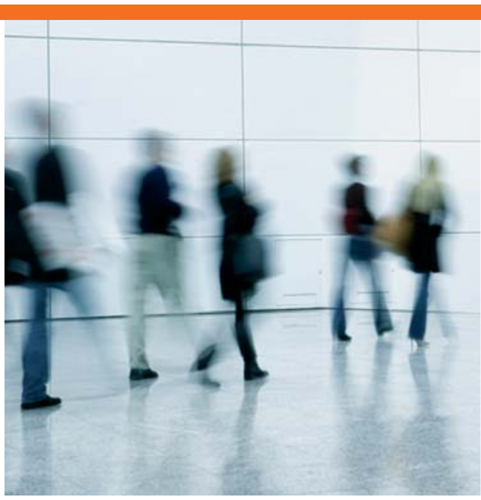
ING GROUP



Condensed consolidated interim financial information for the period ended 31 March 2011

ING

Contents

Condensed consolidated balance sheet of ING Group

as at

amounts in millions of euros	31 March 2011	31 December 2010
ASSETS		
Cash and balances with central banks	**16,301**	13,072
Amounts due from banks	**55,435**	51,828
Financial assets at fair value through profit and loss 2	**249,310**	263,894
Investments 3	**229,503**	234,240
Loans and advances to customers 4	**611,137**	613,204
Reinsurance contracts	**5,544**	5,789
Investments in associates	**3,761**	3,925
Real estate investments	**1,857**	1,900
Property and equipment	**6,159**	6,132
Intangible assets 5	**5,104**	5,372
Deferred acquisition costs	**10,125**	10,499
Assets held for sale 6	**680**	681
Other assets	**34,319**	36,469
Total assets	**1,229,235**	1,247,005
EQUITY		
Shareholders' equity (parent)	**40,067**	40,904
Non-voting equity securities	**5,000**	5,000
	45,067	45,904
Minority interests	**742**	729
Total equity	**45,809**	46,633
LIABILITIES		
Subordinated loans	**10,213**	10,645
Debt securities in issue	**140,145**	135,604
Other borrowed funds	**19,829**	22,291
Insurance and investment contracts	**263,154**	271,128
Amounts due to banks	**79,341**	72,852
Customer deposits and other funds on deposit	**513,275**	511,362
Financial liabilities at fair value through profit and loss 7	**122,184**	138,539
Liabilities held for sale 6	**399**	424
Other liabilities	**34,886**	37,527
Total liabilities	**1,183,426**	1,200,372
Total equity and liabilities	**1,229,235**	1,247,005

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

Condensed consolidated profit and loss account of ING Group

for the three month period ended

amounts in millions of euros	3 month period 1 January to 31 March 2011	2010
Interest income banking operations	**17,359**	16,317
Interest expense banking operations	**–13,966**	–13,099
Interest result banking operations	**3,393**	3,218
Gross premium income	**8,255**	8,262
Investment income 8	**1,770**	1,576
Commission income	**1,192**	1,099
Other income 9	**–172**	327
Total income	**14,438**	14,482
Underwriting expenditure 10	**8,274**	8,634
Addition to loan loss provision	**332**	497
Intangible amortisation and other impairments 11	**112**	185
Staff expenses	**1,973**	1,882
Other interest expenses	**157**	158
Other operating expenses	**1,560**	1,439
Total expenses	**12,408**	12,795
Result before tax	**2,030**	1,687
Taxation	**616**	439
Net result (before minority interests)	**1,414**	1,248
Attributable to:		
Equityholders of the parent	**1,381**	1,230
Minority interests	**33**	18
	1,414	1,248

amounts in euros	3 month period 1 January to 31 March 2011	2010
Basic earnings per ordinary share 12	**0.25**	0.21
Diluted earnings per ordinary share 12	**0.25**	0.21

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 month period ended

	3 month period 1 January to 31 March	
amounts in millions of euros	**2011**	2010
Result for the period	**1,414**	1,248
Unrealised revaluations after taxation	**–788**	1,547
Realised gains/losses transferred to profit and loss	**38**	188
Changes in cash flow hedge reserve	**–304**	205
Transfer to insurance liabilities/DAC	**399**	–1,026
Exchange rate differences	**–1,596**	2,085
Total amount recognised directly in equity (other comprehensive income)	**–2,251**	2,999
Total comprehensive income	**–837**	4,247
Comprehensive income attributable to:		
Equityholders of the parent	**–874**	4,244
Minority interests	**37**	3
	–837	4,247

For the three month period 1 January 2011 to 31 March 2011 the Unrealised revaluations after taxation comprises EUR 4 million (1 January 2010 to 31 March 2010: EUR –6 million) related to the share of other comprehensive income of associates.

For the three month period 1 January 2011 to 31 March 2011 the Exchange rate differences comprises EUR 68 million (1 January 2010 to 31 March 2010: EUR 126 million) related to the share of other comprehensive income of associates.

