ProtoKinetix, Inc.
Form 10-Q
November 16, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to ___________________.

Commission file number:

PROTOKINETIX, INCORPORATED

(Exact name of registrant as specified in its charter)

Nevada	94-3355026
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9176 South Pleasants Highway
St. Marys, West Virginia 26170
(Address of principal executive offices)

304-299-5070
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this Chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 13, 2015, there were 207,939,933 shares of ProtoKinetix, Incorporated that were issued and outstanding.

PROTOKINETIX, INCORPORATED
TABLE OF CONTENTS

PROTOKINETIX, INC.
(A Development Stage Company)
BALANCE SHEETS
(Unaudited)

	September 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash	$163,526	$317
Accounts receivable (Note 4)	7,983	5,497
Prepaid expenses and deposits	637	-
Total current assets	172,146	5,814
Intangible assets (Note 5)	65,000	-
Total assets	$237,146	$5,814
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
Current Liabilities		
Accounts payable and accrued liabilities	$79,178	$270,893
Short-term loans (Note 6)	-	63,250
Convertible note payable (Note 7)	-	100,000
Total current liabilities	79,178	434,143
Stockholders' Equity (Deficiency)		
Common stock, $0.0000053 par value; 400,000,000 common shares authorized; 206,502,433 and 175,662,433 shares issued and outstanding as at September 30, 2015 and December 31, 2014 respectively (Note 11)	$1,103	939
Common stock issuable; nil and 3,840,000 shares as at September 30, 2015 and December 31, 2014 (Note 11)	-	20
Stock subscription received in advance (Note 11)	-	25,000
Common stock to be returned to treasury (Note 11)	-	(25,000)
Additional paid-in capital	26,777,414	25,411,550
Accumulated deficit	(26,620,549)	(25,840,838)
Total stockholders' equity (deficiency)	157,968	(428,329)
Total liabilities and stockholders' equity (deficiency)	$237,146	$5,814

Basis of Presentation – Going Concern Uncertainties (Note 1)
Commitments and Contingency (Note 13)
Subsequent Events (Note 14)

See Notes to Financial Statements

PROTOKINETIX, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS
(Unaudited)
For the Three and Nine Months Ended September 30, 2015 and 2014

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
EXPENSES				
Consulting fees (Note 12)	$15,000	$(2,312)	$65,000	$46,966
General and administrative	23,240	20,977	104,790	84,049
Interest	-	8,635	3,969	27,835
Professional fees (Note 12)	49,325	42,661	219,848	52,930
Share-based compensation	117,485	-	290,728	-
Gain on settlement of short-term loan	(7,272)	(3,116)	(7,272)	(3,116)
Write off of deposit on sale (Note 3)	-	(55,000)	-	(55,000)
Research and development	29,850	2,115	101,970	14,990
	(227,628)	(13,960)	(779,033)	(168,654)
OTHER EXPENSE				
Foreign exchange gain (loss)	121	-	(678)	-
Net loss for the period	$(227,507)	$(13,960)	$(779,711)	$(168,654)
Net loss per common share (basic and diluted)	$(0.00)	$(0.00)	$(0.00)	$(0.00)
Weighted average number of common shares outstanding (basic and diluted)	202,076,618	175,662,433	194,626,737	171,302,543

See Notes to Financial Statements

PROTOKINETIX, INC.
STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIENCY)
(Unaudited)
For the Period from December 31, 2014 to September 30, 2015

