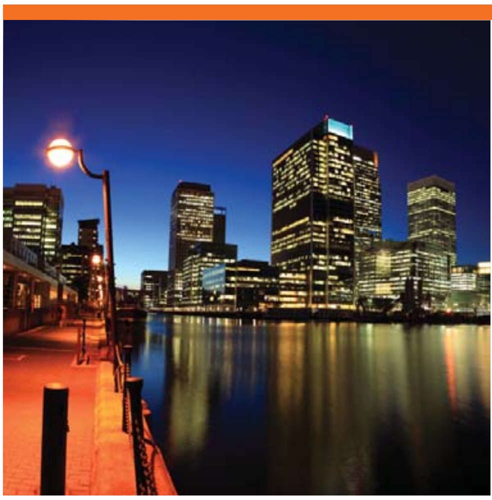
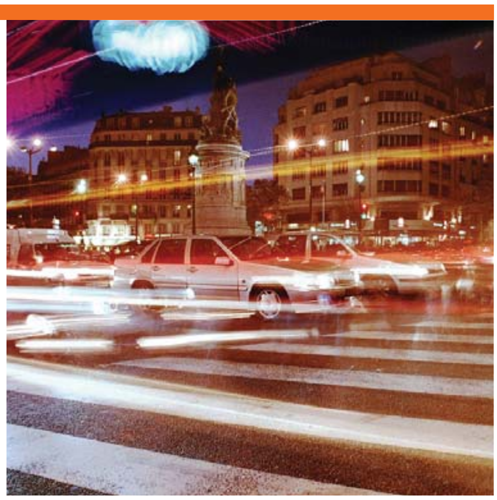
ING GROUP





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

Contents

Condensed consolidated interim accounts

Condensed consolidated balance sheet of ING Group

as at

amounts in millions of euros	30 September 2013	31 December 2012
ASSETS		
Cash and balances with central banks	**21,783**	17,657
Amounts due from banks	**44,270**	39,053
Financial assets at fair value through profit and loss 2	**157,082**	232,371
Investments 3	**132,024**	200,129
Loans and advances to customers 4	**539,641**	563,404
Reinsurance contracts 10	**267**	5,290
Investments in associates	**1,980**	2,203
Real estate investments	**1,173**	1,288
Property and equipment	**2,466**	2,674
Intangible assets 5	**1,879**	2,639
Deferred acquisition costs 10	**706**	4,549
Assets held for sale 6	**205,217**	68,472
Other assets 7	**22,687**	26,462
Total assets	**1,131,175**	1,166,191
EQUITY 8		
Shareholders' equity (parent)	**49,554**	51,777
Non-voting equity securities	**2,250**	2,250
	51,804	54,027
Minority interests	**3,946**	1,081
Total equity	**55,750**	55,108
LIABILITIES		
Subordinated loans	**8,463**	8,786
Debt securities in issue 9	**137,405**	143,436
Other borrowed funds	**13,159**	16,723
Insurance and investment contracts 10	**89,031**	229,950
Amounts due to banks	**32,038**	38,704
Customer deposits and other funds on deposit	**478,041**	455,003
Financial liabilities at fair value through profit and loss 11	**104,148**	115,803
Liabilities held for sale 6	**191,160**	69,899
Other liabilities 12	**21,980**	32,779
Total liabilities	**1,075,425**	1,111,083
Total equity and liabilities	**1,131,175**	1,166,191

Amounts for 2012 have been restated to reflect the changes in accounting policy as disclosed in the section 'Changes in accounting policies' on page 9.

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 nine month period

	3 month period		9 month period	
	1 July to 30 September		1 January to 30 September	
amounts in millions of euros	**2013**	2012	**2013**	2012
Continuing operations				
Interest income banking operations	**11,762**	14,950	**39,463**	45,416
Interest expense banking operations	**–8,844**	–11,916	**–30,691**	–36,410
Interest result banking operations	**2,918**	3,034	**8,772**	9,006
Gross premium income	**1,385**	1,603	**5,731**	6,549
Investment income 13	**817**	1,191	**2,559**	2,982
Commission income	**703**	666	**2,134**	2,050
Other income 14	**155**	-312	**547**	317
Total income	**5,978**	6,182	**19,743**	20,904
Underwriting expenditure 15	**1,630**	1,886	**6,406**	7,581
Addition to loan loss provision	**552**	555	**1,728**	1,536
Intangible amortisation and other impairments 16	**40**	52	**111**	184
Staff expenses 17	**1,504**	1,521	**4,546**	4,115
Other interest expenses	**33**	49	**106**	162
Other operating expenses	**1,080**	1,157	**3,179**	3,845
Total expenses	**4,839**	5,220	**16,076**	17,423
Result before tax from continuing operations	**1,139**	962	**3,667**	3,481
Taxation	**291**	250	**953**	1,022
Net result from continuing operations	**848**	712	**2,714**	2,459
Discontinued operations 24				
Net result from discontinued operations	**270**	164	**52**	678
Net result from classification as discontinued operations		–200		–380
Net result from disposal of discontinued operations	**–950**	16	**–8**	16
Total net result from discontinued operations	**–680**	–20	**44**	314
Net result from continuing and discontinued operations (before minority interests)	**168**	692	**2,758**	2,773

	3 month period		9 month period	
	1 July to 30 September		1 January to 30 September	
amounts in millions of euros	**2013**	2012	**2013**	2012
Net result attributable to:				
Equityholders of the parent	**101**	659	**2,693**	2,678
Minority interests	**67**	33	**65**	95
	168	692	**2,758**	2,773
Net result from continuing operations attributable to:				
Equityholders of the parent	**829**	691	**2,641**	2,376
Minority interests	**19**	21	**73**	83
	848	712	**2,714**	2,459
Net result from discontinued operations attributable to:				
Equityholders of the parent	**–728**	–32	**52**	302
Minority interests	**48**	12	**–8**	12
	–680	–20	**44**	314

Condensed consolidated profit and loss account of ING Group continued

for the three and nine month period

	3 month period		9 month period	
	1 July to 30 September		1 January to 30 September	
amounts in euros	**2013**	2012	**2013**	2012
Earnings per share 18				
Basic earnings per ordinary share	**0.03**	0.17	**0.65**	0.64
Diluted earnings per ordinary share	**0.03**	0.17	**0.65**	0.64
Earnings per share from continuing operations 18				
Basic earnings per ordinary share from continuing operations	**0.22**	0.18	**0.64**	0.56
Diluted earnings per ordinary share from continuing operations	**0.22**	0.18	**0.64**	0.56
Earnings per share from discontinued operations 18				
Basic earnings per ordinary share from discontinued operations	**–0.19**	–0.01	**0.01**	0.08
Diluted earnings per ordinary share from discontinued operations	**–0.19**	–0.01	**0.01**	0.08

Amounts for the three and nine month period ended 30 September 2012 have been restated to reflect the change in accounting policy as disclosed in the section 'Changes in accounting policies' on page 9.

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 nine month period

	3 month period		9 month period	
	1 July to 30 September		1 January to 30 September	
amounts in millions of euros	**2013**	2012	**2013**	2012
Net result from continuing and discontinued operations	**168**	692	**2,758**	2,773
Items that will not be reclassified to the profit and loss account:				
Remeasurement of the net defined benefit asset/liability 12	**132**	–323	**1,211**	–2,872
Unrealised revaluations property in own use	**–6**	–6	**–6**	–6
Items that may be reclassified subsequently to the profit and loss account:				
Unrealised revaluations available-for-sale investments and other	**–212**	3,426	**–4,969**	5,888
Realised gains/losses transferred to the profit and loss account	**8**	–506	**–13**	–733
Changes in cash flow hedge reserve	**–148**	90	**–724**	494
Transfer to insurance liabilities/DAC	**261**	–1,005	**2,198**	–1,973
Share of other comprehensive income of associates	**4**	–18	**30**	–30
Exchange rate differences and other	**–614**	-263	**–1,361**	–55
Total comprehensive income	**–407**	2,087	**–876**	3,486
Comprehensive income attributable to:				
Equityholders of the parent	**–344**	2,011	**–602**	3,328
Minority interests	**–63**	76	**–274**	158
	–407	2,087	**–876**	3,486

Amounts for the three and nine month period ended 30 September 2012 have been restated to reflect the change in accounting policy as disclosed in the section ‘Changes in accounting policies’ on page 9.

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 nine month period

9 month period		1 January to 30 September	
amounts in millions of euros		**2013**	2012
Result before tax		**3,870**	3,973
Adjusted for:	– depreciation	**572**	578
	– deferred acquisition costs and value of business acquired	**–77**	–468
	– increase in provisions for insurance and investment contracts	**–5,465**	–400
	– addition to loan loss provisions	**1,728**	1,536
	– other	**3,632**	3,086
Taxation paid		**–1,208**	–427
Changes in:	– amounts due from banks, not available on demand	**–3,428**	3,617
	– trading assets	**–6,984**	–4,755
	– non-trading derivatives	**–1,929**	–406
	– other financial assets at fair value through profit and loss	**1,472**	288
	– loans and advances to customers	**1,202**	–4,087
	– other assets	**2,053**	–1,814
	– amounts due to banks, not payable on demand	**–7,417**	–17,426
	– customer deposits and other funds on deposit	**27,906**	16,229
	– trading liabilities	**–3,933**	–7,173
	– other financial liabilities at fair value through profit and loss	**–4,383**	–240
	– other liabilities	**–7,495**	224
Net cash flow from operating activities		**116**	–7,665
Investments and advances	– available-for-sale investments	**–107,823**	–110,195
	– investments for risk of policyholders	**–50,326**	–48,386
	– other investments	**–705**	–628
Disposals and redemptions	– group companies	**–5,741**	–10,316
	– associates	**220**	80
	– available-for-sale investments	**105,677**	106,445
	– investments for risk of policyholders	**57,683**	52,717
	– loans	**4,227**	3,951
	– other investments	**2,880**	2,274
Net cash flow from investing activities		**6,092**	–4,058
Proceeds from borrowed funds and debt securities		**117,006**	292,668
Repayments of borrowed funds and debt securities		**–117,961**	–277,092
Proceeds of IPO ING U.S. 26		**1,061**	
Other net cash flow from financing activities		**–130**	144
Net cash flow from financing activities		**–24**	15,720
Net cash flow		**6,184**	3,997
Cash and cash equivalents at beginning of period		**24,150**	34,279
Effect of exchange rate changes on cash and cash equivalents		**950**	–130
Cash and cash equivalents at end of period		**31,284**	38,146
Cash and cash equivalents comprises the following items:			
Treasury bills and other eligible bills		**1,261**	4,318
Amounts due from/to banks		**5,862**	4,051
Cash and balances with central banks		**21,783**	28,367
Cash and cash equivalents classified as Assets held for sale		**2,378**	1,410
Cash and cash equivalents at end of period		**31,284**	38,146

Condensed consolidated statement of changes in equity of ING Group

amounts in millions of euros	Share capital	Share premium	Reserves	Total share-holders' equity (parent)	Non-voting equity securities	Minority interests	Total
Balance at 1 January 2013	**919**	**16,034**	**34,824**	**51,777**	**2,250**	**1,081**	**55,108**
Remeasurement of the net defined benefit asset/liability 12			**1,253**	**1,253**		**–42**	**1,211**
Unrealised revaluations property in own use			**–9**	**–9**		**3**	**–6**
Unrealised revaluations available-for-sale investments and other			**–5,034**	**–5,034**		**65**	**–4,969**
Realised gains/losses transferred to the profit and loss account			**–13**	**–13**			**–13**
Changes in cash flow hedge reserve			**–708**	**–708**		**–16**	**–724**
Transfer to insurance liabilities/DAC			**2,389**	**2,389**		**–191**	**2,198**
Share of other comprehensive income of associates			**30**	**30**			**30**
Exchange rate differences and other			**–1,203**	**–1,203**		**–158**	**–1,361**
Total amount recognised directly in equity (other comprehensive income)			**–3,295**	**–3,295**		**–339**	**–3,634**
Net result from continuing and discontinued operations			**2,693**	**2,693**		**65**	**2,758**
Total comprehensive income			**–602**	**–602**		**–274**	**–876**
Changes in the composition of the group and other changes						**191**	**191**
Dividends						**–11**	**–11**
Impact of IPO ING U.S. 26			**–1,894**	**–1,894**		**2,954**	**1,060**
Purchase/sale of treasury shares			**385**	**385**			**385**
Employee stock option and share plans	**2**	**1**	**–115**	**–112**		**5**	**–107**
Balance at 30 September 2013	**921**	**16,035**	**32,598**	**49,554**	**2,250**	**3,946**	**55,750**

amounts in millions of euros	Share capital	Share premium	Reserves	Total share-holders' equity (parent)	Non-voting equity securities	Minority interests	Total
Balance at 1 January 2012 (before change in accounting policy)	919	16,034	29,710	46,663	3,000	777	50,440
Effect of change in accounting policy [(1)]			375	375			375
Balance at 1 January 2012 (after change in accounting policy)	919	16,034	30,085	47,038	3,000	777	50,815
Remeasurement of the net defined benefit asset/liability 12			–2,872	–2,872			–2,872
Unrealised revaluations property in own use			–6	–6			–6
Unrealised revaluations available-for-sale investments and other			5,870	5,870		18	5,888
Realised gains/losses transferred to profit and loss			–733	–733			–733
Changes in cash flow hedge reserve			494	494			494
Transfer to insurance liabilities/DAC			–1,973	–1,973			–1,973
Share of other comprehensive income of associates			–30	–30			–30
Exchange rate differences and other			–100	–100		45	-55
Total amount recognised directly in equity (other comprehensive income)			650	650		63	713
Net result from continuing and discontinued operations			2,678	2,678		95	2,773
Total comprehensive income			3,328	3,328		158	3,486
Changes in the composition of the group and other changes						85	85
Purchase/sale of treasury shares			254	254			254
Employee stock option and share plans			–20	–20			–20
Balance at 30 September 2012	919	16,034	33,647	50,600	3,000	1,020	54,620

[(1)] The change in accounting policy is disclosed in the section 'Changes in accounting policies' on page 9.

Notes to the condensed consolidated interim accounts

amounts in millions of euros, unless stated otherwise

1 BASIS OF PRESENTATION

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

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

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

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

In 2013, changes were made to the segment reporting of the insurance operations as disclosed in Note 19 ´Segments´.

