ING GROEP NV
Form 6-K
September 03, 2008

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934
For June 30, 2008
Commission File Number 1-14642
ING Groep N.V.
Amstelveenseweg 500
1081 KL Amsterdam
The Netherlands

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F þ **Form 40-F** o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T rule 101(b) (1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T rule 101(b) (7): o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o **No** þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b).

THIS REPORT ON FORM 6-K (EXCEPT FOR REFERENCES THEREIN TO UNDERLYING PROFIT BEFORE TAX AND ANY OTHER NON-GAAP FINANCIAL MEASURE AS SUCH TERM IS DEFINED IN REGULATION G UNDER THE SECURTIES EXCHANGE ACT OF 1934, AS AMENDED) SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-130040) OF ING GROEP N.V. AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED. FOR THE AVOIDANCE OF DOUBT, THE DISCLOSURE CONTAINING REFERENCES TO UNDERLYING PROFIT BEFORE TAX AND ANY OTHER NON-GAAP FINANCIAL MEASURE CONTAINED IN THE ATTACHED REPORT IS NOT INCORPORATED BY REFERENCE INTO THE ABOVE-MENTIONED REGISTRATION STATEMENT OF ING GROEP N.V.

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1. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

1.1 Introduction

PRESENTATION OF INFORMATION

In this Report on Form 6-K (Form 6-K), and unless otherwise stated or the context otherwise dictates, references to ING Groep N.V. , ING Groep and ING Group refer to ING Groep N.V. and references to ING , the Company , the Group , we and us refer to ING Groep N.V. and its consolidated subsidiaries. ING Groep N.V. s primary insurance and banking subsidiaries are ING Verzekeringen N.V. (together with its consolidated subsidiaries, ING Insurance) and ING Bank N.V. (together with its consolidated subsidiaries, ING Bank), respectively.

All references to IFRS-EU in this Form 6-K refer to International Financial Reporting Standards as adopted by the EU, including the decisions ING Group made with regard to the options available under IFRS as adopted by the EU.

The consolidated financial statements of ING Group are presented in accordance with IFRS-EU. IFRS-EU differs in certain respects from accounting principles generally accepted in the United States of America (US GAAP). See Shareholders Equity and Net Profit on the Basis of US GAAP for a summary of the significant differences between the two frameworks and additional disclosures required under US GAAP.

IFRS-EU differs from International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS-IASB) in respect of certain paragraphs in IAS 39 Financial Instruments: Recognition and Measurement . See Shareholders Equity and Net Profit on the Basis of IFRS-IASB Reconciliation of shareholders equity and net profit to IFRS-IASB for a summary of the differences between IFRS-EU and IFRS-IASB.

Underlying profit before tax is included within this Form 6-K as this is the performance measure utilized by the Group for segment reporting. Refer to page 5 for further discussion of underlying profit before tax and to page 10 for the reconciliation of underlying profit before tax to profit before tax by reporting segment.

Unless otherwise specified or the context otherwise requires, references to US$ and Dollars are to United States dollars and references to EUR are to euros.

Small differences are possible in the tables due to rounding.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Certain of the statements contained in this Form 6-K that are not historical facts are statements 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,

- changes in general economic conditions, in particular economic conditions in ING s core markets,
- changes in performance of financial markets, including developing markets,
- 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,
- the frequency and severity of insured loss events,
- changes affecting mortality and morbidity levels and trends,
- changes affecting persistency levels,
- changes affecting interest rate levels,
- changes affecting currency exchange rates,
- changes in general competitive factors

- changes in laws and regulations,
- changes in the policies of governments and/or regulatory authorities.

ING is under no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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RECENT DEVELOPMENTS

On August 18, 2008, ING Direct announced that it had closed its takeover of Interhyp AG, Germany s largest independent residential mortgage distributor. The announcement followed a 91.21% tender of Interhyp shares, giving ING Direct the desired controlling stake in the company.

Following the announcement of the June 30, 2008, results, ING declared an interim dividend of EUR 0.74 per (depositary receipt for an) ordinary share, in line with ING s policy to set the interim dividend at half the total dividend of the previous year. ING s shares quoted ex-dividend as of August 14, 2008, and the dividend was made payable on August 21, in Europe and August 28, in the US.

For acquisitions and disposals, see Note 2.5.7 to our condensed interim accounts.

For issuances, repurchases and repayment of debt and equity securities in issue see Note 2.5.8 to our condensed consolidated interim accounts.

RECENT DEVELOPMENTS IN CREDIT MARKETS

In the first six months of 2008, the total direct impact on ING s profit and loss accounts from the ongoing credit and liquidity crisis remained relatively limited, with a loss before tax of EUR 140 million. In addition, the negative revaluations on subprime Residential Mortgage-Backed Securities (RMBS), Alt-A RMBS and Collateralized Loan Obligations (CDOs)/Collateralized Loan Obligations (CLOs), (pressurized asset classes) deteriorated by EUR 4 billion before tax in the first six months of 2008. The cumulative negative pre-tax revaluation on these assets of EUR 5.5 billion is reflected in shareholders equity on an after-tax basis. ING s liquidity position remained sound in the first six months of 2008.

On the US subprime RMBS portfolio impairments/trading losses of EUR 40 million before tax were recorded in the first six months of 2008. At June 30, 2008, the subprime RMBS portfolio was fair-valued at EUR 2.2 billion, or 79.7% of amortized cost value, down from 90.1% at year-end 2007. The decline resulted in a cumulative revaluation before tax of EUR (560) million, which is reflected in shareholders equity on an after tax basis.

In the US Alt-A RMBS portfolio, several bonds totaling EUR 52 million were impaired in the first six months of 2008 at Insurance Americas. There were no impairments in ING Direct s Alt-A RMBS portfolio. At June 30, 2008, ING s Alt-A RMBS portfolio was fair-valued at 82.7% of amortized costs, against 96.7% at year-end 2007. The market value of ING Group s Alt-A RMBS was reduced from EUR 27.5 billion at year-end 2007 to EUR 22.0 billion at June 30, 2008. The decline of EUR 5.5 billion in the market value of the Alt-A RMBS is mainly due to credit spread widening, limited market liquidity and mortgage redemptions. As of June 30, 2008, EUR 183 million of ING s Alt-A RMBS had been downgraded by rating agencies and EUR 1.6 billion was on credit watch. A further EUR 1.4 billion was downgraded by rating agencies on August 8, 2008. The total watch list had increased to EUR 4.6 billion as at August 8, 2008.

