IDEALLY POSITIONED

ANNUAL REPORT 2013

ING DiBa
Die Bank und Du

ING-DiBa at a glance

		2013	2012	Change Percent
Key customer figures				
Total customers		8,063,495	7,762,813	4
in Germany		7,542,081	7,248,274	4
in Austria		521,414	514,539	1
Retail Customer Assets segment**				
Savings and short-term deposits				
Number of accounts		6,924,043	6,737,994	3
Portfolio volume	€ million	103,545	94,697	9
Securities business				
Number of securities accounts		922,485	895,706	3
Total securities account volume	€ million	20,843	18,109	15
of which fund volume	€ million	6,781	6,123	11
Orders executed		6,820,651	5,855,965	16
Current accounts				
Number of accounts		1,082,686	967,673	12
Deposit volume	€ million	2,396	2,000	20
Total drawing on credit	€ million	253	196	29
Retail Customer Loans segment**				
Mortgage loans				
Number of accounts		769,352	729,951	5
Portfolio volume	€ million	62,144	59,938	4
Confirmed new business	€ million	6,705	6,763	– 1
Consumer loans				
Number of accounts		455,360	408,741	11
Portfolio volume	€ million	4,162	3,699	13
Commercial Banking segment**				
Deposits	€ million	533	566	– 6
Loans	€ million	4,642	3,066	51
Business volume**	€ million	204,292	187,030	9
Results figures				
Net interest income	€ million	1,408	1,182	19
Risk provision	€ million	– 89	– 83	7
Net commission income	€ million	70	45	56
Other comprehensive income	€ million	– 34	– 35	– 3
Other administrative expenses incl. personnel expenses	€ million	– 664	– 623	7
Profit before tax	€ million	691	486	42
Cost-income ratio	Percent	46	52	– 6 Pp.
Key accounting figures				
Total assets*	€ million	127,338	119,850	6
Customer deposits	€ million	107,332	98,530	9
Loans and advances to customers	€ million	85,396	82,082	4
Equity	€ million	6,228	6,065	3
Ratios				
Tier 1 ratio	Percent	16.7	15.9	1 Pp.
BIS ratio after floor	Percent	10.1	9.5	1 Pp.
Personnel				
Number of employees		3,357	3,178	6
of which trainees		104	109	– 5

* Prior-year figure adjusted
** Segments and Business Volume based on Management Accounting figures

Fiscal Year 2013 at ING-DiBa

In 2013, ING-DiBa continued to realize steady growth in all segments. By the end of the year, ING-DiBa was ideally positioned to build on past successes – "ideally positioned" because during the year, the Bank inaugurated its new corporate headquarters in the heart of Frankfurt and was recognized – yet again – as Germany's "most popular bank" with more than eight million customers who rely on it. It is ideally positioned as an employer which for years has had an ever-growing staff of highly satisfied employees. And it is ideally positioned as an enterprise whose strong commitment to social responsibility drives it to do its part for the common good throughout Germany.

Contents

THE MANAGEMENT BOARD

from left to right

- **Martin Krebs**
  Member of the Management Board
- **Herbert Willius**
  Deputy Chairman
- **Roland Boekhout**
  Chairman
- **Bernd Geilen**
  Member of the Management Board
- **Katharina Herrmann**
  Member of the Management Board
- **Remco Nieland**
  Member of the Management Board


Du

D AS IN “DIRECT”

Kiana Amiri | Customer Dialog

“You don't have to be sitting face-to-face with a customer in order to be there for them”, says Kiana Amiri, a Customer Dialog representative in Hanover who has been assisting loan applicants since 2012. For Amiri, who completed her bank training at a Sparkasse, “being there” means striving to impress the customer: by processing their loan applications swiftly, for example. For that, she receives praise directly from customers. She herself is impressed by her employer: “And that's something I can pass on to the customer – along with an excellent product and excellent service.”

Customer Dialog is the heart and soul of ING-DiBa. This is where the Bank comes into direct contact with its eight-million-plus customers. Employees are there for them around the clock every day – including on public holidays.

“You don't have to be sitting face-to-face with a customer in order to be there for them.”
KIANA AMIRI

ING-DiBa’s Customer Dialog center is not staffed by frequently rotating “call center agents” but rather by highly trained ING-DiBa employees who personify the Bank’s service mentality. The established time management system is an important element for ensuring high quality of service. It ensures that callers normally never wait longer than 20 seconds to be connected with a customer representative. Many times, the wait is even significantly shorter. For ING-DiBa, being there for customers is a question of attitude, not geography.

“Direct” at ING-DiBa means that customers can access the services offered by their bank anytime, anywhere. Not only over the phone, but also online. This is why the Bank is constantly working to optimize the form and substance of information for its customers. Banking transactions should be as simple and straightforward as possible for the customer.

This is why the Bank is constantly working to improve, simplify and speed up the features of the website and online banking portal. This is particularly the case for Mobile Banking, and customers have set the tempo in this regard as well – no other communications channel is growing faster than Mobile Banking.