In light of ING’s intention to divest its remaining stake in ING U.S. over time, as of 30 September 2013, ING U.S. is classified as held for sale and discontinued operations. Reference is made to Note 26 ‘ Important events and transactions’.

The comparison of balance sheet items between 31 December 2012 and 30 September 2013 is impacted by the disposal of companies as disclosed in Note 20 ‘Acquisitions and disposals’ and by the held for sale classification as disclosed in Note 6 ‘Assets and liabilities held for sale’ and Note 24 ‘Discontinued operations’. Changes in assets and liabilities as a result of classification as held for sale are included in the notes in the line ‘Changes in the composition of the group and other’.

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

CHANGES IN ACCOUNTING POLICIES

The following new and/or amended IFRS-EU standards were implemented by ING Group in 2013:
- Amendments to IAS 19 ‘Employee Benefits’;
- Amendments to IAS 1 ‘Presentation of Financial Statements’;
- Amendments to IFRS 7 ‘Financial instruments: Disclosures’; and
- IFRS 13 ‘Fair Value Measurement’.

Amendments to IAS 19 ‘Employee Benefits’

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

Notes to the condensed consolidated interim accounts continued

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

Impact on Shareholders' equity

	31 December 2012	30 September 2012	30 June 2012	31 March 2012	1 January 2012
Shareholders' equity (before change in accounting policy)	54,357	52,877	50,514	47,616	46,663
Change in Other assets - net defined benefit asset	–3,032	–2,681	–2,371	–2,075	758
Change in Other liabilities - net defined benefit liability	–484	–441	–432	–332	–352
Change in Liabilities held for sale	–7	–5	–5		
Change in net defined benefit asset/liability before tax	–3,523	–3,127	–2,808	–2,407	406
Tax effect	943	850	805	671	–31
Shareholders' equity (after change in accounting policy)	51,777	50,600	48,511	45,880	47,038

Impact on Net result

	3 month period 1 July to 30 September 2012	9 month period 1 January to 30 September 2012
Net result from continuing operations (before change in accounting policy)	663	2,271
Impact on staff expenses - Pension and other staff-related benefit costs	65	247
Tax effect	–16	–59
Discontinued operations after tax (after change in accounting policy)	–20	314
Net result from continuing and discontinued operations (after change in accounting policy)	692	2,773

Impact on Other comprehensive income

	3 month period 1 July to 30 September 2012	9 month period 1 January to 30 September 2012
Total amount recognised directly in equity (before change in accounting policy)	1,719	3,585
Remeasurement of the net defined benefit asset/liability	–387	–3,827
Tax effect	66	957
Total amount recognised directly in equity (after change in accounting policy)	1,398	715

Impact on basic earnings per ordinary share

3 month period	1 July to 30 September 2012		
	Amount (in millions of euros)	Weighted average number of ordinary shares outstanding during the period (in millions)	Per ordinary share (in euros)
Basic earnings (before change in accounting policy)	609	3,801.3	0.16
Impact of change in accounting policy	49		
Basic earnings (after change in accounting policy)	658	3,801.3	0.17

Impact on diluted earnings per ordinary share

3 month period	1 July to 30 September 2012		
	Amount (in millions of euros)	Weighted average number of ordinary shares outstanding during the period (in millions)	Per ordinary share (in euros)
Diluted earnings (before change in accounting policy)	609	3,807.6	0.16
Impact of change in accounting policy	49		
Diluted earnings (after change in accounting policy)	658	3,807.6	0.17

Notes to the condensed consolidated interim accounts continued

Impact on basic earnings per ordinary share

9 month period	1 January to 30 September 2012		
	Amount (in millions of euros)	Weighted average number of ordinary shares outstanding during the period (in millions)	Per ordinary share (in euros)
Basic earnings (before change in accounting policy)	2,205	3,794.3	0.58
Impact of change in accounting policy	189		
Basic earnings (after change in accounting policy)	2,394	3,794.3	0.63

Impact on diluted earnings per ordinary share

9 month period	1 January to 30 September 2012		
	Amount (in millions of euros)	Weighted average number of ordinary shares outstanding during the period (in millions)	Per ordinary share (in euros)
Diluted earnings (before change in accounting policy)	2,205	3,800.6	0.58
Impact of change in accounting policy	189		
Diluted earnings (after change in accounting policy)	2,394	3,800.6	0.63

Reference is made to Note 27 ‘Impact of change in accounting policy’.

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

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

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

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

Notes to the condensed consolidated interim accounts continued

The significant upcoming changes in IFRS-EU after 2013 are explained below.

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

IFRS 11 'Joint Arrangements' and amendments to IAS 28 'Investments in Associates and Joint Ventures'
IFRS 11 'Joint Arrangements' and the related amendments to IAS 28 'Investments in Associates and Joint Ventures' eliminate the proportionate consolidation method for joint ventures that was applied by ING Group. Under the new requirements, all joint ventures will be reported using the equity method of accounting (similar to the current accounting for Investments in associates). The implementation of IFRS 11 is not expected to have a significant impact on Shareholders' equity, Net result and/or Other comprehensive income.

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

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

2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value through profit and loss	30 September 2013	31 December 2012
Trading assets	**121,885**	114,895
Investments for risk of policyholders	**24,477**	98,765
Non-trading derivatives	**8,119**	13,951
Designated as at fair value through profit and loss	**2,601**	4,760
	157,082	232,371

The decrease in Financial assets at fair value through profit and loss includes EUR 78,120 million as a result of the classification of Insurance ING U.S. as held for sale. Reference is made to Note 6 'Assets and liabilities held for sale'.

Trading assets and trading liabilities include assets and liabilities that are classified under IFRS-EU as 'Trading' but are closely related to servicing the needs of the clients of ING Group. ING Bank offers institutional and corporate clients and governments products that are traded on the financial markets. A significant part of the derivatives in the trading portfolio are related to servicing corporate clients in their risk management to hedge for example currency or interest rate exposures. In addition, ING Bank provides its customers access to equity and debt markets for issuing their own equity or debt securities ('securities underwriting'). Although these are presented as 'Trading' under IFRS-EU, these are directly related to services to ING's customers. Loans and receivables in the trading portfolio mainly relate to (reverse) repurchase agreements, which are comparable to collateralised borrowing (lending). These products are used by ING Bank as part of its own regular treasury activities, but also relate to the role that ING Bank plays as intermediary between different professional customers. Trading assets and liabilities held for ING's own risk are very limited. From a risk perspective, the gross amount of trading assets must be considered together with the gross amount of trading liabilities, which are presented separately on the balance sheet. However, IFRS-EU does not allow offsetting of these positions in the balance sheet. Reference is made to Note 11 'Financial liabilities at fair value through profit and loss' for information on trading liabilities.

Notes to the condensed consolidated interim accounts continued

3 INVESTMENTS

Investments by type	30 September 2013	31 December 2012
Available-for-sale		
– equity securities	**7,105**	7,707
– debt securities	**121,171**	185,877
	128,276	193,584
Held-to-maturity		
– debt securities	**3,748**	6,545
	3,748	6,545
	132,024	200,129

The decrease in Available-for-sale debt securities includes EUR 55,501 million as a result of the classification of Insurance ING U.S. as held for sale. Reference is made to Note 6 ‘Assets and liabilities held for sale’. The decrease in Held-to-maturity debt securities is mainly due to redemptions.

Exposure to debt securities

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

Debt securities	30 September 2013	31 December 2012
Available-for-sale investments	**121,171**	185,877
Held-to-maturity investments	**3,748**	6,545
Loans and advances to customers	**25,276**	26,945
Amounts due from banks	**2,850**	3,386
Available-for-sale investments and Assets at amortised cost	**153,045**	222,753
Trading assets	**18,989**	17,472
Investments for risk of policyholders	**1,827**	6,940
Designated as at fair value through profit and loss	**1,303**	2,682
Financial assets at fair value through profit and loss	**22,119**	27,094
	175,164	249,847

Notes to the condensed consolidated interim accounts continued

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

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

	Available-for-sale investments		Held-to-maturity investments		Loans and advances to customers		Amounts due from banks		Total	
	30 September 2013	31 December 2012	**30 September 2013**	31 December 2012	**30 September 2013**	31 December 2012	**30 September 2013**	31 December 2012	**30 September 2013**	31 December 2012
Government bonds	**87,536**	97,427	**50**	330	**6,040**	7,641			**93,626**	105,398
Covered bonds	**8,927**	8,359	**3,213**	5,558	**5,650**	5,408	**2,850**	3,249	**20,640**	22,574
Corporate bonds	**6,944**	43,972			**580**	438			**7,524**	44,410
Financial institutions' bonds	**16,242**	23,131	**130**	301	**80**	91		137	**16,452**	23,660
Bond portfolio (excluding ABS)	**119,649**	172,889	**3,393**	6,189	**12,350**	13,578	**2,850**	3,386	**138,242**	196,042
US agency RMBS	**353**	4,642							**353**	4,642
US prime RMBS	**13**	1,037							**13**	1,037
US Alt-A RMBS	**99**	440							**99**	440
US subprime RMBS	**13**	756							**13**	756
Non-US RMBS	**385**	501			**8,376**	8,715			**8,761**	9,216
CDO/CLO	**59**	291			**210**	290			**269**	581
Other ABS	**568**	1,548	**355**	356	**3,927**	3,786			**4,850**	5,690
CMBS	**32**	3,773			**413**	576			**445**	4,349
ABS portfolio	**1,522**	12,988	**355**	356	**12,926**	13,367			**14,803**	26,711
	121,171	185,877	**3,748**	6,545	**25,276**	26,945	**2,850**	3,386	**153,045**	222,753

Notes to the condensed consolidated interim accounts continued

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

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

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

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

	30 September 2013				
	Balance sheet value	Revaluation reserve (before tax)	Impair-ments (before tax)	Amortised cost value	Fair value of invest-ments held-to-maturity
Greece					
Government bonds available-for-sale	94	48		46	
Italy					
Government bonds available-for-sale	2,357	–2		2,359	
Government bonds at amortised cost (loans)	103			103	
Financial institutions available-for-sale	228	–6		234	
Financial institutions at amortised cost (held-to-maturity)	30			30	30
Ireland					
Government bonds available-for-sale	56	4		52	
Financial institutions available-for-sale	15			15	
Portugal					
Government bonds available-for-sale	475	–24		499	
Financial institutions available-for-sale	35	1		34	
Spain					
Government bonds available-for-sale	1,323	–71		1,394	
Government bonds at amortised cost (held-to-maturity)	50			50	51
Financial institutions available-for-sale	81	2		79	
Cyprus					
Government bonds available-for-sale	9	–1		10	
Total	4,856	–49		4,905	81

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

The revaluation reserve on debt securities includes EUR 4,378 million (before tax) related to Government bonds. This amount comprises EUR 46 million negative revaluation reserve for Government bonds from Greece, Italy, Ireland, Portugal, Spain and Cyprus, which is fully offset by EUR 4,424 million of positive revaluation reserves for Government bonds from other countries.

Notes to the condensed consolidated interim accounts continued

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

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

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

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

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

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

Reference is made to Note 13 'Investment income' for impairments on available-for-sale debt securities. Further information on ING Group's risk exposure with regard to Greece, Italy, Ireland, Portugal, Spain and Cyprus is provided in Note 25 'Risk exposures Greece, Italy, Ireland, Portugal, Spain and Cyprus' and the Risk management section of the 2012 ING Group Consolidated Annual Accounts for more details on ING Group's risk exposures to Greece, Italy, Ireland, Portugal, Spain and Cyprus.

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

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

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

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 losses in shareholders' equity (before tax)	–896	–1,224	–69
Recognised fair value gains (losses) in shareholders' equity (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	173	nil	–79
Recognised fair value gains (losses) in shareholders' equity (before tax) in the year prior to reclassification	–971	–192	–20
Recognised impairment (before tax) between the beginning of the year in which the reclassification took place and the reclassification	nil	nil	nil
Recognised impairment (before tax) in the year prior to reclassification	nil	nil	nil
Impact on the financial periods after reclassification:			
2013			
Carrying value as at 30 September	**1,231**	**8,084**	**418**
Fair value as at 30 September	**1,223**	**8,003**	**474**
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 30 September	**123**	**–120**	**0**
Effect on shareholders' equity (before tax) as at 30 September if reclassification had not been made	**–8**	**–81**	**56**
Effect on result (before tax) for the nine month period ended 30 September if reclassification had not been made	**nil**	**nil**	**nil**
Effect on result (before tax) for the nine month period ended 30 September (interest income and sales results)	**–12**	**141**	**15**
Recognised impairments (before tax) for the nine month period ended 30 September	**nil**	**nil**	**nil**
Recognised provision for credit losses (before tax) for the nine month period ended 30 September	**nil**	**nil**	**nil**
2012			
Carrying value as at 31 December	1,694	8,707	443
Fair value as at 31 December	1,667	8,379	512
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December	–186	–221	–2
Effect on shareholders' equity (before tax) if reclassification had not been made	–27	–328	69
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (interest income and sales results)	–47	–164	22
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2011			
Carrying value as at 31 December	3,057	14,419	633
Fair value as at 31 December	2,883	13,250	648
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December	–307	–446	–8
Effect on shareholders' equity (before tax) if reclassification had not been made	–174	–1,169	15
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (mainly interest income)	90	390	28
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2010			
Carrying value as at 31 December	4,465	16,906	857
Fair value as at 31 December	4,594	16,099	889
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December	–491	–633	–65
Effect on shareholders' equity (before tax) if reclassification had not been made	129	–807	32
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (mainly interest income)	89	467	34
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil

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
2009			
Carrying value as at 31 December	5,550	20,551	1,189
Fair value as at 31 December	5,871	20,175	1,184
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December	–734	–902	–67
Effect on shareholders' equity (before tax) as at 31 December if reclassification had not been made	321	–376	–5
Effect on result (before tax) as at 31 December if reclassification had not been made	nil	nil	nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)	121	629	n.a
Effect on result (before tax) for the year (mainly interest income)	n.a	n.a	47
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2008			
Carrying value as at 31 December			1,592
Fair value as at 31 December			1,565
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December			–79
Effect on shareholders' equity (before tax) as at 31 December if reclassification had not been made			–27
Effect on result (before tax) if reclassification had not been made			nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)			9
Recognised impairments (before tax)			nil
Recognised provision for credit losses (before tax)			nil

4 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers by banking and insurance operations

	30 September 2013	31 December 2012
Banking operations	**523,715**	543,104
Insurance operations	**21,888**	25,866
	545,603	568,970
Eliminations	**–5,962**	–5,566
	539,641	563,404

The decrease in Loans and advances to customers includes EUR 8,270 million as a result of the classification of Insurance ING U.S. as held for sale. Reference is made to Note 6 'Assets and liabilities held for sale'. The further decrease in Loans and advances to customers is a result of sales (Dutch mortgages and US real estate finance loans) and maturing of certain securities.