ING s net exposure to CDOs/CLOs increased from EUR 1.9 billion at year-end 2007 to EUR 4.3 billion at June 30, 2008. Only EUR 8 million of ING s CDO/CLO exposure is backed by US subprime mortgages. Corporate credit positions can offer attractive value due to dislocations in the credit markets. In the first six months of 2008. Insurance Americas increased its exposure to synthetic CDOs by writing credit protection on EUR 2.6 billion of super-senior tranches of primarily investment grade corporate credit indices and custom corporate credit portfolios. ING s CDO/CLO portfolio was valued at 94.6% June 30, 2008. ING took a EUR 28 million loss before tax on its CDO/CLO exposure in the first half of 2008, of which EUR 17 million was attributable Insurance Asia/Pacific, EUR 9 million impairments at Wholesale Banking and EUR 2 million in Insurance Americas.

ING s direct exposure to monoline insurers is limited. ING has some indirect exposure as it insured EUR 3.0 billion of assets with monoline insurers, either through financial guarantees (wraps) or credit derivatives. Exposure to monoline insurers resulted in a loss of EUR 9 million before tax in the first six months of 2008 as Wholesale Banking wrote down the value of credit derivatives bought from downgraded monoline insurers. As at June, 30, 2008, ING had a total leveraged finance exposure of EUR 8.2 billion, compared to EUR 7.5 billion at year-end 2007. ING s leveraged finance underwriting pipeline decreased from EUR 2.3 billion at year-end 2007 to EUR 1.0 billion at June, 30, 2008.

ING Bank s funding costs in the money market remained well below LIBOR in the first half of 2008. ING Bank further enhanced its funding profile through the issuance of senior bonds, covered bonds and tier-2 capital in the first six months of 2008. As at June 30, 2008, 56% of ING Bank s diversified funding base were attributed to customer deposits.

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1.2 Consolidated results of operations

The following information should be read in conjunction with, and is qualified by reference to the Group s condensed consolidated interim accounts and other financial information included elsewhere herein. ING Group evaluates the results of its insurance operations and banking operations, including Insurance Europe, Insurance Americas, Insurance Asia/Pacific, Wholesale Banking, Retail Banking and ING Direct, using the financial performance measure of underlying profit before tax. Underlying profit before tax is defined as profit before tax excluding, as applicable for each respective segment, profit from divested units, gains/losses on divestments, certain restructuring charges and other non-operating income/expense.

While these excluded items are significant components in understanding and assessing the Group s consolidated financial performance, ING Group believes that the presentation of underlying profit before tax enhances the understanding and comparability of its segment performance by highlighting profit before tax attributable to ongoing operations and the underlying profitability of the segment businesses. For example, we believe that trends in the underlying profitability of our segments can be more clearly identified without the effects of the realized gains/losses on divestments as the timing of these gains is largely subject to the Company s discretion, influenced by market opportunities and ING Group does not believe that they are indicative of future results. Underlying profit before tax is not a substitute for profit before tax as determined in accordance with IFRS-EU. ING Group s definition of underlying profit before tax may differ from those used by other companies and may change over time. Refer to the reconciliation of underlying profit before tax to profit before tax by segment in Note 2.5.6 to our condensed consolidated interim accounts.

The following table sets forth the consolidated results of operations of ING Group for the six months ended June 30, 2008 and 2007:

	Insurance[1]		**Banking[1]**		**Eliminations**		**Total**	
	Six months ended June 30,							
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	(EUR millions)							
Gross premium income	23,729	23,207					23,729	23,207
Interest result banking operations			5,225	4,480	24	34	5,201	4,446
Commission income	1,008	943	1,472	1,485			2,480	2,428
Investment and Other income	5,122	6,207	986	1,464	91	76	6,017	7,595
Total income	**29,858**	**30,357**	**7,684**	**7,429**	**115**	**110**	**37,427**	**37,676**
Underwriting expenditure	24,644	23,894					24,644	23,894
Other interest expenses	598	669			115	110	483	559
Operating expenses	2,665	2,746	5,010	4,944			7,675	7,690
Impairments insurance/Addition to loan loss provision banking	37	1	331	24			368	25
Total expenditure	**27,944**	**27,309**	**5,341**	**4,968**	**115**	**110**	**33,170**	**32,168**
Profit before tax	**1,914**	**3,048**	**2,343**	**2,460**			**4,257**	**5,508**
Taxation	186	462	610	451			796	913
Profit before minority interests	**1,728**	**2,586**	**1,733**	**2,009**			**3,461**	**4,595**
Minority interests	34	89	(33)	53			1	142
	1,694	**2,496**	**1,766**	**1,957**			**3,460**	**4,452**

Net profit (attributable to Shareholders of the parent)

Profit before tax	**1,914**	**3,048**	**2,343**	**2,460**	**4,257**	**5,508**
Gains/losses on divestments[2]	(47)				(47)	
Profit divested units		(42)				(42)
Special item [3]			163	252	163	252
Underlying profit before tax	**1,867**	**3,006**	**2,506**	**2,713**	**4,373**	**5,718**

(1) Excluding intercompany eliminations.

(2) Divestments Insurance: sale NRG (EUR 15 million, 2008), sale Chile Health business (EUR (62) million, 2008).

(3) Provision for Retail Netherlands Strategy as explained on page 6.

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GROUP OVERVIEW

The profit before tax of the Group for the six months ended June 30, 2008 decreased by EUR 1,251 million, or 22.7%, to EUR 4,257 million, from EUR 5,508 million for the six months ended June 30, 2007. This reflects a decrease of 37.2% and 4.8%, respectively, for the Group s insurance and banking operations. Excluding provisions and costs of EUR 163 million and EUR 252 million in the first six months of 2008 and 2007, respectively, related to the Retail Netherlands Strategy (under which Postbank and ING Bank will join forces under a single ING brand) and divestments which influenced profit before tax by EUR 47 million in the first six months of 2008 (NRG and Chile Health), and by EUR 42 million in the first six months of 2007 (profit from divested units), underlying profit before tax decreased by EUR 1,345 million, or 23.5%, from EUR 5,718 million to EUR 4,373 million. Profit before tax in all three insurance business lines, Europe, Americas and Asia/Pacific, decreased due to the weakness of financial markets. The investment and credit market environment put increasing pressure on all regions worldwide. Profit from life insurance and non-life insurance decreased by 38.1% and 36.8%, respectively. Also, the results of ING s banking operations were affected by the continued market and credit turmoil, as the deterioration of equity and real estate markets resulted in a sharp decline in investment income and an increase of risk costs, partly offset by improved interest results, especially at Wholesale Banking and ING Direct.

