discontinued operations	**24**	53	**141**	–61
Taxation	**–1**	61	**9**	82
Net result from discontinued operations	**25**	–8	**132**	–143

The net cash flow from discontinued operations was as follows:

Net cash flow from discontinued operations - Asia and Voya

6 month period	1 January to 30 June	
	2014	2013
Operating cash flow	**–1,141**	–460
Investing cash flow	**–1,147**	484
Financing cash flow	**–1**	–228
Net cash flow	**–2,289**	–204

In the first half of 2014, sales proceeds in cash of EUR 938 million (2013: EUR 1,222 million) is presented in the consolidated statement of cash flows under ‘Net cash flow from investment activities - Disposals and redemptions: group companies’ and is not included in the table above.

Notes to the condensed consolidated interim accounts continued

20 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	
	2014	2013	**2014**	2013	**2014**	2013
Net result	**1,067**	895	**3,850.8**	3,823.8		
Attribution to non-voting equity securities						
Basic earnings	**1,067**	895	**3,850.8**	3,823.8	**0.28**	0.23
Dilutive instruments:						
Stock option and share plans			**6.9**	4.9		
			6.9	4.9		
Diluted earnings	**1,067**	895	**3,857.7**	3,828.7	**0.28**	0.23

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

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

The potential conversion of the non-voting equity securities has an anti-dilutive effect on the earnings per share calculation in 2014 and 2013 (the diluted earnings per share becoming higher or less negative than the basic earnings per share). Therefore, the potential conversion is not taken into account in the calculation of diluted earnings per share for these periods.

Earnings per ordinary share from continuing operations

3 month period	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2014	2013	**2014**	2013	**2014**	2013
Basic earnings	**1,067**	895	**3,850.8**	3,823.8		
Less: Net result from discontinued operations	**22**	38				
Basic earnings from continuing operations	**1,045**	857	**3,850.8**	3,823.8	**0.27**	0.22
Dilutive instruments:						
Stock option and share plans			**6.9**	4.9		
			6.9	4.9		
Diluted earnings from continuing operations	**1,045**	857	**3,857.7**	3,828.7	**0.27**	0.22

Notes to the condensed consolidated interim accounts continued

Earnings per ordinary share from discontinued operations

3 month period	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2014	2013	**2014**	2013	**2014**	2013
Net result from discontinued operations	**25**	42				
Net result from disposal of discontinued operations	**–3**	–4				
Total net result from discontinued operations	**22**	38	**3,850.8**	3,823.8		
Basic earnings from discontinued operations	**22**	38	**3,850.8**	3,823.8	**0.01**	0.01
Dilutive instruments:						
Stock option and share plans			**6.9**	4.9		
			6.9	4.9		
Diluted earnings from discontinued operations	**22**	38	**3,857.7**	3,828.7	**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	
	2014	2013	**2014**	2013	**2014**	2013
Net result	**–851**	2,791	**3,844.1**	3,813.9		
Attribution to non-voting equity securities	**–408**	–191				
Basic earnings	**–1,259**	2,600	**3,844.1**	3,813.9	**–0.33**	0.68
Dilutive instruments:						
Stock option and share plans			**6.9**	4.9		
			6.9	4.9		
Diluted earnings	**–1,259**	2,600	**3,851.0**	3,818.8	**–0.33**	0.68

The attribution in the first half of 2014 includes the premium of EUR 408 million (2013: nil) paid in relation to the repayment of the EUR 817 million (2013: nil) non-voting equity securities.

Earnings per ordinary share from continuing operations

6 month period	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2014	2013	**2014**	2013	**2014**	2013
Basic earnings	**–1,259**	2,600	**3,844.1**	3,813.9		
Less: Net result from discontinued operations	**–1,953**	854				
Basic earnings from continuing operations	**694**	1,746	**3,844.1**	3,813.9	**0.18**	0.46
Dilutive instruments:						
Stock option and share plans			**6.9**	4.9		
			6.9	4.9		
Diluted earnings from continuing operations	**694**	1,746	**3,851.0**	3,818.8	**0.18**	0.46

Notes to the condensed consolidated interim accounts continued

Earnings per ordinary share from discontinued operations

6 month period	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2014	2013	**2014**	2013	**2014**	2013
Net result from discontinued operations	**–43**	–88				
Net result from disposal of discontinued operations	**–1,910**	942				
Total net result from discontinued operations	**–1,953**	854	**3,844.1**	3,813.9		
Basic earnings from discontinued operations	**–1,953**	854	**3,844.1**	3,813.9	**–0.51**	0.22
Dilutive instruments:						
Stock option and share plans			**6.9**	4.9		
			6.9	4.9		
Diluted earnings from discontinued operations	**–1,953**	854	**3,851.0**	3,818.8	**–0.51**	0.22

21 DIVIDEND PAID

No dividend was paid in the first half of 2014.

22 PENSION AND OTHER POST-EMPLOYMENT BENEFITS

In February 2014, ING reached final agreement with the trade unions, the ING Pension Fund, the Central Works Council and the Association of Retired ING Employees (VSI) to transfer all future funding and indexation obligations under ING's current closed defined benefit plan in the Netherlands to the Dutch ING Pension Fund. The agreement made the ING Pension Fund financially independent from ING.

The key elements of the agreement are:

- Responsibility for future indexation and funding thereof is transferred to the Dutch ING Pension Fund;
- ING's obligation to restore the coverage ratio of the Dutch ING Pension Fund ceased;
- The cross guarantees between ING Bank and NN Group to jointly and severally fund the obligations of the Dutch ING Pension Fund are terminated;
- ING pays EUR 549 million (before tax) to the Dutch ING Pension Fund for the removal of these obligations; and
- ING will reduce the employees' own contribution to the pension premium under the new defined contribution plan by approximately EUR 80 million over a 6 year period.

As part of the agreement, ING Bank and NN Group are released from all financial obligations arising out of the Dutch defined benefit plan. Accordingly, this plan is no longer accounted for as a defined benefit plan and, consequently, it has been removed from ING's balance sheet. The removal of the net pension asset related to the Dutch defined benefit pension fund from ING's balance sheet of EUR 770 million (EUR 578 million after tax), the payment to the Dutch ING Pension Fund of EUR 549 million (EUR 412 million after tax), the compensation for lower employee contribution of EUR 80 million (EUR 60 million after tax) and other impacts resulted in a charge of EUR 1,413 million (EUR 1,059 million after tax). EUR 871 million (EUR 653 million after tax) of this charge is allocated to ING Bank and EUR 542 million (EUR 406 million after tax) is allocated to NN Group.

Notes to the condensed consolidated interim accounts continued

Balance sheet - Net defined benefit asset/liability

Summary of net defined benefit asset/liability	30 June 2014	31 December 2013
Fair value of plan assets	**2,373**	21,621
Defined benefit obligation	**2,579**	20,951
Funded status (Net defined benefit asset/(liability))	**–206**	670
Presented in the balance sheet as:		
– Other assets	**383**	1,006
– Other liabilities	**–589**	–336
	–206	670

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

Changes in fair value of plan assets	30 June 2014	31 December 2013
Opening balance	**21,621**	22,576
Interest income	**160**	824
Remeasurements: Return on plan assets excluding amounts included in interest income	**912**	–1,020
Employer's contribution	**840**	1,088
Participants' contributions	**1**	10
Benefits paid	**–127**	–586
Effect of settlement	**–21,048**	–97
Exchange rate differences	**59**	–50
Changes in the composition of the group and other changes	**–45**	–1,124
Closing balance	**2,373**	21,621

In the first half of 2014, EUR 20,403 million is recognised in Effect of settlement related to the Dutch defined benefit plan settlement.

In 2013, Changes in the composition of the group and other changes includes EUR –1,123 million as a result of the classification of Voya as held for sale and nil as a result of the classification to continuing operations of ING Japan.

Notes to the condensed consolidated interim accounts continued

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

Changes in defined benefit obligation

	6 month period ended 30 June 2014	year ended 31 December 2013
Opening balance	**20,951**	21,779
Current service cost	**19**	358
Interest cost	**159**	781
Remeasurements: Actuarial gains and losses arising from changes in demographic assumptions	**–1**	–10
Remeasurements: Actuarial gains and losses arising from changes in financial assumptions	**1,316**	243
Participants' contributions	**–4**	
Benefits paid	**–131**	–591
Past service cost	**–1**	3
Effect of curtailment or settlement	**–19,726**	–138
Exchange rate differences	**47**	–56
Changes in the composition of the group and other changes	**–50**	–1,418
Closing balance	**2,579**	20,951

In the first half of 2014, EUR 19,079 million is recognised in Effect of curtailment or settlement related to the Dutch defined benefit plan settlement.