I AS IN "INTELLIGENT"

Michiel de Vries | Managing Director Commercial Banking

For Michiel de Vries, consolidating the Retail Customer and Commercial Banking businesses under one roof at ING-DiBa represents an investment in the future: "No other bank offers this opportunity: both segments can learn from each other and discover new possibilities for customers."That's precisely what "intelligent" means to him: finding solutions for customers which make sense over the long term. Because Michiel de Vries has ambitious plans when it comes to the export finance business.

A company's image is not shaped solely by what happens in the here-and-now, but rather also by the experiences of customers and employees in the long run. Reliability is essential: ING-DiBa continuously invests in the quality of processes which go unseen by customers but which are crucial to their satisfaction with the services offered by the Bank. For instance, a new software program which makes call-back management even faster and more efficient.

This is driven by our extensive efforts to understand our customers: to find a way to do things more simply, more directly and better. A maxim which is applied to every aspect of customer service: already two months ahead of our relocation to our new corporate headquarters – representing an extraordinary feat of logistics – IT experts were working around the clock in the new building.

This underscores the Bank's strategy of seeing things through the customer's eyes when tackling challenges such as the relocation of the corporate headquarters or the SEPA transition.

Of course, the SEPA transition ultimately makes customers' lives easier, but ING-DiBa's paramount question was: How can we help our customers? A special website, "Questions about SEPA", offers customers information and explanations of IBANs and BICs using animated films, and customer service employees have received in-depth training. In the end, this makes it possible for ING-DiBa's customers to see exactly for themselves the benefits and advantages generally expected to come from the SEPA transition. And that's what gives us a good image: when customers can see that their bank has thought things through, put itself in their shoes and simply put: understands them.


B

B AS IN "BELOVED"

Nabesa Singh | Facility Management

Visitors to ING-DiBa's corporate headquarters at Theodor-Heuss-Allee in Frankfurt are usually greeted at the reception desk by a cheerful Nabesa Singh. Originally hired by the Bank as a temp, "Nabi" – as she is known by her colleagues – was offered a permanent position in 2013. It was a major step for her, one which made her – and her colleagues – very happy. When asked to explain why she's so appreciated at the Bank, she says "It's probably because I'm always open, honest and friendly to everyone."

In 2013, ING-DiBa was voted Germany's "Most Popular Bank" by the business magazine "€uro" for the seventh time in a row. More than 160,000 bank customers surveyed from January to March 2013 rated the products and services of their banks. Among other items, the survey participants evaluated the product range, account management fees, deposit and loan interest rates as well as the website and online banking site of their banks. They were also asked about experiences with accessibility, friendliness and the quality of consulting by bank employees. Overall, ING-DiBa's customers were the most satisfied with their bank.

Being voted yet again "Most Popular Bank" tracks with the findings of independent studies of customer's willingness to recommend banks to other people. According to these studies, customers would recommend ING-DiBa far more frequently than customers of other banks would do for their banks. For instance, according to a survey by the market researcher Icon Added Value, one out of two ING-DiBa customers planned to recommend the bank to others.

"It's probably because I'm always open, honest and friendly to everyone."
NABESA SINGH

There are good reasons for the Bank's continuing popularity. In particular, customers appreciate its transparent business model. One example of transparency is ING-DiBa's free current account. Stiftung Warentest, the German consumer organization, confirmed in its "Finanztest" magazine (2/2013 issue) that ING-DiBa had absolutely no conditions for maintaining a free account. Salary accounts and current accounts offered by 91 banks were considered in the survey.

A AS IN "ACCESSIBLE"

Johannes Bleker | Corporate Audit Services

"My ten years at ING-DiBa have felt more like ten months", says Johannes Bleker. According to him, "Transparency is our job". Bleker, an attorney who works with Corporate Audit Services, is in constant contact with the individual departments. "But we aren't simply bean-counters." For Bleker, corporate audit services are part and parcel of a well-functioning corporate culture. He views his job as a pragmatic corrective measure: earnest, at times tough – but absolutely necessary.

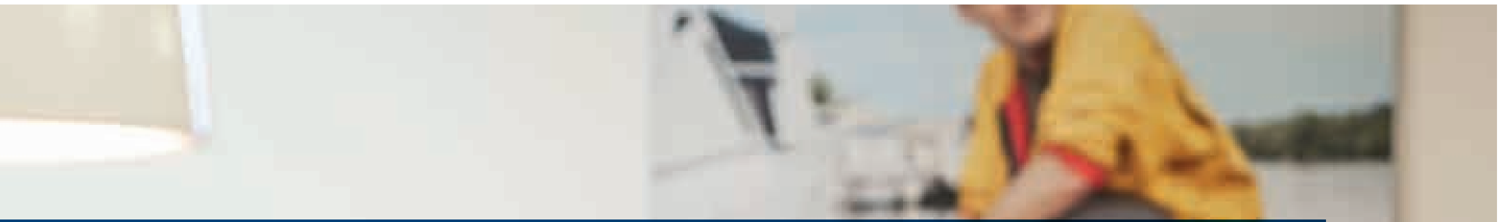
Trust is crucial when it comes to the relationship between a bank and its customers. Customers have to be able to trust that they are getting the best individual solution for their financial needs. Yet independent research shows that the reality is often different, particularly when it comes to commission-driven advice.