	Common Stock		Common Stock						
	Shares	Amount	Issuable shares	Amount	Additional paid-in capital	Stock Subscriptions received in advance	Common stock to be returned to treasury	Accumulated deficit	Total
Balance, December 31, 2014	175,662,433	$939	3,840,000	$20	$25,411,550	$25,000	$(25,000)	$(25,840,838)	$(428,329)
Issuance of common stock for services	1,000,000	5	-	-	39,995	-	-	-	40,000
Issuance of common stock to settle convertible note payable and accrued interest	3,840,000	20	(3,840,000)	(20)	-	-	-	-	-
Issuance of common stock pursuant to private placement offering	15,000,000	80	-	-	374,920	-	-	-	375,000
Issuance of common stock pursuant to private placement offering	2,500,000	13	-	-	124,987	-	-	-	125,000
Common stock returned to treasury	(250,000)	(1)	-	-	(24,999)	-	25,000	-	-
Issuance of common stock pursuant to private placement offering	250,000	1	-	-	24,999	(25,000)	-	-	-
Issuance of common stock pursuant to private placement	1,250,000	7	-	-	99,993	-	-	-	100,000

offering									
Issuance of common stock pursuant to private placement offering	312,500	2	-	-	24,998	-	-	-	25,000
Issuance of common stock pursuant to private placement offering	375,000	2	-	-	29,998	-	-	-	30,000
Issuance of common stock pursuant to private placement offering	625,000	3	-	-	49,997	-	-	-	50,000
Issuance of common stock for services	200,000	1	-	-	13,999	-	-	-	14,000
Issuance of common stock pursuant to settle promissory note	1,250,000	7	-	-	99,993	-	-	-	100,000
Issuance of common stock pursuant to private placement offering	625,000	3	-	-	24,997	-	-	-	25,000
Issuance of common stock for services and other value	300,000	2	-	-	14,998	-	-	-	15,000
Issuance of units pursuant to private placement offering	3,562,500	19	-	-	142,481	-	-	-	142,500
Fair value of compensatory options issued	-	-	-	-	290,728	-	-	-	290,728
Contribution of services	-	-	-	-	8,780	-	-	-	8,780
Fair value of compensatory	-	-	-	-	25,000	-	-	-	25,000

warrants issued									
Net loss for the period	-	-	-	-	-	-	-	(779,711)	(779,711)
Balance, September 30, 2015	206,502,433	$1,103	-	$-	$26,777,414	$-	$-	$(26,620,549)	$157,968

See Notes to Financial Statements

5

PROTOKINETIX, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
(Unaudited)
For the Nine Months Ended September 30, 2015 and 2014

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$(779,711)	$(168,654)
Adjustments to reconcile net loss to cash used in operating activities:		
Accretion of short-term loan	-	2,630
Issuance and amortization of common stock for services	69,000	8,667
Fair value of compensatory options granted	290,728	-
Fair value of compensatory warrants granted	-	40,300
Contribution of services	8,780	-
Gain on settlement of short term loans	(7,272)	(3,116)
Write off of deposit on sale	-	(55,000)
Changes in operating assets and liabilities:		
Accounts receivable	(2,486)	(2,068)
Prepaid expenses and deposits	(637)	12,874
Accounts payable and accrued liabilities	35,557	(26,090)
Net cash used in operating activities	(386,041)	(190,457)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit on sale	-	30,000
Purchase of intangible assets	(40,000)	-
Net cash provided by (used in) investing activities	(40,000)	30,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term loan proceeds (repayments), net	-	68,250
Short-term loan settlement	(63,250)	-
Issuance of common stock for cash	652,500	100,000
Net cash provided by financing activities	589,250	168,250
Net change in cash	163,209	7,793
Cash, beginning of period	317	3,065
Cash, end of period	$163,526	$10,858

Cash paid for interest	$-	$-
Cash paid for income taxes	$-	$-
Supplementary information – non-cash transactions:		
Common stock issued for consulting services	$69,000	$-
Common stock issued to settle short-term loans	-	25,000
Common stock returned to treasury	25,000	-
Common stock issued for past subscriptions	25,000	-
Common stock issued to settle promissory note	100,000	-
Fair value of warrants issued for intangible asset	25,000	-

See Notes to Financial Statements

PROTOKINETIX, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Note 1. Basis of Presentation – Going Concern Uncertainties

ProtoKinetix, Inc. (the "Company"), a development stage company, was incorporated under the laws of the State of Nevada on December 23, 1999. The Company is a medical research company whose mission is the advancement of human health care.

