

ING GROUP



**Condensed consolidated interim financial
information for the period ended
31 March 2013**

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Condensed consolidated balance sheet of ING Group

as at

amounts in millions of euros	31 March 2013	31 December 2012
ASSETS		
Cash and balances with central banks	12,816	17,657
Amounts due from banks	47,262	39,053
Financial assets at fair value through profit and loss 2	257,076	232,371
Investments 3	196,506	200,129
Loans and advances to customers 4	566,464	563,404
Reinsurance contracts	5,266	5,290
Investments in associates	2,284	2,203
Real estate investments	1,224	1,288
Property and equipment	2,689	2,674
Intangible assets 5	2,691	2,639
Deferred acquisition costs	4,810	4,549
Assets held for sale 6	56,012	68,472
Other assets 7	25,620	26,462
Total assets	1,180,720	1,166,191
EQUITY		
Shareholders' equity (parent)	54,438	51,777
Non-voting equity securities	2,250	2,250
	56,688	54,027
Minority interests	1,133	1,081
Total equity	57,821	55,108
LIABILITIES		
Subordinated loans	8,883	8,786
Debt securities in issue	146,535	143,436
Other borrowed funds	13,815	16,723
Insurance and investment contracts	236,028	229,950
Amounts due to banks	37,425	38,704
Customer deposits and other funds on deposit	470,645	455,003
Financial liabilities at fair value through profit and loss 8	127,845	115,803
Liabilities held for sale 6	50,476	69,899
Other liabilities 9	31,247	32,779
Total liabilities	1,122,899	1,111,083
Total equity and liabilities	1,180,720	1,166,191

Amounts for 2012 have been restated to reflect the change in accounting policy as disclosed in the section 'Impact of change in accounting policy' on page 48.

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

3 month period amounts in millions of euros	1 January to 31 March	
	2013	2012
Continuing operations		
Interest income banking operations	14,017	15,281
Interest expense banking operations	-11,141	-12,239
Interest result banking operations	2,876	3,042
Gross premium income	5,785	6,121
Investment income 10	1,706	1,745
Commission income	916	878
Other income 11	-718	-729
Total income	10,565	11,057
Underwriting expenditure 12	5,831	5,845
Addition to loan loss provision	561	441
Intangible amortisation and other impairments 13	43	73
Staff expenses 14	1,769	1,733
Other interest expenses	69	78
Other operating expenses	1,216	1,833
Total expenses	9,489	10,003
Result before tax from continuing operations	1,076	1,054
Taxation	348	446
Net result from continuing operations	728	608
Discontinued operations 22		
Net result from discontinued operations	155	163
Net result from disposal of discontinued operations	945	
Total net result from discontinued operations	1,100	163
Net result from continuing and discontinued operations (before minority interests)	1,828	771

3 month period amounts in millions of euros	1 January to 31 March	
	2013	2012
Net result attributable to:		
Equityholders of the parent	1,804	728
Minority interests	24	43
	1,828	771
Net result from continuing operations attributable to:		
Equityholders of the parent	704	565
Minority interests	24	43
	728	608
Net result from discontinued operations attributable to:		
Equityholders of the parent	1,100	163
	1,100	163

Condensed consolidated profit and loss account of ING Group continued

for the three month period

3 month period amounts in euros	1 January to 31 March	
	2013	2012
Earnings per share 15		
Basic earnings per ordinary share	0.42	0.12
Diluted earnings per ordinary share	0.42	0.12
Earnings per share from continuing operations 15		
Basic earnings per ordinary share from continuing operations	0.13	0.08
Diluted earnings per ordinary share from continuing operations	0.13	0.08
Earnings per share from discontinued operations 15		
Basic earnings per ordinary share from discontinued operations	0.29	0.04
Diluted earnings per ordinary share from discontinued operations	0.29	0.04

Amounts for the three month period ended 31 March 2012 have been restated to reflect the change in accounting policy as disclosed in the section 'Change 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 month period

3 month period amounts in millions of euros	1 January to 31 March	
	2013	2012
Net result for the period from continuing and discontinued operations	1,828	771
Items that will not be reclassified to profit and loss:		
Remeasurement of the net defined benefit asset/liability ⁹	1,103	-2,159
Unrealised revaluations property in own use	-2	-2
Items that may be reclassified subsequently to profit and loss:		
Unrealised revaluations available-for-sale investments and other	-1,117	1,455
Realised gains/losses transferred to profit and loss	-35	-225
Changes in cash flow hedge reserve	-131	91
Transfer to insurance liabilities/DAC	459	-231
Share of other comprehensive income of associates	30	-33
Exchange rate differences and other	414	-879
Total comprehensive income	2,549	-1,212
Comprehensive income attributable to:		
Equityholders of the parent	2,525	-1,266
Minority interests	24	54
	2,549	-1,212

Amounts for the three month period ended 31 March 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 three month period

3 month period	1 January to 31 March	
amounts in millions of euros	2013	2012
Result before tax	2,236	1,270
Adjusted for:		
– depreciation	187	198
– deferred acquisition costs and value of business acquired	–33	–146
– increase in provisions for insurance and investment contracts	–1,181	–109
– addition to loan loss provisions	561	441
– other	1,144	2,980
Taxation paid	–410	–194
Changes in:		
– amounts due from banks, not available on demand	–6,226	–2,815
– trading assets	–20,537	4,307
– non-trading derivatives	–828	–908
– other financial assets at fair value through profit and loss	422	–276
– loans and advances to customers	–2,555	–3,413
– other assets	983	–3,367
– amounts due to banks, not payable on demand	–2,323	–2,551
– customer deposits and other funds on deposit	14,383	5,710
– trading liabilities	13,440	–2,860
– other financial liabilities at fair value through profit and loss	–2,500	–957
– other liabilities	–1,466	248
Net cash flow from (used in) operating activities	–4,703	–2,442
Investments and advances – available-for-sale investments	–44,735	–33,826
– investments for risk of policyholders	–17,783	–16,482
– other investments	–142	–218
Disposals and redemptions – available-for-sale investments	45,516	32,815
– investments for risk of policyholders	21,538	18,203
– loans	174	226
– other investments	–3,087	–8,745
Net cash flow from (used in) investing activities	1,481	–8,027
Proceeds from borrowed funds and debt securities	45,528	141,976
Repayments of borrowed funds and debt securities	–45,192	–118,420
Other net cash flow from financing activities	52	63
Net cash flow from financing activities	388	23,619
Net cash flow	–2,834	13,150
Cash and cash equivalents at beginning of period	24,150	34,280
Effect of exchange rate changes on cash and cash equivalents	–112	245
Cash and cash equivalents at end of period	21,204	47,675
Cash and cash equivalents comprises the following items:		
Treasury bills and other eligible bills	1,222	2,762
Amounts due from/to banks	5,668	–1,674
Cash and balances with central banks	12,816	46,587
Cash and cash equivalents classified as Assets held for sale	1,498	
Cash and cash equivalents at end of period	21,204	47,675

Condensed consolidated statement of changes in equity of ING Group

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 2013	919	16,034	34,824	51,777	2,250	1,081	55,108
Remeasurement of the net defined benefit asset/liability 9			1,103	1,103			1,103
Unrealised revaluations property in own use			-2	-2			-2
Unrealised revaluations available-for-sale investments and other			-1,117	-1,117			-1,117
Realised gains/losses transferred to profit and loss			-35	-35			-35
Changes in cash flow hedge reserve			-132	-132		1	-131
Transfer to insurance liabilities/DAC			459	459			459
Share of other comprehensive income of associates			30	30			30
Exchange rate differences and other			415	415		-1	414
Total amount recognised directly in equity			721	721			721
Net result for the period			1,804	1,804		24	1,828
Total comprehensive income			2,525	2,525		24	2,549
Changes in the composition of the group						28	28
Purchase/sale of treasury shares			143	143			143
Employee stock option and share plans			-7	-7			-7
Balance at 31 March 2013	919	16,034	37,485	54,438	2,250	1,133	57,821

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 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 9			-2,159	-2,159			-2,159
Unrealised revaluations property in own use			-2	-2			-2
Unrealised revaluations available-for-sale investments			1,455	1,455			1,455
Realised gains/losses transferred to profit and loss			-225	-225			-225
Changes in cash flow hedge reserve			91	91			91
Transfer to insurance liabilities/DAC			-231	-231			-231
Share of other comprehensive income of associates			-33	-33			-33
Exchange rate differences and other			-890	-890		11	-879
Total amount recognised directly in equity			-1,994	-1,994		11	-1,983
Net result for the period			728	728		43	771
Total comprehensive income			-1,266	-1,266		54	-1,212
Purchase/sale of treasury shares			118	118			118
Employee stock option and share plans			-10	-10			-10
Balance at 31 March 2012	919	16,034	28,927	45,880	3,000	831	49,711

⁽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

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.