Loans and advances to customers by type – banking operations

	30 September 2013	31 December 2012
Loans to, or guaranteed by, public authorities	**47,557**	50,774
Loans secured by mortgages	**299,474**	312,467
Loans guaranteed by credit institutions	**5,786**	6,163
Personal lending	**26,002**	24,598
Asset backed securities	**6,580**	7,044
Corporate loans	**144,208**	147,535
	529,607	548,581
Loan loss provisions	**–5,892**	–5,477
	523,715	543,104

Notes to the condensed consolidated interim accounts continued

Changes in loan loss provisions

	Banking operations		Insurance operations		Total	
	9 month period ended 30 September 2013	year ended 31 December 2012	**9 month period ended 30 September 2013**	year ended 31 December 2012	**9 month period ended 30 September 2013**	year ended 31 December 2012
Opening balance	**5,505**	4,950	**111**	124	**5,616**	5,074
Changes in the composition of the group	**–19**	–13	**–12**	–4	**–31**	–17
Write-offs	**–1,282**	–1,682	**–27**	–39	**–1,309**	–1,721
Recoveries	**76**	142			**76**	142
Increase in loan loss provisions	**1,728**	2,125	**20**	29	**1,748**	2,154
Exchange rate differences	**–87**	20	**–1**	1	**–88**	21
Other changes	**–11**	–37	**10**		**–1**	–37
Closing balance	**5,910**	5,505	**101**	111	**6,011**	5,616

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

The loan loss provision relating to banking operations at 30 September 2013 of EUR 5,910 million (31 December 2012: EUR 5,505 million) is presented in the balance sheet under Loans and advances to customers and Amounts due from banks for EUR 5,892 million (31 December 2012: EUR 5,477 million) and EUR 18 million (31 December 2012: EUR 28 million) respectively.

5 INTANGIBLE ASSETS

Intangible assets

	30 September 2013	31 December 2012
Value of business acquired	**21**	513
Goodwill	**1,183**	1,304
Software	**596**	633
Other	**79**	189
	1,879	2,639

The decrease in Value of business acquired includes EUR 805 million as a result of the classification of Insurance ING U.S. as held for sale. The decrease in Other intangibles includes EUR 89 million as a result of the classification of Insurance ING U.S. as held for sale. Reference is made to Note 6 'Assets and liabilities held for sale'.

Allocation of Goodwill to reporting units

Goodwill is allocated to reporting units as follows:

Goodwill allocation to reporting units

	30 September 2013	31 December 2012
Retail Banking Netherlands		1
Retail Banking Belgium	**50**	50
Retail Banking Germany	**349**	349
Retail Banking Central Europe	**654**	764
Commercial Banking	**24**	24
Insurance Central & Rest of Europe	**106**	114
	1,183	1,304

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

Notes to the condensed consolidated interim accounts continued

6 ASSETS AND LIABILITIES HELD FOR SALE

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

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

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

Furthermore, other divestments were agreed that are expected to close after 30 September 2013, including ING Life Korea and ING's investment management businesses in South Korea which remain to be classified as held for sale as at 30 September 2013. Reference is made to Note 20 'Acquisitions and disposals'. In addition, some other businesses remain classified as held for sale, for which no divestments have yet been concluded; this includes mainly ING U.S., the Japanese insurance businesses and Taiwanese investment management businesses.

Insurance ING U.S.

In the third quarter of 2013, Insurance ING U.S., is classified as held for sale and discontinued operations as disclosed in Note 24 'Discontinued operations' and Note 26 'Important events and transactions'.

Assets held for sale

	30 September 2013	31 December 2012
Cash and balances with central banks	**2,378**	1,342
Amounts due from banks		123
Financial assets at fair value through profit and loss	**99,943**	26,688
Available-for-sale investments	**74,488**	24,805
Loans and advances to customers	**10,736**	8,705
Reinsurance contracts	**4,508**	98
Investments in associates	**84**	37
Real estate investments	**6**	
Property and equipment	**149**	56
Intangible assets	**974**	176
Deferred acquisition costs	**8,413**	5,124
Other assets	**3,538**	1,318
	205,217	68,472

Liabilities held for sale

	30 September 2013	31 December 2012
Debt securities in issue	**2,675**	
Other borrowed funds	**732**	
Insurance and investments contracts	**177,775**	51,198
Customer deposits and other funds on deposit		14,207
Financial liabilities at fair value through profit and loss	**3,229**	2,081
Other liabilities	**6,749**	2,413
	191,160	69,899

Included in Shareholders' equity is cumulative other comprehensive income of EUR 707 million (2012: EUR 372 million) related to Assets and liabilities held for sale.

Notes to the condensed consolidated interim accounts continued

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

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

In the second quarter of 2012, EUR 180 million of goodwill in IIM Korea was written off. In the third quarter of 2012 EUR 16 million of goodwill in ING Direct UK and EUR 200 million of goodwill in ING Life Korea was written off. Reference is made to Note 20 'Acquisitions and disposals' and to Note 24 'Discontinued operations'.

Remaining goodwill in Assets held for sale amounts to EUR 44 million and relates mainly to Investment Management Taiwan. This goodwill is expected to be recovered through divestment proceeds at or above IFRS-EU carrying value.

Fair value hierarchy
The fair value hierarchy of financial assets and liabilities (measured at fair value), which are presented as held for sale is included below. The fair value hierarchy consists of three levels, depending upon whether fair values were determined based on quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have a more than insignificant impact on the fair value of the instrument (Level 3). Reference is made to Note 21 'Fair value of financial assets and liabilities'.

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

				30 September 2013
	Level 1	Level 2	Level 3	Total
Assets				
Trading assets	14			14
Investments for risk of policyholders	91,257	3,914	5	95,176
Non-trading derivatives	59	2,008	53	2,120
Financial assets designated as at fair value through profit and loss	68	1,680	885	2,633
Available-for-sale investments	20,538	53,140	810	74,488
	111,936	60,742	1,753	174,431
Liabilities				
Financial liabilities designated as at fair value through profit and loss	169	1,837	1,223	3,229
Investment contracts (for contracts at fair value)	2,260	3,870	5	6,135
	2,429	5,707	1,228	9,364

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

				31 December 2012
	Level 1	Level 2	Level 3	Total
Assets				
Trading assets	18			18
Investments for risk of policyholders	22,452		116	22,568
Non-trading derivatives		1,447		1,447
Financial assets designated as at fair value through profit and loss		2,640	15	2,655
Available-for-sale investments	16,180	8,386	239	24,805
	38,650	12,473	370	51,493
Liabilities				
Non-trading derivatives	287	1,786		2,073
Financial liabilities designated as at fair value through profit and loss		8		8
Investment contracts (for contracts at fair value)	95			95
	382	1,794		2,176

Notes to the condensed consolidated interim accounts continued

7 OTHER ASSETS

Other assets by type

	30 September 2013	31 December 2012
Reinsurance and insurance receivables	**702**	1,763
Deferred tax assets	**1,132**	2,245
Property development and obtained from foreclosures	**1,101**	1,220
Income tax receivable	**451**	558
Accrued interest and rents	**9,345**	12,356
Other accrued assets	**840**	1,542
Net defined benefit assets	**3,635**	1,589
Other	**5,481**	5,189
	22,687	26,462

The decrease in Other assets includes EUR 2,495 million as a result of the classification of Insurance ING U.S. as held for sale. Reference is made to Note 6 ‘Assets and liabilities held for sale’.

Reference is made to Note 12 'Other liabilities' for information on the Net defined benefit assets.

8 EQUITY

Equity

	30 September 2013	31 December 2012
Share capital	**921**	919
Share premium	**16,035**	16,034
Revaluation reserve	**6,752**	10,476
Currency translation reserve	**–1,837**	–841
Net defined benefit asset/liability remeasurement reserve	**–1,608**	–2,861
Other reserves	**29,291**	28,050
Shareholders' equity (parent)	**49,554**	51,777
Non-voting equity securities	**2,250**	2,250
	51,804	54,027
Minority interests	**3,946**	1,081
Total equity	**55,750**	55,108

Share capital

In 2013, ING Groep N.V. issued 8.4 million (depositary receipts for) ordinary shares in order to fund obligations arising from share-based employee incentive programmes.

Net defined benefit asset/liability remeasurement reserve

Reference is made to Note 12 ‘Other liabilities’ for information on the amounts recognised directly in equity (other comprehensive income) related to the net defined benefit asset/liability remeasurement.

Other reserves

The change in Other reserves includes EUR 2,693 million from the Net result for the 9 month period ending 30 September 2013 and EUR –1,894 million (including EUR 19 million transaction costs after tax) from the Initial Public Offering (‘IPO’) of ING U.S., Inc, ING’s U.S.-based retirement, investment and insurance business (‘ING U.S.’), as explained in Note 26 ‘Important events and transactions’.

Notes to the condensed consolidated interim accounts continued

Minority interest
Minority interests increased with EUR 2,954 million due to the IPO of ING U.S., as explained in Note 26 'Important events and transactions'. This amount represents 28.75% of the net asset value under IFRS-EU of ING U.S. The proportional interests held and key information on ING U.S. is included in the tables below.

ING U.S., Inc - Balance sheet

2013	Interest held (%)	Total assets	Total liabilities	Total equity	Minority interests
ING U.S. - total	100.00	155,724	145,873	9,851	
ING Group's share	71.25			6,889	2,962

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

2013	Interest held (%)	Total income	Total expenses	Net result	Minority interests
ING U.S. - total	100.00	9,732	9,880	–148	
ING Group's share	71.25			–140	–8

ING U.S., Inc - Comprehensive income

2013	Interest held (%)	Com-prehensive income	Minority interests
ING U.S. - total	100.00	–1,207	
ING Group's share	71.25	–1,131	–76

9 DEBT SECURITIES IN ISSUE
The decrease in the first nine months of 2013 in Debt securities in issue is largely due to the repurchases of certain government guaranteed debt and the classification of Insurance ING U.S. as held for sale. Reference is made to Note 6 'Assets and liabilities held for sale'.

2013 - Repurchase of certain Dutch government guaranteed notes
In the second quarter of 2013, ING Bank repurchased certain EUR and USD denominated Dutch 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 repurchased 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 repurchased 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. These transactions were settled on 3 July 2013.

In the third quarter of 2013, ING Bank repurchased an additional EUR 1.1 billion and USD 500 million of Dutch government guaranteed notes. These repurchases resulted in a charge of EUR 11 million (EUR 8 million after tax) and is recognised in 'Other income'.

2012 - Exchange of certain debt securities
On 8 March 2012, ING launched three separate exchange offers and consent solicitations on a total of three series of senior debt securities of ING Verzekeringen N.V. with a total nominal value of EUR 2.6 billion. Holders had the possibility to exchange the original securities into new securities issued by ING Group and / or consent to a modification of existing terms. On average 64% of the holders have accepted the offer to exchange into new securities issued by ING Group. The total nominal amount of new securities issued by ING Group in exchange for the existing ING Verzekeringen N.V. securities is EUR 1,654 million. Approximately 6% of the holders, representing EUR 151 million, accepted a modification of the existing terms of the securities. The transactions were completed on 30 March 2012. A charge of EUR 39 million (EUR 30 million after tax) was recognised in the first quarter of 2012. The settlement date of the exchange offers and consent solicitations was 4 April 2012.

Notes to the condensed consolidated interim accounts continued

10 INSURANCE AND INVESTMENT CONTRACTS, REINSURANCE CONTRACTS AND DEFERRED ACQUISITION COSTS

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 September 2013	31 December 2012	**30 September 2013**	31 December 2012	**30 September 2013**	31 December 2012
Life insurance provisions excluding provisions for risk of policyholders	**59,806**	117,834	**119**	5,155	**59,925**	122,989
Provision for life insurance for risk of policyholders	**22,899**	90,754	**51**	49	**22,950**	90,803
Life insurance provisions	**82,705**	208,588	**170**	5,204	**82,875**	213,792
Provision for unearned premiums and unexpired risks	**396**	265	**8**	2	**404**	267
Claims provisions	**3,233**	3,179	**89**	84	**3,322**	3,263
Total provisions for insurance contracts	**86,334**	212,032	**267**	5,290	**86,601**	217,322
Total provisions for investment contracts	**2,430**	12,628			**2,430**	12,628
Total	**88,764**	224,660	**267**	5,290	**89,031**	229,950

The decrease in Insurance and investment contracts includes EUR 136,541 million as a result of the classification of Insurance ING U.S. as held for sale.

The decrease in Reinsurance contracts includes EUR 4,482 million as a result of the classification of Insurance ING U.S. as held for sale.

Deferred acquisition costs

The decrease in Deferred acquisition costs includes EUR 4,416 million as a result of the classification of Insurance ING U.S. as held for sale.

Reference is made to Note 6 'Assets and liabilities held for sale'.

11 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial liabilities at fair value through profit and loss

	30 September 2013	31 December 2012
Trading liabilities	**79,730**	83,652
Non-trading derivatives	**11,552**	18,752
Designated as at fair value through profit and loss	**12,866**	13,399
	104,148	115,803

The decrease in Financial liabilities at fair value through profit and loss includes EUR 2,271 million as a result of the classification of Insurance ING U.S. as held for sale. Reference is made to Note 6 'Assets and liabilities held for sale'. The further decrease is mainly due to a lower valuation of derivatives as long-term interest rates increased and lower repo funding.

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 nine months of 2013 includes EUR –89 million (first nine months of 2012: EUR –533 million; entire year 2012: EUR –633 million) and EUR –126 million (31 December 2012: EUR –38 million) on a cumulative basis.