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

In 2013, Changes in the composition of the group and other changes includes EUR –1,494 million as a result of the classification of Voya as held for sale and EUR 45 million as a result of the classification to continuing operations of ING Japan.

Balance sheet - Equity - Net defined benefit asset/liability remeasurement reserve

Changes in the net defined benefit asset/liability remeasurement reserve

	6 month period ended 30 June 2014	year ended 31 December 2013
Opening balance	**–3,802**	–2,860
Remeasurement of plan assets	**912**	–885
Actuarial gains and losses arising from changes in demographic assumptions	**1**	21
Actuarial gains and losses arising from changes in financial assumptions	**–1,368**	–208
Taxation	**107**	125
Total Other comprehensive income movement for the period	**–348**	–947
Transfer to Other reserves (pension settlement)	**3,433**	5
Changes in the composition of the group and other changes	**143**	
Closing balance	**–574**	–3,802

The amount of the remeasurement of the net defined benefit asset/liability in the first half of 2014 was mainly a result of the change in the high quality corporate bond rate. The weighted average discount rate as at 30 June 2014 was 3.2% (31 December 2013: 3.7%). The change in this rate impacts both the Remeasurement of plan assets and Actuarial gains and losses arising from changes in financial assumptions.

Notes to the condensed consolidated interim accounts continued

In the first half of 2014, EUR 3,279 million is recognised in Transfer to Other reserves (pension settlement) related to the Dutch defined benefit plan settlement.

In the first half of 2014, Changes in composition of the group and other changes includes EUR 143 million as a result of the deconsolidation of Voya.

Profit and loss account – Pension costs

Staff expenses - Pension costs

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2014	2013	**2014**	2013
Current service cost	**8**	101	**19**	202
Past service cost	**–2**	1	**–1**	2
Net interest cost	**–1**	–9	**–1**	–22
Effect of curtailment or settlement		–51	**1,413**	–50
Other	**1**	–15	**4**	–28
Defined benefit plans	**6**	27	**1,434**	104
Defined contribution plans	**101**	17	**204**	37
	107	44	**1,638**	141

Defined benefit plans
In the first half of 2014, a charge of EUR 1,413 million is recognised in Effect of curtailment or settlement related to the Dutch defined benefit plan settlement.

Defined contribution plans
The increase in Pension costs for Defined contribution plans in the first half of 2014 is a result of the two new defined contribution pension schemes for employees in the Netherlands that took effect on 1 January 2014.

Certain group companies sponsor defined contribution pension plans. The assets of all ING Group's defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of pay. These plans do not give rise to balance sheet provisions, other than relating to short-term timing differences included in other assets/liabilities.

Notes to the condensed consolidated interim accounts continued

SEGMENT REPORTING
23 SEGMENTS
a. General
ING Group's segments are based on the internal reporting structure by lines of business. As of 2014, certain changes were made with regard to the allocation of costs to the various Banking segments. These changes were made to reflect reporting changes with respect to funding costs and Dutch banking tax. ING has transferred the results from Bank Treasury to Corporate Line Banking to isolate the costs for replacing short-term with long-term funding, which mainly consists of negative interest results. Additionally, in order to allocate the Dutch Banking tax, these costs will be transferred from Corporate Line Banking to the relevant business lines from 2014 onwards. The comparatives were adjusted to reflect the new segment structure.

ING Group identifies the following segments:

Segments of ING Group	
Banking	**Insurance**
Retail Netherlands	Netherlands Life
Retail Belgium	Netherlands Non-life
Retail Germany	Insurance Europe
Retail Rest of World	Japan Life
Commercial Banking	Investment Management
	Other
	Japan Closed Block VA

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

Except for the changes described in Note 1 'Accounting policies', the accounting policies of the segments are the same as those described in Note 1 'Accounting policies' of the 2013 ING Group Consolidated Annual Accounts. Transfer prices for inter-segment transactions are set at arm's length. Corporate expenses are allocated to business lines based on time spent by head office personnel, the relative number of staff, or on the basis of income, expenses and/or assets of the segment.

ING Group evaluates the results of its banking segments using a financial performance measure called underlying result. Underlying result is defined as result under IFRS-EU excluding the impact of divestments and special items. Special items include items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary operating activities. Disclosures on comparative periods also reflect the impact of current period's divestments.

ING Group evaluates the results of its insurance segments using a financial performance measure called operating result. Operating result is defined as result under IFRS-EU excluding the impact of non-operating items, divestments and special items. Non-operating items include realised capital gains/losses and impairments on debt and equity securities, revaluations on assets marked to market through the profit and loss account and other non-operating market impacts. The operating result for the life insurance business is analysed through the margin analysis, which includes the investment margin, fees and premium-based revenues and the technical margin. The operating results of the insurance segments are reconciled to underlying result (as defined for the banking segments) for the purpose of combining bank and insurance segments in ING Group.

Underlying result and Operating result as presented below are non-GAAP financial measures and are not measures of financial performance under IFRS-EU. Because these are not determined in accordance with IFRS-EU, underlying result and operating result as presented by ING may not be comparable to other similarly titled measures of performance of other companies. The underlying result and operating result of ING's segments is reconciled to the Net result as reported in the IFRS-EU Consolidated profit and loss account below. The information presented in this note is in line with the information presented to the Executive and Management Boards.

Notes to the condensed consolidated interim accounts continued

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

Specification of the main sources of income of each of the segments	
Segment	**Main source of income**
Retail Netherlands	Income from retail and private banking activities in the Netherlands, including the SME and mid-corporate segments. The main products offered are current and savings accounts, business lending, mortgages and other consumer lending in the Netherlands.
Retail Belgium	Income from retail and private banking activities in Belgium, including the SME and mid-corporate segments. The main products offered are similar to those in the Netherlands.
Retail Germany	Income from retail and private banking activities in Germany. The main products offered are current and savings accounts, mortgages and other customer lending.
Retail Rest of World	Income from retail banking activities in the rest of the world, including the SME and mid-corporate segments in specific countries. The main products offered are similar to those in the Netherlands.
Commercial Banking	Income from wholesale banking activities (a full range of products is offered from cash management to corporate finance), real estate and lease.
Netherlands Life	Income from group life and individual life insurance products in the Netherlands.
Netherlands Non-life	Income from non-life insurance in the Netherlands including disability and accident, fire, motor and transport insurance.
Insurance Europe	Income from life insurance, pension products and to a small extent non-life insurance and retirement services in Central and Rest of Europe.
Japan Life	Income from life insurance, primarily Corporate Owned Life Insurance (COLI) business.
Investment Management (IM)	Income from investment management activities.
Other	Income from banking activities in the Netherlands, corporate reinsurance and items related to capital management.
Japan Closed Block VA	Consists of ING Insurance's a closed block single premium variable annuity individual life insurance portfolio in Japan, including the internally reinsured minimum guarantee risk, which has been closed to new business and which is now being managed in run-off.

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

This note does not provide information on the revenue specified to each product or service as this is not reported internally and is therefore not readily available.

b. ING Group

Segments ING Group Total				
3 month period 1 April to 30 June 2014	**Total Banking**	**Total Insurance**	**Elimi-nations**	**Total**
Underlying income				
– Gross premium income		**1,977**		**1,977**
– Net interest result - banking operations	**2,985**		**–19**	**2,966**
– Commission income	**595**	**153**		**748**
– Total investment and other income	**201**	**806**	**–6**	**1,001**
Total underlying income	**3,781**	**2,937**	**–25**	**6,693**
Underlying expenditure				
– Underwriting expenditure		**2,012**		**2,012**
– Operating expenses	**2,072**	**463**		**2,535**
– Other interest expenses		**118**	**–25**	**93**
– Additions to loan loss provision	**405**			**405**
– Other impairments	**26**	**2**		**28**
Total underlying expenses	**2,503**	**2,595**	**–25**	**5,073**
Underlying result before taxation	**1,278**	**342**		**1,620**
Taxation	**338**	**85**		**424**
Minority interests	**17**	**–1**		**16**
Underlying net result	**923**	**258**		**1,181**

Notes to the condensed consolidated interim accounts continued

Segments ING Group Total

3 month period 1 April to 30 June 2013	Total Banking	Total Insurance	Elimi-nations	Total
Underlying income				
– Gross premium income		2,015		2,015
– Net interest result - banking operations	3,006		–28	2,978
– Commission income	582	149		731
– Total investment and other income	265	302	–6	561
Total underlying income	3,853	2,467	–34	6,286
Underlying expenditure				
– Underwriting expenditure		1,753		1,753
– Operating expenses	2,064	460		2,524
– Other interest expenses		159	–34	125
– Additions to loan loss provision	616			616
– Other impairments	26	2		28
Total underlying expenses	2,706	2,373	–34	5,045
Underlying result before taxation	1,147	94		1,241
Taxation	283	32		315
Minority interests	23	2		25
Underlying net result	840	61		901

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

3 month period	Income		Expenses		Net result	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2014	2013	**2014**	2013	**2014**	2013
Underlying	**6,693**	6,286	**5,073**	5,045	**1,181**	901
Divestments		–12			**–1**	–12
Special items			**147**	43	**–135**	–33
IFRS-EU (continuing operations)	**6,693**	6,274	**5,220**	5,088	**1,045**	857
Total net result from discontinued operations	**96**	4,220	**72**	4,167	**22**	38
IFRS-EU (continuing and discontinued operations)	**6,788**	10,494	**5,292**	9,254	**1,067**	895

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

Special items in the second quarter of 2014 include the second payment of the levy related to the SNS Reaal nationalisation and additional charges related to previously announced restructuring programmes in Retail Netherlands and NN Group. Special items in the second quarter of 2013 were primarily related to the previously announced restructuring programmes in both Bank and Insurance which is partly offset by pension curtailments in the Netherlands.