Condensed consolidated statement of cash flows of ING Group

for the three month period ended

amounts in millions of euros		31 March 2011	31 March 2010
Result before tax		2,030	1,687
Adjusted for	– depreciation	424	410
	– deferred acquisition costs and value of business acquired	–181	–204
	– increase in provisions for insurance and investment contracts	1,429	1,319
	– addition to loan loss provisions	332	497
	– other	–200	1,290
Taxation paid		–248	335
Changes in	– amounts due from banks, not available on demand	–2,515	–13,674
	– trading assets	6,519	–14,442
	– non-trading derivatives	–895	–1,591
	– other financial assets at fair value through profit and loss	–168	–145
	– loans and advances to customers	–6,059	–1,721
	– other assets	405	3,765
	– amounts due to banks, not payable on demand	3,519	11,245
	– customer deposits and other funds on deposit	8,616	5,316
	– trading liabilities	–10,720	10,806
	– other financial liabilities at fair value through profit and loss	–1,131	1,093
	– other liabilities	–3,024	–5,860
Net cash flow from (used in) operating activities		–1,867	126
Investments and advances	– available-for-sale investments	–56,065	–35,821
	– investments for risk of policyholders	–15,420	–13,153
	– other investments	–619	–66
Disposals and redemptions	– available-for-sale investments	52,043	33,536
	– investments for risk of policyholders	17,088	13,970
	other investments	1,356	748
Net cash flow from (used in) investing activities		–1,617	–786
Proceeds from borrowed funds and debt securities		96,908	98,166
Repayments of borrowed funds and debt securities		–89,730	–90,830
Other net cash flow from financing activities		36	–12
Net cash flow from financing activities		7,214	7,324
Net cash flow		3,730	6,664
Cash and cash equivalents at beginning of period		20,740	20,959
Effect of exchange rate changes on cash and cash equivalents		–186	312
Cash and cash equivalents at end of period		24,284	27,935
Cash and cash equivalents comprises the following items:			
Treasury bills and other eligible bills		6,291	6,779
Amounts due from/to banks		1,691	3,199
Cash and balances with central banks		16,302	17,957
Cash and cash equivalents at end of period		24,284	27,935

Condensed consolidated statement of changes in equity of ING Group

for the three month period ended

amounts in millions of euros	Share capital	Share premium	Reserves	Total shareholders' equity (parent)	Non-voting equity securities	Minority interests	Total
Balance at 1 January 2011	**919**	**16,034**	**23,951**	**40,904**	**5,000**	**729**	**46,633**
Unrealised revaluations after taxation			**–788**	**–788**			**–788**
Realised gains/losses transferred to profit and loss			**37**	**37**		**1**	**38**
Changes in cash flow hedge reserve			**–304**	**–304**			**–304**
Transfer to insurance liabilities/DAC			**399**	**399**			**399**
Exchange rate differences			**–1,599**	**–1,599**		**3**	**–1,596**
Total amount recognised directly in equity			**–2,255**	**–2,255**		**4**	**–2,251**
Net result for the period			**1,381**	**1,381**		**33**	**1,414**
			–874	**–874**		**37**	**–837**
Changes in the composition of the group						**–21**	**–21**
Dividends						**–3**	**–3**
Purchase/sale of treasury shares			**54**	**54**			**54**
Employee stock option and share plans			**–17**	**–17**			**–17**
Balance at 31 March 2011	**919**	**16,034**	**23,114**	**40,067**	**5,000**	**742**	**45,809**

amounts in millions of euros	Share capital	Share premium	Reserves	Total shareholders' equity (parent)	Non-voting equity securities	Minority interests	Total
Balance at 1 January 2010	919	16,034	16,690	33,643	5,000	915	39,558
Unrealised revaluations after taxation			1,555	1,555		–8	1,547
Realised gains/losses transferred to profit and loss			188	188			188
Changes in cash flow hedge reserve			205	205			205
Transfer to insurance liabilities/DAC			–1,026	–1,026			–1,026
Exchange rate differences			2,092	2,092		–7	2,085
Total amount recognised directly in equity			3,014	3,014		–15	2,999
Net result for the period			1,230	1,230		18	1,248
			4,244	4,244		3	4,247
Changes in the composition of the group			1	1		83	84
Dividends						–4	–4
Employee stock option and share plans			14	14			14
Balance at 31 March 2010	919	16,034	20,949	37,902	5,000	997	43,899

Consolidated statement of changes in equity of ING Group continued

for the three month period ended

amounts in millions of euros	Share capital	Share premium	Reserves	Total shareholders' equity (parent)	Non-voting equity securities	Minority interests	Total
Balance at 1 January 2009 (before change in accounting policy)	495	9,182	7,657	17,334	10,000	1,594	28,928
Effect of change in accounting policy			–145	–145			–145
Balance at 1 January 2009 (restated)	495	9,182	7,512	17,189	10,000	1,594	28,783
Unrealised revaluations after taxation			1,329	1,329		–13	1,316
Realised gains/losses transferred to profit and loss			633	633			633
Changes in cash flow hedge reserve			–515	–515			–515
Transfer to insurance liabilities/DAC			593	593			593
Exchange rate differences			792	792		9	801
Total amount recognised directly in equity			2,832	2,832		–4	2,828
Net result for the period			–879	–879		–21	–900
			1,953	1,953		–25	1,928
Changes in the composition of the group						–431	–431
Dividends						–1	–1
Purchase/sale of treasury shares			–21	–21			–21
Employee stock option and share plans			12	12			12
Balance at 31 March 2009	495	9,182	9,456	19,133	10,000	1,137	30,270

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

Notes to the condensed consolidated interim accounts

1 BASIS OF PRESENTATION
These condensed consolidated interim accounts have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The accounting principles used to prepare these condensed consolidated interim accounts comply with International Financial Reporting Standards as adopted by the European Union and are consistent with those set out in the notes to the 2010 Consolidated Annual Accounts of ING Group, except for the amendments referred to below.

These condensed consolidated interim accounts should be read in conjunction with ING Group's 2010 Annual Accounts.

The following standards, interpretations and amendments to standards and interpretations became effective in 2011:
- Classification of Rights Issues (Amendment to IAS 32);
- Amendment to IAS 24 'Related Party Disclosures';
- Amendment to IFRIC 14 'Prepayments of a Minimum Funding Requirement';
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments';
- Amendment to IFRS 1 'Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters';
- 2010 Annual improvements to IFRS.

None of these new or revised standards and interpretations had a significant effect on the condensed consolidated interim accounts for the period ended 31 March 2011.

The following new or revised standards and interpretations were issued by the IASB, which become effective for ING Group as of 2012, unless otherwise indicated, if and when endorsed by the EU:
- Amendments to IFRS 7 'Disclosures – Transfers of Financial Assets';
- Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (Amendments to IFRS 1);
- Deferred tax: Recovery of Underlying Assets (Amendments to IAS 12).