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

Notes to the condensed consolidated interim accounts continued

12 OTHER LIABILITIES

Other liabilities by type	30 September 2013	31 December 2012
Deferred tax liabilities	**1,257**	2,813
Income tax payable	**466**	956
Net defined benefit liability	**315**	799
Other post-employment benefits	**154**	221
Other staff-related liabilities	**510**	650
Other taxation and social security contributions	**713**	918
Deposits from reinsurers	**65**	869
Accrued interest	**7,456**	10,569
Costs payable	**2,707**	2,161
Amounts payable to brokers	**3**	50
Amounts payable to policyholders	**419**	2,139
Reorganisation provision	**662**	919
Other provisions	**340**	625
Share-based payment plan liabilities	**28**	47
Prepayments received under property under development	**33**	21
Amounts to be settled	**3,445**	4,831
Other	**3,407**	4,191
	21,980	32,779

The decrease in Other liabilities includes EUR 4,451 million as a result of the classification of Insurance ING U.S. as held for sale. Reference is made to Note 6 'Assets and liabilities held for sale'.

Net defined benefit asset/liability

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

Summary of net defined benefit asset/liability	30 September 2013	31 December 2012
Fair value of plan assets	**21,519**	22,869
Defined benefit obligation	**18,199**	22,079
Funded status	**3,320**	790
Presented as:		
– Other assets	**3,635**	1,589
– Other liabilities	**–315**	–799
	3,320	790

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

Changes in fair value of plan assets	9 month period ended 30 September 2013	year ended 31 December 2012
Opening balance	**22,869**	20,077
Interest income	**581**	1,020
Remeasurements: Return on plan assets excluding amounts included in interest income	**–936**	1,640
Employer's contribution	**688**	746
Participants' contributions	**7**	18
Benefits paid	**–410**	–613
Changes in the composition of the group and other changes	**–1,228**	–32
Exchange rate differences	**–52**	13
Closing balance	**21,519**	22,869

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	9 month period ended 30 September 2013	year ended 31 December 2012
Opening balance	**22,079**	16,212
Current service cost	**300**	283
Interest cost	**559**	847
Remeasurements: Actuarial gains and losses arising from demographic assumptions		2
Remeasurements: Actuarial gains and losses arising from financial assumptions	**–2,650**	5,919
Participants' contributions	**1**	2
Benefits paid	**–409**	–617
Past service cost	**2**	–2
Changes in the composition of the group and other changes	**–1,507**	–80
Effect of curtailment or settlement	**–130**	–468
Exchange rate differences	**–46**	–19
Closing balance	**18,199**	22,079

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

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

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

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

Remeasurement of the net defined benefit asset/liability	3 month period 1 July to 30 September 2013	9 month period 1 January to 30 September 2013	year ended 31 December 2012
Remeasurement of plan assets	**–115**	**–936**	1,640
Actuarial gains and losses arising from changes in demographic assumptions			–2
Actuarial gains and losses arising from changes in financial assumptions	**311**	**2,650**	–5,919
Taxation	**–64**	**–503**	1,060
	132	**1,211**	–3,221

The amount of the remeasurement of the net defined benefit asset/liability in the first nine months of 2013 was mainly a result of the change in the high quality corporate bond rate during the first nine months of 2013. The weighted average discount rate as at 30 September 2013 was 4.4% (31 December 2012: 3.7%). The change in this rate impacts both the Remeasurement of plan assets and Actuarial gains and losses arising from changes in financial assumptions.

Notes to the condensed consolidated interim accounts continued

The accumulated amount of remeasurements recognised directly in Other comprehensive income (equity) is EUR –2,180 million (EUR –1,649 million after tax) as at 30 September 2013 (31 December 2012: EUR –3,894 million, EUR –2,860 million after tax).

13 INVESTMENT INCOME

Investment income

3 month period	Banking operations		Insurance operations		Total	
	1 July to 30 September		1 July to 30 September		1 July to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Income from real estate investments	**6**	5	**13**	13	**19**	18
Dividend income	**64**	28	**40**	35	**104**	63
Income from investments in debt securities			**438**	471	**438**	471
Income from loans			**240**	187	**240**	187
Realised gains/losses on disposal of debt securities	**4**	32	**31**	–3	**35**	29
Impairments of available-for-sale debt securities		–4		–1		-5
Realised gains/losses on disposal of equity securities	**5**	348	**15**	137	**20**	485
Impairments of available-for-sale equity securities	**–1**	–6	**–39**	–42	**–40**	–48
Change in fair value of real estate investments		–8	**1**	–1	**1**	-9
	78	395	**739**	796	**817**	1,191

In September 2012, ING agreed to sell all of its 54 million shares in Capital One Financial Corporation, a U.S.-based financial holding company, in an underwritten public offering for a total value of approximately EUR 2.4 billion. ING obtained the shares in February 2012 as part of the consideration for the sale of ING Direct USA to Capital One. The transaction resulted in a gain of EUR 0.3 billion (before and after tax), and is recorded in the third quarter of 2012 in investment income.

Investment income

9 month period	Banking operations		Insurance operations		Total	
	1 January to 30 September		1 January to 30 September		1 January to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Income from real estate investments	**14**	17	**39**	42	**53**	59
Dividend income	**88**	62	**143**	168	**231**	230
Income from investments in debt securities			**1,348**	1,422	**1,348**	1,422
Income from loans			**664**	682	**664**	682
Realised gains/losses on disposal of debt securities	**119**	196	**103**	–115	**222**	81
Impairments of available-for-sale debt securities	**–1**	–13		-15	**–1**	-28
Reversals of impairments of available-for-sale debt securities	**2**				**2**	
Realised gains/losses on disposal of equity securities	**28**	363	**163**	340	**191**	703
Impairments of available-for-sale equity securities	**–2**	–18	**–139**	–99	**–141**	–117
Change in fair value of real estate investments	**1**	–12	**–11**	–38	**–10**	-50
	249	595	**2,310**	2,387	**2,559**	2,982

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

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

Reference is made to Note 3 'Investments'.

Impairments/reversals of impairments on investments per segment

3 month period	Impairments		Reversal of impairments	
	1 July to 30 September		1 July to 30 September	
	2013	2012	**2013**	2012
Commercial Banking	**–1**	–6		
Insurance Benelux	**–39**	–42		
Corporate Line Banking		–4		
Corporate Line Insurance		–1		
Total	**–40**	-53		

Notes to the condensed consolidated interim accounts continued

Impairments/reversals of impairments on investments per segment

9 month period	Impairments		Reversal of impairments	
	1 January to 30 September		1 January to 30 September	
	2013	2012	**2013**	2012
Retail Belgium		–1		
Commercial Banking	**–2**	–22	**2**	
Insurance Benelux	**–136**	–112		
Corporate Line Banking	**–1**	–8		
Corporate Line Insurance	**–3**	–2		
Total	**–142**	–145	**2**	

14 OTHER INCOME

Other income

3 month period	Banking operations		Insurance operations		Total	
	1 July to 30 September		1 July to 30 September		1 July to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Result on disposal of group companies		–16				–16
Valuation results on non-trading derivatives	**–77**	–412	**–115**	-215	**–192**	-627
Net trading income	**312**	443	**59**	73	**371**	516
Result from associates	**4**	11	**3**		**7**	11
Other	**–26**	–206	**–5**	10	**–31**	-196
	213	–180	**–58**	-132	**155**	-312

Valuation results on non-trading derivatives
In the third quarter of 2013, for the Banking operations, Valuation results on non-trading derivatives includes EUR 45 million negative DVA adjustments on own issued notes compared to EUR 226 million negative DVA adjustments in the third quarter of 2012.

Net trading income
In the third quarter of 2013, for the Banking operations, Net trading income includes EUR 29 million positive CVA/DVA adjustments on trading derivatives, compared with EUR 50 million positive CVA/DVA adjustment in the third quarter of 2012.

Other income – Other
Losses on disposal of Loans and advances to customers of EUR 251 million were included in the third quarter of 2012.

Other income

9 month period	Banking operations		Insurance operations		Total	
	1 January to 30 September		1 January to 30 September		1 January to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Result on disposal of group companies	**19**	727	**–58**		**–39**	727
Valuation results on non-trading derivatives	**238**	–822	**–259**	-458	**–21**	-1,280
Net trading income	**410**	1,091	**62**	39	**472**	1,130
Result from associates	**16**	21	**76**	39	**92**	60
Other	**29**	–282	**14**	–38	**43**	-320
	712	735	**–165**	-418	**547**	317

Result on disposal of group companies
In the first nine months of 2013, for the Insurance operations, Result on disposal of group companies includes EUR –58 million for the sale of ING Hipotecaria as disclosed in Note 20 ‘Acquisitions and disposals’.

In the first nine months of 2012, results on disposal of group companies included the sale of ING Direct USA. Reference is made to Note 20 ‘Acquisitions and disposals’.

Valuation results on non-trading derivatives
In the first nine months of 2013, for the Banking operations, Valuation results on non-trading derivatives includes EUR 89 million negative DVA adjustments on own issued notes compared to EUR 533 million negative DVA adjustments in the first nine months of 2012.

Notes to the condensed consolidated interim accounts continued

Included in the Valuation results on non-trading derivatives are the fair value movements on derivatives used to economically hedge exposures, but for which no hedge accounting is applied. For insurance operations, these derivatives hedge exposures in Insurance contract liabilities. The fair value movements on the derivatives are influenced by changes in the market conditions, such as stock prices, interest rates and currency exchange rates. The change in fair value of the derivatives is largely offset by changes in Insurance contract liabilities, which are included in Underwriting expenditure. Reference is made to Note 15 'Underwriting expenditure'.

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

Net trading income
In the first nine months of 2013, for the Banking operations, Net trading income includes EUR 209 million positive CVA/DVA adjustments on trading derivatives, compared with EUR 141 million positive CVA/DVA adjustment in the first nine months of 2012.

Net 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 11 ‘Financial liabilities at fair value through profit and loss’ for information on trading assets and liabilities.

Result from associates
In the nine months of 2013, for the Insurance operations, Result from associates includes EUR 45 million result on the sale of approximately 7.9% interest in Sul América S.A. as disclosed in Note 26 ‘Important events and transactions’.

15 UNDERWRITING EXPENDITURE

Underwriting expenditure

	3 month period		9 month period	
	1 July to 30 September		1 January to 30 September	
	2013	2012	**2013**	2012
Gross underwriting expenditure				
– before effect of investment result for risk of policyholders	**1,639**	1,835	**6,431**	7,545
– effect of investment result for risk of policyholders	**358**	841	**430**	2,249
	1,997	2,676	**6,861**	9,794
Investment result for risk of policyholders	**–358**	–841	**–430**	-2,249
Reinsurance recoveries	**–9**	51	**–25**	36
Underwriting expenditure	**1,630**	1,886	**6,406**	7,581

Notes to the condensed consolidated interim accounts continued

Underwriting expenditure

	3 month period		9 month period	
	1 July to 30 September		1 January to 30 September	
	2013	2012	**2013**	2012
Expenditure from life underwriting				
Reinsurance and retrocession premiums	**9**	10	**41**	40
Gross benefits	**1,906**	1,857	**5,808**	5,841
Reinsurance recoveries	**–7**	53	**–18**	42
Change in life insurance provisions for risk of company	**–604**	-367	**–955**	93
Costs of acquiring insurance business	**74**	81	**222**	243
Other underwriting expenditure	**17**	17	**65**	66
Profit sharing and rebates	**26**	27	**38**	67
	1,421	1,678	**5,201**	6,392
Expenditure from non-life underwriting				
Reinsurance and retrocession premiums	**5**	5	**34**	34
Gross claims	**269**	283	**811**	827
Reinsurance recoveries	**–2**	–2	**–6**	–6
Change in provision for unearned premiums	**–104**	–109	**147**	128
Change in claims provision	**2**	13	**47**	92
Costs of acquiring insurance business	**64**	68	**195**	200
Other underwriting expenditure			**1**	1
	234	258	**1,229**	1,276
Expenditure from investment contracts				
Costs of acquiring investment contracts		1	**1**	2
Other changes in investment contract liabilities	**–25**	-51	**–25**	-89
	–25	-50	**–24**	-87
	1,630	1,886	**6,406**	7,581

16 INTANGIBLE AMORTISATION AND OTHER IMPAIRMENTS

Intangible amortisation and (reversals of) other impairments

3 month period	Impairment losses		Reversals of impairments		Total	
	1 July to 30 September		1 July to 30 September		1 July to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Property and equipment	**11**	7	**–1**	–1	**10**	6
Property development	**18**	37			**18**	37
Software and other intangible assets	**4**				**4**	
(Reversals of) other impairments	**33**	44	**–1**	–1	**32**	43
Amortisation of other intangible assets					**8**	9
					40	52

In the third quarter of 2013, EUR 18 million impairments are recognised on Property development (Commercial Banking segment) relating to real estate development projects (mainly in Spain and Australia). The unfavourable economic circumstances and projects in these regions resulted in lower expected sales prices.

In the third quarter of 2012, EUR 37 million impairments are recognised on Property development (Commercial Banking segment) relating to various real estate development projects (including the United Kingdom, Italy, Spain and Germany) due to worsening market conditions.

Notes to the condensed consolidated interim accounts continued

Intangible amortisation and (reversals of) other impairments						
9 month period	Impairment losses		Reversals of impairments		Total	
	1 January to 30 September		1 January to 30 September		1 January to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Property and equipment	**30**	17	**–4**	–5	**26**	12
Property development	**58**	140			**58**	140
Software and other intangible assets	**7**	1	**–6**		**1**	1
(Reversals of) other impairments	**95**	158	**–10**	–5	**85**	153
Amortisation of other intangible assets					**26**	31
					111	184

In the first nine months of 2013, EUR 58 million impairments are recognised on Property development (Commercial Banking segment) relating to various real estate development projects (including Europe and Australia). The unfavourable economic circumstances in these regions resulted in lower expected sales prices.

In the first nine months of 2012, EUR 140 million impairments are recognised on Property development (Commercial Banking segment) relating to various real estate development projects (including the United Kingdom, Italy, Spain and Germany) due to worsening market conditions.