The Group s tax charge for the six months ended June 30, 2008 decreased to EUR 796 million from EUR 913 million for the six months ended June 30, 2007. This represents an increase in the overall effective tax rate to 18.7% for the six months ended June 30, 2008, from 16.6% for the six months ended June 30, 2007. The effective tax rate in the insurance operations declined as tax-exempt profits in the Netherlands, mainly capital gains on equities, constituted a larger part of the profit. The banking operations showed a higher tax rate due to lower tax-exempt gains mitigated by ING Real Estate losses charged to minority interests.

Net profit for the six months ended June 30, 2008 decreased by EUR 992 million, or 22.3%, to EUR 3,460 million from EUR 4,452 million for the six months ended June 30, 2007. Net profit from the banking operations decreased 9.8% to EUR 1,766 million, as higher interest results were offset by a decline in investment income, higher risk costs due to the turmoil in the credit markets and a higher effective tax rate. Net profit from insurance operations decreased 32.1% to EUR 1,694 million mainly due to lower investment income partly offset by decreased operating expenses and a decrease in the effective tax rate.

The debt/equity ratio of ING Groep N.V. remained at the same level of 9.5% compared to December 31, 2007. The dividend payment to shareholders and the buyback of shares were compensated by a dividend upstream from ING Insurance and ING Bank. The capital coverage ratio for ING s insurance operations increased to 281% of regulatory requirements at the end of June 2008, compared with 244% at December 31, 2007. The Tier-1 ratio of ING Bank N.V. stood at 8.15% on June 30, 2008 (under the Basel II regulatory regime) and 7.39% as at December 31, 2007 (under the Basel I regulatory regime), well above the regulatory required minimum level of 4%.

INSURANCE OPERATIONS

Income

Total income from insurance operations for the six months ended June 30, 2008 decreased by EUR 499 million, or 1.6% to EUR 29,858 million from EUR 30,357 million for the six months ended June 30, 2007. Premium income in life operations increased by 4.4%, but in the non-life operations it decreased by 10.7%. Total premium income increased by 2.2%, or EUR 522 million, driven by variable annuity sales in the United States, and higher sales in almost all countries in Asia and Central Europe. The effect of exchange rate movements negatively affected growth in premium income by EUR 2,103 million.

Commission income increased by EUR 65 million or 6.9% to EUR 1,008 million in the first six months of 2008 as compared to EUR 943 million in the first six months of 2007 mainly due to the integration of acquired pension business in Latin America resulting in higher assets under management.

Investment and other income decreased by EUR 1,086 million or 17.5% to EUR 5,121 million in the first six months of 2008 as compared to EUR 6,207 million in the first six months of 2007 due to lower investment income in the Benelux and the United States, negative revaluations of real estate and private equity in the Benelux, and a capital gain on the sale of ABN Amro shares of EUR 573 million in the first six months of 2007. The decrease was in part offset by positive fair value changes on derivatives, the majority of which hedge policy guarantees in Japan.

Underwriting expenditure

Underwriting expenditure increased by EUR 750 million, or 3.1% from EUR 23,894 million in the first six months of 2007 to EUR 24,644 million in the first six months of 2008. The underwriting expenditure of the life operations increased by EUR 1,072 million, or 5.1%. The underwriting expenditure of the non-life operations decreased by EUR 322 million, or 11.9%, mainly due to the sale of the Chile Health business.

Expenses

Operating expenses of the insurance operations over the first six months of 2008 decreased by EUR 81 million, or 3.0%, to EUR 2,665 million, from EUR 2,746 million for the first six months of 2007, reflecting lower pension costs and improved operational expenses in the Benelux and investments to support the growth of the business, particularly in developing markets. Exchange rate differences of EUR 187 million limited the increase in operating expenses.

Profit before tax and net profit

The profit before tax from the Group s insurance activities for the six months ended June 30, 2008 decreased by EUR 1,134 million, or 37.2%, to EUR 1,914 million, from EUR 3,048 million for the six months ended June 30, 2007. Net profit for the Group s insurance operations for the six months ended June 30, 2008 decreased by EUR 802 million, or 32.1%, to EUR 1,694 million, from EUR 2,496 million for the six months ended June 30, 2007.

Underlying profit before tax

Excluding the sale of the health business in Chile, the aftermath of the sale of NRG in 2007 and the sale of employee benefits and broker business in Belgium, underlying profit before tax from the insurance operations decreased by 37.9% or EUR 1,139 million to EUR 1,867 million from EUR 3,006 million in the first six months of 2007.

Underlying profit of Insurance Europe decreased by 34.3% to EUR 736 million due to the weak investment climate and the distribution of EUR 5.0 billion surplus capital to Corporate Line in 2007, in part offset by higher sales and investment income in Central Europe.

Underlying profit before tax in Insurance Americas decreased by 38.6% from EUR 1,126 million in the first six months of 2007 to EUR 619 million in the first six months of 2008, the decrease was due to lower investment income, and negative DAC and reserve unlocking as a result of unfavorable equity markets, in part offset by improved non-life results in Brazil and Mexico. Underlying profit from Insurance Asia decreased by 1.9% to EUR 306 million.

The combined ratio improved by 3.1 percentage points to 92.8% from 95.9% driven by an improved expense ratio.

The effective tax rate for the Group s insurance operations for the six months ended June 30, 2008 was 9.9%, reflecting higher relative impact of capital gains/impairments on equities compared to 15.0% for the six months ended June 30, 2007.

BANKING OPERATIONS

Income

Total income from banking increased by 3.4%, or EUR 255 million, to EUR 7,684 million from EUR 7,429 million for the six months ended June 30, 2007, mainly due to strong growth in interest result and other income, partly offset by a large decrease in investment income.

The net interest result for the six months ended June 30, 2008 increased by EUR 745 million, or 16.6%, to EUR 5,225 million, from EUR 4,480 million for the six months ended June 30, 2007, attributable to Wholesale Banking (EUR 485 million), ING Direct (EUR 212 million) and Retail Banking (EUR 97 million), partly offset by the Corporate Line (EUR (48) million). The total interest margin in the six months ended June 30, 2008 was 1.03%, an increase of 8 basis points compared with the six months ended June 30, 2007, mainly due to a higher interest margin at ING Direct (effect 4 basis points) and to the consolidation of ING Bank Turkey (effect 2 basis points).

Commission income for the six months ended June 30, 2008 decreased by EUR 13 million, or 0.9%, to EUR 1,472 million, from EUR 1,485 million for the six months ended June 30, 2007. The decrease was primarily due to decreased securities business commission (EUR (107) million, attributable to the poor stock market performance, especially in Retail Banking), which was not fully compensated by EUR 43 million higher payment fees, EUR 16 million higher brokerage and advisory fees and EUR 28 million higher other commission income (fully attributable to the consolidation of ING Bank Turkey).