One reason for this is that commissions give bank employees the wrong incentives based on revenue-related remuneration. In most cases, commissions are greater for the product which generates the largest profit for the bank rather than for products which best meet customer needs.

ING-DiBa therefore deliberately avoids setting the wrong incentives. Bank employees who come into direct contact with customers receive fixed salaries and no commissions. As a result, employees have no incentive to sell certain products to customers. Instead of offering commission-driven advice, ING-DiBa offers its customers straightforward processes, transparent products and easily accessible information, enabling them to make decisions on their own.

Additionally, the Bank was again selected as "Online Broker of the Year" by the investor magazine "Börse Online", highlighting the fact that customers truly appreciate a business model which allows them to decide what's right for them. This award represents the results of the magazine's independent reader survey. The Bank also received top marks in the categories "order settlement", "customer orientation" and "accessibility". Above all, customers want reliable, straightforward products, transparency and unlimited accessibility.


Du



YOU

Erika Sperber | "50+" trainee **Maria Kühn | HR**

"I think it's great that we are given enough time to talk to customers at length", says Erika Sperber. For the bank assistant in training, this makes for a relaxed and fun working atmosphere. She has been a trainee at ING-DiBa for nearly a year now – and that beyond the age of 60. The Bank's "Ausbildung 50+" training program gives people of a certain age a chance to re-enter the workforce or switch careers. Sperber, who is making the switch to a banking career, enjoys working in a team of colleagues young and old. "The positive environment and social interactions between colleagues are really impressive."

Maria Kühn, who works in the training department at HR, has also put her finger on what makes ING-DiBa special: "I noticed the informal atmosphere at ING-DiBa even during job interviews. That was also one of the main reasons why I decided to come work for ING-DiBa." Although most colleagues are on a first-name basis, they still treat each other with exceptional professionalism. For Kühn, there are similarities with her sport – wheelchair basketball, for which she won a gold medal at the 2012 London Paralympics.

And of course, she is well aware of ING-DiBa's link with basketball. One good example of this was the 2013 European Wheelchair Basketball Championship in Frankfurt am Main. ING-DiBa was the event's primary sponsor. But the Bank's involvement did not end there: 60 employees served as event volunteers. That's because "FAIRantwortung" is central to ING-DiBa's corporate culture.

For nearly ten years now, ING-DiBa has used the "Great Place to Work" competition as a means to develop further as an employer and to address the needs of its employees. The impact of "Great Place to Work" is felt mainly within the Bank: every year, initiatives and projects are voted on by employees and implemented.

> **"The positive environment and social interactions between colleagues are really impressive."**
> ERIKA SPERBER

These include, for example, the health management program and a large number of measures aimed at achieving an optimal work/life balance.

Group Management Report

1. General Basis

Business model of ING-DiBa

ING-DiBa, active in the banking industry as a German stock corporation with its registered office in Frankfurt am Main, is the third biggest private retail bank in Germany with more than 8 million customers. Its core business is savings deposits, securities business, mortgage loans, consumer loans and current accounts for private individuals.

The Bank's business model focuses on a small number of transparent products as well as the constant accessibility for its customers. The Bank is able to offer this range of products and services mainly because it does not have an expensive branch network and its corporate structure is generally cost-efficient.

This model is based primarily on interest-bearing products such as mortgages and the Extra account, which can be used for investment purposes. Commission-based business plays a much less important role at the Bank. Hence, interest rates, economic factors such as unemployment and costs of living, and demand for mortgages are further key components which may have an impact on the Bank's performance. As an outgrowth of the financial crisis, many banking customers are relying on comparatively safe investments and are investing in real estate or short-term deposits. Accordingly, ING-DiBa's business has grown particularly in mortgage loans and Extra accounts.

In addition to the headquarters in Frankfurt am Main, which moved to new offices during the fiscal year, the Bank also is also represented in Hanover and Nuremberg.

In addition, the Austrian branch ING-DiBa Direktbank Austria operates in Vienna. The branch's core business covers direct savings products (payable on demand) as well as time deposits (six or twelve months) and direct loans. Mortgage loans and current accounts are not offered in Austria.

ING-DiBa also maintains an additional branch named ING Bank – hereinafter referred to as Commercial Banking – that also has its registered office in Frankfurt am Main. The corporate customer business is serviced from this branch. The product portfolio essentially comprises corporate lending, export financing, payment transactions, financial markets, structured finance and commercial real estate financing. The customer structure is made up exclusively of commercial and institutional customers. Corporate customers to date include well-known industrial companies – among others, from the chemical, automotive, health and pharmaceuticals sectors. Commercial Banking is well-positioned internationally and takes leading positions in Eastern Europe and the Benelux countries. Among other things, the Bank is now one of the leading providers of export financing in Germany.