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

Notes to the condensed consolidated interim accounts continued

Segments ING Group Total

6 month period 1 January to 30 June 2014	**Total Banking**	**Total Insurance**	**Elimi- nations**	**Total**
Underlying income				
– Gross premium income		**5,468**		**5,468**
– Net interest result - banking operations	**6,012**		**–40**	**5,972**
– Commission income	**1,155**	**317**		**1,472**
– Total investment and other income	**431**	**1,764**	**–13**	**2,182**
Total underlying income	**7,599**	**7,549**	**–53**	**15,094**
Underlying expenditure				
– Underwriting expenditure		**5,851**		**5,851**
– Operating expenses	**4,232**	**917**		**5,149**
– Other interest expenses		**228**	**–53**	**175**
– Additions to loan loss provision	**872**			**872**
– Other impairments	**40**	**3**		**43**
Total underlying expenses	**5,145**	**6,999**	**–53**	**12,091**
Underlying result before taxation	**2,454**	**550**		**3,004**
Taxation	**657**	**136**		**792**
Minority interests	**45**	**–2**		**43**
Underlying net result	**1,753**	**416**		**2,169**

Segments ING Group Total

6 month period 1 January to 30 June 2013	Total Banking	Total Insurance	Elimi- nations	Total
Underlying income				
– Gross premium income		5,648		5,648
– Net interest result - banking operations	5,922		–52	5,870
– Commission income	1,136	296		1,432
– Total investment and other income	659	186	–14	829
Total underlying income	7,716	6,130	–66	13,780
Underlying expenditure				
– Underwriting expenditure		4,336		4,336
– Operating expenses	4,158	944		5,102
– Other interest expenses		309	–66	245
– Additions to loan loss provision	1,176			1,176
– Other impairments	65	3		68
Total underlying expenses	5,400	5,594	–66	10,928
Underlying result before taxation	2,316	536		2,852
Taxation	614	114		728
Minority interests	53	2		55
Underlying net result	1,649	422		2,071

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

6 month period	Income		Expenses		Net result	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2014	2013	**2014**	2013	**2014**	2013
Underlying	**15,094**	13,780	**12,091**	10,928	**2,169**	2,071
Divestments	**269**	–21		14	**267**	–56
Special items			**1,709**	100	**–1,335**	–79
IFRS-EU (continuing operations)	**15,363**	13,759	**13,800**	11,042	**1,102**	1,937
Total net result from discontinued operations	**4,204**	8,565	**4,063**	8,626	**–1,953**	854
IFRS-EU (continuing and discontinued operations)	**19,568**	22,325	**17,864**	19,668	**–851**	2,791

Notes to the condensed consolidated interim accounts continued

Divestments in the first half of 2014 mainly reflect the result on the deconsolidation of ING Vysya and the result on the sale of a stake in SulAmérica S.A. to Swiss Re. Divestments in the first half of 2013 include the sale of part of ING's direct stake in SulAmérica S.A. and the sale of ING Hipotecaria, ING's mortgage business in Mexico.

Special items in the first half of 2014 include the impact (after tax) of the charges for making the Dutch Defined Benefit pension fund financially independent, the first and second payment of the levy related to the SNS Reaal nationalisation and additional charges related to previously announced restructuring programmes in Retail Netherlands and NN Group. Special items in the first half of 2013 were primarily related to the previously announced restructuring programmes in both Bank and Insurance which is partly offset by pension curtailments in the Netherlands.

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

c. Banking activities

Segments Banking

3 month period 1 April to 30 June 2014	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	937	501	364	419	852	–87	2,985
– Commission income	114	94	31	94	263		595
– Total investment and other income	–14	26	5	28	207	–52	201
Total underlying income	1,037	621	400	540	1,322	–139	3,781
Underlying expenditure							
– Operating expenses	568	350	188	353	560	53	2,072
– Additions to loan loss provision	178	49	10	25	142		405
– Other impairments *	4	2			15	5	26
Total underlying expenses	749	401	198	379	717	58	2,503
Underlying result before taxation	288	220	201	161	605	–197	1,278
Taxation	73	66	66	10	185	–61	338
Minority interests		–1		10	7		17
Underlying net result	215	155	135	141	413	–136	923
Special items	–15					–101	–117
Net result (continuing operations)	200	155	135	141	413	–237	806

* Analysed as a part of operating expenses.

Notes to the condensed consolidated interim accounts continued

Segments Banking

3 month period 1 April to 30 June 2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	893	440	322	467	857	28	3,006
– Commission income	117	90	28	94	253		582
– Total investment and other income	14	39	3	46	321	–157	265
Total underlying income	1,024	569	352	607	1,430	–130	3,853
Underlying expenditure							
– Operating expenses	560	364	173	412	543	13	2,064
– Additions to loan loss provision	218	41	21	91	245		616
– Other impairments *	7	2			10	7	26
Total underlying expenses	785	407	193	502	798	20	2,706
Underlying result before taxation	240	161	159	105	632	–150	1,147
Taxation	59	52	52	36	155	–71	283
Minority interests		–2		16	8		23
Underlying net result	181	111	107	52	469	–79	840
Special items	–49					27	–22
Net result (continuing operations)	132	111	107	52	469	–52	819

* Analysed as a part of operating expenses.

Segments Banking

6 month period 1 January to 30 June 2014	**Retail Netherlands**	**Retail Belgium**	**Retail Germany**	**Retail Rest of World**	**Commercial Banking**	**Corporate Line Banking**	**Total Banking**
Underlying income							
– Net interest result	**1,873**	**981**	**720**	**869**	**1,680**	**–111**	**6,012**
– Commission income	**227**	**194**	**62**	**195**	**479**	**–1**	**1,155**
– Total investment and other income	**–14**	**91**	**–6**	**65**	**383**	**–87**	**431**
Total underlying income	**2,086**	**1,265**	**776**	**1,130**	**2,542**	**–199**	**7,599**
Underlying expenditure							
– Operating expenses	**1,135**	**783**	**375**	**751**	**1,137**	**52**	**4,232**
– Additions to loan loss provision	**370**	**80**	**37**	**71**	**314**		**872**
– Other impairments *	**10**	**2**			**16**	**11**	**40**
Total underlying expenses	**1,515**	**866**	**412**	**822**	**1,467**	**63**	**5,145**
Underlying result before taxation	**571**	**400**	**364**	**307**	**1,075**	**–263**	**2,454**
Taxation	**143**	**114**	**121**	**51**	**264**	**–37**	**657**
Minority interests		**–2**		**33**	**14**		**45**
Underlying net result	**427**	**287**	**242**	**224**	**797**	**–226**	**1,753**
Divestments				**202**			**202**
Special items	**–29**					**–856**	**–885**
Net result (continuing operations)	**399**	**287**	**242**	**426**	**797**	**–1,082**	**1,070**

* Analysed as a part of operating expenses.