Investment and Other income decreased by EUR 478 million, or 32.7%, to EUR 986 million for the six months ended June 30, 2008, from EUR 1,464 million for the six months ended June 30, 2007. The decrease reflects realized losses on equities and bonds (EUR 37 million) and negative revaluations of real estate assets and the associated value of listed real estate funds (EUR 302 million) in the first six months of 2008 compared with realized gains on equities and bonds (EUR 332 million) and positive revaluations on real estate and the associated value of listed funds (EUR 120 million) in the first six months of 2007. These negative developments were only partly compensated by higher valuation results from non-trading derivatives for which hedge accounting is not applied.

Expenses

Operating expenses for the six months ended June 30, 2008 increased by EUR 66 million, or 1.3%, to EUR 5,010 million, from EUR 4,944 million for the six months ended June 30, 2007. The increase is mitigated by the provisions and costs related to the Retail Netherlands Strategy (in the first six months of 2007 EUR 252 million and in the first six months of 2008 EUR 163 million). Excluding this item, operating expenses rose by EUR 156 million, or 3.3%. Also apart from the consolidation of ING Bank Turkey and the impact of currencies, operating expenses were up by 1.7%. This increase is entirely due to investments to support the growth of the business at ING Direct, ING Real Estate and the retail banking activities outside the Benelux, while expenses in the mature businesses declined. The cost/income ratio improved to 65.2% from 66.6% in the first six months of 2007, excluding the provisions and costs related to the Retail Netherlands Strategy the underlying cost/income ratio improved slightly to 63.1% from 63.2%

Addition to the provision for loan losses

The provision for loan losses reflected an addition of EUR 331 million for the six months ended June 30, 2008, compared with an addition of EUR 24 million for the first half of 2007, representing an increase of EUR 307 million, of which EUR 227 million was attributed to Wholesale Banking (a net addition of EUR 147 million in the first half of 2008 compared with a net release of EUR 80 million in the first half of 2007). ING Direct and Retail Banking showed increases of EUR 57 million and EUR 22 million, respectively.

Profit before tax and net profit

The profit before tax for the six months ended June 30, 2008 decreased by EUR 117 million, or 4.8%, to EUR 2,343 million, from EUR 2,460 million for the six months ended June 30, 2007. The effective tax rate increased from 18.3% (EUR 451 million) for the six months ended June 30, 2007, to 26.0% (EUR 610 million) for the six months ended June 30, 2008. The effective tax rate in 2007 was incidentally low, caused by high tax-exempt gains, the release of some tax liabilities and the impact of a tax asset in Germany. Net profit decreased by EUR 191 million, or 9.8%, to EUR 1,766 million.

Underlying profit before tax and net profit

The underlying profit before tax, which excludes the effects of divestments and special items, decreased by EUR 207 million, or 7.6%, from EUR 2,713 million in the first six months of 2007 to EUR 2,506 million in the first six months of 2008. Underlying net profit decreased by EUR 258 million, or 12.0%, from EUR 2,145 million to EUR 1,887 million, due to the higher effective tax rate.

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CONSOLIDATED ASSETS AND LIABILITIES

The following table sets forth ING Group s condensed consolidated assets and liabilities at June 30, 2008 and December 31, 2007:

(amounts in EUR billion, except for amounts per share)	June 30, 2008	Dec. 31, 2007
Financial assets at fair value through P&L	341.6	327.1
Investments	271.7	292.7
Loans and advances to customers	592.6	553.0
Total assets (1)	**1,369.9**	**1,312.5**
Life	222.2	232.4
Non-life	8.9	9.6
Investment contracts	22.5	23.7
Insurance and investment contracts	253.6	265.7
Amounts due to banks	161.3	167.0
Customer deposits and other funds on deposit	535.9	525.2
Financial liabilities at fair value through P&L	217.9	169.8
Debt securities in issue/other borrowed funds	120.1	94.1
Total liabilities (1)	**1,340.0**	**1,273.0**
Shareholders equity	28.1	37.2
Shareholders equity per ordinary share	13.85	17.73

(1) For a complete balance sheet reference is made to page 17: Condensed Consolidated Balance Sheet of ING Group

Total assets

Total assets increased by EUR 57.4 billion, or 4.4%, in the first six months of 2008 to EUR 1,369.9 billion from EUR 1,312.5 billion at December 31, 2007, primarily reflecting increased loans and advances to customers of EUR 39.6 billion and increased financial assets at fair value of EUR 14.5 billion, partly offset by a decrease in investments of EUR 21.0 billion.

Loans and advances to customers

Loans and advances to customers increased by EUR 39.6 billion, or 7.2%, to EUR 592.6 billion at June 30, 2008. Of this amount EUR 1.8 billion refers to loans and advances to customers within insurance operations and EUR 41.1 billion relates to loans and advances to customers within banking operations, where the increase was driven by robust commercial growth in the Netherlands, ING Direct and Belgium.

Shareholders equity

Shareholders equity decreased by EUR 9.1 billion, or 24.6%, to EUR 28.1 billion at June 30, 2008 compared to EUR 37.2 billion at December 31, 2007. This decrease was mainly due to unrealized revaluations of debt and equity securities of EUR (8.8) billion, changes in treasury shares due to the share buyback and the hedging of employee share options of EUR (2.2) billion, exchange rate difference of EUR (1.2) billion and the cash dividend payment of EUR (1.7) billion, partly offset by retained net profit of EUR 3.5 billion.

Total liabilities

Total liabilities increased by EUR 67.0 billion, or 5.3%, in the first six months of 2008 to EUR 1340.0 billion from EUR 1273.0 billion at December 31, 2007, primarily reflecting increased Financial liabilities at fair value through P&L of EUR 48.1 billion and Debt securities in issue/other borrowed funds of EUR 26 billion.

Financial liabilities at fair value through P&L

The growth of Financial liabilities at fair value through P&L by EUR 48.1 billion mainly stems from short term deposits which are held as collateral for securities lending at the banking operations (EUR 42.1 billion) and trading derivatives (EUR 12 billion).

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Debt securities in issue/other borrowed funds

Debt securities in issue in the banking operations increased by EUR 27 billion, of which EUR 16 billion short-term debt securities (mainly to fund the commercial growth of loans and advances at Wholesale Banking) and EUR 11 billion long term bonds.