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 '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.

The comparison of balance sheet items between 31 December 2012 and 31 March 2013 is impacted by the disposal of companies as disclosed in Note 17 'Acquisitions and disposals' and by the held for sale classification as disclosed in Note 6 'Assets and liabilities held for sale' and Note 22 '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'. In the first quarter of 2013, this relates to the remaining ING's Insurance and investment management businesses in Asia and the (internally) reinsured Japan SPVA business in corporate reinsurance ('Asia'). In 2012, this related mainly to the remaining ING's Insurance and investment management businesses in Asia and the (internally) reinsured Japan SPVA business in corporate reinsurance and ING Direct UK.

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 have been 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 (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 results 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 on previous reporting periods is as follows:

Impact on Shareholders' equity			
amounts in millions of euros	31 December 2012	31 March 2012	1 January 2012
Shareholders' equity (before change in accounting policy)	54,357	47,616	46,663
Change in Other assets - net defined benefit asset	-3,032	-2,075	758
Change in Other liabilities - net defined benefit liability	-472	-332	-352
Change in Liabilities held for sale	-7		
Change in net defined benefit asset/liability before tax	-3,511	-2,407	406
Tax effect	931	671	-31
Shareholders' equity (after change in accounting policy)	51,777	45,880	47,038

Impact on Net result	
3 month period amounts in millions of euros	1 January to 31 March 2012
Net result from continuing operations (before change in accounting policy)	723
Impact on staff expenses - Pension and other staff-related benefit costs	64
Tax effect	-16
Impact on discontinued operations after tax	0
Net result from continuing and discontinued operations (after change in accounting policy)	771

Impact on Other comprehensive income	
3 month period amounts in millions of euros	1 January to 31 March 2012
Total amount recognised directly in equity (before change in accounting policy)	176
Remeasurement of the net defined benefit asset/liability	-2,876
Tax effect	717
Total amount recognised directly in equity (after change in accounting policy)	-1,983

Impact on basic earnings per ordinary share			
3 month period	1 January to 31 March 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)	425	3,785.5	0.11
Impact of change in accounting policy	48		0.01
Basic earnings (after change in accounting policy)	473	3,785.5	0.12

Impact on diluted earnings per ordinary share			
3 month period	1 January to 31 March 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)	425	3,791.9	0.11
Impact of change in accounting policy	48		0.01
Diluted earnings (after change in accounting policy)	473	3,791.9	0.12

Reference is made to Note 25 'Impact of change in accounting policy'.

Notes to the condensed consolidated interim accounts *continued*

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 standards will become effective for ING Group on 1 January 2014, 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); and
- Amendments to IAS 32 'Presentation - Offsetting Financial Assets and Financial Liabilities'.

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

amounts in millions of euros	31 March 2013	31 December 2012
Trading assets	135,434	114,895
Investment for risk of policyholders	103,060	98,765
Non-trading derivatives	12,582	13,951
Designated as at fair value through profit and loss	6,000	4,760
	257,076	232,371

Notes to the condensed consolidated interim accounts *continued*

Trading assets and trading liabilities include mainly assets and liabilities that are classified under IFRS-EU as 'Trading' but are closely related to servicing the needs of the clients of ING Group. ING Bank offers institutional and corporate clients and governments products that are traded on the financial markets. A significant part of the derivatives in the trading portfolio are related to servicing corporate clients in their risk management to hedge for example currency or interest rate exposures. In addition, ING Bank provides its customers access to equity and debt markets for issuing their own equity or debt securities ('securities underwriting'). Although these are presented as 'Trading' under IFRS-EU, these are related to services to ING's customers. Loans and receivables in the trading portfolio mainly relate to (reverse) repurchase agreements, which are comparable to collateralised borrowing (lending). These products are used by ING Bank as part of its own regular treasury activities, but also relate to the role that ING Bank plays as intermediary between different professional customers. Trading assets and liabilities held for ING's own risk are very limited. From a risk perspective, the gross amount of trading assets must be considered together with the gross amount of trading liabilities, which are presented separately on the balance sheet. However, IFRS-EU does not allow offsetting of these positions in the balance sheet. Reference is made to Note 8 'Financial liabilities at fair value through profit and loss' for information on trading liabilities.

3 INVESTMENTS

Investments by type		
amounts in millions of euros	31 March 2013	31 December 2012
Available-for-sale		
– equity securities	7,162	7,707
– debt securities	185,236	185,877
	192,398	193,584
Held-to-maturity		
– debt securities	4,108	6,545
	4,108	6,545
	196,506	200,129

Exposure to debt securities

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

Debt securities		
amounts in millions of euros	31 March 2013	31 December 2012
Available-for-sale investments	185,236	185,877
Held-to-maturity investments	4,108	6,545
Loans and advances to customers	26,482	26,945
Amounts due from banks	3,108	3,386
Available-for-sale investments and Assets at amortised cost	218,934	222,753
Trading assets	18,339	17,472
Investments for risk of policyholders	7,798	6,940
Designated as at fair value through profit and loss	3,692	2,682
Financial assets at fair value through profit and loss	29,829	27,094
	248,763	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	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012	31 March 2013	31 December 2012	31 March 2013	31 December 2012	31 March 2013	31 December 2012
amounts in millions of euros										
Government bonds	97,367	97,427	50	330	7,264	7,641			104,681	105,398
Covered bonds	8,073	8,359	3,534	5,558	5,665	5,408	2,974	3,249	20,246	22,574
Corporate bonds	44,564	43,972	38		360	438			44,962	44,410
Financial institutions' bonds	22,381	23,131	130	301	78	91	134	137	22,723	23,660
Bond portfolio (excluding ABS)	172,385	172,889	3,752	6,189	13,367	13,578	3,108	3,386	192,612	196,042
US agency RMBS	4,608	4,642							4,608	4,642
US prime RMBS	993	1,037							993	1,037
US Alt-A RMBS	455	440							455	440
US subprime RMBS	670	756							670	756
Non-US RMBS	480	501			8,257	8,715			8,737	9,216
CDO/CLO	282	291			259	290			541	581
Other ABS	1,429	1,548	356	356	4,074	3,786			5,859	5,690
CMBS	3,934	3,773			525	576			4,459	4,349
ABS portfolio	12,851	12,988	356	356	13,115	13,367			26,322	26,711
	185,236	185,877	4,108	6,545	26,482	26,945	3,108	3,386	218,934	222,753

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

In the first half of 2010 concerns arose regarding the creditworthiness of certain southern European countries, which later spread to a few other 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 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.

Notes to the condensed consolidated interim accounts *continued*

At 31 March 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⁾

	31 March 2013				
amounts in millions of euros	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	73	29		44	
Italy					
Government bonds available-for-sale	2,295	-86		2,381	
Government bonds at amortised cost (loans)	104			104	
Financial institutions available-for-sale	303	-9		312	
Financial institutions at amortised cost (held-to-maturity)	30			30	31
Ireland					
Government bonds available-for-sale	57	4		53	
Financial institutions available-for-sale	15			15	
Portugal					
Government bonds available-for-sale	618	-11		629	
Financial institutions available-for-sale	77	1		76	
Spain					
Government bonds available-for-sale	1,176	-170		1,346	
Government bonds at amortised cost (held-to-maturity)	50			50	52
Financial institutions available-for-sale	99	-1		100	
Cyprus					
Government bonds available-for-sale	8	-2		10	
Total	4,905	-245		5,150	83

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

The revaluation reserve on debt securities includes EUR 7,056 million (before tax) related to Government bonds. This amount comprises EUR 269 million negative revaluation reserve for Government bonds from Greece, Italy, Ireland, Portugal, Spain and Cyprus, which is fully offset by EUR 7,325 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				
amounts in millions of euros	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.

Changes in the 'Balance sheet value' were a result of sales and maturity of bonds and the Private Sector Involvement (PSI) as explained below, which was offset by an increase in the revaluation reserve (before tax).

On 21 July 2011 a PSI to support Greece was announced. This initiative involved a voluntary exchange of existing Greek government bonds together with a Buyback Facility. In the first quarter of 2012, the agreement under the Private Sector Involvement ('PSI') to exchange Greek Government bonds into new instruments was executed. Under this exchange, ING received new listed Greek Government bonds (for a notional amount of 31.5% of the notional of the exchanged bonds, maturities between 2023 and 2042), listed European Financial Stability Facility ('EFSF') notes (for a notional amount of 15% of the notional of the exchanged bonds, maturities of one to two years) and listed short-term EFSF notes (maturity of 6 months, in discharge of all unpaid interest accrued on the exchanged bonds). These new securities were recognised as available-for-sale instruments. Furthermore, ING received listed GDP-linked securities issued by Greece (notional equal to notional of the new Greek Government bonds, maturity 2042). The exchange was executed on 12 March 2012. The exchanged bonds were derecognised and the new instruments were recognised at fair value on the exchange date. The exchange resulted in a gain of EUR 15 million (Bank: EUR 22 million; Insurance: EUR -7 million) in the first quarter of 2012, being the difference between amortised cost (net of cumulative impairments) of the exchanged bonds and fair value of the new instruments at the date of exchange. This result was included in 'Investment income'.