ING Group does not expect the adoption of these new or revised standards and interpretations to have a significant effect on the consolidated financial statements.

Furthermore, in 2010 IFRS 9 'Financial Instruments' was issued, which is effective as of 2013. However, this standard was not yet endorsed by the EU and, therefore, is not yet part of IFRS-EU. Implementation of IFRS 9 – if and when endorsed by the EU – may have a significant impact on equity and/or result of ING Group.

International Financial Reporting Standards as adopted by the EU provide several options in accounting principles. ING Group's accounting principles under International Financial Reporting Standards as adopted by the EU and its decision on the options available are set out in the section 'Principles of valuation and determination of results' in the 2010 Annual Accounts.

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

The presentation of, and certain terms used in, the consolidated balance sheet, the consolidated profit and loss account, consolidated statement of cash flows, consolidated statement of changes in equity and certain notes has been changed to provide additional and more relevant information or (for changes in comparative information) to better align with the current period presentation. The impact of these changes is explained in the relevant notes when significant.

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

Notes to the condensed consolidated interim accounts continued

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

Impact on balance sheet

amounts in millions of euros	1 January 2009	31 March 2009	31 December 2009	31 March 2010	31 December 2010
Deferred acquisition costs	1,146	517	–190	–357	–105
Insurance and investment contracts	1,369	882	148	155	546
	–223	–365	–338	–512	–651
Tax effect	78	128	118	179	
Shareholders' equity	–145	–237	–220	–333	–651

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

Impact on profit and loss account

amounts in millions of euros	2009	2010	1 January 2010 to 31 March 2010
Underwriting expenditure	–109	–281	–147
Taxation	–38	128	–51
Result after taxation	–71	–409	–96

2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value through profit and loss

amounts in millions of euros	**31 March 2011**	31 December 2010
Trading assets	**120,225**	125,675
Investment for risk of policyholders	**116,090**	120,481
Non-trading derivatives	**7,055**	11,722
Designated as at fair value through profit and loss	**5,940**	6,016
	249,310	263,894

3 INVESTMENTS

Investments

amounts in millions of euros	**31 March 2011**	31 December 2010
Available-for-sale		
– equity securities	**9,799**	9,754
– debt securities	**209,226**	212,793
	219,025	222,547
Held-to-maturity		
– debt securities	**10,478**	11,693
	10,478	11,693
	229,503	234,240

Notes to the condensed consolidated interim accounts continued

Exposure to debt securities

ING Group's total exposure to debt securities included in available-for-sale investments and assets at amortised cost of EUR 261,038 million (31 December 2010: EUR 266,859 million) is specified as follows by type of exposure and by banking and insurance operations:

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

	Banking operations		Insurance operations		Total	
amounts in millions of euros	**31 March 2011**	31 December 2010	**31 March 2011**	31 December 2010	**31 March 2011**	31 December 2010
Government bonds	**54,391**	51,960	**47,774**	48,455	**102,165**	100,415
Covered bonds	**27,522**	28,947	**1,177**	1,327	**28,699**	30,274
Corporate bonds	**1,108**	1,066	**37,683**	38,404	**38,791**	39,470
Financial institution bonds	**24,166**	25,863	**12,303**	13,047	**36,469**	38,910
Bond portfolio (excluding ABS)	**107,187**	107,836	**98,937**	101,233	**206,124**	209,069
US agency RMBS	**10,954**	10,930	**4,271**	4,799	**15,225**	15,729
US prime RMBS	**604**	706	**1,424**	1,625	**2,028**	2,331
US Alt-A RMBS	**2,187**	2,431	**335**	358	**2,522**	2,789
US subprime RMBS	**94**	87	**1,340**	1,560	**1,434**	1,647
Non-US RMBS	**13,647**	14,677	**4,967**	5,174	**18,614**	19,851
CDO/CLO	**542**	574	**768**	731	**1,310**	1,305
Other ABS	**4,243**	4,490	**2,680**	2,429	**6,923**	6,919
CMBS	**2,250**	2,409	**4,608**	4,810	**6,858**	7,219
ABS portfolio	**34,521**	36,304	**20,393**	21,486	**54,914**	57,790
	141,708	144,140	**119,330**	122,719	**261,038**	266,859

Government and Financial Institutions bonds in the table above include exposures in Greece, Ireland and Portugal in total of EUR 2.6 billion (31 December 2010: EUR 2.8 billion) of which EUR 2.2 billion (31 December 2010: EUR 2.4 billion) classified as Available-for-sale (fair value), with a related pre-tax revaluation reserve in equity of EUR –0.7 billion (31 December 2010: EUR –0.8 billion), and of which EUR 0.4 billion (31 December 2010: EUR 0.4 billion) classified as Loans and advances (amortised cost). Ireland and Greece, and in 2011 Portugal, applied for support from the European Financial Stability Fund (EFSF).