Notes to the condensed consolidated interim accounts continued

Segments Banking

6 month period 1 January to 30 June 2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	1,738	876	609	926	1,752	20	5,922
– Commission income	229	185	55	179	489	–1	1,136
– Total investment and other income	27	100	–14	117	696	–268	659
Total underlying income	1,994	1,161	650	1,222	2,938	–249	7,716
Underlying expenditure							
– Operating expenses	1,129	715	349	834	1,121	10	4,159
– Additions to loan loss provision	432	80	42	159	463		1,176
– Other impairments *	13	2			35	14	65
Total underlying expenses	1,575	798	391	993	1,620	25	5,400
Underlying result before taxation	420	363	259	229	1,318	–274	2,316
Taxation	104	117	85	46	331	–69	614
Minority interests		–2		38	16		53
Underlying net result	316	248	173	145	971	–205	1,649
Divestments				–42			–42
Special items	–70					25	–44
Net result (continuing operations)	246	248	173	103	971	–179	1,563

* Analysed as a part of operating expenses.

d. Insurance activities

Operating result (before tax) is used to evaluate the financial performance of the insurance segments. Each segment's operating result is calculated by adjusting the reported Net result before tax for the following items:

- Non-operating items: related to (general account) investments that are held for own risk (net of policyholder profit sharing):
  - Capital gains/losses and impairments: realised gains and losses as well as impairments on financial assets that are classified as available for sale. These investments include debt and equity securities (including fixed income and equity funds), private equity (< 20% ownership), real estate funds as well as loans quoted in active markets.
  - Revaluations: revaluations on assets marked-to-market through the consolidated profit and loss account. These investments include private equity (associates), real estate (property and associates), derivatives unrelated to product hedging programs (i.e. interest rate swaps, foreign exchange hedges) and direct equity hedges.
  - Market & other impacts: these impacts mainly comprise the change in the provision for guarantees on separate account pension contracts (net of hedging) in the Netherlands, the equity related and other deferred acquisition costs unlocking for Japan Closed- Block VA as well as the accounting volatility related to the reinsurance of minimum guaranteed benefits of Japan Closed-Block VA.
- Result on divestments result before tax related to divested operations.
- Special items before tax: items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently or regularly. This includes for instance restructuring expenses, goodwill impairments, results related to early retirement of debt and gains/losses from employee pension plan amendments or curtailments.
- Total net result from discontinued operations. Reference is made to Note 19 'Discontinued operations'.

Notes to the condensed consolidated interim accounts continued

Segments Insurance

3 month period 1 April to 30 June 2014	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insurance Other	Total
Investment margin	156		21	–1					175
Fees and premium based revenues	89		127	102	116		28		462
Technical margin	36		44	–4					76
Operating income non-modelled life business			1						1
Life & IM operating income	281		193	96	116		28		714
Administrative expenses	120		74	25	79		4		302
DAC amortisation and trail commissions	13		77	47			3		141
Life & IM expenses	133		152	72	79		8		443
Life & IM operating result	148		42	24	38		20		271
Non-life operating result		39	3						42
Operating result Other						–44		5	–39
Operating result	148	39	44	24	38	–44	20	5	274
Non-operating items									
– Gains/losses and impairments	–57	–3	8	1					–51
– Revaluations	82	11	1	–1		–9			84
– Market & other impacts	–15		–9				59		35
Special items before tax	–7	–4	–2			–13			–25
Result before tax from continuing operations	151	44	43	24	38	–67	79	5	317
Taxation	20	8	16	7	9	–11	17	11	77
Minority interests	–1								–1
Net result from continuing operations	131	36	26	17	29	–55	62	–6	241
Total net result from discontinued operations Voya									22
Total net result from discontinued operations Asia									–1
Net result									261

Reconciliation from Operating result to Underlying result before tax

3 month period 1 April to 30 June 2014	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insurance Other	Total
Operating result	148	39	44	24	38	–44	20	5	274
Non-operating items	10	8				–9	59		68
Underlying result before tax	158	47	44	24	38	–53	79	5	342

Notes to the condensed consolidated interim accounts continued

Segments Insurance

3 month period 1 April to 30 June 2013	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insurance Other	Total
Investment margin	167		28	2					197
Fees and premium based revenues	106		128	98	117		35		484
Technical margin	60		46	–2					103
Operating income non-modelled life business			6						6
Life & IM operating income	333		207	98	117		35		790
Administrative expenses	118		79	25	76		3		300
DAC amortisation and trail commissions	17		79	43			12		150
Life & IM expenses	134		157	68	76		15		450
Life & IM operating result	199		50	30	41		19		339
Non-life operating result		42	2						45
Operating result Other						–97		–7	–104
Operating result	199	42	53	30	41	–97	19	–7	280
Non-operating items									
– Gains/losses and impairments	–29	–1	3	6		12			–9
– Revaluations	9			–5		–1			1
– Market & other impacts	–63						–117		–180
Special items before tax	–10	–6	–3			8			–11
Result on divestments						–58		45	–12
Result before tax from continuing operations	106	35	52	31	41	–136	–97	39	69
Taxation	17	8	15	13	11	–7	–23	–1	32
Minority interests	2		2					–2	2
Net result from continuing operations	87	27	35	19	30	–129	–75	42	35
Total net result from discontinued operations Voya									–23
Total net result from discontinued operations Asia									65
Net result									75

Reconciliation from Operating result to Underlying result before tax

3 month period 1 April to 30 June 2013	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insurance Other	Total
Operating result	199	42	53	30	41	–97	19	–7	280
Non-operating items	–83	–2	3	1		10	–117		–187
Underlying result before tax	116	41	55	31	41	–86	–97	–7	94

Notes to the condensed consolidated interim accounts continued

Segments Insurance

6 month period 1 January to 30 June 2014	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insurance Other	Total
Investment margin	290		48	–2					335
Fees and premium based revenues	217		255	236	234		58		999
Technical margin	70		92	4					167
Operating income non-modelled life business			2						2
Life & IM operating income	576		397	239	234		58		1,503
Administrative expenses	246		149	49	158		8		609
DAC amortisation and trail commissions	36		163	99			6		305
Life & IM expenses	282		312	148	158		15		914
Life & IM operating result	295		86	90	77		43		590
Non-life operating result		61	5						66
Operating result Other						–90		3	–87
Operating result	295	61	90	90	77	–90	43	3	568
Non-operating items									
– Gains/losses and impairments	–66	–4	19	1		10			–41
– Revaluations	82	12	1	–3		–7			84
– Market & other impacts	–51		–9						–61
Special items before tax	–347	–89	–3		–122	–36			–597
Result on divestments								56	56
Result before tax from continuing operations	–87	–20	97	88	–45	–125	43	59	10
Taxation	–50	–9	28	31	–12	–15	5	11	–11
Minority interests	–2		2					–2	–2
Net result from continuing operations	–37	–11	66	57	–33	–109	38	50	21
Total net result from discontinued operations Voya									–1,930
Total net result from discontinued operations Asia									–13
Net result									–1,922

Reconciliation from Operating result to Underlying result before tax

6 month period 1 January to 30 June 2014	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insurance Other	Total
Operating result	295	61	90	90	77	–90	43	3	568
Non-operating items	–36	7	10	–3		2			–18
Underlying result before tax	260	68	100	88	77	–88	43	3	550

Notes to the condensed consolidated interim accounts continued

Segments Insurance

6 month period 1 January to 30 June 2013	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insurance Other	Total
Investment margin	268		54	6	1				329
Fees and premium based revenues	256		248	248	226		69		1,047
Technical margin	98		94	4					196
Operating income non-modelled life business			11						11
Life & IM operating income	621		406	258	227		69		1,581
Administrative expenses	247		160	51	155		12		625
DAC amortisation and trail commissions	43		154	94			24		315
Life & IM expenses	290		314	145	155		35		939
Life & IM operating result	331		92	113	72		34		642
Non-life operating result		39	2						41
Operating result Other						–212		29	–183
Operating result	331	39	95	113	72	–212	34	29	500
Non-operating items									
– Gains/losses and impairments	12	–2	3	18		21		59	111
– Revaluations			–1	–8					–9
– Market & other impacts	–97						31		–66
Special items before tax	–20	–17	–5						–42
Result on divestments						–59		46	–12
Result before tax from continuing operations	226	21	91	123	72	–250	65	134	482
Taxation	38	4	23	44	18	–35	19	–3	108
Minority interests	2		4					–4	2
Net result from continuing operations	187	17	64	79	54	–215	46	141	373
Total net result from discontinued operations Voya									–218
Total net result from discontinued operations Asia									1,072
Net result									1,228

Reconciliation from Operating result to Underlying result before tax

6 month period 1 January to 30 June 2013	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insurance Other	Total
Operating result	331	39	95	113	72	–212	34	29	500
Non-operating items	–86	–2	1	10		20	31	60	36
Underlying result before tax	246	38	96	123	72	–191	65	89	536

IFRS-EU balance sheets by segment are not reported internally to, and not managed by, the chief operating decision maker. IFRS-EU balance sheet information is prepared, and disclosed below, for the Banking operations as a whole and for the Insurance operations as a whole and by segment.