Reference is made to Note 10 '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 23 '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.

Notes to the condensed consolidated interim accounts *continued***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. Certain information on prior financial periods was amended to reflect more detailed information that became available compared to previous years.

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
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 31 March	1,523	7,723	444
Fair value as at 31 March	1,546	7,637	510
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 March	–170	–166	–2
Effect on shareholders' equity (before tax) as at 31 March if reclassification had not been made	23	–86	66
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 (interest income and sales results)	–21	53	5
Recognised impairments (before tax) for the three month period ended 31 March	nil	nil	nil
Recognised provision for credit losses (before tax) for the three month period ended 31 March	–1	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

Notes to the condensed consolidated interim accounts continued

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

amounts in millions of euros	Q2 2009	Q1 2009	Q4 2008
2010			
Carrying value as at 31 December	4,465	16,906	857
Fair value as at 31 December	4,594	16,099	889
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December	-491	-633	-65
Effect on shareholders' equity (before tax) if reclassification had not been made	129	-807	32
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (mainly interest income)	89	467	34
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2009			
Carrying value as at 31 December	5,550	20,551	1,189
Fair value as at 31 December	5,871	20,175	1,184
Unrealised fair value 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**

amounts in millions of euros	31 March 2013	31 December 2012
Banking operations	546,500	543,104
Insurance operations	25,336	25,866
	571,836	568,970
Eliminations	-5,372	-5,566
	566,464	563,404

Loans and advances to customers by type – banking operations

amounts in millions of euros	31 March 2013	31 December 2012
Loans to, or guaranteed by, public authorities	52,370	50,774
Loans secured by mortgages	306,783	312,467
Loans guaranteed by credit institutions	6,500	6,163
Personal lending	25,770	24,598
Asset backed securities	6,637	7,044
Corporate loans	154,014	147,535
	552,074	548,581
Loan loss provisions	-5,574	-5,477
	546,500	543,104

Notes to the condensed consolidated interim accounts *continued***Changes in loan loss provisions**

	Banking operations		Insurance operations		Total	
	3 month period ended	year ended	3 month period ended	year ended	3 month period ended	year ended
	31 March 2013	31 December 2012	31 March 2013	31 December 2012	31 March 2013	31 December 2012
amounts in millions of euros						
Opening balance	5,505	4,950	111	124	5,616	5,074
Changes in the composition of the group	-3	-13	-23	-4	-26	-17
Write-offs	-484	-1,682	-3	-39	-487	-1,721
Recoveries	13	142			13	142
Increase in loan loss provisions	561	2,125		29	561	2,154
Exchange rate differences	4	20	1	1	5	21
Other changes		-37	10		10	-37
Closing balance	5,596	5,505	96	111	5,692	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 31 March 2013 of EUR 5,596 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 5,574 million (31 December 2012: EUR 5,477 million) and EUR 22 million (31 December 2012: EUR 28 million) respectively.

5 INTANGIBLE ASSETS**Intangible assets**

	31 March 2013	31 December 2012
amounts in millions of euros		
Value of business acquired	577	513
Goodwill	1,314	1,304
Software	620	633
Other	180	189
	2,691	2,639

Allocation of Goodwill to reporting units

The allocation of goodwill to reporting units was changed as a consequence of the changes in segments as disclosed in Note 16 'Segment reporting'. There was no impact on the impairment test.

Goodwill is allocated to reporting units as follows:

Goodwill allocation to reporting units

	31 March 2013	31 December 2012
amounts in millions of euros		
Retail Banking Netherlands		1
Retail Banking Belgium	50	50
Retail Banking Germany	349	349
Retail Banking Central Europe	776	764
Commercial Banking	24	24
Insurance Central & Rest of Europe	115	114
	1,314	1,304

No goodwill impairment was recognised in the first quarter of 2013 (first quarter of 2012: nil).

Changes in the first quarter of 2013 are mainly due to changes in currency exchange rates. Reference is made to Note 6 'Assets and liabilities held for sale' and to Note 22 'Discontinued operations'.

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 31 March 2013 this relates to ING's Insurance and investment management businesses in Asia and the (internally) reinsured Japan SPVA businesses in corporate reinsurance ('Asia'). As at 31 December 2012 this relates 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 quarter of 2013, the divestments of ING's Insurance businesses in Hong Kong, Macau and Thailand and ING Direct UK closed. Reference is made to Note 17 'Acquisitions and disposals'.

Furthermore, several divestments were agreed that are expected to close after 31 March 2013, including ING's investment management businesses in Thailand; which remain to be classified as held for sale as at 31 March 2013. 'Reference is made to Note 17 'Acquisitions and disposals'. In addition, several other businesses remain classified as held for sale, for which no divestments have yet been concluded; this includes mainly ING's Japanese, Korean and Taiwanese insurance and investment management businesses.

ING continues to discuss various options for ING Life Japan, including its closed block VA business. However, the closing of sales of ING's other Asian insurance units may trigger a charge to strengthen reserves for the Japanese closed block VA under ING's reserve adequacy policy. ING measures reserve adequacy at the business line level, where excess reserves in other Asian business units currently offset a shortfall related to the Japanese closed block VA. As transactions close, if the aggregate reserves for the remaining businesses fall below a 50% confidence level, the shortfall must be recognised immediately in the profit and loss account. The reserve inadequacy for the Japanese insurance business, including the VA guarantees reinsured to ING Re, was approximately EUR 0.3 billion at the 50% confidence level at 31 March 2013. This is an inadequacy of approximately EUR 0.8 billion for the closed block VA, offset by a sufficiency of EUR 0.5 billion for the corporate-owned life insurance business. The nature and timing of any profit and loss charge from such reserve inadequacy depends on the closing of other divestments in Asia as well as various options currently under investigation for ING Life Japan. Further announcements will be made if and when appropriate. The above mentioned amounts refer to ING's reserve adequacy policy under IFRS which does not affect the local solvency positions of ING Life Japan nor ING Re.

Assets held for sale

amounts in millions of euros	31 March 2013	31 December 2012
Cash and balances with central banks	1,498	1,342
Amounts due from banks		123
Financial assets at fair value through profit and loss	24,351	26,688
Available-for-sale investments	21,543	24,805
Loans and advances to customers	2,667	8,705
Reinsurance contracts	30	98
Investments in associates	25	37
Property and equipment	25	56
Intangible assets	81	176
Deferred acquisition costs	4,333	5,124
Other assets	1,459	1,318
	56,012	68,472

Liabilities held for sale

amounts in millions of euros	31 March 2013	31 December 2012
Debt securities in issue	86	
Other borrowed funds	699	
Insurance and investments contracts	45,575	51,198
Customer deposits and other funds on deposit		14,207
Financial liabilities at fair value through profit and loss	1,545	2,081
Other liabilities	2,571	2,413
	50,476	69,899

Included in Shareholders' equity is cumulative other comprehensive income of EUR 1,476 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 31 March 2013 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.

Remaining goodwill in Assets held for sale amounts to EUR 48 million and relates mainly to Investment Management Taiwan. This goodwill is expected to be recovered through divestments at or above IFRS-EU book 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 35 'Fair value of financial assets and liabilities' in the 2012 ING Group Consolidated Annual Accounts for more details on the fair value hierarchy.

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

	31 March 2013			
amounts in millions of euros	Level 1	Level 2	Level 3	Total
Assets				
Trading assets	18			18
Investments for risk of policyholders	21,487			21,487
Non-trading derivatives		1,519		1,519
Financial assets designated as at fair value through profit and loss		1,326		1,326
Available-for-sale investments	15,332	6,088	118	21,538
	36,837	8,933	118	45,888
Liabilities				
Non-trading derivatives	172	1,373		1,545
Investment contracts (for contracts at fair value)	97			97
	269	1,373		1,642

In the first quarter of 2013, there were no significant changes in Level 3 assets and liabilities.

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

	31 December 2012			
amounts in millions of euros	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		
amounts in millions of euros	31 March 2013	31 December 2012
Reinsurance and insurance receivables	1,665	1,763
Deferred tax assets	1,837	2,245
Property development and obtained from foreclosures	1,178	1,220
Income tax receivable	533	558
Accrued interest and rents	11,432	12,356
Other accrued assets	1,088	1,542
Net defined benefit assets	3,578	1,589
Other	4,309	5,189
	25,620	26,462

Reference is made to Note 9 'Other liabilities' for information on the Net defined benefit assets.