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

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

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

Notes to the condensed consolidated interim accounts continued

Reclassifications to Loans and advances to customers and Amounts due from banks			
amounts in millions of euros	Q2 2009	Q1 2009	Q4 2008
As per reclassification date			
Fair value	6,135	22,828	1,594
Effective interest rate (weighted average)	1.4%– 24.8%	2.1%– 11.7%	4.1%– 21%
Expected recoverable cash flows	7,118	24,052	1,646
Unrealised fair value losses in shareholders' equity (before tax)	–896	–1,224	–69
Recognised fair value gains (losses) in shareholders' equity (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	173	nil	–79
Recognised impairment (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	nil	nil	nil
2011			
Carrying value as at 31 March	**6,532**	**16,374**	**830**
Fair value as at 31 March	**6,650**	**15,622**	**844**
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 March	**–433**	**–579**	**–59**
Effect on shareholders' equity (before tax) as at 31 March if reclassification had not been made	**118**	**–752**	**14**
Effect on result (before tax) for the three month period ended 31 March if reclassification had not been made	**nil**	**nil**	**nil**
Effect on result (before tax) for the three month period ended 31 March (mainly interest income)	**34**	**103**	**8**
Recognised impairments (before tax) for the three month period ended 31 March	**2**	**nil**	**nil**
Recognised provision for credit losses (before tax) for the three month period ended 31 March	**1**	**nil**	**nil**
2010			
Carrying value as at 31 December	6,418	16,906	857
Fair value as at 31 December	6,546	16,099	889
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December	–491	–633	–65
Effect on shareholders' equity (before tax) if reclassification had not been made	128	–807	32
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (mainly interest income)	78	467	34
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2009			
Carrying value as at 31 December	6,147	20,551	1,189
Fair value as at 31 December	6,472	20,175	1,184
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December	–734	–902	–67
Effect on shareholders' equity (before tax) if reclassification had not been made	325	–376	–5
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)	54	629	n/a
Effect on result (before tax) for the year (mainly interest income)	n/a	n/a	47
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2008			
Carrying value as at 31 December			1,592
Fair value as at 31 December			1,565
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December	–971	–192	–79
Effect on shareholders' equity (before tax) if reclassification had not been made	n/a	n/a	–28
Effect on result (before tax) if reclassification had not been made	n/a	n/a	nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)	n/a	n/a	9
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	n/a	n/a	nil
2007			
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December			–20
Recognised impairments (before tax)			nil

Notes to the condensed consolidated interim accounts continued

4 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers by banking and insurance operations

amounts in millions of euros	31 March 2011	31 December 2010
Banking operations	**587,349**	589,039
Insurance operations	**30,075**	31,065
	617,424	620,104
Eliminations	**–6,287**	–6,900
	611,137	613,204

Loans and advances to customers by type – banking operations

amounts in millions of euros	31 March 2011	31 December 2010
Loans to, or guaranteed by, public authorities	**55,617**	55,953
Loans secured by mortgages	**338,675**	334,739
Loans guaranteed by credit institutions	**5,965**	5,768
Personal lending	**22,229**	21,743
Asset backed securities	**17,716**	18,605
Corporate loans	**152,279**	157,405
	592,481	594,213
Loan loss provisions	**–5,132**	–5,174
	587,349	589,039

Changes in loan loss provisions

	Banking operations		Insurance operations		Total	
amounts in millions of euros	3 month period ended 31 March 2011	year ended 31 December 2010	3 month period ended 31 March 2011	year ended 31 December 2010	3 month period ended 31 March 2011	year ended 31 December 2010
Opening balance	**5,195**	4,399	**117**	111	**5,312**	4,510
Changes in the composition of the group			**–2**		**–2**	
Write-offs	**–293**	–1,166	**–4**	–42	**–297**	–1,208
Recoveries	**34**	105	**1**	1	**35**	106
Increase in loan loss provisions	**332**	1,751	**4**	41	**336**	1,792
Exchange rate differences	**–99**	155	**–2**	6	**–101**	161
Other changes	**–20**	–49			**–20**	–49
Closing balance	**5,149**	5,195	**114**	117	**5,263**	5,312

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

The loan loss provision relating to banking operations at 31 March 2011 of EUR 5,149 million (31 December 2010: EUR 5,195 million) is presented in the balance sheet under Loans and advances to customers and Amounts due from banks for EUR 5,132 million (31 December 2010: EUR 5,174 million) and EUR 17 million (31 December 2010: EUR 21 million) respectively.

Notes to the condensed consolidated interim accounts continued

5 INTANGIBLE ASSETS

Intangible assets

amounts in millions of euros	31 March 2011	31 December 2010
Value of business acquired	**1,218**	1,320
Goodwill	**2,697**	2,765
Software	**701**	754
Other	**488**	533
	5,104	5,372

Goodwill impairment testing

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

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

No goodwill impairment was recognised in the first quarter of 2011 (first quarter of 2010: nil).

6 ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale include disposal groups whose carrying amount will be recovered principally through a sale transaction rather than through continuing operations. This relates to businesses for which a sale is agreed upon or a sale is highly probable at the balance sheet date but for which the transaction has not yet fully closed. As at 31 March 2011 this relates mainly to Pacific Antai Life Insurance Company Ltd. (PALIC), ING Arrendadora, S.A. de C.V. in Mexico, ING Real Estate Investment Management (ING REIM), Clarion Real Estate Securities and the part of ING Real Estate Investment Management Australia (ING REIMA) that has not yet closed. As at 31 December 2010 this related to the same disposal groups held for sale, except for ING REIMA. Reference is made to Note 14 'Acquisitions and disposals'.

Assets held for sale

amounts in millions of euros	31 March 2011	31 December 2010
Cash and balances with central banks	**14**	28
Financial assets at fair value through profit and loss	**15**	16
Available-for-sale investments	**156**	144
Loans and advances to customers	**232**	244
Investments in associates	**67**	43
Property and equipment	**11**	12
Intangible assets	**15**	15
Deferred acquisition costs	**42**	43
Other assets	**128**	136
	680	681

Liabilities held for sale

amounts in millions of euros	31 March 2011	31 December 2010
Other borrowed funds	**34**	35
Insurance and investments contracts	**210**	217
Other liabilities	**155**	172
	399	424

Notes to the condensed consolidated interim accounts continued

In addition to the entities presented as Held for sale above, ING is considering potential divestments, including those that are listed under the European Commission Restructuring plan in Note 33 'Related Parties' in the ING Group 2010 Annual Accounts. However, none of these businesses qualify as held for sale as at 31 March 2011 as the potential divestments are not yet available for immediate sale in their present condition and/or a sale is not yet highly probable to occur.