ING-DiBa AG is the parent company of a group. All companies in the group are domiciled in Germany. The activities of the subsidiaries are focused on property and asset management; none of them operates banking business. One company is a special purpose entity created to securitize ING-DiBa AG's mortgage loans. Please refer to note 30 "Disclosures relating to equity investments" in the IFRS notes for information on the Group's organizational structure.

Control systems

ING-DiBa's control systems are aimed at sustainably increasing the Company's value and at minimizing potential risks.

ING-DiBa is managed based on three segments: Retail Customer Assets, Retail Customer Loans and Commercial Banking. Retail Customer Assets includes the core products of savings deposits, securities business and current accounts. Retail Customer Loans includes mortgage loans and consumer loans. As net interest income is the largest component of ING-DiBa's profit or loss, it therefore also represents one of the most important key figures in the Bank's control systems. Additional indicators used for control purposes include the pre-tax management accounting (MA) result and business volume, which is composed of the total assets of the Retail Customer Assets segment plus the securities account volume of the securities services business, Retail Customer Loans and Commercial Banking. Administrative expenses serve both as a stand-alone indicator and as a relative indicator which is used to calculate the cost-income ratio between administrative expenses and operating income. The pre-tax MA result and the cost-income ratio are calculated primarily on the basis of the IFRS accounting figures. Please refer to the sections of the Report on Economic Position entitled "Business development" and "Financial performance indicators" for a further discussion of these indicators and their calculation.

2. Report on Economic Position

General macroeconomic conditions

Economic development in the eurozone varied widely during the course of the fiscal year. While the markets were still greatly affected by the consequences of the euro crisis in the first two quarters, in particular due to the situation in Cyprus and political instabilities in southern Europe, restrained hope was seen for the first time starting in the third quarter that the economy in Greece and Spain could again recover slightly. The very high unemployment in Spain fell back slightly and the growth forecasts for Greece were cautiously optimistic. However the unemployment rate in the eurozone was twelve percent at the end of the fiscal year.

The euro crisis intensified further in the spring. Cyprus was close to sovereign default. An initial rescue plan provided for imposing a mandatory levy on banking customers, including those with small bank balances, in order to avert national bankruptcy. These plans encountered fierce resistance and were rejected by the parliament in Nicosia. Finally the Cypriot government agreed with the troika comprising the European Central Bank (ECB), International Monetary Fund (IMF) and European Union (EU) to a mandatory levy for banking customers with deposits of EUR 100,000 or more. In spite of this, this first ever direct involvement of private savers in a bailout caused disquiet and anxiety in the entire eurozone. Cyprus received a loan of EUR 10 billion from the troika and was able to fend off national bankruptcy. After a twelve-day mandatory closing of banks, the feared bank run did not materialize after banks re-opened on March 28, 2013.

While economic development during the fiscal year was still strongly influenced by the consequences of the euro crisis, above all in southern European countries, the German economy prospered to a surprising degree. Germany's gross domestic product (GDP) rose by 0.4 percent in 2013. The positive economic climate also spread to the labor market. In October 2013 the unemployment figure fell to approximately 2.8 million, the lowest level in almost a year. Some industries are already complaining about an increasing lack of qualified workers.

A strong domestic economy and above-average consumer spending contributed to this positive development to a considerable extent. Due to the low interest rates, many consumers are investing their money in tangible assets or bringing forward already planned purchases or renovations and repairs.

German business sentiment remains positive. In the fall survey by the Association of German Chambers of Commerce and Industry (Deutscher Industrie- und Handelskammertag, "DIHK"), 87 percent of the companies surveyed had a positive outlook for the future. At the beginning of 2013 it was only 82 percent. In addition to the easing of the euro sovereign debt crisis, economic momentum outside of the eurozone and diminished fears of a significant decline in the Chinese economy also contributed to this positive prognosis.

The low interest rate policies of the leading economies' central banks notwithstanding, inflation in the eurozone remained very low during the fiscal year. In October 2013 the rate of inflation fell to 0.7 percent, the lowest level since 2009. It thus remained well below the 2.0 percent high defined by the ECB for monetary stability.

With an eye on the poor situation in the labor markets in many eurozone countries and the still-weak economy there, the ECB reduced the key interest rate in May 2013 by 25 basis points to 0.5 percent. Surprisingly for many market participants, the ECB reduced the key interest rate once again in November 2013 by 25 basis points to the historic low of 0.25 percent. An end to the low-interest period is not apparent in either the eurozone, the USA or Japan over the short to medium term.

The Austrian economy developed positively in 2013 measured against the European environment. Compared to the rest of the eurozone, the country saw a higher growth rate and a higher level of prosperity. In addition, Austria's average rate of inflation of 1.9 percent since the introduction of the euro has been below that of the eurozone (2.1 percent). Developments in our neighboring country were not all positive, however. After producing the lowest unemployment rate in the EU in 2012, Austria's unemployment rate rose significantly during the course of fiscal year to reach around 7.6 percent at the end of 2013 based on Austrian figures. Economists blame the comparatively low growth in Austria of 0.3 percent in 2013, as well as a number of major insolvencies.