8 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 2013	31 December 2012
Trading liabilities	97,102	83,652
Non-trading derivatives	17,643	18,752
Designated as at fair value through profit and loss	13,100	13,399
	127,845	115,803

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 quarter of 2013 includes EUR –50 million (first quarter of 2012: EUR –459 million; entire year 2012: EUR –633 million) and EUR –88 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.

9 OTHER LIABILITIES

Other liabilities by type		
amounts in millions of euros	31 March 2013	31 December 2012
Deferred tax liabilities	2,637	2,813
Income tax payable	913	956
Net defined benefit liability	1,033	799
Other post-employment benefits	190	221
Other staff-related liabilities	608	650
Other taxation and social security contributions	677	918
Deposits from reinsurers	854	869
Accrued interest	9,405	10,569
Costs payable	2,159	2,161
Amounts payable to brokers	186	50
Amounts payable to policyholders	1,977	2,138
Reorganisation provision	807	919
Other provisions	427	625
Share-based payment plan liabilities	13	47
Prepayments received under property under development	21	21
Amounts to be settled	5,396	4,831
Other	3,944	4,192
	31,247	32,779

Notes to the condensed consolidated interim accounts *continued***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 is as follows:

Summary of net defined benefit asset/liability		
amounts in millions of euros	31 March 2013	31 December 2012
Fair value of plan assets	23,417	22,869
Defined benefit obligation	20,872	22,079
Funded status	2,545	790
Net defined benefit asset/(liability) recognised in the balance sheet	2,545	790
Presented as:		
– Other assets	3,578	1,589
– Other liabilities	-1,033	-799
	2,545	790

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

Changes in fair value of plan assets		
amounts in millions of euros	31 March 2013	31 December 2012
Opening balance	22,869	20,002
Interest income	193	1,020
Remeasurements: Return on plan assets excluding amounts included in interest income	229	1,715
Employer's contribution	277	746
Participants' contributions	2	18
Benefits paid	-143	-613
Changes in the composition of the group and other changes	-2	-32
Exchange rate differences	-8	13
Closing balance	23,417	22,869

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

Changes in defined benefit obligation		
amounts in millions of euros	3 month period ended 31 March 2013	year ended 31 December 2012
Opening balance	22,079	16,213
Current service cost	102	283
Interest cost	184	847
Remeasurements: Actuarial gains and losses arising from demographic assumptions		2
Remeasurements: Actuarial gains and losses arising from financial assumptions	-1,361	5,920
Participants' contributions		2
Benefits paid	-145	-618
Past service cost	1	-2
Changes in the composition of the group and other changes	-7	-80
Effect of curtailment		-468
Exchange rate differences	19	-20
Closing balance	20,872	22,079

Notes to the condensed consolidated interim accounts *continued*

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

Remeasurement of the net defined benefit asset/liability		
3 month period	1 January to 31 March	
amounts in millions of euros	2013	2012
Remeasurement of plan assets	229	-1,819
Actuarial gains and losses arising from changes in financial assumptions	1,361	-1,057
Taxation	-487	717
	1,103	-2,159

The amount of the remeasurement of the net defined benefit asset/liability in the first quarter of 2013 was mainly a result of the change in the high quality corporate bond rate during the quarter. The weighted average rate as at 31 March 2013 was 4.1% (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.

The accumulated amount of remeasurements recognised directly in Other comprehensive income (equity) is EUR -2,235 million (EUR -1,757 million after tax) as at 31 March 2013 (31 December 2012: EUR -3,847 million, EUR -2,860 million after tax).

10 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	2013	2012	2013	2012	2013	2012
Income from real estate investments	2	8	12	16	14	24
Dividend income	10	6	27	41	37	47
Income from investments in debt securities			1,104	1,124	1,104	1,124
Income from loans			310	354	310	354
Realised gains/losses on disposal of debt securities	95	113	60	-25	155	88
Impairments of available-for-sale debt securities		-1	-1	-5	-1	-6
Reversals of impairments of available-for-sale debt securities	2		2		4	
Realised gains/losses on disposal of equity securities	15	4	137	161	152	165
Impairments of available-for-sale equity securities	-2	-4	-58	-11	-60	-15
Change in fair value of real estate investments		-1	-9	-35	-9	-36
	122	125	1,584	1,620	1,706	1,745

In the first quarter 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 January to 31 March		1 January to 31 March	
amounts in millions of euros	2013	2012	2013	2012
Commercial Banking	-1	-2	2	
Insurance Benelux	-55	-10		
Insurance CRE		-1		
Insurance US	-2	-4	2	
Corporate Line Banking	-1	-3		
Corporate Line Insurance	-2	-1		
Total	-61	-21	4	

Notes to the condensed consolidated interim accounts *continued***11 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	2013	2012	2013	2012	2013	2012
Result on disposal of group companies	14	743			14	743
Valuation results on non-trading derivatives	-103	-453	-993	-1,643	-1,096	-2,096
Net trading income	342	493	-39	52	303	545
Result from associates		4	23	33	23	37
Other	29	35	9	7	38	42
	282	822	-1,000	-1,551	-718	-729

In the first quarter of 2013, Other income includes CVA/DVA adjustments of EUR 91 million positive, compared with EUR 241 million of negative CVA/DVA adjustments in the first quarter of 2012.

In the first quarter of 2012, results on disposal of group companies includes the sale of ING Direct USA. Reference is made to Note 17 'Acquisition and disposals'.

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 12 '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'.

Trading income mainly relates to trading assets and trading liabilities which include mainly assets and liabilities that are classified under IFRS-EU as 'Trading' but are closely related to servicing the needs of the clients of ING Group. ING Bank offers institutional and corporate clients and governments products that are traded on the financial markets. A significant part of the derivatives in the trading portfolio are related to servicing corporate clients in their risk management to hedge for example currency or interest rate exposures. In addition, ING Bank provides its customers access to equity and debt markets for issuing their own equity or debt securities ('securities underwriting'). Although these are presented as 'Trading' under IFRS-EU, these are related to services to ING's customers. Loans and receivables in the trading portfolio mainly relate to (reverse) repurchase agreements, which are comparable to collateralised borrowing (lending). These products are used by ING Bank as part of its own regular treasury activities, but also relate to the role that ING Bank plays as intermediary between different professional customers. Trading assets and liabilities held for ING's own risk are very limited. From a risk perspective, the gross amount of trading assets must be considered together with the gross amount of trading liabilities, which are presented separately on the balance sheet. However, IFRS-EU does not allow offsetting of these positions in the balance sheet. Reference is made to Note 2 'Financial assets at fair value through profit and loss' and Note 8 'Financial liabilities at fair value through profit and loss' for information on trading assets and liabilities.

12 UNDERWRITING EXPENDITURE

Underwriting expenditure		
3 month period	1 January to 31 March	
	2013	2012
amounts in millions of euros		
Gross underwriting expenditure		
– before effect of investment result for risk of policyholders	6,316	6,280
– effect of investment result for risk of policyholders	4,845	7,077
	11,161	13,357
Investment result for risk of policyholders	-4,845	-7,077
Reinsurance recoveries	-485	-435
Underwriting expenditure	5,831	5,845

Notes to the condensed consolidated interim accounts continued

Underwriting expenditure		
3 month period amounts in millions of euros	1 January to 31 March	
	2013	2012
Expenditure from life underwriting		
Reinsurance and retrocession premiums	404	398
Gross benefits	5,890	5,952
Reinsurance recoveries	-483	-433
Change in life insurance provisions for risk of company	-1,034	-1,158
Costs of acquiring insurance business	138	186
Other underwriting expenditure	168	141
Profit sharing and rebates	3	42
	5,086	5,128
Expenditure from non-life underwriting		
Reinsurance and retrocession premiums	15	24
Gross claims	269	274
Reinsurance recoveries	-2	-2
Change in provision for unearned premiums	355	355
Change in claims provision	60	40
Costs of acquiring insurance business	66	66
Other underwriting expenditure	1	
	764	757
Expenditure from investment contracts		
Costs of acquiring investment contracts		1
Other changes in investment contract liabilities	-19	-41
	-19	-40
	5,831	5,845

13 INTANGIBLE AMORTISATION AND OTHER IMPAIRMENTS

Intangible amortisation and (reversals of) impairments						
3 month period amounts in millions of euros	Impairment losses		Reversals of impairments		Total	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
	2013	2012	2013	2012	2013	2012
Property and equipment	7	5	-1	-2	6	3
Property development	26	59			26	59
(Reversals of) other impairments	33	64	-1	-2	32	62
Amortisation of other intangible assets					11	11
					43	73

In the first quarter of 2013, EUR 26 million impairments are recognised on Property development (Commercial Banking segment) relating to various real estate development projects (including Switzerland, Australia and Italy). The unfavourable economic circumstances in these regions resulted in lower expected sales prices.