7 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial liabilities at fair value through profit and loss

amounts in millions of euros	31 March 2011	31 December 2010
Trading liabilities	**97,333**	108,050
Non-trading derivatives	**12,788**	17,782
Designated as at fair value through profit and loss	**12,063**	12,707
	122,184	138,539

The change in the fair value of financial liabilities designated as at fair value through profit and loss attributable to changes in the credit risk of that liability during the first quarter of 2011 was EUR 12 million (first quarter of 2010: EUR 20 million; entire year 2010: EUR –28 million) and EUR 55 million (31 December 2010: EUR 67 million) on a cumulative basis.

8 INVESTMENT INCOME

Investment income

3 month period	Banking operations		Insurance operations		Total	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
amounts in millions of euros	**2011**	2010	**2011**	2010	**2011**	2010
Income from real estate investments	**8**	40	**16**	17	**24**	57
Dividend income	**2**	3	**36**	24	**38**	27
Income from investments in debt securities			**1,345**	1,326	**1,345**	1,326
Income from loans			**402**	376	**402**	376
Realised gains/losses on disposal of debt securities	**14**	106	**31**	–54	**45**	52
Impairments of available-for-sale debt securities	**–7**	–75	**–220**	–165	**–227**	–240
Reverals of impairments of available-for-sale debt securities	**41**		**4**	4	**45**	4
Realised gains/losses on disposal of equity securities	**13**	3	**97**	21	**110**	24
Impairments of available-for-sale equity securities	**–1**	–7	**–11**	–4	**–12**	–11
Change in fair value of real estate investments		–21		–18		–39
	70	49	**1,700**	1,527	**1,770**	1,576

Impairments of available-for-sale debt securities in insurance operations include EUR 180 million in the first quarter of 2011 (first quarter of 2010: nil) of impairments on subordinated debt from Irish banks.

Notes to the condensed consolidated interim accounts continued

9 OTHER INCOME

Other income

3 month period	Banking operations		Insurance operations		Total	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
amounts in millions of euros	**2011**	2010	**2011**	2010	**2011**	2010
Net result on disposal of group companies		395		2		397
Valuation results on non-trading derivatives	**339**	–348	**–1,004**	–427	**–665**	–775
Net trading income	**–98**	516	**352**	–91	**254**	425
Result from associates	**14**	9	**59**	52	**73**	61
Other income	**134**	64	**32**	155	**166**	219
	389	636	**–561**	–309	**–172**	327

Result from associates

3 month period	Banking operations		Insurance operations		Total	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
amounts in millions of euros	**2011**	2010	**2011**	2010	**2011**	2010
Share of results from associates	**28**	10	**59**	52	**87**	62
Impairments	**–14**	–1			**–14**	–1
	14	9	**59**	52	**73**	61

10 UNDERWRITING EXPENDITURE

Underwriting expenditure

3 month period	1 January to 31 March	
amounts in millions of euros	**2011**	2010
Gross underwriting expenditure		
– before effect of investment result for risk of policyholders	**8,718**	9,114
– effect of investment result risk of policyholders	**2,659**	4,057
	11,377	13,171
Investment result for risk of policyholders	**–2,659**	–4,057
Reinsurance recoveries	**–444**	–480
Underwriting expenditure	**8,274**	8,634

Notes to the condensed consolidated interim accounts continued

Underwriting expenditure by class		
3 month period	1 January to 31 March	
amounts in millions of euros	**2011**	2010
Expenditure from life underwriting		
Reinsurance and retrocession premiums	**466**	521
Gross benefits	**6,861**	6,157
Reinsurance recoveries	**–442**	–479
Change in life insurance provisions for risk of company	**139**	1,061
Costs of acquiring insurance business	**250**	354
Other underwriting expenditure	**138**	113
Profit sharing and rebates	**95**	97
	7,507	7,824
Expenditure from non-life underwriting		
Reinsurance and retrocession premiums	**25**	42
Gross claims	**270**	252
Reinsurance recoveries	**–2**	–2
Change in provision for unearned premiums	**341**	342
Change in claims provision	**16**	25
Costs of acquiring insurance business	**69**	67
	719	726
Expenditure from investment contracts		
Costs of acquiring investment contracts	**1**	1
Profit sharing and rebates		11
Other changes in investment contract liabilities	**47**	72
	48	84
	8,274	8,634

11 INTANGIBLE AMORTISATION AND OTHER IMPAIRMENTS

Intangible amortisation and (reversals of) impairments						
3 month period	Impairment losses		Reversals of impairments		Total	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
amounts in millions of euros	**2011**	2010	**2011**	2010	**2011**	2010
Property and equipment	**4**	7	**–2**	–1	**2**	6
Property development	**65**	151			**65**	151
Software and other intangible assets	**21**				**21**	
(Reversals of) other impairments	**90**	158	**–2**	–1	**88**	157
Amortisation of other intangible assets					**24**	28
					112	185

In the first quarter of 2011 EUR 65 million impairments are recognised on Property development (Real Estate) of which EUR 59 million is due to the sale or termination of large projects in Germany and the Netherlands and relates for a small part to foreclosure property in the United States.

Notes to the condensed consolidated interim accounts continued

12 EARNINGS PER ORDINARY SHARE

Earnings per ordinary share

3 month period	Amount (in millions of euros) 1 January to 31 March		Weighted average number of ordinary shares outstanding during the period (in millions) 1 January to 31 March		Per ordinary share (in euros) 1 January to 31 March	
	2011	2010	**2011**	2010	**2011**	2010
Net result	**1,381**	1,230	**3,782.3**	3,784.6		
Attribution to non-voting equity securities [(1)]	**–425**	–425				
Basic earnings	**956**	805	**3,782.3**	3,784.6	**0.25**	0.21
Dilutive securities:						
Stock option and share plans			**7.7**	6.6		
			7.7	6.6		
Diluted earnings	**956**	805	**3,790.0**	3,791.2	**0.25**	0.21

(1) As a net profit was reported in the first quarter of 2011 an attribution to non-voting equity securities was included. This attribution represented the amount that would be payable to the holders of the non-voting equity securities if and when the entire net profit for the first quarter of 2011 would be distributed as dividend. This amount is only included for the purpose of determining earnings per share under IFRS and does not represent a payment (neither actual nor proposed) to the holders of the non-voting equity securities.