Notes to the condensed consolidated interim accounts continued

Total assets and Total liabilities by segment

	30 June 2014		31 December 2013	
	Total assets	**Total liabilities**	Total assets	Total liabilities
Netherlands Life	**83,894**	**72,211**	79,088	69,153
Netherlands Non-life	**4,600**	**3,949**	4,426	3,692
Insurance Europe	**22,331**	**20,411**	22,004	20,175
Japan Life	**10,519**	**9,073**	9,450	8,147
Investment Management	**589**	**209**	552	193
Other	**39,117**	**22,003**	32,677	18,482
Japan Closed Block VA	**18,491**	**17,430**	18,651	17,580
Assets and liabilities classified as held-for-sale	**3,036**	**4**	156,884	146,401
Insurance Other			14,570	387
Total Insurance	**182,577**	**145,290**	338,302	284,210
Eliminations Insurance segments	**–25,603**	**–8,227**	–36,536	–6,810
Total Insurance operations	**156,974**	**137,063**	301,766	277,400
Total Banking operations	**840,824**	**791,175**	810,312	761,897
Eliminations	**–27,281**	**–7,481**	–30,761	–11,169
Total ING Group	**970,517**	**920,757**	1,081,317	1,028,128

Notes to the condensed consolidated interim accounts continued

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

24 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair values of financial assets and liabilities represents the price at which an orderly transaction to sell the financial asset or to transfer the financial liability would take place between market participants at the balance sheet date ('exit price'). The fair value of financial assets and liabilities is based on quoted market prices, where available. Such quoted market prices are primarily obtained from exchange prices for listed instruments. Where an exchange price is not available, market prices are obtained from independent market vendors, brokers or market makers. Because substantial trading markets do not exist for all financial instruments various techniques have been developed to estimate the approximate fair values of financial assets and liabilities that are not actively traded. These techniques are subjective in nature and involve various assumptions about the relevant pricing factors, especially for inputs that are not readily available in the market (such as credit spreads for own-originated loans and advances to customers). Changes in these assumptions could significantly affect the estimated fair values. Consequently, the fair values presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values. Further information on the methods and assumptions that were used by ING Group to estimate the fair value of the financial instruments is disclosed in the 2013 ING Group Consolidated Annual Accounts in Note 46 'Fair value of assets and liabilities'.

The following table presents the estimated fair values of ING Group's financial assets and liabilities. Certain balance sheet items are not included in the table, as they do not meet the definition of a financial asset or liability. The aggregation of the fair values presented below does not represent, and should not be construed as representing, the underlying value of ING Group.

Fair value of financial assets and liabilities

	Estimated fair value		Balance sheet value	
	30 June 2014	31 December 2013	**30 June 2014**	31 December 2013
Financial assets				
Cash and balances with central banks	**15,010**	13,316	**15,010**	13,316
Amounts due from banks	**43,214**	43,157	**43,185**	42,996
Financial assets at fair value through profit and loss				
– trading assets	**126,738**	114,247	**126,738**	114,247
– investments for risk of policyholders	**38,822**	39,589	**38,822**	39,589
– non-trading derivatives	**7,773**	8,546	**7,773**	8,546
– designated as at fair value through profit and loss	**4,160**	2,790	**4,160**	2,790
Investments				
– available-for-sale	**158,968**	137,897	**158,968**	137,897
– held-to-maturity	**2,554**	3,153	**2,497**	3,098
Loans and advances to customers	**551,062**	540,924	**539,517**	531,655
Other assets [(1)]	**17,786**	17,411	**17,786**	17,411
	966,087	921,030	**954,456**	911,545
Financial liabilities				
Subordinated loans	**6,720**	6,861	**6,748**	6,889
Debt securities in issue	**139,177**	131,319	**135,420**	127,727
Other borrowed funds	**17,297**	13,830	**16,623**	13,706
Investment contracts for risk of company	**847**	795	**806**	810
Investment contracts for risk of policyholders	**1,625**	1,588	**1,625**	1,588
Amounts due to banks	**31,556**	27,732	**32,401**	27,200
Customer deposits and other funds on deposit	**487,064**	474,003	**489,254**	474,312
Financial liabilities at fair value through profit and loss				
– trading liabilities	**79,529**	73,491	**79,529**	73,491
– non-trading derivatives	**7,919**	11,155	**7,919**	11,155
– designated as at fair value through profit and loss	**14,074**	13,855	**14,074**	13,855
Other liabilities [(2)]	**17,468**	17,332	**17,468**	17,332
	803,276	771,961	**801,867**	768,065

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

Notes to the condensed consolidated interim accounts continued

Fair value hierarchy

ING Group has categorised its financial instruments that are measured in the balance sheet at fair value into a three level hierarchy based on the priority of the inputs to the valuation. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to valuation techniques based on unobservable inputs. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide reliable pricing information on an on-going basis. The fair value hierarchy consists of three levels, depending upon whether fair values were determined based on quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have a more than insignificant impact on the fair value of the instrument (Level 3). Financial assets in Level 3 include for example illiquid debt securities, complex OTC and credit derivatives, certain complex loans (for which current market information about similar assets to use as observable, corroborated data for all significant inputs into a valuation model is not available) and asset backed securities for which there is no active market and a wide dispersion in quoted prices. Observable inputs reflect market data obtained from independent sources. Unobservable inputs are inputs which are based on the Group's own assumptions about the factors that market participants would use in pricing an asset or liability, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default rates and recovery rates, prepayment rates and certain credit spreads. Transfers into and transfers out of fair value hierarchy levels are recognised as of the date of the event or change in circumstances that caused the transfer. Further information on the fair value hierarchy is disclosed in the 2013 ING Group Consolidated Annual Accounts in Note 46 'Fair value of assets and liabilities'.

The fair values of the financial instruments at fair value were determined as follows:

Methods applied in determining fair values of financial assets and liabilities

				30 June 2014
	Level 1	Level 2	Level 3	Total
Financial assets				
Trading assets	30,814	94,226	1,698	126,738
Investments for risk of policyholders	36,975	1,643	204	38,822
Non-trading derivatives	32	7,612	129	7,773
Financial assets designated as at fair value through profit and loss	910	3,096	154	4,160
Available-for-sale investments	127,719	28,407	2,842	158,968
	196,450	134,984	5,027	336,461
Financial liabilities				
Trading liabilities	12,428	65,815	1,286	79,529
Non-trading derivatives	90	7,823	6	7,919
Financial liabilities designated as at fair value through profit and loss	2,154	11,455	465	14,074
Investment contracts (for contracts at fair value)	1,562	63		1,625
	16,234	85,156	1,757	103,147

Notes to the condensed consolidated interim accounts continued

Methods applied in determining fair values of financial assets and liabilities

	31 December 2013			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trading assets	27,684	84,544	2,019	114,247
Investments for risk of policyholders	38,228	1,113	248	39,589
Non-trading derivatives	4	8,479	63	8,546
Financial assets designated as at fair value through profit and loss	571	2,021	198	2,790
Available-for-sale investments	111,273	23,473	3,151	137,897
	177,760	119,630	5,679	303,069
Financial liabilities				
Trading liabilities	10,967	61,419	1,105	73,491
Non-trading derivatives	118	11,037		11,155
Financial liabilities designated as at fair value through profit and loss	1,912	11,600	343	13,855
Investment contracts (for contracts at fair value)	1,588			1,588
	14,585	84,056	1,448	100,089

Main changes in fair value hierarchy in the first half of 2014
There were no significant transfers between Level 1 and Level 2.

Changes in Level 3 Financial assets

	6 month period ended 30 June 2014					
	Trading assets	Investments for risk of policy-holders	Non-trading derivatives	Financial assets designated as at fair value through profit and loss	Available-for-sale investments	Total
Opening balance	2,019	248	63	198	3,151	5,679
Amounts recognised in the profit and loss account during the period	–102		66	–37	–39	–112
Revaluation recognised in equity during the period					25	25
Purchase of assets	202			37	389	628
Sale of assets	–188	–44		–2	–300	–534
Maturity/settlement	–68			–45	–86	–199
Transfers into Level 3	120			51	7	178
Transfers out of Level 3	–270			–48	–6	–324
Exchange rate differences	2				7	9
Changes in the composition of the group and other changes	–17				–306	–323
Closing balance	1,698	204	129	154	2,842	5,027

Notes to the condensed consolidated interim accounts continued

Changes in Level 3 Financial assets

	year ended 31 December 2013					
	Trading assets	Investments for risk of policy-holders	Non-trading derivatives	Financial assets designated as at fair value through profit and loss	Available-for-sale investments	Total
Opening balance	2,010	150	549	2,121	4,188	9,018
Amounts recognised in the profit and loss account during the year	146	9	409	–253	–103	208
Revaluation recognised in equity during the year					–34	–34
Purchase of assets	558	154	334	263	672	1,981
Sale of assets	–704	–52	–322	–562	–575	–2,215
Maturity/settlement	–242		–20	–465	–227	–954
Transfers into Level 3	264	2		86	407	759
Transfers out of Level 3	–158	–9	–832	–129	–165	–1,293
Exchange rate differences				38	–29	9
Changes in the composition of the group and other changes	145	–6	–55	–901	–983	–1,800
Closing balance	2,019	248	63	198	3,151	5,679

In 2013, Changes in the composition of the group and other changes includes EUR –1,654 million as a result of the classification of Voya as held for sale and nil as a result of the classification to continuing operations of ING Japan.