Fitch and Moody's currently give Austria the best rating: AAA. Accordingly, Austria is among the countries with sustainable structural and macroeconomic growth. The country therefore has to pay a yield of just slightly over 2 percent on ten-year government bonds and is therefore at approximately the same level as Finland and the Netherlands.

At 79.4 and 74.2 percent of GDP respectively, the total government debt ratio in both Germany and Austria was significantly below the average for the eurozone as a whole (about 95 percent of GDP).

Industry environment

Apart from some problem cases in the euro crisis countries, the banking industry in the countries of the European Union slowly stabilized. At the same time the implementation of the planned Banking Union was driven forward.

Already at the beginning of the fiscal year Moody's rating agency detected a stabilization in the European banking sector. This projection was largely confirmed during the course of the fiscal year. In the months before Moody's statement, most financial institutions had contributed to greater stability in the industry by restructuring their balance sheets and increasing their capital. However, the initially weak recovery of the global economy, the continuing low interest rate level as well as numerous regulatory initiatives continue to be challenges for the industry that must not be underestimated. Above all the situation of many financial institutions in Spain, Italy, Ireland and some in the UK appeared problematic during the fiscal year as they still struggled with the consequences of non-performing real estate loans and did not have sufficient risk provisions.

During the fiscal year the European Union agreed on a central banking supervisory authority. This is the first step toward the envisaged Banking Union. In the fall of 2013 the EU finance ministers agreed on the structure of a centralized supervisory mechanism for the 130 largest financial institutions within the European Union which will be housed in the ECB. This unit is expected to start its work in November 2014. Setting up the Banking Union, is the EU's response to the financial crisis.

However, the ECB will first subject the banks in question to a balance sheet assessment and a stress test. For instance, the ECB raised the amount of capital required to back risk-weighted assets during the fiscal year. This requirement is likely to be manageable for most of the major European financial institutions. According to the ECB, the equity base averages almost twelve percent. For the stress test currently pending, the ECB will still recognize some government assistance; this will not be the case as of 2019 when the Basel III provisions are fully in effect.

In Austria the profitability of the banking sector deteriorated significantly during the first half of 2013. However, the decline in operating activities was attributable primarily to the absence of one-off items from the previous year according to the Austrian National Bank (OeNB). The domestic banks reported an improvement with respect to their equity and liquidity situations, however. The Austrian banks' exposures to Central, Eastern and Southern European countries continue to be significantly above other European banks – namely with a value of EUR 209.7 billion as of the first half of 2013 – and entail corresponding risks.

As a result of increasing regulation of the industry, German banks now have significantly more capital and liquidity reserves than before the outbreak of the financial market crisis.

In addition, the banks are again increasingly concentrating on the retail and corporate customer business. During the fiscal year, this also further intensified the competitive environment for ING-DiBa, which operates in both the retail customer business and commercial banking. It must be assumed that this trend will also continue in the coming years.

The Bank competes with other direct banks as well as with branch banks, online brokers and mortgage lenders. In recent years, ING-DiBa has successfully positioned itself as a leading principal bank that offers its private customers the entire range of products they need for their money and savings matters. With more than 8 million private customers and trending upward, ING-DiBa is the third largest retail bank and one of the largest mortgage lenders in Germany. The Bank has developed very positively in the brokerage and deposits business in spite of increasing competition. The Bank has also consistently expanded its market position in commercial banking and further broadened its cooperation with major international companies in the year under review.

In addition to the quality of its products and fair terms, the Bank's strong brand and positive image have proved competitive advantages that cannot be undervalued, particularly since many customers are increasingly following and scrutinizing the work of banks.

Overview of business development

In an economic environment that is again rising, at least in Germany, with a pronounced propensity for private consumption ING-DiBa again posted very satisfactory business development. The strong competition for private customers notwithstanding, ING-DiBa further increased its number of customers. The third biggest German private retail bank welcomed its 8 millionth customer in October 2013. Savings deposits exceeded the EUR 100 billion mark already in the middle of the fiscal year and the volume of the mortgage loan portfolio was over EUR 60 billion. Quantitative and qualitative success continued to go hand in hand during the fiscal year. This is apparent not least in ING-DiBa's overall earnings.

In fiscal year 2013, ING-DiBa generated net interest income of EUR 1,408 million (previous year: EUR 1,182 million). Net commission income increased by EUR 25 million from EUR 45 million in fiscal year 2012 to EUR 70 million as of the end of fiscal year 2013. Profit before tax amounted to EUR 691 million, which was approximately EUR 205 million greater than in fiscal year 2012 (EUR 486 million). In fiscal year 2013, profit before tax was significantly higher than the constant figure originally forecasted. This was attributable primarily to the increase in net interest income, which was significantly stronger than expected, and a lower risk provision expense than planned, offset by a slight increase in personnel expenses. The report on the results of operations contains further details on this.