The Company is currently researching the benefits and feasibility of synthesized Antifreeze Glycoproteins ("AFGP") or anti-aging glycoproteins, trademarked AAGP. During the nine month period ended September 30, 2015, the Company acquired certain patents and rights for cash consideration of 25,000 Euros, as well as other patent rights for cash consideration of $10,000 and 6,000,000 share purchase warrants with a fair value of $25,000 (Note 5).

A Cease Trade Order ("CTO") was issued in respect of the Company's securities by the British Columbia Securities Commission ("BCSC") on May 9, 2013 based on the Company's failure to file annual financial statements for the year ended December 31, 2012 by the deadline of April 1, 2013. The Company has since completed all of the required filings for annual and interim periods and received a full Revocation Order from the BCSC during the nine month period ended September 30, 2015.

The Company's financial statements are prepared consistent with accounting principles generally accepted in the United States applicable to a going concern.

The Company has not developed a commercially viable product, has not generated any significant revenue to date, and has incurred losses since inception, resulting in a net accumulated deficit at September 30, 2015. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company needs additional working capital to continue its medical research or to be successful in any future business activities and continue to pay its liabilities. Therefore, continuation of the Company as a going concern is dependent upon obtaining the additional working capital necessary to accomplish its objective. Management is presently engaged in seeking additional working capital through equity financing or related party loans.

The accompanying financial statements do not include any adjustments to the recorded assets or liabilities that might be necessary should the Company fail in any of the above objectives and is unable to operate for the coming year.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited financial statements have been prepared by the Company in conformity with accounting principles generally accepted in the United States of America ("US GAAP") applicable to interim financial information and with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed, or omitted, pursuant to such rules and regulations. In the opinion of management, the unaudited interim financial statements include all adjustments necessary for the fair presentation of the results of the interim periods presented. All adjustments are of a normal recurring nature, except as otherwise noted below. These financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2014, included in the Company's Annual Report on Form 10-K, filed April 14, 2015, with the Securities and Exchange Commission. The results of operations for the interim periods are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

PROTOKINETIX, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Note 2. Summary of Significant Accounting Policies (cont'd...)

Use of Estimates

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The more significant accounting estimates inherent in the preparation of the Company's financial statements include estimates as to valuation of equity related instruments issued and deferred income taxes.

Fair Value of Financial Instruments

Financial instruments, including cash, accounts payable and accrued liabilities, short-term loans and convertible note payable are carried at cost, which management believes approximates fair value due to the short-term nature of these instruments.

The Company measures the fair value of financial assets and liabilities pursuant to ASC 820 "Fair Value Measurements and Disclosures" which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The policy describes three levels of inputs that may be used to measure fair value:

Level 1 – quoted prices in active markets for identical assets or liabilities
Level 2 – quoted prices for similar assets and liabilities in active markets or inputs that are observable
Level 3 – inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

Level 1 inputs are used to measure cash. At September 30, 2015 there were no other assets or liabilities subject to additional disclosure.

Loss per Share and Potentially Dilutive Securities

Basic loss per share is computed by dividing the net loss available to common stockholders by the weighted average number of common shares outstanding in the period. Diluted loss per share takes into consideration common shares outstanding (computed under basic earnings per share) and potentially dilutive securities. The effect of 14,600,000 stock options (September 30, 2014 – nil), 12,262,500 outstanding warrants (September 30, 2014 – 11,000,000) and debt convertible into common shares nil (September 30, 2014 – 12,000,000) were not included in the computation of diluted earnings per share for all periods presented because it was anti-dilutive due to the Company's losses.

Share-Based Compensation

The Company has granted warrants and options to purchase shares of the Company's common stock to various parties for consulting services. The fair values of the warrants and options issued have been estimated using the Black-Scholes Option Pricing Model.