Diluted earnings per share data are 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. It is also assumed that ING Group uses the cash received from exercised stock options and share plans or converted non-voting equity securities to buy its own shares against the average market price in the financial year. The net increase in the number of shares resulting from exercising stock options and share plans or converting non-voting equity securities is added to the average number of shares used for the calculation of diluted earnings per share. The potential conversion of the non-voting equity securities has an anti-dilutive effect on the earnings per share calculation in 2011 and 2010 (the diluted earnings per share becoming higher or less negative than the basic earnings per share). Therefore, the potential conversion is not taken into account in determining the weighted average number of shares for the calculation of diluted earnings per share for these periods.

13 SEGMENT REPORTING

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

Operating segments of ING Group

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

*Excluding US Closed Block VA

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

The accounting policies of the operating segments are the same as those described in the Annual Accounts 2010 except for the changes described in Note 1 'Basis of presentation'. Transfer prices for inter-segment transactions are set at arm's length. Corporate expenses are allocated to business lines based on time spent by head office personnel, the relative number of staff, and/or on the basis of income/assets of the segment.

Notes to the condensed consolidated interim accounts continued

ING Group evaluates the results of its operating segments using a financial performance measure called underlying result. Underlying result is defined as result under IFRS-EU excluding the impact of divestments and special items. For the banking activities underlying result is analysed in a format that is similar to the IFRS profit and loss account.

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

- Operating result
- Market and other impacts

Both are analysed into various sub-components. The total of operating profit and market and other impacts equals underlying result before tax.

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

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

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

Notes to the condensed consolidated interim accounts continued

Profit and loss account IFRS-EU – Banking and insurance

3 month period	Total Banking		Total Insurance		Eliminations		Total Group	
amounts in millions of euros	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Interest income banking operations	**17,455**	16,374			**–96**	–57	**17,359**	16,317
Interest expense banking operations	**–14,059**	–13,119			**93**	20	**–13,966**	–13,099
Interest result banking operations	**3,396**	3,255			**–3**	–37	**3,393**	3,218
Gross premium income			**8,255**	8,262			**8,255**	8,262
Investment income	**70**	49	**1,793**	1,547	**–93**	–20	**1,770**	1,576
Commission income	**695**	659	**497**	440			**1,192**	1,099
Other income	**389**	636	**–561**	–309			**–172**	327
Total income	**4,550**	4,599	**9,984**	9,940	**–96**	–57	**14,438**	14,482
Underwriting expenditure			**8,274**	8,634			**8,274**	8,634
Addition to loan loss provision	**332**	497					**332**	497
Intangible amortisation and other impairments	**78**	169	**34**	16			**112**	185
Staff expenses	**1,442**	1,354	**531**	528			**1,973**	1,882
Other interest expenses			**253**	215	**–96**	–57	**157**	158
Other operating expenses	**1,046**	982	**514**	457			**1,560**	1,439
Total expenses	**2,898**	3,002	**9,606**	9,850	**–96**	–57	**12,408**	12,795
Result before tax	**1,652**	1,597	**378**	90			**2,030**	1,687
Taxation	**481**	339	**135**	100			**616**	439
Net result (before minority interests)	**1,171**	1,258	**243**	–10			**1,414**	1,248
Net result minority interests	**24**	17	**9**	1			**33**	18
Net result (after minority interests)	**1,147**	1,241	**234**	–11			**1,381**	1,230

Reconciliation between IFRS-EU and Underlying income and net result

3 month period

1 January to 31 March 2011	**Total Banking**		**Total Insurance**		**Total Group**	
amounts in millions of euros	**Income**	**Net result**	**Income**	**Net result**	**Income**	**Net result**
IFRS-EU	**4,550**	**1,147**	**9,984**	**234**	**14,438**	**1,381**
Divestments	**–42**	**–11**		**3**	**–42**	**–8**
Special items		**53**		**66**		**119**
Underlying	**4,508**	**1,189**	**9,984**	**303**	**14,396**	**1,492**

Divestments in the first quarter of 2011 mainly included the impact of IIM Philippines and two Real Estate funds of REIM Australia. Special items in the first quarter of 2011 mainly reflected the merger of Dutch retail activities, restructuring programmes and separation costs.

Reconciliation between IFRS-EU and Underlying income and net result

3 month period

1 January to 31 March 2010	Total Banking		Total Insurance		Total Group	
amounts in millions of euros	Income	Net result	Income	Net result	Income	Net result
IFRS-EU	4,599	1,241	9,940	–11	14,482	1,230
Divestments	–423	–405	–10	1	–433	–404
Special items		75		22		97
Underlying	4,176	911	9,930	12	14,049	923

Divestments in the first quarter of 2010 mainly included the impact of the sale of Private Banking businesses in Asia and Switzerland. Special items in the first quarter of 2010 mainly reflected restructuring costs.

Notes to the condensed consolidated interim accounts continued

ING Group evaluates the results of its operating segments using a financial performance measure called underlying result. Underlying result is defined as result under IFRS-EU excluding the impact of divestments and special items. For the banking activities underlying result is analysed in a format that is similar to the IFRS profit and loss account.