SEGMENT REPORTING

ING Group s segments are based on the management structure of the Group, which is different from its legal structure. The following table sets forth the contribution of our six business lines to our underlying profit before tax for the six months ending June 30, 2008 and 2007:

(EUR millions)	Insurance Europe	Insurance Americas	Insurance Asia/Pacific	Wholesale Banking	Retail Banking	ING Direct	Other(1)	Total Group
June 30, 2008								
Total income	7,938	14,436	7,303	2,486	3,884	1,259	121	37,427
Total expenditure	7,202	13,683	6,997	1,550	2,851	925	(38)	33,170
Profit before tax	**736**	**753**	**306**	**935**	**1,033**	**333**	**161**	**4,257**
Divestments		(62)					15	(47)
Special items					163			163
Underlying profit before tax	**736**	**691**	**306**	**935**	**1,196**	**333**	**174**	**4,373**
June 30, 2007 (2)								
Total income	9,047	14,051	6,637	2,597	3,736	1,131	477	37,676
Total expenditure	7,885	12,925	6,324	1,329	2,759	795	150	32,168
Profit before tax	**1,162**	**1,126**	**312**	**1,269**	**977**	**336**	**327**	**5,508**
Divestments	(42)							(42)
Special items					252			252
Underlying profit before tax	**1,120**	**1,126**	**312**	**1,269**	**1,229**	**336**	**327**	**5,719**

(1) Other mainly includes items not directly attributable to the business lines and intercompany eliminations.

(2) In the first six months of 2008 mid corporate clients in the home markets of The Netherlands, Belgium, Poland and Romania were transferred retroactively from Wholesale Banking to Retail Banking. The 2007 figures have been adjusted accordingly.

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Insurance Europe

	Six months ended June 30,	
	2008	2007
	(EUR millions)	
Premium income		
Life	4,552	4,786
Non-life	1,083	1,250
Total	5,635	6,036
Commission income	250	246
Investment and Other income	2,053	2,766
Total income	**7,938**	**9,047**
Underwriting expenditure	6,115	6,614
Other interest expenses	217	333
Operating expenses	867	938
Investment losses	3	1
Total expenditure	**7,202**	**7,885**
Profit before tax:		
Life	585	935
Non-life	152	227
Profit before tax	**736**	**1,162**
Gains/losses on divestments		(42)
Underlying profit before tax	**736**	**1,120**

Income

Total income of Insurance Europe for the six months ended June 30, 2008 decreased by EUR 1,109 million, or 12.3% to EUR 7,938 million from EUR 9,047 million for the six months ended June 30, 2007, reflecting decreases in premium income, and investment and other income partly due to the sale of employee benefits and broker business in Belgium.

Premium income in the life operations decreased by 4.9%. Excluding the sale of employee benefits and broker business in Belgium, life premiums decreased by 0.4%. In the Benelux, life premiums decreased by 4.0% as sales of investment products were affected by the weak equity markets. In addition, unit-linked sales in the Netherlands were affected by the public discussion about cost loadings and the voluntary termination of unprofitable group contracts for industry pension funds. Life premiums in Central and Rest of Europe increased by 10.9%, lifted by higher sales in most countries, especially in the Czech Republic, Greece and Poland. Premium income in non-life operations decreased by 13.4%. Excluding the sale of employee benefits and broker business in Belgium, non-life premiums decreased by 1.9%, primarily following rate reductions on income and disability products and continued rate pressure in motor.

Commission income increased by EUR 4 million or 1.6% to EUR 250 million, driven by higher asset management and pension fees, especially in Central and Rest of Europe.

Investment and other income decreased by EUR 713 million or 25.8% to EUR 2,053 million. Excluding the sale of employee benefits and broker business in Belgium, investment and other income decreased by 22.2%. The decline was primarily due to the combination of a decrease in direct investment income, partly as a result of distributing EUR 5.0 billion surplus capital to Corporate Line in 2007, and significantly lower fair value changes on real estate and private equity investments. Further, in 2008, investment and other income was impacted by a EUR 49 million impairment on an equity investment in a debt security fund.

Expenses

Operating expenses of Insurance Europe for the six months ended June 30, 2008 decreased by EUR 71 million, or 7.6% to EUR 867 million from EUR 938 million for the six months ended June 30, 2007. Excluding the sale of employee benefits and broker business in Belgium, operating expenses decreased by 2.7%. In the Benelux, operating expenses declined primarily due to lower pension costs and improved operational efficiency. In Central and Rest of Europe, operating expenses increased by 17.4% mainly due to business growth and inflation, as well as higher investments in greenfields.

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Profit before tax

The profit before tax of Insurance Europe for the six months ended June 30, 2008 decreased by EUR 426 million, or 36.7%, to EUR 736 million, from EUR 1,162 million for the six months ended June 30, 2007. Excluding the sale of employee benefits and broker business in Belgium, profit before tax decreased by 34.3%. Profits in the Benelux fell primarily due to the weak investment climate and the distribution of EUR 5.0 billion surplus capital to Corporate Line in 2007. Profits in Central Europe increased 5.9% driven by higher investment income on a growing insurance portfolio.

Insurance Americas

	Six months ended June 30,	
	2008	**2007**
	(EUR millions)	
Premium income:		
Life	9,932	9,000
Non-life	1,884	2,076
Total	11,815	11,076
Commission income	576	510
Investment and Other income	2,045	2,465
Total income	**14,436**	**14,051**
Underwriting expenditure	12,344	11,490
Other interest expenses	106	194
Operating expenses	1,231	1,241
Investment losses	3	
Total expenditure	**13,683**	**12,925**
Profit before tax:		
Life	513	882
Non-life	240	244
Profit before tax	**753**	**1,126**
Gains/losses on divestments/Profit from divested units	(62)	
Underlying profit before tax	**691**	**1,126**

Income

Total income of Insurance Americas for the six months ended June 30, 2008 increased by EUR 385 million, or 2.7% to EUR 14,436 million from EUR 14,051 million for the six months ended June 30, 2007. Currency effects had a negative impact of EUR 1,851 million.

Premium income in the life operations increased by 10.4% and premium income in non-life operations decreased by 9.2%. The effect of exchange rate movements negatively affected growth in premium income by EUR 1,458 million. Excluding currency effects total premium income increased by EUR 2,197 million, or 22.8% (excluding currency effects life premium increased 29.4% and non-life premium decreased by 3.0%).The increase of life premiums was primarily due to higher sales of variable annuities, retirement services and individual life in the United States and higher annuity sales in Chile and Argentina.

Commission income increased by EUR 66 million, or 12.9% to EUR 576 million. Excluding the effect of exchange rate movements the increase was EUR 132 million, or 29.7%, mainly due to the integration of acquired pension business in Latin America which resulted in higher assets under management balances.