The Company accounts for share-based compensation under "Share-Based Payment," which recognizes awards at fair value on the date of grant and recognition of compensation over the service period for awards expected to vest. The fair value of stock options is determined using the Black-Scholes Option Pricing Model.

PROTOKINETIX, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Note 2. Summary of Significant Accounting Policies (cont'd...)

Share-Based Compensation (cont'd…)

The Company accounts for stock compensation arrangements with non-employees in accordance with FASB Codification 505 – 50 "Equity-Based Payments to Non-Employees", which requires that such equity instruments are recorded at their fair value on the measurement date. The measurement of share-based compensation is subject to periodic adjustment as the underlying instruments vest. The fair value of stock options is estimated using the Black-Scholes Option Pricing Model and the compensation charges are amortized over the vesting period.

Common stock

Common stock issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issuance of common stock and stock options are recognized as a deduction from equity, net of any tax effects.

Pursuant to ASC 470-20 "Debt with Conversion and Other Options", the proceeds from the issue of units is allocated between common stock and share purchase warrants on a pro-rata basis based on the relative fair values as follows: the fair value of the common stock is based on the market closing price on the date the units are issued and fair value of the share purchase warrants is determined using the Black-Scholes Option Pricing Model.

Related Party Transactions

A related party is generally defined as (i) any person that holds 10% or more of the Company's securities and their immediate families, (ii) the Company's management, (iii) someone that directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) anyone who can significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Recent Accounting Pronouncements

In August 2014, the FASB issued Accounting Standards Update 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which provides guidance on determining when and how reporting entities must disclose going-concern uncertainties in their financial statements. The new standard requires management to perform interim and annual assessment of an entity's ability to continue as a going concern within one year of the date of issuance of the entity's financial statements (or within one year after the date on which the financial statements are available to be issued, when applicable). Further, an entity must provide certain disclosures if there is substantial doubt about the entity's ability to continue as a going concern. The requirement is effective for annual periods ending after December 15, 2016, and interim periods thereafter, early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

PROTOKINETIX, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
September 30, 2015

Note 3. Sales Agreement with Intrepid Innovations Corporation

During the year ended December 31, 2013, the Company entered into an agreement with Intrepid Innovations Corporation ("Intrepid") to sell the exclusive rights for the application of the AAGP molecule. The total purchase price for the exclusive rights to the application was $2,500,000 and was to be paid as follows:

- $25,000 cash deposit (received);
- $25,000 paid by cash on or before April 22, 2014 as a balance of the transaction deposit (received);
- Six monthly payments of $25,000 on or before May 22, June 22, July 22, August 22, September 22 and October 22, 2014 ($5,000 received); and

	2,954	2,398	2,417	2,490	442	469	464	
Intangible assets	3,550	3,558	4,171	1,765	1,743	1,995	1,950	1,972
Deferred acquisition costs	10,054	10,204	10,116				10,054	10,204
Other assets	30,809	31,016	31,467	21,519	22,363	22,307	9,552	9,410
Total assets excl. assets held for sale	**1,241,729**	**1,216,745**	**1,167,310**	**920,677**	**898,682**	**868,839**	**335,927**	**335,387**
Assets held for sale		62,483	61,927		62,483	58,668		
Total assets	**1,241,729**	**1,279,228**	**1,229,235**	**920,677**	**961,165**	**927,507**	**335,927**	**335,387**
Equity								
Shareholders equity	47,616	46,663	40,067	35,307	34,367	34,869	23,531	23,475
Minority interests	831	777	742	729	693	617	84	62
Non-voting equity securities	3,000	3,000	5,000					
Total equity	**51,447**	**50,440**	**45,809**	**36,036**	**35,060**	**35,486**	**23,615**	**23,537**
Liabilities								
Subordinated loans	8,687	8,858	10,213	16,473	18,408	19,087	4,173	4,367
	163,968	139,861	140,145	155,035	130,926	130,739	3,425	3,436