Changes in Level 3 Financial liabilities

	6 month period ended 30 June 2014				
	Trading liabilities	**Non-trading derivatives**	**Financial liabilities designated as at fair value through profit and loss**	**Investment contracts (for contracts at fair value)**	**Total**
Opening balance	**1,105**		**343**		**1,448**
Amounts recognised in the profit and loss account during the period	**55**		**–47**		**8**
Issue of liabilities	**212**	**2**	**89**		**303**
Early repayment of liabilities	**–75**		**–13**		**–88**
Maturity/settlement	**–15**	**–1**	**–66**		**–82**
Transfers into Level 3	**63**	**4**	**229**		**296**
Transfers out of Level 3	**–61**		**–70**		**–131**
Exchange rate differences	**1**				**1**
Changes in the composition of the group and other changes	**1**	**1**			**2**
Closing balance	**1,286**	**6**	**465**		**1,757**

Notes to the condensed consolidated interim accounts continued

Changes in Level 3 Financial liabilities

	year ended 31 December 2013				
	Trading liabilities	Non-trading derivatives	Financial liabilities designated as at fair value through profit and loss	Investment contracts (for contracts at fair value)	Total
Opening balance	1,523	1,500	5,102	12	8,137
Amounts recognised in the profit and loss account during the year	–110	315	–137		68
Issue of liabilities	510	263	226	6	1,005
Early repayment of liabilities	–721	–452	–907	–7	–2,087
Maturity/settlement	–276	–9	–420		–705
Transfers into Level 3	245		152	2	399
Transfers out of Level 3	–63		–3,676	–8	–3,747
Exchange rate differences	–3	–372	3		–372
Changes in the composition of the group and other changes		–1,245		–5	–1,250
Closing balance	1,105	0	343	0	1,448

In 2013, Changes in the composition of the group and other changes includes EUR –1,250 million as a result of the classification of Voya as held for sale and nil as a result of the classification to continuing operations of ING Japan.

In 2013, EUR 3.7 billion of Financial liabilities designated as at fair value through profit and loss were transferred from level 3 to level 2 due to refinements in the methodology used to classify these liabilities. It was observed that the valuation techniques used for calculating the fair values, for the majority of the portfolio, are not significantly impacted by unobservable inputs. These liabilities are reported in level 2. Furthermore, EUR 0.9 billion of Assets-Non trading derivatives were also transferred from level 3 to level 2 as the valuation is now not significantly impacted by unobservable inputs.

Amounts recognised in the profit and loss account for the period ended (Level 3)

	30 June 2014		
	Held at balance sheet date	**Derecognised during the period**	**Total**
Financial assets			
Trading assets	**–120**	**18**	**–102**
Non-trading derivatives	**66**		**66**
Financial assets designated as at fair value through profit and loss	**–37**		**–37**
Available-for-sale investments	**–45**	**6**	**–39**
	–136	**24**	**–112**
Financial liabilities			
Trading liabilities	**55**		**55**
Financial liabilities designated as at fair value through profit and loss	**–47**		**–47**
	8		**8**

Notes to the condensed consolidated interim accounts continued

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

	31 December 2013		
	Held at balance sheet date	Derecog-nised during the year	Total
Financial assets			
Trading assets	158	–12	146
Investments for risk of policyholders	10	–1	9
Non-trading derivatives	383	26	409
Financial assets designated as at fair value through profit and loss	–341	88	–253
Available-for-sale investments	–130	27	–103
	80	128	208
Financial liabilities			
Trading liabilities	–110		–110
Non-trading derivatives	315		315
Financial liabilities designated as at fair value through profit and loss	–137		–137
	68		68

Level 3 Financial assets and liabilities
Financial assets measured at fair value in the balance sheet as at 30 June 2014 of EUR 336 billion include an amount of EUR 5.0 billion (1.5%) that is classified as Level 3 (31 December 2013: EUR 5.7 billion, being 1.9%). Changes in Level 3 from 31 December 2013 to 30 June 2014 are disclosed above in the table ‘Changes in Level 3 Assets’.

Financial liabilities measured at fair value in the balance sheet as at 30 June 2014 of EUR 103 billion include an amount of EUR 1.8 billion (1.8%) that is classified as Level 3 (31 December 2013: EUR 1.4 billion, being 1.4%). Changes in Level 3 from 31 December 2013 to 30 June 2014 are disclosed above in the table ‘Changes in Level 3 Liabilities’.

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

The EUR 5.0 billion financial assets classified as Level 3 as at 30 June 2014 includes EUR 2.6 billion for Insurance and EUR 2.4 billion for Bank. The EUR 1.8 billion financial liabilities classified as Level 3 as at 30 June 2014 includes EUR 0.0 billion for Insurance and EUR 1.8 billion for Bank.

Insurance
Of the total amount of financial assets classified as Level 3 as at 30 June 2014 of EUR 2.6 billion, an amount of EUR 2.0 billion (77%) is based on unadjusted quoted prices in inactive markets. This includes for example debt securities and shares in real estate investment funds and private equity investment funds for which the fair value is determined using quoted prices for the securities or quoted prices obtained from the asset managers of the funds. As ING does generally not adjust quoted prices using its own inputs, there is no significant sensitivity to ING’s own unobservable inputs.

The remaining EUR 0.6 billion Level 3 financial assets includes mainly EUR 0.6 billion of private equity investments that are recognised at fair value. Fair value is determined using both market-based and investment-specific inputs. In the absence of an active market, fair values are estimated on the basis of the analysis of the invested companies’ financial position, future prospects and other factors, considering valuations of similar positions and other market information. Given the bespoke nature of the analysis in respect of most significant positions, it is not practical to quote a range of key unobservable inputs or provide a sensitivity analysis on such unobservable inputs.

Bank
Of the total amount of financial assets classified as Level 3 as at 30 June 2014 of EUR 2.4 billion, an amount of EUR 1.4 billion (58%) is based on unadjusted quoted prices in inactive markets. As ING does generally not adjust quoted prices using its own inputs, there is no significant sensitivity to ING’s own unobservable inputs.

Notes to the condensed consolidated interim accounts continued

Furthermore, Level 3 financial assets includes approximately EUR 0.1 billion which relates to financial assets that are part of structures that are designed to be fully neutral in terms of market risk. Such structures include various financial assets and liabilities for which the overall sensitivity to market risk is insignificant. Whereas the fair value of individual components of these structures may be determined using different techniques and the fair value of each of the components of these structures may be sensitive to unobservable inputs, the overall sensitivity is by design not significant.

The remaining EUR 0.9 billion of the fair value classified in Level 3 financial assets is established using valuation techniques that incorporates certain inputs that are unobservable. This relates mainly to assets that are classified as Available-for-sale investments, for which changes in fair value are recognised in shareholders' equity and do not directly impact profit and loss.

Of the total amount of financial liabilities classified as Level 3 as at 30 June 2014 of EUR 1.8 billion, an amount of EUR 0.9 billion (50%) is based on unadjusted quoted prices in inactive markets. As ING does generally not adjust quoted prices using its own inputs, there is no significant sensitivity to ING's own unobservable inputs.

Furthermore, Level 3 financial liabilities includes approximately EUR 0.4 billion which relates to financial liabilities that are part of structures that are designed to be fully neutral in terms of market risk. As explained above, the fair value of each of the components of these structures may be sensitive to unobservable inputs, but the overall sensitivity is by design not significant.

The remaining EUR 0.5 billion of the fair value classified in Level 3 financial liabilities is established using valuation techniques that incorporates certain inputs that are unobservable.

The table below provides a summary of the valuation techniques, key unobservable inputs and the lower and upper range of such unobservable inputs, by type of level 3 asset/liability.