17 STAFF EXPENSES

Staff expenses						
3 month period	Banking operations		Insurance operations		Total	
	1 July to 30 September		1 July to 30 September		1 July to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Salaries	**784**	841	**179**	177	**963**	1,018
Pension costs	**72**	18	**31**	–5	**103**	13
Other staff-related benefit costs	**1**	7	**–5**	–2	**–4**	5
Social security costs	**129**	130	**23**	28	**152**	158
Share-based compensation arrangements	**17**	31	**3**	4	**20**	35
External employees	**151**	154	**50**	52	**201**	206
Education	**13**	14	**3**	5	**16**	19
Other staff costs	**45**	57	**8**	10	**53**	67
	1,212	1,252	**292**	269	**1,504**	1,521

Amounts recognised in ‘Pension costs’ were as follows:

Staff expenses - Pension costs		
3 month period	1 July to 30 September	
	2013	2012
Current service cost	**83**	62
Past service cost	**1**	
Net interest result	**–16**	–67
Effect of curtailment or settlement	**19**	
Defined benefit plans	**87**	–5
Defined contribution plans	**16**	18
	103	13

Notes to the condensed consolidated interim accounts continued

Staff expenses

9 month period	Banking operations		Insurance operations		Total	
	1 January to 30 September		1 January to 30 September		1 January to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Salaries	**2,444**	2,568	**528**	533	**2,972**	3,101
Pension costs	**189**	–277	**52**	–145	**241**	–422
Other staff-related benefit costs	**–7**	15	**–4**	17	**–11**	32
Social security costs	**399**	399	**71**	76	**470**	475
Share-based compensation arrangements	**40**	74	**9**	12	**49**	86
External employees	**465**	464	**152**	151	**617**	615
Education	**38**	40	**9**	13	**47**	53
Other staff costs	**139**	153	**22**	22	**161**	175
	3,707	3,436	**839**	679	**4,546**	4,115

Amounts recognised in 'Pension costs' were as follows:

Staff expenses - Pension costs

9 month period	1 January to 30 September	
	2013	2012
Current service cost	**265**	184
Past service cost	**2**	2
Net interest result	**–47**	–196
Effect of curtailment or settlement	**–32**	–468
Defined benefit plans	**188**	–478
Defined contribution plans	**53**	56
	241	–422

In the first nine months of 2013 and 2012, curtailments are recognised due to changes in various pension schemes. Reference is made to Note 12 'Other liabilities' for information on pensions.

18 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 July to 30 September		1 July to 30 September		1 July to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Net result	**101**	659	**3,836.1**	3,801.3		
Basic earnings	**101**	659	**3,836.1**	3,801.3	**0.03**	0.17
Dilutive instruments:						
Stock option and share plans			**6.3**	6.3		
			6.3	6.3		
Diluted earnings	**101**	659	**3,842.4**	3,807.6	**0.03**	0.17

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

Notes to the condensed consolidated interim accounts continued

Dilutive instruments

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

The potential conversion of the non-voting equity securities has an anti-dilutive effect on the earnings per share calculation in 2013 and 2012 (the diluted earnings per share becoming higher or less negative than the basic earnings per share). Therefore, the potential conversion is not taken into account in the calculation of diluted earnings per share for these periods.

Earnings per ordinary share from continuing operations

3 month period	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 July to 30 September		1 July to 30 September		1 July to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Basic earnings	**101**	659	**3,836.1**	3,801.3		
Less: Net result from discontinued operations	**–728**	-32				
Basic earnings from continuing operations	**829**	691	**3,836.1**	3,801.3	**0.22**	0.18
Dilutive instruments:						
Stock option and share plans			**6.3**	6.3		
			6.3	6.3		
Diluted earnings from continuing operations	**829**	691	**3,842.4**	3,807.6	**0.22**	0.18

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 July to 30 September		1 July to 30 September		1 July to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Net result from discontinued operations	**222**	152				
Net result from classification as discontinued operations		–200				
Net result from disposal of discontinued operations	**–950**	16				
Total net result from discontinued operations	**–728**	-32	**3,836.1**	3,801.3		
Basic earnings from discontinued operations	**–728**	-32	**3,836.1**	3,801.3	**–0.19**	–0.01
Dilutive instruments:						
Stock option and share plans			**6.3**	6.3		
			6.3	6.3		
Diluted earnings from discontinued operations	**–728**	–32	**3,842.4**	3,807.6	**–0.19**	–0.01

Notes to the condensed consolidated interim accounts continued

Earnings per ordinary share

9 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 September		1 January to 30 September		1 January to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Net result	**2,693**	2,678	**3,821.3**	3,794.3		
Attribution to non-voting equity securities	**–191**	–255				
Basic earnings	**2,502**	2,423	**3,821.3**	3,794.3	**0.65**	0.64
Dilutive instruments:						
Stock option and share plans			**6.3**	6.3		
			6.3	6.3		
Diluted earnings	**2,502**	2,423	**3,827.6**	3,800.6	**0.65**	0.64

Earnings per ordinary share from continuing operations

9 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 September		1 January to 30 September		1 January to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Basic earnings	**2,502**	2,423	**3,821.3**	3,794.3		
Less: Net result from discontinued operations	**52**	302				
Basic earnings from continuing operations	**2,450**	2,121	**3,821.3**	3,794.3	**0.64**	0.56
Dilutive instruments:						
Stock option and share plans			**6.3**	6.3		
			6.3	6.3		
Diluted earnings from continuing operations	**2,450**	2,121	**3,827.6**	3,800.6	**0.64**	0.56

Earnings per ordinary share from discontinued operations

9 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 September		1 January to 30 September		1 January to 30 September	
	2013	2012	**2013**	2012	**2013**	2012
Net result from discontinued operations	**60**	666				
Net result from classification as discontinued operations		–380				
Net result from disposal of discontinued operations	**–8**	16				
Total net result from discontinued operations	**52**	302	**3,821.3**	3,794.3		
Basic earnings from discontinued operations	**52**	302	**3,821.3**	3,794.3	**0.01**	0.08
Dilutive instruments:						
Stock option and share plans			**6.3**	6.3		
			6.3	6.3		
Diluted earnings from discontinued operations	**52**	302	**3,827.6**	3,800.6	**0.01**	0.08

Notes to the condensed consolidated interim accounts continued

19 SEGMENTS

a. General

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

Segments of ING Group	
Banking	**Insurance**
Retail Netherlands	Insurance Benelux
Retail Belgium	Insurance Central & Rest of Europe (CRE)
Retail Germany	Investment Management EurAsia
Retail Rest of World	
Commercial Banking	

As of 2013, the former segment ING Investment Management is split in Investment Management EurAsia and Investment Management US. The comparatives have been adjusted to reflect the new segment structure. As of 30 September 2013 the segments Insurance United States (US), Investment Management US, Insurance US Closed Block VA and the Corporate Line US ceased to exist, following the classification of the Insurance ING U.S. business as discontinued operations.

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

Except for the changes described in Note 1 'Basis of presentation', the accounting policies of the segments are the same as those described under 'Accounting policies for the consolidated annual accounts of ING' in the 2012 ING Group Consolidated Annual Accounts. Transfer prices for inter-segment transactions are set at arm's length. Corporate expenses are allocated to business lines based on time spent by head office personnel, the relative number of staff, or on the basis of income, expenses and/or assets of the segment.

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

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

Specification of the main sources of income of each of the segments	
Segment	**Main source of income**
Retail Netherlands	Income from retail and private banking activities in the Netherlands, including the SME and mid-corporate segments. The main products offered are current and savings accounts, business lending, mortgages and other consumer lending in the Netherlands.
Retail Belgium	Income from retail and private banking activities in Belgium, including the SME and mid-corporate segments. The main products offered are similar to those in the Netherlands.
Retail Germany	Income from retail and private banking activities in Germany. The main products offered are current and savings accounts, mortgages and other customer lending.
Retail Rest of World	Income from retail banking activities in the rest of the world, including the SME and mid-corporate segments in specific countries. The main products offered are similar to those in the Netherlands.
Commercial Banking	Income from wholesale banking activities (a full range of products is offered from cash management to corporate finance), real estate and lease.
Insurance Benelux	Income from life insurance, non-life insurance and retirement services in the Benelux.
Insurance CRE	Income from life insurance, non-life insurance and retirement services in Central and Rest of Europe.
Investment Management EurAsia	Income from investment management activities in Europe and Asia.

In addition to these segments, ING Group reconciles the total segment results to the total result of ING Banking and ING Insurance EurAsia using the Corporate Lines Banking, EurAsia, US and Insurance Other. The Corporate Line Banking is a reflection of capital management activities and certain expenses that are not allocated to the banking businesses. ING Group applies a system of capital charging for its banking operations in order to create a comparable basis for the results of business units globally, irrespective of the business units' book equity and the currency they operate in. The Corporate Lines of Insurance contains items related to capital management, run-off portfolio's, Corporate Reinsurance and remaining activities in Latin America.

Notes to the condensed consolidated interim accounts continued

b. ING Group

Segments ING Group total

3 month period 1 July to 30 September 2013	Total Banking	Total Insurance	Elimi-nations	Total
Underlying income				
– Gross premium income		1,385		1,385
– Net interest result - banking operations	2,936		–17	2,919
– Commission income	546	156		703
– Total investment and other income	292	697	–17	972
Total underlying income	3,774	2,239	–35	5,979
Underlying expenditure				
– Underwriting expenditure		1,630		1,630
– Operating expenses	2,081	425		2,505
– Other interest expenses		67	–35	33
– Additions to loan loss provision	552			552
– Other impairments	39	2		41
Total underlying expenses	2,671	2,123	–35	4,760
Underlying result before taxation	1,103	116		1,219
Taxation	265	44		309
Minority interests	18	1		19
Underlying net result	820	72		891

Segments ING Group total

3 month period 1 July to 30 September 2012	Total Banking	Total Insurance	Elimi-nations	Total
Underlying income				
– Gross premium income		1,603		1,603
– Net interest result - banking operations	2,972		–26	2,946
– Commission income	532	144		676
– Total investment and other income	287	675	–11	951
Total underlying income	3,791	2,422	–37	6,176
Underlying expenditure				
– Underwriting expenditure		1,886		1,886
– Operating expenses	2,076	433		2,508
– Other interest expenses		86	–37	49
– Additions to loan loss provision	554			554
– Other impairments	51	1		52
Total underlying expenses	2,681	2,406	–37	5,050
Underlying result before taxation	1,110	16		1,126
Taxation	264	–3		261
Minority interests	24	–3		21
Underlying net result	822	22		844

Notes to the condensed consolidated interim accounts continued

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

3 month period	Income		Expenses		Net result	
1 July to 30 September	**2013**	2012	**2013**	2012	**2013**	2012
Underlying	**5,979**	6,176	**4,760**	5,050	**891**	844
Divestments		5	**–1**	64	**1**	–70
Special items			**81**	105	**–63**	–83
IFRS-EU (continuing operations)	**5,978**	6,182	**4,839**	5,220	**829**	691
Total net result from discontinued operations	**4,726**	6,139	**4,377**	6,050	**–728**	–32
IFRS-EU (continuing and discontinued operations)	**10,705**	12,321	**9,216**	11,270	**101**	659

Reference is made to Note 24 'Discontinued operations' for information on discontinued operations.

Segments ING Group total

9 month period 1 January to 30 September 2013	Total Banking	Total Insurance	Elimi-nations	Total
Underlying income				
– Gross premium income		**5,731**		**5,731**
– Net interest result - banking operations	**8,858**		**–70**	**8,789**
– Commission income	**1,682**	**457**		**2,139**
– Total investment and other income	**950**	**2,188**	**–31**	**3,107**
Total underlying income	**11,490**	**8,376**	**–101**	**19,765**
Underlying expenditure				
– Underwriting expenditure		**6,406**		**6,406**
– Operating expenses	**6,239**	**1,293**		**7,532**
– Other interest expenses		**207**	**–101**	**106**
– Additions to loan loss provision	**1,728**			**1,728**
– Other impairments	**104**	**5**		**109**
Total underlying expenses	**8,071**	**7,910**	**–101**	**15,881**
Underlying result before taxation	**3,419**	**465**		**3,884**
Taxation	**879**	**96**		**974**
Minority interests	**71**	**2**		**73**
Underlying net result	**2,469**	**367**		**2,837**

Notes to the condensed consolidated interim accounts continued

Segments ING Group total

9 month period 1 January to 30 September 2012	Total Banking	Total Insurance	Elimi-nations	Total
Underlying income				
– Gross premium income		6,549		6,549
– Net interest result - banking operations	8,797		–59	8,738
– Commission income	1,662	421		2,083
– Total investment and other income	643	2,022	–53	2,612
Total underlying income	11,102	8,992	–112	19,982
Underlying expenditure				
– Underwriting expenditure		7,556		7,556
– Operating expenses	6,123	1,252		7,375
– Other interest expenses		274	–112	162
– Additions to loan loss provision	1,533			1,533
– Other impairments	175	9		184
Total underlying expenses	7,831	9,091	–112	16,809
Underlying result before taxation	3,272	–99		3,172
Taxation	877	–75		802
Minority interests	71	11		82
Underlying net result	2,324	–35		2,289

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

9 month period	Income		Expenses		Net result	
1 January to 30 September	**2013**	2012	**2013**	2012	**2013**	2012
Underlying	**19,765**	19,982	**15,881**	16,809	**2,837**	2,289
Divestments	**–21**	928	**15**	236	**–55**	414
Special items		–5	**181**	377	**–141**	–325
IFRS-EU (continuing operations)	**19,743**	20,904	**16,076**	17,423	**2,641**	2,376
Total net result from discontinued operations	**13,358**	18,392	**13,147**	17,917	**52**	302
IFRS-EU (continuing and discontinued operations)	**33,102**	39,297	**29,223**	35,340	**2,693**	2,678

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

Special items in the first nine months of 2013 is primarily related to the previously announced restructuring programmes in both Bank and Insurance which is partly offset by pension curtailments in the Netherlands. Special items in the first nine months of 2012 included the impact (after tax) of the settlement with US authorities, costs related to restructuring programmes, separation expenses, IPO preparation expenses and an offsetting impact (after tax) related to the new pension scheme for employees in the Netherlands as disclosed in Note 26 'Important events and transactions'.

Reference is made to Note 24 'Discontinued operations' for information on discontinued operations.

Notes to the condensed consolidated interim accounts continued

c. Banking activities

Segments Banking

3 month period 1 July to 30 September 2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	905	462	348	412	681	128	2,936
– Commission income	118	80	27	92	230	–2	546
– Total investment and other income	18	31	–14	96	252	–90	292
Total underlying income	1,041	573	361	601	1,162	36	3,774
Underlying expenditure							
– Operating expenses	546	369	181	397	557	31	2,081
– Additions to loan loss provision	210	32	15	67	227		552
– Other impairments *	10	4			18	7	39
Total underlying expenses	767	405	196	464	802	38	2,671
Underlying result before taxation	274	168	165	137	360	–2	1,103
Taxation	70	40	46	41	58	9	265
Minority interests		–1		12	6		16
Underlying net result	204	130	118	83	296	–11	820
Special items	–18					–1	–19
Net result (continuing operations)	186	130	118	83	296	–11	801

* analysed as a part of operating expenses.