In the first quarter of 2012, EUR 59 million impairments were recognised on Property development (Commercial Banking segment) relating to various real estate development projects (including the United Kingdom and Portugal) due to worsening market conditions.

Notes to the condensed consolidated interim accounts *continued***14 STAFF EXPENSES**

Staff expenses						
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	2013	2012	2013	2012	2013	2012
Salaries	836	863	327	331	1,163	1,194
Pension costs	79	21	33	8	112	29
Other staff-related benefit costs	-1	4	3	13	2	17
Social security costs	134	134	42	42	176	176
Share-based compensation arrangements	9	22	24	12	33	34
External employees	150	155	54	43	204	198
Education	13	11	3	4	16	15
Other staff costs	48	55	15	15	63	70
	1,268	1,265	501	468	1,769	1,733

Amounts recognised in 'Pension costs' were as follows:

Staff expenses - Pension costs		
3 month period	1 January to 31 March	
	2013	2012
amounts in millions of euros		
Current service cost	102	72
Past service cost	1	
Net interest result	-9	-58
Defined benefit plans	94	14
Defined contribution plans	18	15
	112	29

Reference is made to Note 9 'Other liabilities' for information on pensions.

15 EARNINGS PER ORDINARY SHARE

Earnings per ordinary share						
3 month period	Amount		Weighted average number of ordinary shares outstanding during the period		Per ordinary share	
	(in millions of euros)		(in millions)		(in euros)	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
	2013	2012	2013	2012	2013	2012
Net result	1,804	728	3,803.8	3,785.5		
Attribution to non-voting equity securities	-191	-255				
Basic earnings	1,613	473	3,803.8	3,785.5	0.42	0.12
Dilutive instruments:						
Stock option and share plans			4.4	6.4		
			4.4	6.4		
Diluted earnings	1,613	473	3,808.2	3,791.9	0.42	0.12

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 January to 31 March		1 January to 31 March		1 January to 31 March	
	2013	2012	2013	2012	2013	2012
Basic earnings	1,613	473	3,803.8	3,785.5		
Less: Net result from discontinued operations	1,100	163				
Basic earnings from continuing operations	513	310	3,803.8	3,785.5	0.13	0.08
Dilutive instruments:						
Stock option and share plans			4.4	6.4		
			4.4	6.4		
Diluted earnings from continuing operations	513	310	3,808.2	3,791.9	0.13	0.08

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 January to 31 March		1 January to 31 March		1 January to 31 March	
	2013	2012	2013	2012	2013	2012
Net result from discontinued operations	155	163				
Net result from disposal of discontinued operations	945					
Total net result from discontinued operations	1,100	163	3,803.8	3,785.5		
Basic earnings from discontinued operations	1,100	163	3,803.8	3,785.5	0.29	0.04
Dilutive instruments:						
Stock option and share plans			4.4	6.4		
			4.4	6.4		
Diluted earnings from discontinued operations	1,100	163	3,808.2	3,791.9	0.29	0.04

Notes to the condensed consolidated interim accounts *continued***16 SEGMENT REPORTING****a. General**

ING Group's segments relate to the internal segmentation by business lines. 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 for the insurance operations. 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 (IM-EurAsia)
Retail Rest of World	Insurance United States (US)
Commercial Banking	Investment Management - US (IM-US)
	Insurance US Closed Block VA

The Executive Board of ING Groep N.V., the Management Board of ING Bank N.V., the Management Board of ING Insurance Eurasia N.V. and the Board of ING U.S., Inc. 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., the Management Board of ING Insurance Eurasia N.V. and the Board of ING U.S., Inc.

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 Board. Underlying result is defined as result under IFRS-EU excluding the impact of divestments and special items. Disclosures on comparative periods also reflect the impact of current period's divestments.

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.
Insurance US	Income from life insurance and retirement services in the United States.
Investment Management US	Income from investment management activities.
Insurance US Closed Block VA	Consists of ING's Closed Block Variable Annuity business in the United States, which has been closed to new business since early 2010 and which is now being managed in run-off.

Notes to the condensed consolidated interim accounts *continued*

In addition to these segments, ING Group reconciles the total segment results to the total result of ING Banking, ING Insurance EurAsia and Insurance ING U.S. 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.

b. ING Group

Segments ING Group total				
3 month period 1 January to 31 March 2013 amounts in millions of euros	Total Banking	Total Insurance	Elimi- nations	Total
Underlying income				
– Gross premium income		5,785		5,785
– Net interest result - banking operations	2,916		–24	2,892
– Commission income	554	366		920
– Total investment and other income	394	590	–8	976
Total underlying income	3,863	6,741	–31	10,572
Underlying expenditure				
– Underwriting expenditure		5,829		5,829
– Operating expenses	2,094	810		2,905
– Other interest expenses		101	–31	69
– Additions to loan loss provision	561			561
– Other impairments	39	4		43
Total underlying expenses	2,694	6,744	–31	9,407
Underlying result before taxation	1,169	–3		1,167
Taxation	331	11		342
Minority interests	30	–6		24
Underlying net result	809	–9		800

Segments ING Group total				
3 month period 1 January to 31 March 2012 amounts in millions of euros	Total Banking	Total Insurance	Elimi- nations	Total
Underlying income				
– Gross premium income		6,123		6,123
– Net interest result - banking operations	2,969		–9	2,960
– Commission income	553	333		886
– Total investment and other income	195	94	–27	262
Total underlying income	3,718	6,550	–36	10,232
Underlying expenditure				
– Underwriting expenditure		5,845		5,845
– Operating expenses	2,059	801		2,860
– Other interest expenses		114	–36	78
– Additions to loan loss provision	439			439
– Other impairments	69	4		73
Total underlying expenses	2,567	6,764	–36	9,295
Underlying result before taxation	1,151	–215		936
Taxation	356	–42		314
Minority interests	27	16		43
Underlying net result	768	–189		579

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 January to 31 March		1 January to 31 March		1 January to 31 March	
amounts in millions of euros	2013	2012	2013	2012	2013	2012
Underlying	10,572	10,232	9,407	9,295	800	579
Divestments	-9	827	16	65	-43	502
Special items			66	643	-53	-515
IFRS-EU (continuing operations)	10,565	11,057	9,489	10,003	704	565
Total net result from discontinued operations	2,242	1,445	1,082	1,229	1,100	163
IFRS-EU (continuing and discontinued operations)	12,806	12,502	10,570	11,232	1,804	728

Divestments in the first quarter of 2012 reflect the result on the sale of ING Direct USA.

Special items in the first quarter of 2012 include the impact (after tax) of the provision for settlement with US authorities as disclosed in Note 24 'Important events and transactions'.

Reference is made to Note 22 'Discontinued operations' for information on Discontinued operations.

c. Banking activities**Segments Banking**

3 month period 1 January to 31 March 2013 amounts in millions of euros	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
- Net interest result	845	436	287	460	798	90	2,916
- Commission income	112	95	27	84	236	-1	554
- Total investment and other income	13	61	-17	72	376	-111	394
Total underlying income	970	592	297	615	1,411	-22	3,863
Underlying expenditure							
- Operating expenses	569	351	176	422	578	-3	2,094
- Additions to loan loss provision	215	39	21	68	218		561
- Other impairments *	6				26	7	39
Total underlying expenses	790	391	197	491	822	4	2,694
Underlying result before taxation	180	202	100	125	589	-27	1,169
Taxation	45	65	33	9	152	27	331
Minority interests		-1		22	8		30
Underlying net result	135	137	67	93	429	-53	809
Divestments				-43			-43
Special items	-21					-2	-23
Net result (continuing operations)	114	137	67	51	429	-55	744

* analysed as a part of operating expenses.

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

3 month period 1 January to 31 March 2012 amounts in millions of euros	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	864	405	293	416	905	86	2,969
– Commission income	123	92	26	87	222	3	553
– Total investment and other income	14	49	–8	16	275	–152	195
Total underlying income	1,001	547	311	519	1,403	–63	3,718
Underlying expenditure							
– Operating expenses	562	360	165	392	550	30	2,059
– Additions to loan loss provision	131	44	15	83	167		439
– Other impairments *	3				59	7	69
Total underlying expenses	696	404	180	474	775	37	2,567
Underlying result before taxation	305	143	131	44	628	–100	1,151
Taxation	78	46	41	23	188	–19	356
Minority interests		2		15	10		27
Underlying net result	227	96	90	6	430	–81	768
Divestments				501			501
Special items	–27	–2				–374	–404
Net result (continuing operations)	199	93	90	508	430	–455	865

* 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.

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.