Investment and other income decreased by EUR 420 million or 17.0% to EUR 2,045 million. Excluding the divestment of the health business in Chile and the effect of exchange rate movements the decrease was EUR 154 million, or 7.2%, mainly due to lower investment income in the United States.

Expenses

Operating expenses of Insurance Americas over the first six months of 2008 decreased by EUR 10

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million, or 0.8%, to EUR 1,231 million, from EUR 1,241 million for the first six months 2007. Excluding the effect of exchange rate movements, operating expenses increased by EUR 136 million, or 12.4%, mainly due to the integration of acquired pension business in Latin America, costs of higher sales, and investments in technology and distribution in the United States.

Profit before tax

Profit before tax of Insurance Americas for the six months ended June 30, 2008 decreased by EUR 373 million, or 33.1%, to EUR 753 million, from EUR 1,126 million for the six months ended June 30, 2007, reflecting a decrease in profits of the life operations of 41.8% and a decrease in profits of the non-life operations of 1.6%. Excluding the divestment of the health business in Chile and the effect of exchange rate movements, profit of life operations decreased by 40.5% and profit of non-life increased by 0.8%. The decrease in profit of the life operations was mainly driven by lower investment income, and negative DAC and reserve unlocking as a result of unfavorable equity markets. The profit increase of the non-life operations was primarily driven by improved business performance in Brazil and Mexico.

Insurance Asia/Pacific

	Six months ended June 30,	
	2008	**2007**
	(EUR millions)	
Gross premiums written:		
Life	6,254	6,071
Non-life	12	13
Total	6,266	6,084
Commission income	180	183
Investment and Other income	857	370
Total income	**7,303**	**6,637**
Underwriting expenditure	6,190	5,767
Other interest expenses	266	45
Operating expenses	540	513
Total expenditure	**6,997**	**6,324**
Profit from insurance operations before tax:		
Life	305	311
Non-life	1	1
Profit before tax	**306**	**312**
Gains/losses on divestments/Profit from divested units		
Underlying profit before tax	**306**	**312**

Income

Total income from Insurance Asia/Pacific for the six months ended June 30, 2007 increased by EUR 666 million, or 10.0% to EUR 7,303 million from EUR 6,637 million for the six months ended June 30, 2006. Excluding currency effects, total income increased by EUR 1,349 million, or 22.7%.

Premium income in the life operations increased by 3.0%, but premium income in the non life operations decreased by 7.6%. Excluding currency effects, premium income in the life operations increased by EUR 784 million or 14.3% and premium income in non-life operations increased by 9.1%; total premium income increased by 14.3%, primarily due to higher sales in South Korea and Taiwan and to a lesser extent Australia. In Rest of Asia all countries contributed to the life premiums increase of 36.7% (53.0% excluding currency effects).

Commission income decreased by EUR 3 million, or 1.6% to EUR 180 million; however, excluding currency effects commission increased by EUR 2 million, or 1.1%.

Investment and other income increased by EUR 487 million or 131.6% to EUR 857 million (excluding currency effects the increase was 190.5%), primarily due to positive fair value changes on derivatives, the majority of which hedge policy guarantees in Japan. These fair value changes on derivative instruments are largely offset in underwriting expenditure.

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Expenses

Operating expenses of Insurance Asia/Pacific over the first six months of 2008 increased by EUR 27 million, or 5.3%, to EUR 540 million, from EUR 513 million for the first six months of 2007. Excluding currency effects the increase was 15.6%, reflecting the continued growth of the existing business as well as investments to support rapid expansion of the Greenfield businesses (business in new countries).

Profit before tax

The profit before tax of Insurance Asia/Pacific for the six months ended June 30, 2008 decreased by EUR 6 million, or 1.9%, to EUR 306 million, from EUR 312 million for the six months ended June 30, 2007. Excluding currency effects profit before tax increased by 16.8%: life insurance increased by EUR 44 million, or 16.9%, and non-life insurance increased EUR 1 million. The profit increase of the life operations was due to Japan, driven by volatility in hedge results and assumption changes. This profit increase was partly offset by lower results in Australia primarily due to lower fee income on assets under management, Korea primarily due to negative revaluations of a CDO and Rest of Asia primarily due to a one-off positive deferred acquisition cost adjustment in Malaysia of EUR 10 million in the first six months of 2007.

As of June 30, 2008, reserve adequacy at the 50% confidence level increased to EUR 1,077 million, equivalent to an adequacy position of 72%, which is up by EUR 166 million from EUR 911 million reported at December 31, 2007.

Wholesale Banking

	Six months ended June 30,	
	2008	**2007**
	(EUR millions)	
Interest result	1,357	872
Commission income	623	621
Investment and Other income	506	1,104
Total income	**2,486**	**2,597**
Operating expenses	1,403	1,409
Addition to the provision for loan losses	147	(80)
Total expenditure	**1,550**	**1,329**
Profit before tax	**935**	**1,269**
Gains/losses on divestments/Profit from divested units		
Underlying profit before tax	**935**	**1,269**

Income

Total income decreased by EUR 111 million, or 4.3%, to EUR 2,486 million, as the increase in interest result (EUR 485 million) was more than offset by the large decrease in investment and other income (EUR (598) million). This decrease was largely attributable to ING Real Estate (EUR (375) million), due to significant negative revaluations on real estate assets and the associated value of listed real estate funds, notably in Canada. The remaining decline in Investment and Other income is mainly caused by high capital gains in the first half of 2007. The strong increase of the interest result was driven by Financial Markets, which benefited from yield curve movement and increased volatility. General Lending & PCM and Structured Finance also reported higher lending volumes and improved margins.

Expenses

Operating expenses decreased by EUR 6 million, or 0.4%, to EUR 1,403 million. The decrease reflects lower costs for compliance projects and favorable currency effects, partly offset by higher operating expenses related to the growth at

ING Real Estate. The cost/income ratio for Wholesale Banking deteriorated to 56.5% from 54.2% in the first six months of 2007, but improved from 58.6% at December 31, 2007.

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Profit before tax and underlying profit before tax

Profit before tax decreased by EUR 334 million, or 26.3%, of which EUR 387 million was attributable to ING Real Estate following negative fair value changes. Excluding ING Real Estate, profit before tax of Wholesale Banking increased EUR 54 million, or 5.9%. Higher results at Financial Markets (EUR 231 million) were largely offset by lower profits before tax at Structured Finance (EUR (138) million, driven by a higher addition to the provision for loan losses) and Other Wholesale Products (EUR (42) million, due to higher capital gains in the first half of 2007). There were no gains/losses from divestments or special items.