Segments Banking

3 month period 1 July to 30 September 2012	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	840	450	280	458	874	69	2,972
– Commission income	117	79	21	86	222	7	532
– Total investment and other income	15	40	7	–141	174	191	287
Total underlying income	972	570	309	403	1,270	268	3,791
Underlying expenditure							
– Operating expenses	539	361	168	396	560	51	2,076
– Additions to loan loss provision	181	54	17	66	235		554
– Other impairments *	5	1			37	7	51
Total underlying expenses	725	416	185	463	833	59	2,681
Underlying result before taxation	247	153	124	–60	437	209	1,110
Taxation	62	43	52	–5	91	21	264
Minority interests		1		17	6		24
Underlying net result	185	109	72	–72	341	188	822
Divestments				–71			–71
Special items	–44	–1				–1	–46
Net result (continuing operations)	141	108	72	–142	341	187	706

* analysed as a part of operating expenses.

Notes to the condensed consolidated interim accounts continued

Segments Banking

9 month period 1 January to 30 September 2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	2,643	1,337	957	1,339	2,236	345	8,858
– Commission income	347	266	82	271	720	–3	1,682
– Total investment and other income	45	131	–29	214	948	–358	950
Total underlying income	3,035	1,734	1,011	1,823	3,903	–16	11,490
Underlying expenditure							
– Operating expenses	1,675	1,085	530	1,230	1,678	41	6,239
– Additions to loan loss provision	643	112	57	226	690		1,728
– Other impairments *	23	6			54	21	104
Total underlying expenses	2,341	1,202	587	1,457	2,422	62	8,071
Underlying result before taxation	694	532	424	366	1,482	–78	3,419
Taxation	174	157	132	87	339	–11	879
Minority interests		–3	1	51	23		71
Underlying net result	520	378	291	228	1,119	–68	2,469
Divestments				–43			–43
Special items	–88					25	–63
Net result (continuing operations)	432	378	291	186	1,119	–43	2,364

* analysed as a part of operating expenses.

Segments Banking

9 month period 1 January to 30 September 2012	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	2,549	1,287	857	1,294	2,633	179	8,797
– Commission income	368	258	67	255	702	12	1,662
– Total investment and other income	31	115	–17	–225	628	111	643
Total underlying income	2,947	1,660	907	1,324	3,963	302	11,102
Underlying expenditure							
– Operating expenses	1,652	1,047	495	1,187	1,643	98	6,123
– Additions to loan loss provision	472	126	57	197	680		1,533
– Other impairments *	13	1			140	22	175
Total underlying expenses	2,137	1,175	552	1,384	2,464	120	7,831
Underlying result before taxation	811	485	355	–60	1,500	182	3,272
Taxation	203	138	126	10	384	16	877
Minority interests		3	1	46	20		71
Underlying net result	608	344	228	–116	1,095	165	2,324
Divestments				442			442
Special items	–97	–6				–144	–247
Net result (continuing operations)	511	338	228	325	1,095	21	2,519

* analysed as a part of operating expenses.

d. Insurance activities

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

- Operating result; and
- Non-operating items.

Notes to the condensed consolidated interim accounts continued

Both are analysed into various sub-components. The total of operating result and non-operating items (gains/losses and impairments, revaluations and market & other impacts) equals underlying result before tax.

To determine the operating result the following non-operating items are adjusted in the reported Underlying result before tax:
- Realised capital gains/losses and impairments on debt and equity securities;
- Revaluations on assets marked to market through the profit and loss account; and
- Other non-operating impacts, e.g. provision for guarantees on separate account pension contracts, equity related and other DAC unlocking, VA/FIA Guaranteed Benefit Reserve unlocking and DAC offset on gains/losses on debt securities.

The operating result for the life insurance business is also broken down into expenses and the following sources of income:
- Investment margin which includes the spread between investment income earned and interest credited to insurance liabilities (excluding market impacts, including dividends and coupons);
- Fees and premium-based revenues which includes the portion of life insurance premiums available to cover expenses and profit, fees on deposits and fee income on assets under management (net of guaranteed benefit costs in the United States);
- Technical margin which includes the margin between costs charged for benefits and incurred benefit costs; it includes mortality, morbidity and surrender results; and
- Non-modelled which is not significant and includes parts of the business for which no margins are provided.

Segments Insurance

3 month period 1 July to 30 September 2013	Insurance EurAsia	Insurance Other	Total Insurance
Investment margin	175		175
Fees and premium based revenues	346		346
Technical margin	105		105
Income non-modelled life business	5		5
Life & IM operating income	630		630
Administrative expenses	277		277
DAC amortisation and trail commissions	92		92
Life & IM expenses	369		369
Life & IM operating result	261		261
Non-life operating result	29		29
Corporate Line operating result	–72	–20	–93
Operating result	218	–20	197
Gains/losses and impairments	–11		–12
Revaluations		1	1
Market & other impacts	–71		–71
Underlying result before taxation	136	–20	116
Taxation	51	–7	44
Minority interests	3	–2	1
Underlying net result	82	–10	72
Divestments	1		1
Special items	–44		–44
Net result (continuing operations)	39	–11	28
Net result (discontinued operations Insurance/IM Asia)	143		143
Net result (disposal of discontinued operations)	–950		–950
Net result (excluding discontinued operations Insurance ING U.S.)	–768	–11	–779
Net result (discontinued operations Insurance ING U.S.)			79
Net result			–700

Notes to the condensed consolidated interim accounts continued

Segments Insurance EurAsia

3 month period 1 July to 30 September 2013	Insurance Benelux	Insurance CRE	Investment Management EurAsia	Corporate Line EurAsia	Total Insurance EurAsia
Investment margin	163	11			175
Fees and premium based revenues	131	108	107		346
Technical margin	66	38			105
Income non-modelled life business		5			5
Life & IM operating income	361	162	108		630
Administrative expenses	137	63	76		277
DAC amortisation and trail commissions	35	58			92
Life & IM expenses	172	120	76		369
Life & IM operating result	189	42	31		261
Non-life operating result	28	1			29
Corporate Line operating result				–72	–72
Operating result	217	42	31	–72	218
Gains/losses and impairments	–40	5		23	–11
Revaluations	6			–6	
Market & other impacts	–71				–71
Underlying result before taxation	112	47	31	–55	136
Taxation	29	18	8	–4	51
Minority interests	1	2			3
Underlying net result	82	27	23	–51	82
Divestments				1	1
Special items	–22	–1		–20	–44
Net result (continuing operations)	60	26	23	–70	39
Net result (discontinued operations)					143
Net result (disposal of discontinued operations)					–950
Net result					–768

Notes to the condensed consolidated interim accounts continued

Segments Insurance

3 month period 1 July to 30 September 2012	Insurance EurAsia	Insurance Other	Total Insurance
Investment margin	130		130
Fees and premium based revenues	356		356
Technical margin	89		89
Income non-modelled life business	3		3
Life & IM operating income	578		578
Administrative expenses	288		288
DAC amortisation and trail commissions	99		99
Life & IM expenses	387		387
Life & IM operating result	191		191
Non-life operating result	16		16
Corporate Line operating result	–92	6	–87
Operating result	115	6	121
Gains/losses and impairments	44		44
Revaluations	–36		–36
Market & other impacts	–113		–113
Underlying result before taxation	10	6	16
Taxation	1	–4	–3
Minority interests		–3	–3
Underlying net result	10	12	22
Special items	–36	–1	–37
Net result (continuing operations)	–26	11	–15
Net result (discontinued operations Insurance/IM Asia)	198		198
Net result (classification as discontinued operations)	–200		–200
Net result (disposal of discontinued operations)		16	16
Net result (excluding discontinued operations Insurance ING U.S.)	–28	27	–1
Net result (discontinued operations Insurance ING U.S.)			–46
Net result			–47

Notes to the condensed consolidated interim accounts continued

Segments Insurance EurAsia

3 month period 1 July to 30 September 2012	Insurance Benelux	Insurance CRE	Investment Management EurAsia	Corporate Line EurAsia	Total Insurance EurAsia
Investment margin	117	14	–1		130
Fees and premium based revenues	137	111	108		356
Technical margin	44	44			89
Income non-modelled life business	–1	4			3
Life & IM operating income	297	174	107		578
Administrative expenses	135	72	81		288
DAC amortisation and trail commissions	44	55			99
Life & IM expenses	179	128	81		387
Life & IM operating result	119	47	26		191
Non-life operating result	15	1			16
Corporate Line operating result				–92	–92
Operating result	134	48	26	–92	115
Gains/losses and impairments	48	–6		2	44
Revaluations	–31	1		–5	–36
Market & other impacts	–114			1	–113
Underlying result before taxation	36	43	26	–94	10
Taxation	–25	7	3	16	1
Minority interests	–3	2			
Underlying net result	64	33	23	–110	10
Special items	–24	–4	–1	–8	–36
Net result (continuing operations)	40	29	23	–118	–26
Net result (discontinued operations)					198
Net result (classification as discontinued operations)					–200
Net result					–28

Notes to the condensed consolidated interim accounts continued

Segments Insurance

9 month period 1 January to 30 September 2013	Insurance EurAsia	Insurance Other	Total Insurance
Investment margin	496		496
Fees and premium based revenues	1,076		1,076
Technical margin	296		296
Income non-modelled life business	15		15
Life & IM operating income	1,884		1,884
Administrative expenses	851		851
DAC amortisation and trail commissions	289		289
Life & IM expenses	1,140		1,140
Life & IM operating result	744		744
Non-life operating result	71		71
Corporate Line operating result	–262		–262
Operating result	552		552
Gains/losses and impairments	23	59	82
Revaluations	–5	4	–1
Market & other impacts	–168		–168
Underlying result before taxation	402	63	465
Taxation	118	–22	96
Minority interests	8	–6	2
Underlying net result	276	91	367
Divestments		–12	–12
Special items	–74	–4	–78
Net result (continuing operations)	201	75	276
Net result (discontinued operations Insurance/IM Asia)	200		200
Net result (disposal of discontinued operations)	–8		–8
Net result (excluding discontinued operations Insurance ING U.S.)	393	75	468
Net result (discontinued operations Insurance ING U.S.)			–140
Net result			328

Notes to the condensed consolidated interim accounts continued

Segments Insurance EurAsia

9 month period 1 January to 30 September 2013	Insurance Benelux	Insurance CRE	Investment Management EurAsia	Corporate Line EurAsia	Total Insurance EurAsia
Investment margin	462	33	1		496
Fees and premium based revenues	425	318	333		1,076
Technical margin	182	114			296
Income non-modelled life business		15			15
Life & IM operating income	1,069	480	334		1,884
Administrative expenses	421	198	231		851
DAC amortisation and trail commissions	118	171			289
Life & IM expenses	539	369	231		1,140
Life & IM operating result	530	111	103		744
Non-life operating result	67	3			71
Corporate Line operating result				–262	–262
Operating result	597	115	103	–262	552
Gains/losses and impairments	–28	6		44	23
Revaluations	4			–9	–5
Market & other impacts	–168				–168
Underlying result before taxation	405	121	103	–227	402
Taxation	83	35	26	–26	118
Minority interests	2	6			8
Underlying net result	321	80	77	–201	276
Divestments			–4	–4	–8
Special items	–51	–5		–18	–74
Net result (continuing operations)	270	75	72	–223	193
Net result (discontinued operations)					200
Net result					393

Notes to the condensed consolidated interim accounts continued

Segments Insurance

9 month period 1 January to 30 September 2012	Insurance EurAsia	Insurance Other	Total Insurance
Investment margin	482		482
Fees and premium based revenues	1,099		1,099
Technical margin	269		269
Income non-modelled life business	14		14
Life & IM operating income	1,864		1,864
Administrative expenses	881		881
DAC amortisation and trail commissions	311		311
Life & IM expenses	1,192		1,192
Life & IM operating result	673		673
Non-life operating result	65		65
Corporate Line operating result	–292	55	–237
Operating result	446	55	504
Gains/losses and impairments	43		43
Revaluations	–271	–11	–282
Market & other impacts	–361		–361
Underlying result before taxation	–143	44	–99
Taxation	–71	–4	–75
Minority interests	18	–7	11
Underlying net result	–90	55	–35
Divestments	–2		–2
Special items	–42	–35	–77
Net result (continuing operations)	–134	20	–114
Net result (discontinued operations Insurance/IM Asia)	472		472
Net result (classification as discontinued operations)	–380		–380
Net result (disposal of discontinued operations)	–6	–3	–9
Net result (excluding discontinued operations Insurance ING U.S.)	–48	16	–32
Net result (discontinued operations Insurance ING U.S.)			193
Net result			161

Notes to the condensed consolidated interim accounts continued

Segments Insurance EurAsia

9 month period 1 January to 30 September 2012	Insurance Benelux	Insurance CRE	Investment Management EurAsia	Corporate Line EurAsia	Total Insurance EurAsia
Investment margin	441	40	1		482
Fees and premium based revenues	454	324	321		1,099
Technical margin	136	133			269
Income non-modelled life business		14			14
Life & IM operating income	1,032	511	322		1,864
Administrative expenses	422	223	236		881
DAC amortisation and trail commissions	146	165			311
Life & IM expenses	568	387	236		1,192
Life & IM operating result	463	123	86		673
Non-life operating result	61	5			65
Corporate Line operating result				–292	–292
Operating result	524	128	86	–292	446
Gains/losses and impairments	68	–35		9	43
Revaluations	–282	22		–10	–271
Market & other impacts	–361				–361
Underlying result before taxation	–51	115	87	–293	–143
Taxation	–96	29	21	–24	–71
Minority interests	11	7			18
Underlying net result	34	79	66	–269	–90
Divestments	–19		7	10	–2
Special items	–97	–16	–2	72	–42
Net result (continuing operations)	–82	64	72	–187	–134
Net result (discontinued operations)					472
Net result (classification as discontinued operations)					–380
Net result (disposal of discontinued operations)					–6
Net result					–48

A net reserve inadequacy exists using a prudent (90%) confidence level for the segment Insurance US Closed Block VA. This inadequacy was offset by reserve adequacies in other segments, such that at the Group level there is a net adequacy at the prudent (90%) confidence level.