Notes to the condensed consolidated interim accounts *continued*

Segments Insurance				
3 month period 1 January to 31 March 2013 amounts in millions of euros	Insurance EurAsia	Insurance ING U.S.	Insurance Other	Total Insurance
Investment margin	127	264		390
Fees and premium based revenues	379	410		789
Technical margin	86	3		89
Income non-modelled life business	5			5
Life & IM operating income	596	677		1,274
Administrative expenses	295	332		627
DAC amortisation and trail commissions	102	215		317
Life & IM expenses	397	547		944
Life & IM operating result	199	130		329
Non-life operating result	-3			-3
Corporate Line operating result	-117	-43	44	-117
Operating result	79	87	44	210
Gains/losses and impairments	50	11	59	120
Revaluations	-10	16	1	7
Market & other impacts	-34	-306		-340
Underlying result before taxation	85	-192	104	-3
Taxation	19	2	-10	11
Minority interests	2	-6	-2	-6
Underlying net result	64	-189	116	-9
Divestments	-1			-1
Special items	-21	-6	-3	-30
Net result (continuing operations)	42	-195	114	-40
Net result (discontinued operations)	155			155
Net result (disposal of discontinued operations)	945			945
Net result	1,142			1,060

Notes to the condensed consolidated interim accounts continued

Segments Insurance EurAsia					
3 month period 1 January to 31 March 2013 amounts in millions of euros	Insurance Benelux	Insurance CRE	Investment Management EurAsia	Corporate Line EurAsia	Total Insurance EurAsia
Investment margin	114	12	1		127
Fees and premium based revenues	169	101	109		379
Technical margin	47	39			86
Income non-modelled life business		5			5
Life & IM operating income	330	157	110		596
Administrative expenses	148	69	79		295
DAC amortisation and trail commissions	47	55			102
Life & IM expenses	194	124	79		397
Life & IM operating result	135	33	31		199
Non-life operating result	-4	1			-3
Corporate Line operating result				-117	-117
Operating result	132	34	31	-117	79
Gains/losses and impairments	41			9	50
Revaluations	-10				-10
Market & other impacts	-34				-34
Underlying result before taxation	128	34	31	-108	85
Taxation	22	6	8	-18	19
Minority interests		2			2
Underlying net result	105	26	22	-91	64
Divestments				-1	-1
Special items	-16	-1		-5	-21
Net result (continuing operations)	90	25	22	-96	42
Net result (discontinued operations)					155
Net result (disposal of discontinued operations)					945
Net result					1,142

Notes to the condensed consolidated interim accounts *continued*

Segments Insurance ING U.S.					
3 month period 1 January to 31 March 2013 amounts in millions of euros	Insurance US	Investment Management US	Insurance US Closed Block VA	Corporate Line US	Total Insurance ING U.S.
Investment margin	261		3		264
Fees and premium based revenues	288	99	24		410
Technical margin	3				3
Life & IM operating income	552	98	27		677
Administrative expenses	224	84	24		332
DAC amortisation and trail commissions	177	1	38		215
Life & IM expenses	400	84	63		547
Life & IM operating result	152	14	-36		130
Corporate Line operating result				-43	-43
Operating result	152	14	-36	-43	87
Gains/losses and impairments	3		8		11
Revaluations	18	-4	1		16
Market & other impacts	16		-322		-306
Underlying result before taxation	189	10	-349	-43	-192
Taxation	53	7	-47	-12	2
Minority interests		-6			-6
Underlying net result	136	9	-302	-32	-189
Special items	-6				-6
Net result (continuing operations)	130	9	-302	-32	-195

Notes to the condensed consolidated interim accounts continued

Segments Insurance

3 month period 1 January to 31 March 2012 amounts in millions of euros	Insurance EurAsia	Insurance ING U.S.	Insurance Other	Total Insurance
Investment margin	155	269		425
Fees and premium based revenues	388	408		795
Technical margin	81	1		82
Income non-modelled life business	4			4
Life & IM operating income	628	678		1,307
Administrative expenses	305	320		625
DAC amortisation and trail commissions	113	211		324
Life & IM expenses	418	531		949
Life & IM operating result	210	147		358
Non-life operating result	13			13
Corporate Line operating result	-95	-29	29	-94
Operating result	129	119	29	277
Gains/losses and impairments	59	34		93
Revaluations	-213	38	-2	-177
Market & other impacts	-18	-390		-407
Underlying result before taxation	-43	-199	27	-215
Taxation	-40	-5	4	-42
Minority interests	18		-2	16
Underlying net result	-21	-194	26	-189
Special items	-69	-11	-30	-111
Net result (continuing operations)	-90	-205	-5	-300
Net result (discontinued operations)	163			163
Net result	73			-137

Notes to the condensed consolidated interim accounts *continued*

Segments Insurance EurAsia					
3 month period 1 January to 31 March 2012 amounts in millions of euros	Insurance Benelux	Insurance CRE	Investment Management EurAsia	Corporate Line EurAsia	Total Insurance EurAsia
Investment margin	144	11			155
Fees and premium based revenues	174	110	104		388
Technical margin	36	46			81
Income non-modelled life business		5			4
Life & IM operating income	354	171	104		628
Administrative expenses	145	82	77		305
DAC amortisation and trail commissions	58	56			113
Life & IM expenses	203	138	77		418
Life & IM operating result	151	33	27		210
Non-life operating result	12	1			13
Corporate Line operating result				-95	-95
Operating result	162	34	27	-95	129
Gains/losses and impairments	70	-16		4	59
Revaluations	-207	1		-7	-213
Market & other impacts	-18				-18
Underlying result before taxation	8	19	27	-97	-43
Taxation	-35	6	8	-20	-40
Minority interests	16	2			18
Underlying net result	29	10	17	-78	-21
Special items	-49	-7		-13	-69
Net result (continuing operations)	-20	3	17	-90	-90
Net result (discontinued operations)					163
Net result					73

Notes to the condensed consolidated interim accounts *continued***Segments Insurance ING U.S.**

3 month period 1 January to 31 March 2012 amounts in millions of euros	Insurance US	Investment Management US	Insurance US Closed Block VA	Corporate Line US	Total Insurance ING U.S.
Investment margin	264		6		269
Fees and premium based revenues	287	95	25		408
Technical margin	-8		9		1
Life & IM operating income	543	95	40		678
Administrative expenses	220	76	24		320
DAC amortisation and trail commissions	173	1	36		211
Life & IM expenses	394	77	60		531
Life & IM operating result	150	18	-20		147
Corporate Line operating result				-29	-29
Operating result	150	18	-20	-29	119
Gains/losses and impairments	18		16		34
Revaluations	35	4	-1		38
Market & other impacts	-11		-379		-390
Underlying result before taxation	192	22	-384	-29	-199
Taxation	58	10	-64	-10	-5
Underlying net result	132	12	-320	-19	-194
Special items	-11				-11
Net result (continuing operations)	121	12	-320	-19	-205

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.

Total assets and Total liabilities by segment

amounts in millions of euros	31 March 2013		31 December 2012	
	Total assets	Total liabilities	Total assets	Total liabilities
<i>Insurance EurAsia</i>				
Insurance Benelux	98,366	86,431	97,940	86,186
Insurance CRE	11,696	10,356	13,074	11,725
Investment Management EurAsia	749	242	791	317
Insurance Asia/Pacific ⁽¹⁾	53,471	48,126	59,673	53,715
Corporate Line EurAsia	35,686	17,031	37,776	18,624
<i>Insurance ING U.S.</i>				
Insurance US	126,017	113,877	121,147	109,038
Investment Management US	562	144	590	191
Insurance US Closed Block VA	38,902	38,902	39,476	37,272
Corporate Line US	13,032	2,941	12,973	2,808
<i>Insurance Other</i>	33,971	6,820	34,361	8,282
Total Insurance	412,452	324,870	417,801	328,158
Eliminations Insurance segments	-73,974	-14,105	-79,093	-16,064
Total Insurance operations	338,478	310,765	338,708	312,094
Total Banking operations	880,569	822,991	863,756	807,993
Eliminations	-38,327	-10,857	-36,273	-9,004
Total ING Group	1,180,720	1,122,899	1,166,191	1,111,083

⁽¹⁾ Assets and liabilities from discontinued operations (2012: Asia) are included in the segment in which it was originally included.

Notes to the condensed consolidated interim accounts *continued*

17 ACQUISITIONS AND DISPOSALS

Acquisitions

There were no acquisitions in the first quarter 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 and in the Corporate Line Insurance before they were classified as discontinued operations. Reference is made to Note 6 'Assets and liabilities held for sale' and Note 22 'Discontinued operations'.

China Merchants Fund

In October 2012, ING announced that it has 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 second quarter of 2013.

Insurance in Hong Kong, Macau, Thailand

In October 2012, ING announced that it has 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. The transaction closed on 28 February 2013. A net gain of EUR 945 million is recognised in the first quarter of 2013. ING Investment Management's funds management businesses in Hong Kong and Thailand are outside the scope of this transaction.