Operating segments Banking

3 month period

1 January to 31 March 2011 amounts in millions of euros	Retail Netherlands	Retail Belgium	ING Direct	Retail CE	Retail Asia	Commercial Banking	ING Real Estate	Corporate Line Banking	Total Banking
Underlying income									
– Net interest result	899	401	963	173	38	809	117	–4	3,396
– Commission income	126	99	48	66	16	244	97	–1	695
– Total investment and other income	31	27	–9	32	16	366	27	–73	417
Total underlying income	1,056	527	1,002	271	70	1,419	241	–78	4,508
Underlying expenditure									
– Operating expenses	597	356	484	195	44	587	101	39	2,403
– Additions to loan loss provision	79	18	138	20	7	59	11		332
– Other impairments *	3		8				59	8	78
Total underlying expenses	679	374	630	215	51	646	171	47	2,813
Underlying result before taxation	377	153	372	56	19	773	70	–125	1,695
Taxation	94	42	143	9	5	175	32	–18	482
Minority interests		1		8	8	7			24
Underlying net result	283	110	229	39	6	591	38	–107	1,189

* analysed as a part of operating expenses.

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

- Operating result
- Market and other impacts

Both are analysed into various sub-components. The total of operating profit and market and other impacts equals underlying result before tax.

Notes to the condensed consolidated interim accounts continued

Operating segments Insurance

3 month period 1 January to 31 March 2011 amounts in millions of euros	Insurance Benelux	Insurance CRE	Insurance US *	Insurance US Closed Block VA	Insurance Latin America	Insurance Asia/Pacific	ING IM	Corporate Line Insurance	Total Insurance
Investment margin	119	15	216	7	18	14	2		391
Fees and premium based revenues	165	119	268	57	103	376	238		1,326
Technical margin	79	40	21	7	9	47			203
Income non-modelled life business	10	3				13			26
Life & ING IM operating income	373	177	505	71	130	450	240		1,946
Administrative expenses	139	82	182	21	52	114	188		778
DAC amortisation and trail commissions	65	48	151	36	23	180	1		504
Life & ING IM expenses	204	130	333	57	75	294	189		1,282
Life & ING IM operating result	169	47	172	14	55	156	51		664
Non-life operating result	40	1			28	1			70
Corporate Line operating result								–172	–172
Operating result	209	48	172	14	83	157	51	–172	562
Gains/losses and impairments	–111	–8	–39	6		21	5	1	–125
Revaluations	9		43	2	–3	–1	4	13	67
Market & other impacts	–93		8	39		2		1	–43
Underlying result before tax	14	40	184	61	80	179	60	–157	461
Taxation	–28	12	84	30	6	51	19	–25	149
Minority interests	8	3			1			–3	9
Underlying net result	34	25	100	31	73	128	41	–129	303

* Excluding US Closed Block VA.

Investment margin 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 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). Technical margin includes the margin between costs charged for benefits and incurred benefit costs; it includes mortality, morbidity and surrender results.

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

Effective with the first quarter of 2011, the estimate for the short-term equity growth assumption used to calculate the amortisation of DAC in the US (Insurance US) was changed to a mean reversion assumption. The impact of this change in estimate in the first quarter of 2011 was approximately EUR 30 million lower result before tax.

Notes to the condensed consolidated interim accounts continued

Operating segments Banking

3 month period

1 January to 31 March 2010 amounts in millions of euros	Retail Nether-lands	Retail Belgium	ING Direct	Retail CE	Retail Asia	Commer-cial Banking	ING Real Estate	Cor-porate Line Banking	Total Banking
Underlying income									
– Net interest result	912	391	867	175	42	814	109	–46	3,264
– Commission income	143	96	37	71	13	204	94	–3	655
– Total investment and other income	–1	36	–48	–2	10	310	16	–62	259
Total underlying income	1,054	523	856	244	65	1,328	219	–111	4,178
Underlying expenditure									
– Operating expenses	548	310	455	183	37	540	118	39	2,230
– Additions to loan loss provision	141	39	129	16	9	105	58		497
– Other impairments *	6		3				152	8	169
Total underlying expenses	695	349	587	199	46	645	328	47	2,896
Underlying result before taxation	359	174	269	45	19	683	–109	–158	1,282
Taxation	89	46	82	8	7	174	–9	–48	349
Minority interests				2	6	10	4		22
Underlying net result	270	128	187	35	6	499	–104	–110	911

* analysed as a part of operating expenses.

Notes to the condensed consolidated interim accounts continued

Operating segments Insurance

3 month period 1 January to 31 March 2010 amounts in millions of euros	Insurance Benelux	Insurance CRE	Insurance US *	Insurance US Closed Block VA	Insurance Latin America	Insurance Asia/ Pacific	ING IM	Corporate Line Insurance	Total Insurance
Investment margin	98	17	201	–13	15	9	2		329
Fees and premium based revenues	167	123	252	41	92	321	204		1,200
Technical margin	54	36	51	8	6	27			182
Income non-modelled life business	15	3				14			32
Life & ING IM operating income	334	179	504	36	113	371	206		1,743
Administrative expenses	150	61	225	21	45	95	160		757
DAC amortisation and trail commissions	65	45	140	6	15	162	1		434
Life & ING IM expenses	215	106	365	27	60	257	161		1,191
Life & ING IM operating result	119	73	139	9	53	114	45		552
Non-life operating result	32	1			13	1			47
Corporate Line operating result								–185	–185
Operating result	151	74	139	9	66	115	45	–185	414
Gains/losses and impairments	–10	–4	–221	14		15	5	1	–200
Revaluations	–21		82	1	13		–1	–31	43
Market & other impacts	66		–19	–179		6		–10	–136
Underlying result before tax	186	70	–19	–155	79	136	49	–225	121
Taxation	46	16	23	4	13	38	13	–45	108
Minority interests	–1	2			1			–1	1
Underlying net result	141	52	–42	–159	65	98	36	–179	12

* Excluding US Closed Block VA.