Notes to the condensed consolidated interim accounts continued

Valuation techniques and range of unobservable inputs (Level 3) - ING Bank

30 June 2014	Assets	Liabilities	Valuation techniques	Significant unobservable inputs	Lower range	Upper range
At fair value through profit and loss						
Debt securities	276	9	Price based	Price (%)	0%	109%
			Net asset value	Price (%)	117%	117%
			Loan pricing model	Credit spread (bps)	432	432
Loans and advances	121	22	Price based	Price (%)	1%	100%
			Present value techniques	Credit spread (bps)	86	108
Structured notes		466	Price based	Price (%)	65%	114%
			Net asset value	Price (%)	117%	117%
			Option pricing model	Equity volatility (%)	17%	95%
				Equity/Equity correlation	0.4	1.0
				Equity/FX correlation	–0.6	0.5
				Dividend yield (%)	0%	5%
				Interest rate volatility (%)	0%	55%
			Present value techniques	Implied correlation	0.7	0.9
Derivatives						
– Rates	377	469	Option pricing model	Interest rate volatility (%)	12%	55%
				Interest rate correlation	0.9	0.9
				IR/INF correlation	0.5	0.5
			Present value techniques	Reset spread	3%	3%
				Inflation rate (%)	0%	4%
– FX	442	408	Present value techniques	Inflation rate (%)	–1%	3%
– Credit	55	46	Present value techniques	Credit spread (bps)	2	1,885
				Implied correlation	0.4	1.0
– Equity	114	327	Option pricing model	Equity volatility (%)	5%	98%
				Equity/Equity correlation	–0.1	1.0
				Equity/FX correlation	–0.9	0.8
				Dividend yield (%)	0%	10%
– Other	4	10	Option pricing model	Commodity volatility	6%	28%
				Com/Com correlation	0.1	0.9
				Com/FX correlation	–0.95	0.40
Available for sale						
– Debt	560			n.a		
– Equity	487			n.a		
Other						
	2,436	1,757				

Further information on equity securities, credit spreads, volatility, correlation and interest rates is disclosed in the 2013 ING Group Consolidated Annual Accounts in Note 46 'Fair value of assets and liabilities'.

Sensitivity analysis of unobservable inputs
Where the fair value of a financial instrument is determined using inputs which are unobservable and which have a more than insignificant impact on the fair value of the instrument the actual value of those inputs at the balance sheet date may be drawn from a range of reasonably possible alternatives. The actual levels chosen for these unobservable inputs in preparing the financial statements is consistent with the valuation methodology.

Notes to the condensed consolidated interim accounts continued

If ING had used input values from the extremes of the ranges of reasonably possible alternatives when valuing these instruments as of 30 June 2014 then the impact on the profit and loss account would have been higher or lower as indicated below. The purpose of this disclosure is to present the possible impact of a change in unobservable inputs in the fair value of financial instruments where unobservable inputs are significant to the valuation. In practice it would be unlikely that all unobservable inputs would ever be simultaneously at the limits of their respective ranges of reasonably possible alternatives and so the estimates in the table below show a greater fair value uncertainty than the realistic position at year end. Also, this disclosure does not attempt to indicate or predict future fair value movements. The numbers in isolation give limited information as in most cased these level 3 assets and liabilities should be seen in combination with other instruments (for example as a hedge) that are classified as level 1 or level 2. The table below does not include available for sale investments as changes in the fair value values of such investments would not directly impact profit and loss. Further disclosure on valuations, inputs and sensitivities is provided in the Risk management section in the 2013 ING Group Consolidated Annual Accounts.

Sensitivity analysis - ING Bank

30 June 2014	Positive fair value movements from using reasonable possible alternatives	Negative fair value movements from using reasonable possible alternatives
Equity	70	42
Interest rates	103	31
Credits	18	24
	191	97

25 COMPANIES AND BUSINESSES ACQUIRED AND DIVESTED

Acquisitions

There were no acquisitions in the first half of 2014.

Divestments

Divestments closed in the first half of 2014

Voya

The sale in the first quarter of 2014 of approximately 37.8 million shares reduced ING Group's stake in Voya to approximately 43%, from approximately 57% as at 31 December 2013. Following this transaction, Voya is deconsolidated and is accounted for as an associate held for sale. Reference is made to Note 27 ‘Other events’.

Asia - ING’s Taiwanese investment management business

In January 2014, ING agreed to sell ING Investment Management (IM) Taiwan, its Taiwanese asset management business, to Japan-based Nomura Asset Management in partnership with a group of investors. The transaction did not have a significant impact on ING Group results. The transaction closed on 18 April 2014. Reference is made to Note 7 ‘Assets and liabilities held for sale’ and Note 19 ‘Discontinued operations’.

Asia - Joint venture ING-BOB Life

In July 2013, ING agreed to sell its 50% stake in its Chinese insurance joint venture ING-BOB Life Insurance Company to BNP Paribas Cardif, the insurance arm of BNP Paribas. The transaction, which is subject to regulatory approval, is not expected to have a significant impact on ING Group results. This announcement does not affect ING Bank’s 13.7% stake in Bank of Beijing, nor does it affect ING’s Commercial Banking activities in China. This transaction is expected to close in 2014. Reference is made to Note 7 ‘Assets and liabilities held for sale’ and Note 19 ‘Discontinued operations’.

Divestments closed in the first half of 2013

Asia - Insurance in Hong Kong, Macau, Thailand

In October 2012, ING agreed to sell its life insurance, general insurance, pension and financial planning units in Hong Kong and Macau, and its life insurance operation in Thailand to Pacific Century Group for a combined consideration of EUR 1.6 billion (USD 2.1 billion) in cash. The transaction closed on 28 February 2013 and resulted in a net gain of EUR 945 million. Reference is made to Note 7 ‘Assets and liabilities held for sale’ and Note 19 ‘Discontinued operations’.

Asia - Joint venture ING Vysya Life

In January 2013, ING agreed to sell its full interest in ING Vysya Life Insurance Company Ltd. to its joint venture partner Exide Industries Ltd. The transaction resulted in a net loss of EUR 15 million which was recognised in 2012. The transaction closed on 22 March 2013.

Notes to the condensed consolidated interim accounts continued

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

ING's investment management business in Malaysia
In December 2012, ING reached an agreement to sell its 70%-stake in ING Funds Berhad (IFB), ING's investment management business in Malaysia, to Kenanga Investors Berhad (Kenanga Investors), a wholly owned subsidiary of K & N Kenanga Holdings Berhad (Kenanga). Tab Inter-Asia Services Sdn Berhad has also agreed to sell its 30% stake in IFB to Kenanga Investors. The transaction closed on 19 April 2013.

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

ING Direct UK
In October 2012, ING agreed to sell ING Direct UK to Barclays. Under the terms of the agreement, the approximately EUR 13.4 billion (GBP 11.6 billion) of savings deposits and approximately EUR 6.4 billion (GBP 5.5 billion) of mortgages of ING Direct UK were transferred to Barclays. The agreement resulted in an after tax loss of EUR 260 million which was recognised in 2012. The transaction closed on 6 March 2013 and a gain of EUR 10 million was recognised on the final settlement in the first quarter of 2013.

Other
For details on the transactions with regard to ING's divestments in SulAmérica S.A., reference is made to Note 3 'Investments' and Note 5 'Investments in associates and joint ventures'.

During 2013, there were several other divestments. These divestments were neither announced nor closed in the first half of the year and therefore are not included above. Reference is made to the 2013 ING Group Consolidated annual accounts.

In July 2013, the investment management business in South Korea was agreed to be sold to Macquarie Group. The transaction closed on 2 December 2013. NN Group received notice from Macquarie Group reserving their rights to claim under the share purchase agreement relating to certain trades, conducted by the investment management business in South Korea in the period before closing of the transaction, which are currently subject to further investigation.

26 RELATED PARTIES
In the normal course of business, the Group enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Related parties of ING Group include, amongst others, its Joint ventures, Associates, Key management personnel, the Dutch State and various defined benefit and contribution plans. Transactions between related parties have taken place on an arm's length basis and include rendering or receiving of services, leases, transfers under finance arrangements and provisions of guarantees or collateral. Transactions with related parties are disclosed in Note 58 'Related parties' in the 2013 ING Group Consolidated Annual Accounts. No other significant changes in related party transactions occurred, except for the unwinding of the IABF ('Illiquid Assets Back-up Facility') which is explained below.

Unwinding of the IABF
In the first quarter of 2014 the IABF was unwound. The remaining nominal value of the portfolio of securities held by the Dutch state as at 31 December 2013 amounting to EUR 4.6 billion was sold in January and February 2014. The State used all repayments and net fees received to pay off the loan from ING in January 2014, reducing the amount outstanding to nil (31 December 2013: EUR 2.7 billion). The unwinding of the IABF did not impact the 2014 profit and loss account.

27 OTHER EVENTS
Voya
In May 2013, ING Group sold 28.75% of its interest in Voya through an IPO. In October 2013, ING Group further reduced its interest in Voya to 56.7%. The 2013 divestment transactions did not impact the profit and loss account of ING Group, as Voya continued to be fully consolidated. These transactions had a negative impact on Shareholders' equity (parent) of ING Group which reflected the difference between the net proceeds received and the IFRS-EU book value of the interests divested. These amounts were recognised in 'Other reserves'. From the third quarter of 2013 Voya was presented as Assets and liabilities held for sale and discontinued operations as it was expected that a further sale was highly probable.

Notes to the condensed consolidated interim accounts continued

In March 2014, ING Group sold a further 13.7% of its interest in Voya reducing its interest to approximately 43% whereby fulfilling the European Commission restructuring requirement to divest at least 50% of Voya before the 2014 year-end. Following this transaction, Voya was deconsolidated and is accounted for as an associate held for sale from the first quarter of 2014. The remaining investment in Voya was recognised at its fair value of EUR 2,914 million at the transaction date.