Notes to the condensed consolidated interim accounts continued

Total assets and Total liabilities by segment

	30 September 2013		31 December 2012	
	Total assets	**Total liabilities**	Total assets	Total liabilities
Insurance EurAsia				
Insurance Benelux	**99,295**	**87,728**	97,940	86,186
Insurance CRE	**11,717**	**10,395**	13,074	11,725
Investment Management EurAsia	**680**	**213**	791	317
Insurance Asia/Pacific (1)	**47,858**	**43,388**	59,673	53,715
Corporate Line EurAsia (1)	**31,131**	**14,776**	37,776	18,624
Insurance ING U.S.				
Insurance US (1)	**118,827**	**107,485**	121,147	109,038
Investment Management US (1)	**595**	**169**	590	191
Insurance US Closed Block VA (1)	**36,185**	**36,222**	39,476	37,272
Corporate Line US (1)	**12,273**	**2,691**	12,973	2,808
Insurance Other	**21,008**	**6,451**	34,361	8,282
Total Insurance	**379,569**	**309,518**	417,801	328,158
Eliminations Insurance segments	**–56,870**	**–11,478**	–79,093	–16,064
Total Insurance operations	**322,699**	**298,040**	338,708	312,094
Total Banking operations	**840,787**	**788,054**	863,756	807,993
Eliminations	**–32,311**	**–10,669**	–36,273	–9,004
Total ING Group	**1,131,175**	**1,075,425**	1,166,191	1,111,083

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

20 ACQUISITIONS AND DISPOSALS

Acquisitions

There were no acquisitions in the first nine months of 2013.

Disposals and expected disposals in 2013 – Asia

In 2012, ING's Insurance and investment management businesses in Asia and the (internally) reinsured Japan SPVA business in corporate reinsurance were classified as held for sale and discontinued operations. Various individual divestment transactions were agreed. The specifics of these transactions are included below. The Asian Insurance and Investment Management businesses and the (internally) reinsured Japan SPVA businesses in Corporate Reinsurance were previously included respectively in the segments Insurance Asia/Pacific and Investment Management EurAsia and in the Corporate Line EurAsia before they were classified as discontinued operations. Reference is made to Note 6 'Assets and liabilities held for sale' and Note 24 'Discontinued operations'.

Joint venture China Merchants Fund

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

Insurance in Hong Kong, Macau, Thailand

In October 2012, ING reached an agreement to sell its life insurance, general insurance, pension and financial planning units in Hong Kong and Macau, and its life insurance operation in Thailand to Pacific Century Group for a combined consideration of USD 2.1 billion (approximately EUR 1.6 billion) in cash. A net gain of EUR 945 million is recognised in the first quarter of 2013. The transaction closed on 28 February 2013.

ING's investment management business in Thailand

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

ING's investment management business in Malaysia

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

Notes to the condensed consolidated interim accounts continued

Joint venture ING Vysya Life
In January 2013, ING agreed to sell its full interest in ING Vysya Life Insurance Company Ltd. to its joint venture partner Exide Industries Ltd. ING's exit from the Indian life insurance joint venture is part of the previously announced intended divestment of ING's Insurance and investment management businesses in Asia. The transaction resulted in a net loss of EUR 15 million which was recognised in 2012. The transaction closed on 22 March 2013.

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

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.

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

ING Life Korea
In August 2013, ING Insurance (ING Verzekeringen N.V.) reached an agreement to sell ING Life Korea, its wholly owned life insurance business in South Korea, to MBK Partners for a total purchase price of approximately KRW 1.84 trillion (approximately EUR 1.24 billion). Under the terms of the agreement, ING Insurance will hold an indirect stake of approximately 10% in ING Life Korea for an amount of KRW 120 billion (approximately EUR 80 million). ING has also reached a licensing agreement that will allow ING Life Korea to continue to operate under the ING brand for a maximum period of five years. In addition, over the course of one year, ING will continue to provide technical support and advice to ING Life Korea. The transaction is expected to result in an after tax loss for ING Group of approximately EUR 950 million, recognised in the third quarter of 2013. The final transaction result at closing is subject to potential adjustments customary for this type of transaction. This transaction is subject to regulatory approvals and is expected to close in the fourth quarter of 2013.

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

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

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

Notes to the condensed consolidated interim accounts continued

21 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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 September 2013	31 December 2012	**30 September 2013**	31 December 2012
Financial assets				
Cash and balances with central banks	**21,783**	17,657	**21,783**	17,657
Amounts due from banks	**44,420**	39,126	**44,270**	39,053
Financial assets at fair value through profit and loss				
– trading assets	**121,885**	114,895	**121,885**	114,895
– investments for risk of policyholders	**24,477**	98,765	**24,477**	98,765
– non-trading derivatives	**8,119**	13,951	**8,119**	13,951
– designated as at fair value through profit and loss	**2,601**	4,760	**2,601**	4,760
Investments				
– available-for-sale	**128,276**	193,584	**128,276**	193,584
– held-to-maturity	**3,809**	6,626	**3,748**	6,545
Loans and advances to customers	**552,357**	580,399	**539,641**	563,404
Other assets [(1)]	**16,368**	20,850	**16,368**	20,850
	924,095	1,090,613	**911,168**	1,073,464
Financial liabilities				
Subordinated loans	**8,463**	8,373	**8,463**	8,786
Debt securities in issue	**142,299**	149,874	**137,405**	143,436
Other borrowed funds	**12,873**	16,056	**13,159**	16,723
Investment contracts for risk of company	**850**	4,624	**811**	4,561
Investment contracts for risk of policyholders	**1,620**	8,067	**1,620**	8,067
Amounts due to banks	**32,443**	39,628	**32,038**	38,704
Customer deposits and other funds on deposit	**480,014**	457,624	**478,041**	455,003
Financial liabilities at fair value through profit and loss				
– trading liabilities	**79,730**	83,652	**79,730**	83,652
– non-trading derivatives	**11,552**	18,752	**11,552**	18,752
– designated as at fair value through profit and loss	**12,866**	13,399	**12,866**	13,399
Other liabilities [(2)]	**17,502**	24,810	**17,502**	24,810
	800,212	824,859	**793,187**	815,893

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

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), private equity investments and investment in real estate funds. Observable inputs reflect market data obtained from independent sources. Unobservable inputs are inputs which are based on the Group's own assumptions about the factors that market participants would use in pricing an asset or liability, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default rates and recovery rates, prepayment rates and certain credit spreads. Transfers into and transfers out of fair value hierarchy levels are recognised as of the date of the event or change in circumstances that caused the transfer. Further information on the fair value hierarchy is disclosed in the 2012 ING Group Consolidated Annual Accounts in Note 35 'Fair value of financial assets and liabilities'.

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 September 2013
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Trading assets	**28,297**	**91,173**	**2,415**	**121,885**
Investments for risk of policyholders	**23,202**	**1,065**	**210**	**24,477**
Non-trading derivatives	**7**	**7,609**	**503**	**8,119**
Financial assets designated as at fair value through profit and loss	**215**	**1,186**	**1,200**	**2,601**
Available-for-sale investments	**103,805**	**21,293**	**3,178**	**128,276**
	155,526	**122,326**	**7,506**	**285,358**
Liabilities				
Trading liabilities	**10,303**	**67,773**	**1,654**	**79,730**
Non-trading derivatives	**5**	**11,066**	**481**	**11,552**
Financial liabilities designated as at fair value through profit and loss	**1,091**	**6,665**	**5,110**	**12,866**
Investment contracts (for contracts at fair value)	**1,619**	**1**		**1,620**
	13,018	**85,505**	**7,245**	**105,768**

Methods applied in determining fair values of financial assets and liabilities

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

Notes to the condensed consolidated interim accounts continued

Level 3 Financial assets and liabilities
Financial assets measured at fair value in the balance sheet as at 30 September 2013 of EUR 285 billion include an amount of EUR 7.5 billion (2.6%) that is classified as Level 3 (31 December 2012: EUR 9.0 billion, being 2.1%). Changes in Level 3 from 31 December 2012 to 30 September 2013 are disclosed below in the table 'Changes in Level 3 Assets'.

Financial liabilities measured at fair value in the balance sheet as at 30 September 2013 of EUR 106 billion include an amount of EUR 7.2 billion (6.8%) is classified as Level 3 (31 December 2012: EUR 8.1 billion, being 6.6%). Changes in Level 3 from 31 December 2012 to 30 September 2013 are disclosed below in the table 'Changes in Level 3 Liabilities'.

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

The EUR 7.5 billion financial assets classified as Level 3 as at 30 September 2013 includes EUR 2.7 billion for ING Insurance and EUR 4.8 billion for ING Bank. The EUR 7.2 billion financial liabilities classified as Level 3 as at 30 September 2013 includes nil for ING Insurance and EUR 7.2 billion for ING Bank.

ING Insurance
Of the total amount of financial assets classified as Level 3 as at 30 September 2013 of EUR 2.7 billion, an amount of EUR 2.1 billion (being 75%) are based on unadjusted quoted prices in inactive markets. This includes for example debt securities and shares in real estate investment funds and private equity investment funds for which the fair value is determined using quoted prices for the securities or quoted prices obtained from the asset managers of the funds. As ING does not adjust quoted prices using its own inputs, there is no significant sensitivity to ING's own unobservable inputs.

The remaining EUR 0.6 billion Level 3 financial assets includes mainly EUR 0.5 billion of private equity investments that are recognised at fair value. Fair value is determined using both market-based and investment-specific inputs. Although this fair value is inherently subjective, reasonably likely changes in inputs or assumptions would not have materially impacted the change in fair value recognised in profit and loss.

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

ING Bank
Of the total amount of financial assets classified as Level 3 as at 30 September 2013 of EUR 4.8 billion, an amount of EUR 1.9 billion (40%) are based on unadjusted quoted prices in inactive markets. As ING does not adjust quoted prices using its own inputs, there is no significant sensitivity to ING's own unobservable inputs.

Furthermore, Level 3 financial assets includes approximately EUR 1.7 billion which relates to financial assets that are part of structures that are designed to be fully neutral in terms of market risk. Such structures include various financial assets and liabilities for which the overall sensitivity to market risk is insignificant. Whereas the fair value of individual components of these structures may be determined using different techniques and the fair value of each of the components of these structures may be sensitive to unobservable inputs, the overall sensitivity is by design not significant.

The remaining EUR 1.2 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 September 2013 of EUR 7.2 billion, an amount of EUR 2.0 billion (27%) are based on unadjusted quoted prices in inactive markets. As ING does not adjust quoted prices using its own inputs, there is no significant sensitivity to ING's own unobservable inputs.

Furthermore, Level 3 financial liabilities includes approximately EUR 4.8 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.

Notes to the condensed consolidated interim accounts continued

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

Changes in Level 3 Assets

	9 month period ended 30 September 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**	**546**	**2,121**	**4,188**	**9,015**
Amounts recognised in the profit and loss account during the period	**22**	**4**	**47**	**–87**	**–73**	**–87**
Revaluation recognised in equity during the period					**–27**	**–27**
Purchase of assets	**789**	**120**	**153**	**812**	**510**	**2,384**
Sale of assets	**–338**	**–48**	**–159**	**–532**	**–426**	**–1,503**
Maturity/settlement	**–174**		**–20**	**–320**	**–211**	**–725**
Transfers into Level 3	**249**	**2**		**88**	**66**	**405**
Transfers out of Level 3	**–143**	**–9**		**–19**	**–68**	**–239**
Exchange rate differences		**–2**	**–11**	**38**	**–75**	**–50**
Changes in the composition of the group and other changes		**–7**	**–53**	**–901**	**–706**	**–1,667**
Closing balance	**2,415**	**210**	**503**	**1,200**	**3,178**	**7,506**

Changes in Level 3 Assets

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

Notes to the condensed consolidated interim accounts continued

Changes in Level 3 Liabilities

	9 month period ended 30 September 2013				
	Trading liabilities	Non-trading derivatives	Financial liabilities designated as at fair value through profit and loss	Investment contracts (for contracts at fair value)	Total
Opening balance	1,523	1,487	5,102	12	8,124
Amounts recognised in the profit and loss account during the period	76	278	–189		165
Issue of liabilities	185	84	917	6	1,192
Early repayment of liabilities	–242	–88	–640	–8	–978
Maturity/settlement	–211	–9	–280		–500
Transfers into Level 3	486		253	1	740
Transfers out of Level 3	–159		–53	–11	–223
Exchange rate differences	–4	–23	3		–24
Changes in the composition of the group and other changes		–1,248	–3		–1,251
Closing balance	1,654	481	5,110	0	7,245

Changes in Level 3 Liabilities

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

Amounts recognised in the profit and loss account during the 9 month period (Level 3)

	30 September 2013		
	Held at balance sheet date	Derecognised during the period	Total
Assets			
Trading assets	22		22
Investments for risk of policyholders	5	–1	4
Non-trading derivatives	22	25	47
Financial assets designated as at fair value through profit and loss	–175	88	–87
Available-for-sale investments	–73		–73
	–199	112	–87
Liabilities			
Trading liabilities	76		76
Non-trading derivatives	278		278
Financial liabilities designated as at fair value through profit and loss	–189		–189
	165		165

Notes to the condensed consolidated interim accounts continued

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

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

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

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

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

Transactions with related parties (Joint ventures and associates) and Key management personnel compensation are disclosed in Note 34 ‘Related parties’ in the 2012 ING Group Consolidated Annual Accounts. Following the transactions as disclosed in Note 34 ‘Related parties’, the Dutch State is also a related party of ING Group. All other transactions between ING Group and the Dutch State are of a normal business nature and on an at arm’s length basis. No significant changes in related party transactions occurred.

23 DIVIDEND PAID
No dividend was paid in the first nine months of 2013 (2012: nil).

Notes to the condensed consolidated interim accounts continued

24 DISCONTINUED OPERATIONS

ING's Insurance ING U.S. business and ING's remaining Insurance and investment management businesses in Asia and the (internally) reinsured Japan SPVA businesses in corporate reinsurance ('Asia') are classified as discontinued operations.

Total net result from discontinued operations

	3 month period		9 month period	
	1 July to 30 September		1 January to 30 September	
	2013	2012	**2013**	2012
Net result from discontinued operations	**270**	164	**52**	678
Net result from classification as discontinued operations		–200		–380
Net result from disposal of discontinued operations [(1)]	**–950**	16	**–8**	16
Total net result from discontinued operations	**–680**	–20	**44**	314

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

Net result from discontinued operations

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

Result from discontinued operations

	3 month period		9 month period	
	1 July to 30 September		1 January to 30 September	
	2013	2012	**2013**	2012
Total income	**4,726**	6,139	**13,358**	18,392
Total expenses	**4,377**	5,850	**13,147**	17,537
Result before tax from discontinued operations	**349**	289	**211**	855
Taxation	**79**	125	**159**	177
Net result from discontinued operations	**270**	164	**52**	678

Net result from classification as discontinued operations

In the first nine months of 2012, goodwill of EUR 180 million in Investment Management Korea and of EUR 200 million in ING Life Korea was written off, as the related business was expected to be sold below IFRS-EU carrying value.