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

Impairments and reversals of impairments on investments are presented within Investment income, which is part of Total income. This can be specified for each segment as follows:

Impairments/ reversals of impairments on investments per operating segment

	Impairments		Reversal of impairments	
	1 January to 31 March		1 January to 31 March	
amounts in millions of euros	**2011**	2010	**2011**	2010
ING Direct	**6**	51		
Commercial Banking (excluding Real Estate)	**2**	31	**–41**	
Insurance Benelux	**179**	6		
Insurance CRE	**10**	5		
Insurance US *	**38**	157	**–4**	
Insurance Asia/Pacific	**3**	1		
ING IM				–4
Corporate Line Insurance	**1**			
	239	251	**–45**	–4

*Excluding US Closed Block VA

Notes to the condensed consolidated interim accounts continued

14 ACQUISITIONS AND DISPOSALS

Acquisitions

There were no acquisitions in the first quarter of 2011.

Disposals

ING announced in February 2011 that it has reached agreement with CB Richard Ellis Group, Inc., to sell ING REIM Europe, ING REIM Asia and Clarion Real Estate Securities (CRES), ING REIM's US-based manager of listed real estate securities, as well as part of ING's equity interests in funds managed by these businesses. The proceeds for these REIM businesses and the equity interests amount to approximately USD 1.0 billion. ING REIM Europe, ING REIM Asia and CRES combined have EUR 44.7 billion in assets under management as of 31 December 2010. In a separate transaction, ING has agreed to sell the private market real estate investment manager of its US operations, Clarion Partners, to Clarion Partners management in partnership with Lightyear Capital LLC for USD 100 million. Clarion Partners has EUR 16.5 billion in assets under management as of 31 December 2010. The Real Estate Investment Management business in Australia (ING REIMA), with EUR 4.8 billion in assets under management as of 31 December 2010, is not included in these transactions. Within the context of the previously announced evaluation, ING finalised the review of the strategic options and implementation has commenced. As a result ING will undertake a phased withdrawal from its Australian real estate investment management activities in a timely and controlled manner. In the transaction with CB Richard Ellis, ING Insurance has agreed to continue its asset management mandate with CB Richard Ellis as the new manager of the funds. ING Bank will continue to have an equity interest in some REIM funds in Europe, Asia, the US and Australia. The equity stakes held by the Bank will be monetised over time as it continues to steadily reduce its exposure to real estate. Combined, the transactions are expected to result in an after-tax gain on disposal of approximately EUR 500 million at current exchange rates. The final terms are subject to potential adjustments at closing, customary for this kind of transaction. ING Real Estate Development and ING Real Estate Finance are not impacted by the transactions and will continue to be part of ING Bank. Both transactions are expected to close in the second half of 2011 and are subject to approvals by certain stakeholders including various regulators.

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

The above described disposals, ING Arrendadora S.A. de C.V. and the part of ING Real Estate Investment Management Australia that has not yet been disposed are expected to close in 2011 and will be deconsolidated in 2011 when ING loses control. They qualify as disposal groups held for sale at 31 March 2011 as ING expects to recover the carrying amount principally through the sale transactions. They are available for sale in their immediate condition subject to terms that are usual and customary for sales of such assets and the sales are considered to be highly probable.

15 IMPORTANT EVENTS AND TRANSACTIONS

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

16 FAIR VALUE OF FINANCIAL ASSETS

The methods used to determine fair value of financial assets and liabilities are disclosed in the 2010 Annual Accounts, including a breakdown of fair value determined by Reference to published price quotations in active markets (Level 1), by using Valuation techniques supported by observable inputs (Level 2) and by using Valuation techniques supported by unobservable inputs (Level 3). The classification by Levels was impacted in the first quarter of 2011 by a transfer of available-for-sale investments of EUR 2.1 billion from Level 3 to Level 2, relating to mortgage backed securities in the US. Previously these were classified in Level 3 because of the dispersion between prices obtained for the same security from different price sources. In 2011 prices supported by market observable inputs became available and were used in determining fair value.

17 RELATED PARTY TRANSACTIONS

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

Transactions with related parties (Joint ventures and associates) and Key management personnel compensation are disclosed in Note 33 'Related Parties' in the ING Group 2010 Annual Accounts. Following the transactions as disclosed in Note 33 'Related Parties' the Dutch State is also a related party of ING Group. All other transactions between ING Group and the Dutch State are of a normal business nature and on an at arm's length basis. No other material changes in related party disclosures occurred. Reference is made to Note 19 'Issuances, Repurchases and Repayment of debt and equity securities in issue' for the announcement made by ING in March 2011 to repurchase EUR 2 billion of the remaining non-voting equity securities.

18 DIVIDEND PAID

No dividend was paid in the first quarter of 2011.

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

Issue of debt securities in issue

In total ING Bank issued EUR 9.1 billion in the capital markets (including both unsecured debt and covered bonds) during the first quarter of 2011. All issues are part of ING's regular medium term funding operations.

Repurchase of non-voting equity securities

In December 2009, ING repurchased the first half of the non-voting equity securities (core Tier 1 securities) of EUR 5 billion plus a total premium of EUR 605 million. In March 2011 ING announced its intent, and on 4 May 2011 decided, to exercise its option for early repurchase of EUR 2 billion of the remaining non-voting equity securities (core Tier 1 securities) at the next coupon reset date on 13 May 2011. The total payment in May 2011 will amount to EUR 3 billion and includes a 50% repurchase premium. ING will fund this repurchase from retained earnings. Provided that the strong capital generation continues, ING intends to repurchase the remaining EUR 3 billion non-voting equity securities (core Tier 1 securities) ultimately by May 2012 from retained earnings. The final decision on repurchase of these non-voting equity securities (core Tier 1 securities) will be made before the envisaged repayment date and will be conditional upon there having been no material changes regarding ING's capital requirements and/or ING's outlook on external market circumstances.

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 three month period ended 31 March 2011, of ING Groep N.V., Amsterdam, which comprises the condensed consolidated balance sheet as at 31 March 2011 and the related condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the related notes for the three 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 31 March 2011 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

AMSTERDAM, 4 MAY 2011

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

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