Debt securities in issue								
Other borrowed funds	17,727	19,684	19,661				6,849	7,307
Insurance and investment contracts	281,554	278,833	262,461				281,554	278,833
Amounts due to banks	69,317	72,233	78,528	69,317	72,233	78,528		
Customer deposits and other funds on deposits	474,533	467,547	455,884	485,481	479,364	462,019		
Financial liabilities at fair value through P&L	140,190	142,868	122,184	136,013	138,864	120,277	4,526	4,404
Other liabilities	34,307	34,639	33,738	22,323	22,045	22,448	11,785	13,503
Total liabilities excl. liabilities held for sale	**1,190,282**	**1,164,523**	**1,122,814**	**884,641**	**861,840**	**833,098**	**312,312**	**311,850**
Liabilities held for sale		64,265	60,612		64,265	58,923		
Total liabilities	**1,190,282**	**1,228,788**	**1,183,426**	**884,641**	**926,105**	**892,021**	**312,312**	**311,850**
Total equity and liabilities	**1,241,729**	**1,279,228**	**1,229,235**	**920,677**	**961,165**	**927,507**	**335,927**	**335,387**

[1] Adjusted for transfer of ING Direct USA, ING Car Lease and ING Insurance Latin America to assets/liabilities held for sale.

APPENDIX 3 RETAIL BANKING: CONSOLIDATED PROFIT AND LOSS ACCOUNT

Retail Banking: Consolidated profit and loss account

			Retail Banking Benelux				Retail International			
	Total Retail Banking		Netherlands		Belgium		Germany		Rest of World	
in EUR million	1Q2012	1Q2011	1Q2012	1Q2011	1Q2012	1Q2011	1Q2012	1Q2011	1Q2012	1Q2011
Interest result	2,060	2,146	864	903	405	402	293	314	498	527
Commission income	321	341	123	124	92	98	26	34	80	84
Investment income	1	4	-2	1	0	2	-6	0	8	1
Other income	79	83	16	21	49	22	-2	-22	16	61
Total underlying income	**2,461**	**2,574**	**1,001**	**1,050**	**547**	**524**	**311**	**326**	**602**	**673**
Staff and other expenses	1,567	1,548	587	598	360	354	165	156	455	439
Intangibles amortisation and impairments	3	3	3	3	0	0	0	0	0	0
Operating expenses	1,570	1,551	591	601	360	354	165	156	455	439
Gross result	**891**	**1,023**	**410**	**449**	**187**	**170**	**146**	**170**	**148**	**234**
Addition to loan loss provision	274	173	131	78	44	18	15	34	85	43
Underlying result before tax	**617**	**850**	**280**	**371**	**143**	**152**	**131**	**136**	**63**	**191**
Client balances (in EUR billion)[1]										
Residential Mortgages	306.8	287.6	141.9	139.7	29.3	26.4	57.3	52.5	78.4	69.0
Other Lending	94.2	88.0	41.5	42.3	32.1	27.8	3.5	2.9	17.2	14.9
Funds Entrusted	403.6	381.6	111.2	103.2	73.5	70.4	90.0	87.0	128.9	120.9
AUM/Mutual Funds	55.3	58.6	15.9	16.8	25.5	27.9	6.1	6.3	7.8	7.5
Profitability and efficiency[1]										
Cost/income ratio	63.8%	60.3%	59.0%	57.2%	65.8%	67.6%	53.1%	47.9%	75.5%	65.3%
Return on equity based on 10.0% core Tier 1[2]	11.6%	16.8%	16.9%	22.4%	19.2%	23.8%	17.1%	18.1%	2.4%	9.0%
Risk[1]										
Risk costs in bp of average RWA	74	48	106	63	87	39	28	70	60	31

Risk-weighted assets (end of period)	149,008	143,297	49,108	50,029	20,471	18,072	21,595	19,383	57,834	55,813

[1] Key figures based on underlying figures
[2] Underlying after-tax return divided by average equity based on 10.0% core Tier 1 ratio (annualised)