Retail Banking

	Six months ended June 30,	
	2008	**2007**
	(EUR millions)	
Interest result	2,780	2,683
Commission income	825	812
Investment and Other income	280	241
Total income	**3,884**	**3,736**
Operating expenses	2,750	2,680
Addition to the provision for loan losses	101	79
Total expenditure	**2,851**	**2,759**
Profit before tax	**1,033**	**977**
Special items	163	252
Underlying profit before tax	**1,196**	**1,229**

Income

Total income increased by EUR 148 million, or 4.0%, to EUR 3,884 million, fully attributable to the consolidation of ING Bank Turkey. Excluding ING Bank Turkey, total income of Retail Banking decreased by EUR 68 million or 1.8%. The interest result increased by EUR 97 million as the effect of the consolidation of ING Bank Turkey and strong volume growth more than compensated for the impact of lower interest margins, especially on the savings products. Commission income increased by EUR 13 million, or 1.6%, but excluding ING Bank Turkey commission income decreased by EUR 45 million, or 5.5%, as lower securities broking commission and management fees were not fully compensated for by higher payment fees and other commission. The growth of investment and other income is among others due to the consolidation of ING Bank Turkey and the inclusion of the result of ING s stake in TMB Bank.

Expenses

Operating expenses increased by EUR 70 million, or 2.6%, from EUR 2,680 million to EUR 2,750 million. The increase includes the provisions and costs related to the Retail Netherlands strategy (in 2007 EUR 252 million and in 2008 EUR 163 million). Excluding this item, operating expenses rose by EUR 159 million, or 6.5%. Expenses in the Netherlands decreased by 5.7%, due to cost efficiency improvements partly through the implementation of the Retail Netherlands strategy. In Belgium, expenses rose by 4.6% due to increased salaries, higher marketing expenses as well as investments in the branch network. Outside the Netherlands and Belgium expenses were up by EUR 210 million, of which EUR 148 million was attributable to the consolidation of ING Bank Turkey. The remaining increase of EUR 62 million reflects the investments to grow the branch network in Poland as well as investments in Romania, Ukraine, India and Private Banking Asia. The cost/income ratio slightly improved to 70.8% from 71.7% in the first six months of 2007. Excluding the provisions and costs regarding the Retail Netherlands strategy the underlying cost/income ratio deteriorated from 65.0% to 66.6%.

Profit before tax and underlying profit before tax

Profit before tax increased by EUR 56 million, or 5.7%, mainly due to the aforementioned provisions and costs related to the Retail Netherlands Strategy. Excluding this item, underlying profit before tax decreased by EUR 33 million, or 2.7%. The impact of the consolidation of ING Bank Turkey (EUR 58 million), the inclusion of ING s stake in TMB Bank and higher results from Poland and ING Vysya Bank

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were partly offset by lower results from the Netherlands (EUR 42 million), Belgium (EUR 38 million) and Private Banking Asia (EUR 16 million).

ING Direct

	Six months ended June 30, 2008	2007
	(EUR millions)	
Interest result	1,175	963
Commission income	25	49
Investment and Other income	59	119
Total income	**1,259**	**1,131**
Operating expenses	842	769
Addition to the provision for loan losses	83	26
Total expenditure	**925**	**795**
Profit before tax	**333**	**336**
Gains/losses on divestments/Profit from divested units		
Underlying profit before tax	**333**	**336**

Income

Total income increased by EUR 128 million, or 11.3%, to EUR 1,259 million, as the EUR 212 million higher interest result was partly offset by EUR 79 million lower investment income (in 2007 EUR 73 million realized gains on sale of bonds) and EUR 24 million lower commission income. The interest margin increased from 0.76% to 0.90%, mainly due to the more favorable interest rate environment in the United States and Canada. These favorable developments more than compensate for the difficult market conditions in particularly the Eurozone countries and Australia, with higher funding costs as a result of the global liquidity crisis and ongoing competition for retail funds.

Expenses

Operating expenses increased by EUR 73 million, or 9.5%, to EUR 842 million, mainly attributable to higher staff numbers that contributed to driving the growth in mortgages and payment accounts and servicing the growing customer base. The cost/income ratio of ING Direct slightly improved to 66.9% from 68.0% in the first half year of 2007.

Profit before tax and underlying profit before tax

Profit before tax decreased slightly by EUR 3 million, or 0.9%, to EUR 333 million from EUR 336 million in the first half of 2007. In the United States, profit before tax rose by EUR 150 million due to the more favorable interest rate environment and continued volume growth. In Canada, profit before tax slightly improved by EUR 1 million in spite of a EUR 4 million impairment on asset-backed commercial paper in the first half of 2008. Lower profits before tax were reported by Germany (EUR (48) million, lower commission income and lower realized gains on bonds), Australia (EUR (19) million, higher expenses and higher loan loss provisioning), Spain (EUR (16) million, higher expenses and higher loan loss provisioning), Italy (EUR (9) million, lower interest result) and France (EUR (5) million), while the UK and Japan made losses. In the UK, ING Direct posted a pre-tax loss of EUR 53 million compared with a loss of EUR 7 million in the first six months of 2007. The decrease is mainly caused by a net outflow of funds entrusted from rate-sensitive customers. Measures have been taken to reposition the business. This resulted in a small positive net inflow in the second quarter of 2008. The start-up costs for the launch in Japan were EUR 17 million compared with EUR 5 million in the first six months of 2007.

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2. ING GROUP CONDENSED CONSOLIDATED INTERIM ACCOUNTS
2.1 Condensed consolidated balance sheet of ING Group as at

(in EUR million)	June 30, 2008*	December 31, 2007
Assets		
Cash and balances with central banks	13,162	12,406
Amounts due from banks	69,834	48,875
Financial assets at fair value through profit or loss	341,638	327,130
Investments	271,699	292,650
Loans and advances to customers	592,642	552,964
Reinsurance contracts	5,684	5,874
Property and equipment	6,318	6,237
Other assets	68,969	66,374
Total assets	**1,369,946**	**1,312,510**
Shareholders equity (parent)	28,060	37,208
Minority interests	1,905	2,323
Total equity	**29,965**	**39,531**
Liabilities		
Preference shares	2	21
Subordinated loans	9,635	7,325
Debt securities in issue/other borrowed funds	120,122	94,053
Insurance and investment contracts	253,587	265,712
Amounts due to banks	161,299	166,972
Customer deposits and other funds on deposit	535,881	525,216
Financial liabilities at fair value through profit or loss	217,858	169,821
Other liabilities	41,597	43,859
Total liabilities	**1,339,981**	**1,272,979**
Total equity and liabilities	**1,369,946**	**1,312,510**