ING's investment management business in Thailand

In November 2012, ING announced that it has reached an agreement to sell its investment management business in Thailand to UOB Asset Management Ltd. Under the terms agreed, ING will receive a total cash consideration of EUR 10 million for the investment management business in Thailand. The transaction closed on 3 May 2013.

ING's Malaysian investment management business

In December 2012, ING announced that it has 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. This transaction will not have a material impact on ING's results and is subject to regulatory approvals. The transaction does not impact ING's other businesses in the region. The transaction closed on 19 April 2013.

ING Vysya Life Insurance

In January 2013, ING announced it has 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 announced that it has agreed to sell its 49% stake in Korean insurance venture KB Life Insurance Company Ltd. (KB Life) to joint venture partner KB Financial Group. Under the terms of the agreement, ING will receive a total cash consideration of KRW 166.5 billion (approximately EUR 115 million at current exchange rates) for its 49% stake in KB Life. The transaction is not expected to have a material impact on ING Group results. Subject to regulatory approval, the transaction is expected to close in the second quarter of 2013.

Disposal in the first quarter of 2013 – ING Direct UK

In October 2012, ING announced that it had 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.

Notes to the condensed consolidated interim accounts *continued*

Disposal in the first quarter of 2012 – ING Direct USA

In June 2011, ING announced that it 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.

18 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

Notes to the condensed consolidated interim accounts *continued*

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.

	Estimated fair value		Balance sheet value	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
amounts in millions of euros				
Financial assets				
Cash and balances with central banks	12,816	17,657	12,816	17,657
Amounts due from banks	47,262	39,126	47,262	39,053
Financial assets at fair value through profit and loss				
– trading assets	135,434	114,895	135,434	114,895
– investments for risk of policyholders	103,060	98,765	103,060	98,765
– non-trading derivatives	12,582	13,951	12,582	13,951
– designated as at fair value through profit and loss	6,000	4,760	6,000	4,760
Investments				
– available-for-sale	192,398	193,584	192,398	193,584
– held-to-maturity	4,108	6,626	4,108	6,545
Loans and advances to customers	567,391	580,399	566,464	563,404
Other assets ⁽¹⁾	18,494	20,850	18,494	20,850
	1,099,545	1,090,613	1,098,618	1,073,464
Financial liabilities				
Subordinated loans	8,883	8,373	8,883	8,786
Debt securities in issue	146,540	149,874	146,535	143,436
Other borrowed funds	13,815	16,056	13,815	16,723
Investment contracts for risk of company	4,808	4,624	4,767	4,561
Investment contracts for risk of policyholders	8,254	8,067	8,254	8,067
Amounts due to banks	37,425	39,628	37,425	38,704
Customer deposits and other funds on deposit	470,646	457,624	470,645	455,003
Financial liabilities at fair value through profit and loss				
– trading liabilities	97,102	83,652	97,102	83,652
– non-trading derivatives	17,643	18,752	17,643	18,752
– designated as at fair value through profit and loss	13,100	13,399	13,100	13,399
Other liabilities ⁽²⁾	23,921	24,810	23,921	24,810
	842,137	824,859	842,090	815,893

⁽¹⁾ Other assets do not include (deferred) tax assets, pension assets and property development and obtained from foreclosures.

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

Fair value hierarchy

ING Group has categorised its financial instruments that are measured in the balance sheet at fair value into a three level hierarchy based on the priority of the inputs to the valuation. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to valuation techniques based on unobservable inputs. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide reliable pricing information on an on-going basis. The fair value hierarchy consists of three levels, depending upon whether fair values were determined based on quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have a more than insignificant impact on the fair value of the instrument (Level 3). Financial assets in Level 3 include for example illiquid debt securities, complex OTC and credit derivatives, certain complex loans (for which current market information about similar assets to use as observable, corroborated data for all significant inputs into a valuation model is not available) and asset backed securities for which there is no active market and a wide dispersion in quoted prices. Observable inputs reflect market data obtained from independent sources. Unobservable inputs are inputs which are based on the Group's own assumptions about the factors that market participants would use in pricing an asset or liability, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default rates and recovery rates, prepayment rates and certain credit spreads. Transfers into and transfers out of fair value hierarchy levels are recognised as of the date of the event or change in circumstances that caused the transfer. Further information on the fair value hierarchy is disclosed in the 2012 ING Group Consolidated Annual Accounts in Note 35 'Fair value of financial assets and liabilities'.

Notes to the condensed consolidated interim accounts continued

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				
	31 March 2013			
amounts in millions of euros	Level 1	Level 2	Level 3	Total
Assets				
Trading assets	40,055	92,571	2,808	135,434
Investments for risk of policyholders	96,550	6,369	141	103,060
Non-trading derivatives	59	11,982	541	12,582
Financial assets designated as at fair value through profit and loss	240	2,345	3,415	6,000
Available-for-sale investments	111,119	77,085	4,194	192,398
	248,023	190,352	11,099	449,474
Liabilities				
Trading liabilities	18,238	76,638	2,226	97,102
Non-trading derivatives	111	15,874	1,658	17,643
Financial liabilities designated as at fair value through profit and loss	1,056	6,881	5,163	13,100
Investment contracts (for contracts at fair value)	3,853	4,399	2	8,254
	23,258	103,792	9,049	136,099

Methods applied in determining fair values of financial assets and liabilities				
	31 December 2012			
amounts in millions of euros	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

Main changes in fair value hierarchy in the first quarter of 2013

There were no significant transfers between Level 1 and Level 2.

Transfers out of Level 1 into Level 2 occur when ING Group establishes that markets are no longer active and therefore unadjusted quoted prices no longer provide reliable pricing information. Transfers out of Level 2 into Level 1 occur when ING Group establishes that markets have become active for identical assets and liabilities and therefore unadjusted quoted prices provide reliable pricing information.

Notes to the condensed consolidated interim accounts *continued***Changes in Level 3 Assets**

31 March 2013

amounts in millions of euros	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	414	1	-16	3	-13	389
Revaluation recognised in equity during the period					9	9
Purchase of assets	522	13	28	1,334	207	2,104
Sale of assets	-145	-15	-18	-117	-171	-466
Maturity/settlement	-91		-1	-81	-61	-234
Reclassifications					39	39
Transfers into Level 3	193	2		109	48	352
Transfers out of Level 3	-95	-8		-18	-87	-208
Exchange rate differences		-2	2	27	33	60
Changes in the composition of the group and other changes				37	2	39
Closing balance	2,808	141	541	3,415	4,194	11,099

Changes in Level 3 Assets

31 December 2012

amounts in millions of euros	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

31 March 2013

amounts in millions of euros	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	360	118	10		488
Revaluation recognised in equity during the period	189	39	312		540
Issue of liabilities	-122	-13	-137		-272
Early repayment of liabilities	-72	-8	-197	-4	-281
Transfers into Level 3	424		62	2	488
Transfers out of Level 3	-74		6	-8	-76
Exchange rate differences	-2	35	5		38
Closing balance	2,226	1,658	5,163	2	9,049

Changes in Level 3 Liabilities

31 December 2012

amounts in millions of euros	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 period (Level 3)

31 March 2013

amounts in millions of euros	Held at balance sheet date	Derecognised during the year	Total
Assets			
Trading assets	414		414
Investments for risk of policyholders	1		1
Non-trading derivatives	-19	3	-16
Financial assets designated as at fair value through profit and loss	3		3
Available-for-sale investments	-13		-13
	386	3	389
Liabilities			
Trading liabilities	360		360
Non-trading derivatives	118		118
Financial liabilities designated as at fair value through profit and loss	10		10
	488		488

Notes to the condensed consolidated interim accounts *continued***Amounts recognised in the profit and loss account during the period (Level 3)**

amounts in millions of euros	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

Sensitivities of fair values in Level 3

Reasonably likely changes in the unobservable assumptions used in the valuation of Level 3 assets and liabilities would not have a significant impact on Shareholders' equity or Net result.

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 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.

19 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 arm's length basis. In the first quarter of 2012, the agreement with the Dutch State on the IABF was adjusted. No other material changes in related party transactions occurred.

20 DIVIDEND PAID

No dividend was paid in the first quarter of 2013.

21 ISSUANCES, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY SECURITIES IN ISSUE**Debt securities in issue**

Capital markets and money markets continued to improve in the first quarter of 2013, and ING Bank demonstrated access to all markets at competitive levels. ING Bank issued EUR 11.7 billion of long-term debt of which EUR 9.8 billion of debt with a tenor of more than two years.

Notes to the condensed consolidated interim accounts continued

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.