APPENDIX 4 COMMERCIAL BANKING: CONSOLIDATED PROFIT AND LOSS ACCOUNT

Commercial Banking: Consolidated profit and loss account

	Total Commercial Banking		Industry Lending		General Lending & Transaction Services		Financial Markets		Bank Treasury, Real Estate & Other	
in EUR million	1Q2012	1Q2011	1Q2012	1Q2011	1Q2012	1Q2011	1Q2012	1Q2011	1Q2012	1Q2011
Interest result	905	945	375	399	289	276	205	200	36	70
Commission income	222	248	112	125	87	76	20	37	3	10
Investment income	122	71	6	9	-1	2	-2	33	119	27
Other income	153	271	-16	-21	7	12	51	186	111	94
Total underlying income	**1,403**	**1,534**	**477**	**511**	**382**	**366**	**274**	**455**	**269**	**201**
Staff and other expenses	567	603	110	113	191	177	217	229	49	84
Intangibles amortisation and impairments	59	59	0	0	0	0	0	0	59	59
Operating expenses	626	662	110	113	191	177	217	229	108	143
Gross result	**777**	**872**	**367**	**399**	**191**	**189**	**58**	**226**	**161**	**58**
Addition to loan loss provision	167	70	91	-16	39	67	5	1	31	18
Underlying result before tax	**611**	**803**	**276**	**415**	**153**	**122**	**52**	**225**	**130**	**40**
Client balances (in EUR billion)[1]										
Residential Mortgages										
Other Lending	135.6	137.6	77.2	76.5	48.1	50.2	1.9	3.0	8.4	8.0
Funds Entrusted	60.5	57.4	1.5	2.1	35.5	34.8	3.0	4.6	20.5	15.9
AUM/Mutual Funds	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.3
Profitability and efficiency[1]										
Cost/income ratio	44.6%	43.1%	23.1%	22.0%	50.0%	48.4%	79.0%	50.4%	40.1%	71.0%
Return on equity based on 10.0% core Tier 1[2]	12.1%	17.6%	18.6%	26.4%	10.6%	8.4%	4.9%	25.4%	15.0%	4.7%
Risk[1]										
Risk costs in bp of average RWA	47	20	81	-14	34	56	6	1	93	50
Risk-weighted assets (end of period)	135,352	135,837	44,037	46,434	44,811	47,462	33,441	27,298	13,063	14,644

1 Key figures based on underlying figures
2 Underlying after-tax return divided by average equity based on 10.0% core Tier 1 ratio (annualised)

APPENDIX 5 INSURANCE: MARGIN ANALYSIS AND KEY FIGURES

Insurance: Margin analysis and key figures

	ING Insurance		Benelux		Central & Rest of Europe		United States		US Closed Block VA		Asia/Pacific		ING IM		Cor I
llion	1Q2012	1Q2011	1Q2012	1Q2011	1Q2012	1Q2011	1Q2012	1Q2011	1Q2012	1Q2011	1Q2012	1Q2011	1Q2012	1Q2011	1Q201
t	459	371	144	119	11	13	264	216	6	7	34	14	1	1	
ased	1,228	1,203	174	165	110	120	287	268	25	57	411	376	220	217	
	141	196	36	78	46	40	-8	23	9	7	59	47			
led ss	14	25	-0	10	5	3	0	-0	-0	0	10	12	0	-0	
G IM	**1,843**	**1,795**	**354**	**373**	**171**	**177**	**543**	**507**	**40**	**71**	**514**	**449**	**221**	**218**	
ative	773	710	156	139	82	82	221	182	24	21	114	113	175	172	
on ons	507	482	58	65	56	48	173	151	36	36	183	181	1	1	
G IM	**1,280**	**1,191**	**213**	**204**	**138**	**130**	**395**	**333**	**60**	**57**	**298**	**294**	**176**	**173**	
G IM	**563**	**604**	**140**	**169**	**33**	**47**	**149**	**174**	**-20**	**14**	**217**	**156**	**45**	**45**	
result	9	42	6	40	1	1					1	1			
Line result	-96	-135													-96
g	**475**	**511**	**147**	**209**	**34**	**48**	**149**	**174**	**-20**	**14**	**218**	**157**	**45**	**45**	**-96**
es ts	106	-126	70	-111	-16	-8	18	-40	16	6	13	20	-0	5	4
ons	-180	85	-207	9	1		35	43	-1	3	1	-1	4	5	-13
other	-419	-43	-18	-93			-11	8	-379	39	17	2			-29
g ore	**-18**	**428**	**-8**	**14**	**19**	**40**	**191**	**184**	**-384**	**61**	**249**	**177**	**49**	**54**	**-134**