* Unaudited

The accompanying notes referenced from 2.5.1 to 2.5.9 are an integral part of these condensed consolidated interim accounts

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2.2 Condensed consolidated profit and loss account* of ING Group for the six month and the three months periods ended

	6 months ended		3 months ended	
(in EUR million)	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Interest income banking operations	46,472	35,463	22,591	18,028
Interest expense banking operations	(41,271)	(31,017)	(19,929)	(15,724)
Interest result from banking operations	5,201	4,446	2,662	2,304
Gross premium income	23,729	23,207	11,155	11,573
Investment income	4,813	6,456	2,202	3,559
Commission income	2,480	2,428	1,243	1,219
Other income	1,205	1,139	168	505
Total income	**37,427**	**37,676**	**17,430**	**19,160**
Underwriting expenditure	24,644	23,894	10,964	11,843
Addition to loan loss provision (release)	331	25	234	25
Intangible amortization and other impairments	60	(22)	23	(13)
Staff expenses	4,368	4,179	2,179	2,079
Other interest expenses	483	559	218	298
Other operating expenses	3,285	3,533	1,602	1,880
Total expenditure	**33,170**	**32,168**	**15,220**	**16,112**
Profit before tax	**4,257**	**5,508**	**2,210**	**3,048**
Taxation	796	914	313	412
Net profit (before minority interests)	**3,461**	**4,594**	**1,897**	**2,636**
Attributable to:				
Shareholders of the parent	3,460	4,452	1,920	2,559
Minority interests	1	142	(23)	76
	3,461	**4,594**	**1,897**	**2,635**

(in EUR)	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Earnings per ordinary share (attributable to shareholders of the parent)	1.68	2.06	0.94	1.18
Diluted earnings per ordinary share	1.68	2.04	0.94	1.17

* Unaudited

The accompanying notes referenced from 2.5.1 to 2.5.9 are an integral part of these condensed consolidated interim accounts

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2.3 Condensed consolidated statement of cash flows* of ING Group for the six month period ended

(in EUR million)	**June 30, 2008**	**June 30, 2007**
Net cash flow from operating activities	**(11,034)**	**129**
Investments and advances:		
- group companies	(452)	(276)
- associates	(584)	(452)
- available-for-sale-investments	(129,777)	(144,543)
- held-to-maturity investments	(314)	
- real estate investments	(339)	(298)
- property and equipment	(257)	(456)
- assets subject to operating lease	(723)	(746)
- investments for the risk of policyholders	(47,631)	(25,453)
- other investments	(389)	(112)
Disposals and redemptions:		
- group companies	443	70
- associates	380	360
- available-for-sale investments	129,497	142,755
- held-to-maturity investments	1,027	322
- investment properties	149	138
- property and equipment	95	102
- assets subject to operating lease	200	200
- investments for the risk of policyholders	43,892	23,444
- other investments	4	9
Net cash flow from investment activities	**(4,779)**	**(4,936)**
Proceeds from issuance of subordinated loans	2,711	719
Proceeds from borrowed funds and debt securities	195,292	165,555
Repayments of borrowed funds and debt securities	(166,329)	(162,078)
Issuance of ordinary shares	448	350
Payments to acquire treasury shares	(2,242)	(990)
Sales of treasury shares	74	291
Dividends paid	(1,782)	(1,600)
Net cash flow from financing activities	**28,172**	**2,247**
Net cash flow	**12,359**	**(2,560)**
Cash and equivalents at beginning of period	(16,811)	(1,795)
Effect of exchange-rate changes on cash and equivalents	99	140
Cash and equivalents at end of period	**(4,353)**	**(4,215)**
Cash and cash equivalents comprises the following items:		
Treasury bills and other eligible bills	6,088	6,898
Amounts due from/to banks	(23,603)	(23,831)

Cash and balances with central banks	13,162	12,718
Cash and equivalents at end of period	**(4,353)**	**(4,215)**

* Unaudited

The accompanying notes referenced from 2.5.1 to 2.5.9 are an integral part of these condensed consolidated interim accounts

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2.4 Condensed consolidated statement of changes in equity* of ING Group for the six month periods ended

	June 30, 2008			June 30, 2007		
(in EUR million)	**Total share-holders equity (parent)**	**Minority interests**	**Total**	**Total share-holders equity (parent)**	**Minority interests**	**Total**
Balance at beginning of period	**37,208**	**2,323**	**39,531**	**38,266**	**2,949**	**41,215**
Unrealized revaluations after taxation	(8,155)	(27)	(8,182)	(1,885)	(34)	(1,919)
Realized gains/losses transferred to profit and loss	(448)		(448)	(1,226)		(1,226)
Change in cash flow hedge reserve	(49)		(49)	(1,033)		(1,033)
Transfer to insurance liabilities/DAC	1,046	2	1,048	1,259	4	1,263
Employee stock options and share plans	52		52	45		45
Exchange rate differences	(1,625)	(78)	(1,703)	69	1	70
Total amount recognized directly in equity	(9,179)	(103)	(9,282)	(2,771)	(29)	(2,800)
Net profit	3,460	1	3,461	4,452	142	4,594
Change in composition of the Group		(281)	(281)		(952)	(952)
Dividend	(1,716)	(35)	(1,751)	(1,585)		(1,585)
Cancellation of shares (share buyback)	(4,455)		(4,455)			
Purchase/sale of treasury shares	2,294		2,294	(546)		(546)
Exercise of warrants and options	448		448	350		350
Balance at end of period	**28,060**	**1,905**	**29,965**	**38,166**	**2,110**	**40,276**

* Unaudited

The accompanying notes referenced from 2.5.1 to 2.5.9 are an integral part of these condensed consolidated interim accounts

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2.5 Notes to the condensed consolidated interim accounts

2.5.1 Basis of preparation

These condensed consolidated interim accounts have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting . The accounting principles used to prepare these condensed consolidated interim accounts comply with International Financial Reporting Standards as adopted by the European Union and are consistent with those set out in the notes to the 2007 Consolidated Annual Accounts of ING Group.

IFRIC 12 Service Concession Arrangements and IFRIC 14 The Limit of Defined Benefit Asset, Minimum Funding Requirements and their Interaction became effective as of January 1, 2008. Neither of these interpretations had a material effect on equity or profit for the period. No other new standards became effective in the first six months of 2008 and recently issued standards that become effective after June 30, 2008 are not expected to have a material effect on equity or profit for the period. ING Group has not