The pre-tax MA result increased in line with the profit before tax, from EUR 498 million as of December 31, 2012, to EUR 676 million as of December 31, 2013, representing an increase by 36 percent or EUR 178 million. This figure is calculated primarily from the net interest income less administrative expenses and the costs for risk provisioning based on management accounting.

The cost-income ratio (CIR) fell by 6 percentage points from 52 percent in fiscal year 2012 to 46 percent in fiscal year 2013. This indicator shows the relationship of administrative expenses to the operating income.

Business volume as of the end of the reporting period increased in line with expectations, by 9.2 percent. This increase was thus somewhat less strong than the 10.0 percent increase recorded in the previous year. At the end of fiscal year the Bank's business volume had increased to EUR 204.3 billion compared to EUR 187.0 billion as of December 31, 2012. It is comprised of the total assets of the Retail Customer Assets plus the securities account volume of the securities services business, Retail Customer Loans and Commercial Banking. Further details can be found in the notes regarding the development of the Retail Customer Assets, Retail Customer Loans, and Commercial Banking segments in this management report.

The number of customers as of December 31, 2013 was 8.1 million (previous year: 7.8 million). Of that number, around 7.6 million were attributable to Germany (previous year: 7.3 million) and around 0.5 million to Austria (previous year: 0.5 million). The fact that ING-DiBa was once again able to achieve a high level of customer growth in a difficult environment for banks characterized by increasing competition shows that ING-DiBa's strategy of customer proximity and fair banking is consistently meeting with a very positive response on the market.

The Bank had 3,357 employees as of December 31, 2013 (previous year: 3,178), of which 104 were trainees (previous year: 109).

The Bank succeeded once again in growing in all significant segments. This thus confirmed ING-DiBa's strategy once again, which is based on transparency, fair terms and conditions and an attractive, yet manageable, product portfolio. The Bank sees its business model as a customer-friendly alternative to commission and fee-based consulting. To that end, ING-DiBa has for many years provided consumers the information they need in order to make their own decisions. In addition, the Bank nurtures constructive dialog with reputable consumer protection agencies and independent financial journalists. For example, the Bank supports critical financial journalism through initiatives such as the Helmut Schmidt Award for Journalism sponsored annually by ING-DiBa, which was presented for the 18th time during the fiscal year.

Additionally, the Bank was again selected as the overall winner of the "Online Broker of the Year" by "Börse Online", an investor magazine. As in the previous year and for the ninth time overall, the Bank received this award, which represents the results of the magazine's reader survey. Furthermore, ING-DiBa was voted Germany's "most popular bank" with the highest customer satisfaction with products and service for the seventh time in a row by the readers of "€uro" magazine.

In Austria as well, ING-DiBa Direktbank Austria reported a successful fiscal year against the backdrop of a relatively lower savings rate of 7.4 percent (2012) compared to the rest of the eurozone and private household financial assets of EUR 524 billion or 168 percent of GDP.

The success of the business is attributable to the continuing strong positioning of ING-DiBa Direktbank Austria as Austria's leading direct bank. The branch's core business covers direct savings products (payable on demand) as well as time deposits (six or twelve months) and direct loans.

Investment funds were further consolidated and posted good growth through the continuing focus on these funds, and especially the pre-selected offering of fund savings plans.

During the fiscal year ING-DiBa Direktbank Austria focused its attention on two special areas: quality and customer satisfaction. With respect to customer service and technological innovations, the Bank can point to a complete reworking of websites, mobile and online banking. In addition, the Austrian Finance Marketing Association (Finanz-Marketing Verband Österreich, "FMVÖ") honored ING-DiBa Direktbank Austria at the end of May 2013 in its "Recommender 2013 Awards" for outstanding customer focus in the regional and special bank category.

Development of the Retail Customer Assets, Retail Customer Loans, and Commercial Banking segments

Retail Customer Assets

General

The Retail Customer Assets segment comprises all of ING-DiBa's products that it offers its retail customers for investing money at ING-DiBa. These include the core products of savings deposits, securities business, and current accounts.

Savings deposits

The Bank's product portfolio in this segment includes savings bonds, interest growth accounts with built-in tiered interest rates, and savings schemes within the scope of capital contribution benefits.

The ECB lowered its key interest rate in two steps during the fiscal year by a total of 50 basis points to 0.25 percent. As a result of this, many banks only paid an interest rate for conventional savings products during the fiscal year that was below the rate of inflation.

In this overall demanding environment, ING-DiBa again posted increases in savings deposits during the fiscal year. The portfolio volume increased from EUR 94.7 billion in 2012 to EUR 103.5 billion as of December 31, 2013. The customer deposits for ING-DiBa Direktbank Austria included in that figure increased to EUR 7.4 billion as of December 31, 2013 (previous year: EUR 7.2 billion). In this area, the total number of accounts increased to 6.9 million in the year under review (previous year: 6.7 million).

In addition to the Extra account/Direkt-Sparen (call deposits) ING-DiBa also offers fixed-term deposit accounts/Direkt-Festgeld (time deposits) with terms of six or twelve months in both Germany and Austria.