ance iness															
	2,732	2,985	444	732	204	245	1,880	1,900		0	204	107			
	1,029	941	83	125	86	73	360	320			500	423			
	1,302	1,239	127	198	106	97	548	510		0	520	434			
es															
nium	8,248	8,207	2,635	2,944	535	599	2,848	2,730	104	118	2,125	1,811			0
enses ife &	41.9%	39.6%	44.1%	37.3%	48.0%	46.3%	40.7%	35.9%	60.0%	29.6%	22.2%	25.2%	79.2%	78.9%	
al ssets riod, lion)[1]	157	149	60	59	7	8	59	56	4	4	26	22			
t ife count sset	118	98	117	85	95	96	161	144	58	17	38	27			
for nce & or er riod)	121,612	116,591[3]	22,710	22,084	3,675	3,813	39,722	35,908	32,982	33,541	22,523	21,103			
ction nces llion)	-1.7	1.4	0.3	-0.1	0.0	0.4	-0.5	-0.7	-0.7	-0.7	0.4	0.2	-1.2	2.4	
nces riod, llion)	407.9	371.6	70.8	70.1	27.2	29.2	103.5	92.9	33.8	34.2	46.8	42.1	125.8	103.0	
ative total)	905	845	243	233	84	83	221	182	24	21	116	114	175	172	43

1 Revised definition: the Life GA invested assets definition has been revised to better align with the investment margin on operating basis by, amongst others, excluding non-trading derivatives and revaluations on debt securities; all previous quarters have been restated

2 Four-quarter rolling average

3 1Q2011 includes EUR 143 million for Latin America

ENQUIRIES

Investor enquiries

T: +31 20 576 6396

E: investor.relations@ing.com

Press enquiries

T: +31 20 576 5000

E: media.relations@ing.com

Additional information is available in the following documents on www.ing.com:

ING Group Quarterly Report

ING Group Statistical Supplement

ING Group Historical Trend Data

ING Group Analyst Presentation

Condensed consolidated interim financial information for the period ended 31 March 2012

Investor conference call, media conference call and webcast

Jan Hommen, Patrick Flynn, Wilfred Nagel and Matt Rider will discuss the results in an analyst and investor conference call on 9 May 2012 at 9:00 CET. Members of the investment community can join the conference call at +31 20 794 8500 (NL), +44 207 190 1537 (UK) or +1 480 629 9676 (US) and via live audio webcast at www.ing.com.

A media conference call will be held on 9 May 2012 at 11:00 CET. Journalists can join the conference call at +31 20 794 8500 (NL) or +44 20 7190 1537 (UK).

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, the same accounting principles are applied as in the 2011 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.

Notes from the front page table:

[1] The underlying results of the Group and Banking Operations exclude the results of ING Direct USA, as these results were transferred to the Net result from divested units . The results of Insurance Latin America have been transferred to Net result from discontinued operations .

[2] Result per share differs from IFRS earnings per share in respect of attributions to the Core Tier 1 securities.

[3] Four quarter rolling average.

[4] Annualised underlying net result divided by average IFRS-EU equity.

Note: Underlying figures are non-GAAP measures and are derived from figures according to IFRS-EU by excluding impact from divestments and special items.