The share sale and the deconsolidation of Voya resulted in an after tax loss of EUR 2,005 million which is recognised in 2014 in the profit and loss account in the line 'Net result from disposal of discontinued operations'. This amount reflects the difference between the IFRS book value and the market value of ING Group's 57% stake in Voya at deconsolidation, and includes the release of corresponding revaluation reserves. The portion of the loss attributable to measuring the retained investment in Voya at its fair value amounted to EUR –1,467 million.

The table below provides a summary of the various Voya divestment transactions that occurred in 2013 and 2014.

Summary of Voya divestment transactions

Date	Interest % held before transaction	Portion of interest sold	Interest % held after transaction	Price per share in USD	Sales proceeds EUR millions	Impact on Shareholders' equity	Impact in minority interest	Impact on Total equity	Impact on profit and loss
May 2013	100%	–28.75%	71.25%	19.50	1,061	–1,894	2,954	1,060	nil
October 2013	71.25%	–14.55%	56.7%	29.50	786	–632	1,394	762	nil
2013	**100%**	**–43.30%**	**56.7%**	**n.a.**	**1,847**	**–2,526**	**4,348**	**1,822**	**nil**
March 2014	**56.7%**	**–13.7%**	**43%**	**35.23**	**950**	**–1,918**	**–5,100**	**–7,018**	**–2,005**

Deconsolidation of ING Vysya Bank

At the end of the first quarter of 2014, changes to the governance structure of ING Vysya Bank Limited ('ING Vysya') were implemented in order to better align with prevailing regulations. The regulatory requirements necessitated some governance changes. As part of that, ING has reduced the number of directors appointed by ING in ING Vysya Bank's Board of Directors to be proportionate to its shareholding. Although ING Bank's economic interest of approximately 43% remains unchanged, as a result of these governance changes, ING Bank no longer has a majority representation in the Board of Directors and influence on ING Vysya's operations are aligned with its shareholding interest. As a result, ING Bank no longer has effective control over ING Vysya and, therefore, as of 31 March 2014 ING Vysya is deconsolidated and accounted for as an associate under equity accounting. Before the changes in the governance structure ING Bank had substantial additional powers, including the majority in the Board of Directors and power over operational decision making; as a result, ING Vysya was consolidated by ING. After the deconsolidation, the investment in ING Vysya is recognised as an Investment in associates and joint ventures at its fair value at 31 March 2014 of EUR 617 million. The profit and loss account of the first half of 2014 includes the consolidated result of ING Vysya until the deconsolidation and the result upon deconsolidation of EUR 202 million. The result upon deconsolidation is recognised in Other income – Result on disposal of group companies.

Unit-linked policy proceedings

In proceedings pending before the District Court in Rotterdam, the Court has, upon the request of the parties, including NN, submitted preliminary questions to the European Court of Justice to obtain clarity on principal legal questions with respect to cost transparency related to unit-linked policies. The main preliminary question being considered by the European Court of Justice is whether European law permits the application of information requirements based on general principles of Dutch law that extend beyond information requirements as explicitly prescribed by laws and regulations in force at the time the policy was written. Although the European Court does not decide on the applicable standards in specific cases, NN and ING believe the ruling of the European Court of Justice can give clarification on this question of legal principle which is also subject of other legal proceedings in The Netherlands. On 12 June 2014, the Attorney General to the European Court of Justice gave its non-binding advisory opinion to the European Court of Justice. It is expected that the European Court of Justice will render its judgment by the end of 2014, at the earliest. The financial exposure related to Dutch unit-linked products can be substantial for the Dutch insurance business of ING and may affect ING, both financially and reputationally. However, ING's exposure cannot be reliably estimated or quantified at this time.

SNS Reaal nationalisation

In 2013, the nationalisation of SNS Reaal, a Dutch financial institution, was announced. As a consequence of the arrangements made by the Dutch government, ING Bank and other Dutch banks will be required to pay a one-time levy of EUR 1 billion in 2014. For ING this will result in a total charge of EUR 304 million in 2014. In accordance with the relevant legislation the levy is charged in three equal instalments. In the first half of 2014, a charge of EUR 203 million is recognised in the profit and loss account in the line Other operating expenses – Other. The remaining levy will be recognised in the third quarter of 2014 for an amount of approximately EUR 101 million.

Notes to the condensed consolidated interim accounts continued

Establishment of NN Group
Until recently, ING Verzekeringen N.V. (‘ING Insurance’) was the holding company of the insurance and investment management activities of ING. ING Insurance was a wholly owned subsidiary of ING Insurance Topholding N.V. (‘ING Topholding’), a wholly owned subsidiary of the ultimate parent ING Groep N.V. ING Topholding was a holding company with no other assets, liabilities and activities than its 100% holding ING Insurance. On 28 February 2014, ING Insurance and ING Topholding legally merged. Through this merger, the legal entity ING Insurance ceased to exist. The legal merger became effective on 1 March 2014 and on that date the merged entity was renamed NN Group N.V. (‘NN Group’). The merged entity NN Group N.V. is in substance a continuation of ING Insurance.

28 SUBSEQUENT EVENTS

NN Group initial public offering
On 2 July 2014, ING sold 77 million existing ordinary shares in the initial public offering of NN Group at EUR 20.00 per share. On 10 July 2014, the joint global coordinators, on behalf of the underwriters, exercised an over-allotment option to purchase 11.55 million of additional existing shares in NN Group at the same price. At the time of the IPO, a first tranche of EUR 450 million of the mandatorily exchangeable subordinated notes (the pre-IPO investments from the three Asian-based investment firms RRJ Capital, Temasek and SeaTown Holdings International) was exchanged into NN Group shares. The remaining two tranches (each for an aggregate amount of EUR 337.5 million) will be mandatorily exchanged into NN Group shares from 2015 onwards.

Total gross proceeds from the NN Group IPO, including the exchange of the first tranche of subordinated notes into NN Group shares and the over-allotment option, amount to EUR 2.2 billion.

As a result of the above, ING's ownership in NN Group declined from 100% to 68.1%. This transaction did not impact the profit and loss account of ING Group, as NN Group will continue to be fully consolidated by ING Group. The transactions had a negative impact on shareholders' equity of ING Group of EUR 4,264 million, which will be recognised in the third quarter of 2014. This amount includes:
- EUR 2,590 million, being the difference between the net proceeds of the IPO to ING and the IFRS carrying value of the stake in NN Group divested in the IPO (including the exercise of the over-allotment option);
- EUR 661 million, being the difference between the market value of the NN Group shares exchanged for the first tranche of the mandatorily exchangeable subordinated notes and the related IFRS carrying value; and
- EUR 1,012 million, being the estimated difference between the market value of the NN Group shares to be exchanged for the second and third tranches of the mandatorily exchangeable notes and the related estimated IFRS carrying value.

If and when ING Group’s remaining interest in NN Group qualifies as held for sale and discontinued operations under IFRS, the presentation of NN Group in the consolidated financial statements of ING Group will change accordingly. Upon classification as held for sale, the carrying amount of the disposal group (or group of assets) is compared to their fair value less cost to sell. If the fair value less cost to sell is lower than the carrying value, this expected loss is recognised through a reduction of the carrying value of any goodwill related to the disposal group and the carrying value of certain other non-current non-financial assets to the extent that the carrying value of those assets exceeds their fair value. A remaining expected loss is only recognised in the profit and loss account upon a divestment resulting in deconsolidation.

Upon deconsolidation, the divestment result will reflect ING Group’s remaining share (at the transaction date) in the difference between the carrying value of NN Group and the fair value, plus ING Group’s share in unrealised revaluations in equity plus the currency translation reserve related to NN Group. The actual divestment result depends on a number of variables, including the share price, the carrying value of NN Group, the level of unrealised reserves in equity and the stake held by ING Group at the date of the transaction. Such a divestment could have a sizeable impact on the profit and loss account and shareholders’ equity of ING Group.

Debt issuance
In July 2014, NN Group issued EUR 1 billion perpetual subordinated bond which is callable after 11.5 years and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 4.50% per annum for the first 11.5 years and will be floating thereafter.

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 2014, of ING Groep N.V., Amsterdam, which comprises the condensed consolidated balance sheet as at 30 June 2014 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 2014 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

AMSTERDAM, 5 AUGUST 2014

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

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

In preparing the financial information in this document, except for the changes described in Note 1 'Accounting policies', the same accounting principles are applied as in the 2013 ING Group Annual Accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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

Any forward-looking statements made by or on behalf of ING speak only as of the date they are made, and, ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

This document does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in the United States or any other jurisdiction. The securities of NN Group have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the 'Securities Act'), and may not be offered or sold within the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

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