22 DISCONTINUED OPERATIONS

ING's 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 amounts in millions of euros	1 January to 31 March	
	2013	2012
Net result from discontinued operations	155	163
Net result from disposal of discontinued operations ⁽¹⁾	945	
Total net result from discontinued operations	1,100	163

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

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

Result from discontinued operations - Asia

3 month period amounts in millions of euros	1 January to 31 March	
	2013	2012
Total income	1,297	1,445
Total expenses	1,082	1,229
Result before tax from discontinued operations	215	216
Taxation	60	53
Net result from discontinued operations	155	163

In the first quarter of 2013, Net result from disposal of discontinued operations includes the divestment gain on the sale of the Insurance businesses in Hong Kong, Macau and Thailand of EUR 945 million. Reference is made to Note 17 'Acquisitions and disposals'.

The net cash flow from discontinued operations was as follows:

Net cash flow from discontinued operations - Asia

3 month period amounts in millions of euros	1 January to 31 March	
	2013	2012
Operating cash flow	75	889
Investing cash flow	46	-565
Financing cash flow		-20
Net cash flow	121	304

In the first quarter of 2013, sales proceeds in cash of EUR 1,630 million (2012: nil) is presented in the consolidated statement of cash flows under 'Net cash flow from investment activities - Disposals and redemptions: other investments' and is not included in the table above.

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 and in the Corporate Line Insurance 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.

Notes to the condensed consolidated interim accounts *continued***23 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. Credit default swap ('CDS') exposures in all countries are to Financial institutions.

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

amounts in millions of euros	31 March 2013						
	Greece	Italy	Ireland	Portugal	Spain	Cyprus ⁽²⁾	Total
Residential mortgages and other consumer lending	12	7,628	6	4	9,664	1	17,315
Corporate Lending	375	8,517	734	1,099	5,639	623	16,987
Financial institutions Lending	12	306	25	39	569	9	960
Government Lending		179			35		214
Total Lending	399	16,630	765	1,142	15,907	633	35,476
RMBS	94	933	164	538	2,744		4,473
CMBS			11				11
Other ABS		55	185	8	154		402
Corporate Bonds		513	643	104	321		1,581
Covered Bonds		220	387	154	10,569		11,330
Financial institutions' bonds (unsecured)		335	21	56	82		494
Government Bonds	43	2,452	53	618	1,307	10	4,483
CDS exposures in banking book ⁽³⁾					-129		-129
Total Debt Securities	137	4,508	1,464	1,478	15,048	10	22,645
Real Estate ⁽⁴⁾	20	354		212	575		1,161
Trading excluding CDS exposures		724	119	15	400		1,258
Sold CDS protection		8	1	1	7		17
Bought CDS protection	-2	-17	-11	-1	-43		-74
Trading including CDS protection	-2	715	109	15	364		1,201
Undrawn committed facilities	124	1,311	150	208	2,621	96	4,510
Pre-settlement exposures ⁽⁵⁾	78	512	414	47	774	93	1,918
Total risk exposure	756	24,030	2,902	3,102	35,289	832	66,911

⁽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 quarter 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 1.6 billion in the first quarter of 2013. This decrease was due to a EUR 1.7 billion reduction in debt securities to EUR 22.6 billion, which was partly offset by small increases in other asset classes. Although the planned de-risking were finalised in 2012, ING will continue to actively manage its investment portfolio.

ING's main reduction in the GIIPSC exposure was in Spain. The exposure to Spain was reduced by EUR 1.7 billion in the first quarter of 2013. The lending book declined by EUR 0.2 billion and the debt securities by EUR 1.0 billion. The decrease in the debt securities portfolio was due mainly to EUR 1.2 billion maturing covered bonds in the first quarter of 2013 offset by a sale of CDS in banking books of EUR 0.3 billion.

Notes to the condensed consolidated interim accounts continued

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

	31 December 2012						
amounts in millions of euros	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		509	642	67	319		1,537
Covered Bonds		245	370	153	11,780		12,548
Financial institutions' bonds (unsecured)		527	74	56	84		741
Government Bonds	43	2,474	53	633	1,308	18	4,529
CDS exposures in banking book ⁽³⁾					-390		-390
Total Debt Securities	138	4,932	1,636	1,511	16,118	18	24,353
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	23,946	2,970	3,053	36,945	883	68,508

⁽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.

24 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, based on current limited information, this is estimated to result in a charge of approximately EUR 300 million. ING will carefully assess further details on form, amount and timing of the levy as they become available. There is no impact from this 2014 levy on the result of the first quarter of 2013.

Sul América S.A.

In the first quarter of 2013, ING announced that it has agreed to reduce its 36.5% stake in Sul América S.A. (SulAmérica) through a transaction with the Larragoiti Family, which is a majority shareholder and ING's joint venture partner in SulAmérica. Following the closing of the transaction, ING will hold a direct stake of just under 30% in SulAmérica, which is listed on the BM&FBovespa. ING expects the transaction to realise a net gain of approximately EUR 254 million which will be recognised on closing of the transaction. Subject to regulatory approvals, the transaction is expected to close in the second half of 2013.

ING U.S. Initial Public Offering

On 1 May 2013, ING announced the pricing of approximately 65.2 million shares of common stock sold in the Initial Public Offering of ING U.S., Inc., its U.S.-based retirement, investment and insurance business, at USD 19.50 per share. The shares began trading on 2 May 2013 on the New York Stock Exchange under the ticker symbol 'VOYA'.

Notes to the condensed consolidated interim accounts *continued*

The IPO of ING U.S. consists of both a primary component of shares offered by ING U.S. and a secondary component of shares offered by ING Group. Based on the final price-per-share and excluding the exercise of an overallotment option by the underwriters, the total offering amounts to USD 1.3 billion, including USD 0.6 billion in gross proceeds from the primary offering for ING U.S. and approximately USD 0.7 billion (approximately EUR 0.5 billion at current exchange rates) in gross proceeds for ING Group. The IPO reduces the ownership of ING Group in ING U.S. to 75%.

The underwriters have the option for 30 days to purchase up to an additional 9.8 million of ING U.S. shares from ING Group at the initial public offering price, corresponding to a maximum of 15% of the total number of shares offered in the IPO. Fully exercising this overallotment option would further reduce ING Group's remaining stake in ING U.S. to approximately 71%.

The offering will not impact the profit and loss account of ING Group, as ING U.S. will continue to be fully consolidated by ING Group. The offering will have a negative impact of approximately EUR 1.7 billion on the Shareholders' equity of ING Group (excluding the exercise of the underwriter's overallotment option). This amount reflects the difference between the net proceeds of this offering to ING Group and the estimated IFRS-EU book value of the 25% stake divested in this IPO. This offering will not have a material impact on the regulatory capital of either ING Insurance or ING Bank.

ING Group is divesting its insurance and investment management businesses as part of a restructuring programme agreed with the European Commission. Following the IPO, ING intends to divest its remaining stake in ING U.S. over time, as previously agreed with the European Commission. The sale of any remaining shares is subject to a lock-up period of 180 days.

Sale of custody services in seven European countries

In the second quarter of 2013, ING announced that it has reached an agreement to transfer its local custody services business in seven countries in Central and Eastern Europe to Citi, one of the world's largest providers of custody services. The transfer of local custody services in Bulgaria, the Czech Republic, Hungary, Romania, Russia, Slovakia and Ukraine is in line with ING's strategic objective of sharpening the focus of the bank. The transaction is not expected to have a material impact on ING's results. The transfer is subject to customer consent and applicable regulatory approvals. The transaction is expected to be completed in the second quarter of 2013 while the full migration of the clients business is expected to be finalised in the first 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. Under the terms of the Deferred Prosecution Agreements, no further action will be taken against ING Bank if it meets the conditions set forth in the agreements during an 18 months period. 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.

25 IMPACT OF CHANGE IN ACCOUNTING POLICY

This note provides more information on the impact of 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 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.

Notes to the condensed consolidated interim accounts *continued*

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 plans 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	
amounts in millions of euros	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)
amounts in millions of euros	
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
	<u>31,675</u>

Other liabilities (Restated)

Other liabilities by type	
	1 January 2012 (Restated)
amounts in millions of euros	
Deferred tax liabilities	3,611
Income tax payable	858
Net defined benefit liability	730
Other post-employment benefits	179
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
	<u>34,923</u>

Notes to the condensed consolidated interim accounts *continued***Deferred tax (Restated)****Changes in deferred tax**

amounts in millions of euros	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

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 2013, of ING Groep N.V., Amsterdam, which comprises the condensed consolidated balance sheet as at 31 March 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 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 2013 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

AMSTERDAM, 7 MAY 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.

ING Groep N.V.

Amsterdamse Poort, Bijlmerplein 888, 1102 MG, Amsterdam, the Netherlands

P.O. Box 1800, 1000 BV, Amsterdam, the Netherlands

Telephone: +31 20 563 9111

Fax: +31 20 564 7236

Internet: www.ing.com

Commercial Register of Amsterdam, no. 33231073