Securities services business

The continuing low interest rate level, the economic recovery in the most important world markets and last but not least the high international competitiveness of German companies ensured continuing positive sentiment in the most important exchanges, but above all at the Deutsche Aktienindex (DAX) during the fiscal year. Even temporary aggravations of the euro crisis, as recently in Cyprus, and political instabilities in some eurozone countries were unable to halt the upward trend for long.

The DAX closed the first trading day in the fiscal year at 7,778.78 points. Above all in the second half of the year the stock index crested several all-time highs and exceeded the 9,000-point mark in October. The DAX closed the year at 9,552.16 points. The S&P 500 Index in the US and the Japanese Nikkei Index also posted double-digit performance during the fiscal year. The Euro Stoxx 50 and Austrian ATX index posted weaker gains.

Against this backdrop, investors' trust in equities and equity funds slowly returned. For example, the number of orders executed for customers rose to 6.8 million. In fiscal year 2012, it was just 5.9 million. As of December 31, 2013 ING-DiBa managed around 922 thousand securities accounts for its customers compared to 896 thousand in the previous year. The securities account volume increased to EUR 20.8 billion compared to EUR 18.1 billion as of December 31, 2012. The fund volume included in these accounts amounted to approximately EUR 6.8 billion at the end of the fiscal year (previous year: EUR 6.1 billion).

During the fiscal year, ING-DiBa expanded its savings plan offerings by share savings and certificate savings plans. The new offering was well received by customers, with more than 9,200 share and certificate savings plans opened during the fiscal year.

Current accounts

Customer demand for current accounts at ING-DiBa also developed very positively during the fiscal year. This product exceeded the 1-million accounts mark during the course of the fiscal year. As of December 31, 2013 ING-DiBa maintained 1.1 million current accounts for its customers (previous year: 968 thousand). The deposit volume rose in parallel to EUR 2.4 billion (previous year: EUR 2.0 billion). Overdrafts on current accounts totaled EUR 211 million as of the reporting date (previous year: EUR 196 million).

The free current account allows customers to withdraw cash without a fee at more than 90 percent of all German ATMs. Following a comprehensive review of numerous current accounts offered in Germany, Stiftung Warentest, a German consumer organization, confirmed in its “Finanztest” magazine (2/2013 issue) that ING-DiBa had absolutely no conditions for maintaining a free account.

Retail Customer Loans

General

The Retail Customer Loans segment comprises all of the Bank's products which its customers can use to obtain access to a loan from ING-DiBa. This includes long-term mortgage loans and typically short-term consumer loans. This segment also performed very positively again for the fiscal year.

Mortgage loans

The strong demand for residential property continued in Germany in 2013. In addition to the major cities such as Hamburg, Berlin, Cologne, Frankfurt am Main, Stuttgart and Munich, medium-sized cities benefited increasingly from the desire of many people to live within their own four walls. Continuing low interest rates, the steep rise in rental prices in many regions as well as lingering uncertainty in connection with the euro crisis again increased the attractiveness of real estate.

The German Construction Industry Central Association (Zentralverband Deutsches Baugewerbe, "ZDB") estimates that approximately 230,000 new residential units were built during the fiscal year. The positive trend seen since 2010 thus continued. Real estate prices are rising significantly, above all in major cities.

In addition to traditional financing of owner-occupied residential property with fixed interest rates for between 5 and 15 years and repayment rates between 1 and 10 percent p. a., ING-DiBa also offers follow-up financing at fair terms and conditions. At the customer's request, both new and follow-up financing can be combined with selected programs offered by the KfW development bank. Possibilities for new financing include the KfW's programs for "residential property" as well as parts of the program for "energy-efficient construction". New and follow-up financing may also be combined with KfW's "Energy efficient refurbishment" program. ING-DiBa's portfolio volume in the mortgage loans segment exceeded the EUR 60-billion mark. As of December 31, 2013, this volume was at EUR 62.2 billion compared to EUR 59.9 billion in the previous year. Committed new business for 2013 was EUR 6.7 billion (previous year: EUR 6.8 billion). At the end of fiscal year 2013 the Bank maintained around 769 thousand mortgage loan accounts (previous year: 730 thousand).

As in past years, ING-DiBa again focused on qualitative growth in 2013, with an emphasis on a loan portfolio with minimized risk. The committed new business in the year under review allowed the Bank to further expand its position as one of the leading German mortgage lenders.

Consumer loans

Against the backdrop of a declining predisposition for saving in conjunction with improving consumer sentiment in Germany, ING-DiBa again recorded growth in consumer loans during the fiscal year. In addition to traditional installment loans, the Bank's product portfolio also includes a flexible line of credit as a cost-effective alternative to an overdraft facility. The automobile loans and homeowners' loans products complement the offering.

The number of consumer loan accounts increased during the fiscal year from around 409 thousand in the previous year to 455 thousand as of December 31, 2013. The portfolio volume amounted to EUR 4.2 billion as of that date (previous year: EUR 3.7 billion). ING-DiBa does not offer consumer loans with price structures based on credit ratings and does not insist on contract components that place customers at a disadvantage – such as compulsory residual debt insurance.