Net result from disposal of discontinued operations

In the first nine months of 2013, Net result from disposal of discontinued operations includes mainly the divestment gain on the sale of the Insurance businesses in Hong Kong, Macau and Thailand of EUR 945 million and the divestment loss of EUR 950 million on the agreed sale of ING Life Korea.

Reference is made to Note 6 'Assets and liabilities held for sale' and Note 26 'Important events and transactions'.

Cash flow from discontinued operations

The net cash flow from discontinued operations was as follows:

Net cash flow from discontinued operations

9 month period	1 January to 30 September	
	2013	2012
Operating cash flow	**–5,064**	–796
Investing cash flow	**4,636**	–65
Financing cash flow	**–492**	1,531
Net cash flow	**–920**	670

In the first nine months of 2013, sales proceeds in cash of EUR 1,422 million (first nine months of 2012: nil) are presented in the consolidated statement of cash flows under 'Net cash flow from investing activities - Disposals and redemptions: group companies'. The proceeds of EUR 1,061 million relating to the IPO ING U.S. are presented in the cash flow under 'Proceeds of IPO ING U.S.'. These proceeds are not included in the table above.

Notes to the condensed consolidated interim accounts continued

Segments prior to classification as discontinued operations

ING's Insurance ING U.S. business were previously included respectively in the segments Insurance United States (US), Investment Management US, Insurance US Closed Block VA and in the Corporate Line US before they were classified as discontinued operations and held for sale. These segments ceased to exist, following the classification of Insurance ING U.S. business as discontinued operations, as all activities previously included in these segment are now discontinued operations.

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

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

The table below provides information on ING's risk exposure with regard to Greece, Italy, Ireland, Portugal, Spain and Cyprus. Amounts represent risk exposure values. Exposures are included based on the country of residence, except for certain securitisations which are included based on the country of risk to better reflect the real country exposure.

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

							30 September 2013
	Greece	Italy	Ireland	Portugal	Spain	Cyprus [(2)]	Total
Residential mortgages and other consumer lending	11	7,796	6	4	9,793	2	17,612
Corporate Lending	368	8,172	728	1,068	5,274	349	15,959
Financial institutions Lending	5	605	184	36	662	8	1,500
Government Lending		167			34		201
Total Lending	384	16,740	918	1,108	15,763	359	35,272
RMBS	82	815	150	506	2,507		4,060
CMBS			8				8
Other ABS		35	109	6	120		270
Corporate Bonds		320	253	84	171		828
Covered Bonds		183	375	154	10,303		11,015
Financial institutions' bonds (unsecured)		261	23	34	91		409
Government Bonds	45	2,433	53	491	1,349	10	4,381
CDS exposures in banking book[(3)]					–85		–85
Total Debt Securities	127	4,047	971	1,275	14,456	10	20,886
Real Estate [(4)]	21	344		204	539		1,108
Trading excluding CDS exposures		767	75	4	480		1,326
Sold CDS protection		1	2	3			6
Bought CDS protection	1	–19	–10	–1	–28		–57
Trading including CDS protection	1	749	67	6	452		1,275
Undrawn committed facilities	30	733	541	193	2,087	17	3,601
Pre-settlement exposures [(5)]	70	500	365	37	630	61	1,663
Total risk exposure	633	23,113	2,862	2,823	33,927	447	63,805

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

ING's total exposure to the GIIPSC countries was reduced by EUR 4.0 billion in the first nine months of 2013. The main component of this decrease was a EUR 2.8 billion reduction in debt securities to EUR 20.9 billion. Although the planned de-risking were finalised in 2012, ING will continue to actively manage its investment portfolio.

Notes to the condensed consolidated interim accounts continued

ING's main reduction in the GIIPSC exposure was in Spain. The exposure to Spain was reduced by EUR 2.9 billion in the first nine months of 2013. The debt securities declined by EUR 1.5 billion, mainly due to maturing covered bonds. Further reductions were in undrawn committed facilities with EUR 0.7 billion and corporate lending with EUR 0.5 billion.

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

							31 December 2012
	Greece	Italy	Ireland	Portugal	Spain	Cyprus [(2)]	Total
Residential mortgages and other consumer lending	14	7,531	6	4	9,680	1	17,236
Corporate Lending	287	8,441	705	1,015	5,733	653	16,834
Financial institutions Lending	7	227	4	76	626	9	949
Government Lending		203			35		238
Total Lending	308	16,402	715	1,095	16,074	663	35,257
RMBS	95	997	267	553	2,846		4,758
CMBS			12				12
Other ABS		180	218	49	171		618
Corporate Bonds		348	273	67	159		847
Covered Bonds		245	370	153	11,780		12,548
Financial institutions' bonds (unsecured)		527	74	56	111		768
Government Bonds	43	2,474	53	633	1,308	18	4,529
CDS exposures in banking book [(3)]					–390		–390
Total Debt Securities	138	4,771	1,267	1,511	15,985	18	23,690
Real Estate [(4)]	21	380		217	610		1,228
Trading excluding CDS exposures		450	28	8	454		940
Sold CDS protection		1	1	1	7		10
Bought CDS protection	–2	–22	–11	–1	–51		–87
Trading including CDS protection	–2	429	18	8	410		863
Undrawn committed facilities	166	1,287	258	181	2,780	90	4,762
Pre-settlement exposures [(5)]	80	516	343	41	953	112	2,045
Total risk exposure	711	23,785	2,601	3,053	36,812	883	67,845

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

26 IMPORTANT EVENTS AND TRANSACTIONS

SNS Reaal nationalisation

In the first quarter of 2013, the nationalisation of SNS Reaal, a Dutch financial institution, was announced. As a consequence of the arrangements made by the Dutch government, ING Bank and other Dutch banks will be required to pay a one-time levy of EUR 1 billion in 2014. For ING, this will result in a charge of EUR 304 million. There is no impact from this 2014 levy on the result of the first nine months of 2013.

Sul América S.A.

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

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

Upon closing of both transactions, ING's equity interest in Sul América S.A. will be reduced to approximately 21.5%. ING will consider options for the divestment of its remaining 21.5% stake as and when appropriate.

Notes to the condensed consolidated interim accounts continued

ING U.S.
In light of ING's intention to divest its remaining stake in ING U.S. over time Insurance ING U.S., ING's U.S.-based retirement, investment and insurance business ('ING U.S.'), is classified as held for sale and discontinued operations in the third quarter of 2013. Reference is made Note 6 'Assets and liabilities held for sale' and Note 24 'Discontinued operations'.

May 2013
Insurance ING U.S. was successfully listed on the NYSE under the ticker symbol 'VOYA' in May 2013.
ING sold approximately 65.2 million ordinary shares in ING U.S. Furthermore, on 29 May 2013, the underwriters of the IPO exercised in full their option to purchase approximately 9.8 million additional shares of ING U.S. from ING Group.

The total proceeds of the IPO were EUR 1,061 million (USD 1,385 million). As a result, ING's ownership interest in Insurance ING U.S. was reduced from 100% to 71.25%. The total proceeds received from the IPO represent a discount to Insurance ING U.S. book value, which has been accounted for in shareholder's equity. These transactions did not impact the profit and loss account of ING Group.

These transactions had a negative impact of EUR 1,894 million on Shareholders' equity (parent) of ING Group. This amount reflects the difference between the net proceeds of this offering to ING Group and the IFRS-EU carrying value of the 28.75% stake divested in this IPO. This amount was recognised in 'Other reserves'.

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

October 2013
In October 2013, ING sold approximately 33 million shares of common stock in ING U.S., Inc. representing a stake of 13%. Based on the price of USD 29.50 per share, the gross proceeds are approximately EUR 706 million (USD 974 million). The sale of this second tranche reduces ING Group's stake in ING U.S. from approximately 71.25% to approximately 59% in the fourth quarter of 2013.

In October 2013, the underwriters exercised their option to purchase an additional 4.95 million shares of ING U.S. from ING Group at the price of USD 29.50 per share. The sale of these additional shares further reduces ING Group's ownership stake in ING U.S. from approximately 59% to approximately 57% in the fourth quarter of 2013. The gross proceeds to ING Group from the exercise of the option are approximately EUR 106 million (USD 146 million).

These transactions closed in October 2013. ING Group is subject to a lock-up period of 90 days from 24 October 2013.

These transactions will not directly impact the profit and loss account of ING Group. These transactions are expected to have a negative impact of approximately EUR 0.6 billion on the Shareholders' Equity of ING Group. This amount reflects the difference between EUR 812 million (the approximate net proceeds of these transactions) and the estimated IFRS book value of the stake being sold. The decrease in ING Group Shareholders' Equity will be reflected in the fourth quarter of 2013. ING has previously announced its intention to divest its remaining stake in ING U.S. over time, in line with its strategy to separate and divest its insurance and investment management businesses.

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

Settlement agreement with U.S.
In the first quarter of 2012, ING Bank entered into a Settlement Agreement with U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and Deferred Prosecution Agreements with the Department of Justice, the United States Attorney's Office for the District of Columbia and the District Attorney of the County of New York (together the 'U.S. Authorities') in relation to the investigation by those agencies into compliance with U.S. economic sanctions and U.S. dollar payment practices until 2007. As part of the settlement, ING Bank has paid a total penalty of EUR 473 million. As announced on 9 May 2012, ING Bank recognised a provision in the first quarter of 2012 by which this issue was sufficiently covered. ING Bank has cooperated closely and constructively with regulators and other authorities throughout this process. The U.S. Authorities have recognised ING's substantial cooperation in the resolution and ING's efforts and commitment to continuously enhance compliance within the organisation.

Notes to the condensed consolidated interim accounts continued

27 IMPACT OF CHANGE IN ACCOUNTING POLICY

This note provides more information on the change in accounting policy as a result of the implementation of the revised IAS 19 'Employee Benefits' accounting standard and how this change affects the financial information of the opening balance sheet of the comparative year. Reference is made to the section 'Changes in accounting policies' on page 9 for more details on the impact of this change in accounting policy.

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

Employee benefits – pension obligations

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

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

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

Defined benefit plans

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

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

Changes in plan assets that effects Shareholders' equity and/or Net result, include mainly:

- expected return on assets using a high quality corporate bond rate at the start of the reporting period which are recognised as staff costs in the profit and loss account; and
- remeasurements which are recognised in Other comprehensive income (equity).

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

Changes in the defined benefit obligation that effects Shareholders' equity and/or Net result, include mainly:

- service cost which are recognised as staff costs in the profit and loss account;
- interest expenses using a high quality corporate bond rate at the start of the period which are recognised as staff costs in the profit and loss account; and
- remeasurements which are recognised in Other comprehensive income (equity).

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

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

Defined contribution plans

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

Notes to the condensed consolidated interim accounts continued

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

Restated consolidated balance sheet

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

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

Notes to the condensed consolidated interim accounts continued

Other assets (Restated)

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

Other liabilities (Restated)

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

Notes to the condensed consolidated interim accounts continued

Deferred tax (Restated)

Changes in deferred tax

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

28 SUBSEQUENT EVENTS

New segmentation as of the fourth quarter of 2013

After carefully exploring and evaluating the options available for the divestment of ING Life Japan, ING has come to the conclusion that a standalone sale of this business is not feasible in a manner that meets the demands of our stakeholders. Therefore, ING Group will include ING Life Japan with ING's European insurance and investment management businesses in the base case Initial Public Offering (IPO) of ING Insurance in 2014, subject to market and other conditions. As a result, as of the fourth quarter of 2013, ING Life Japan and the Japanese Closed Block VA guarantees reinsured to ING Re will no longer be classified as held for sale and discontinued operations.

ING will adjust its reporting structure to better align its segmentation according to the businesses that it comprises, their governance and internal management, and to reflect the decision to divest ING Life Japan with the IPO of ING Insurance. The new reporting segments for ING Insurance as of the fourth quarter are as follows:

- Netherlands Life;
- Netherlands Non-life;
- Insurance Europe;
- Japan Life;
- Japan Closed Block VA;
- Investment Management; and
- Other

Japan Life, representing COLI business, and the Japan Closed Block VA, will both be reported separately to reflect the distinct nature of these two Japanese businesses. The Japan Closed Block VA business has a reserve inadequacy of approximately EUR 0.6 billion at the 50% confidence level, as of 30 September 2013. This inadequacy is currently offset by surplus adequacies in other businesses in the same business line, predominantly the Japan COLI business and ING Life Korea. Under ING's existing accounting policies, the net insurance liability of any business line must be adequate at the 50% confidence level. The separate reporting of the Japan Closed Block VA business line will therefore trigger a charge in the fourth quarter of approximately EUR 0.6 billion pre tax (based on figures at the end of the third quarter) to restore the reserve inadequacy of that business line to the 50% confidence level.

This charge will mainly be reflected as a write-down of all deferred acquisition costs (DAC) of the Japan Closed Block VA. The final profit and loss impact, which will be reflected in the fourth quarter of 2013, will depend on market developments and other factors in the quarter.

Notes to the condensed consolidated interim accounts continued

Additional repayment of core Tier 1 securities
As announced on 30 October 2013, ING will pay EUR 1.125 billion on 6 November 2013 to the Dutch State. This payment includes a EUR 750 million repayment of core Tier 1 securities and EUR 375 million in premiums and coupons. The payment will bring the total amount paid to the Dutch State to EUR 11.3 billion, including EUR 8.5 billion in principal and EUR 2.8 billion in premiums and coupons.

The payment of EUR 1.125 billion, which has been approved by the Dutch Central Bank, will be funded by a dividend to be upstreamed from ING Bank to ING Group. The dividend will lead to a reduction of the Bank's core Tier 1 ratio of approximately 40 basis points.

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

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

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

AMSTERDAM, 5 NOVEMBER 2013

Ernst & Young Accountants LLP

Signed by M.A. van Loo

Disclaimer

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

In preparing the financial information in this document, except for the changes described in Note 1 'Basis of presentation', the same accounting principles are applied as in the 2012 ING Group Annual Accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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

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

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