Commercial Banking

General

The Commercial Banking segment comprises the corporate customer business. Corporate customers include large, internationally operating industrial and trading companies as well as other international customers of the ING Group with branch offices in Germany. Customers benefit from the ING Group's international network, in particular in Central and Eastern Europe.

Corporate customer business

During the fiscal year, ING-DiBa Commercial Banking again successfully provided advice to well-known German and international companies. The quality of the Commercial Banking loan portfolio continued to improve, thanks in part to the Bank's risk-based selection when entering into new loan transactions.

Loans and advances to Commercial Banking customers were approximately EUR 5.3 billion as of December 31, 2013 (previous year: EUR 3.2 billion). Amounts due to customers amounted to EUR 554 million as of the reporting date (previous year: EUR 727 million). Contingent liabilities totaled around EUR 1.4 billion as of December 31, 2013 (previous year: EUR 1.3 billion); irrevocable loan commitments amounted to around EUR 4.5 billion (previous year: EUR 3.6 billion).

Results of operations – Group

Overall results of operations

The following presents the year-on-year development of key measures of income and expense.

Consolidated Income Statement	2013 € m	2012 € m	Change € m
Net interest income	1,408	1,182	226
Net commission income	70	45	25
Other net income	– 34	– 35	1
Risk provision	– 89	– 83	– 6
Personnel expenses	– 265	– 230	– 35
Sonstige Verwaltungsaufwendungen	– 399	– 393	– 6
Profit before tax	691	486	205
Income tax	– 217	– 161	– 56
Profit after tax	474	325	149

In fiscal year 2013, the ING-DiBa Group generated EUR 691 million in profit before tax, representing a 42 percent increase as compared to the previous year, despite a challenging industry environment.

	2013 € m	2012 € m
Interest income		
Interest income from lending transactions	3,134	3,151
Total interest income from lending transactions	3,134	3,151
Interest income from available-for-sale securities	569	539
Interest income from held-to-maturity securities	0	107
Other interest income	– 853	– 821
Total interest income	2,850	2,976
Interest expenses		
Interest expenses on deposits from banks	– 230	– 225
Interest expenses on amounts due to customers	– 1,182	– 1,542
Interest expenses on securitized liabilities	– 27	– 25
Other interest expenses	– 3	– 2
Total interest expenses	– 1,442	– 1,794
Net interest income	1,408	1,182

Net interest income amounted to EUR 1,408 million, 19 percent more than in the previous year (EUR 1,182 million). This was due primarily to the continuing low general interest rate level during the fiscal year and the associated decrease in interest expenses, which was more pronounced than the decrease in interest income.

Interest income from lending transactions fell by EUR 17 million to EUR 3,134 million (previous year: EUR 3,151 million). Interest income from available-for-sale securities increased from EUR 539 million in fiscal year 2012 to EUR 569 million in 2013. Part of this year-on-year increase was due to the reclassification of securities from held to maturity to available for sale in the previous year.

Other interest income, which includes net interest income in relation to hedging derivatives, fell from EUR – 821 million to EUR – 853 million. The sustained increase in deposit volumes was more than offset by lower interest on deposits, which is why lower interest expenses were reported in relation to amounts due to customers.

Overall, interest income declined by EUR 126 million to EUR 2,850 million, while interest expenses fell by as much as EUR 352 million to EUR 1,442 million.

Net commission income amounted to EUR 70 million in fiscal year 2013 (previous year: EUR 45 million). This year-on-year increase was attributable in particular to increased income from payment transactions and in the form of income from the securities business due to an increase in brokerage for our customers.

Other net income includes EUR – 44 million in net losses on the measurement of derivatives and hedged items (previous year: net gain of EUR 22 million), EUR 1 million in other gains on financial investments and investment property (previous year: EUR – 42 million loss) and EUR 9 million in other income and expenses (previous year: EUR – 15 million expense).

The decrease in the net gain/loss on the measurement of derivatives was attributable primarily to effects from the fair value hedge accounting portfolio. This was due to a discrepancy between actual and expected cash flows.

The increase in income from financial investments and investment property reflects the absence of the previous year's expense from the net loss on the disposal of held-to-maturity and available-for-sale financial investments.

The increase in other income and expenses from EUR – 15 million in fiscal year 2012 to EUR 9 million in 2013 was due in particular to the elimination of negative effects from the disposal of ABS in the previous year and to income from the increase in Commercial Banking activities.

Risk provisioning expenses increased year on year in 2013 by EUR 6 million to a total of EUR 89 million. This increase was due to a higher portfolio volume.

Personnel expenses increased by 15 percent year on year from EUR 230 million to EUR 265 million, primarily as a result of the hiring of new employees.

Other administrative expenses including depreciation, amortization, and write-downs increased from EUR 393 million to EUR 399 million during the fiscal year.

Income tax amounted to EUR 217 million (previous year: EUR 161 million) and comprised the current tax expense of EUR 256 million (previous year: EUR 177 million) and deferred tax income of EUR 39 million (previous year: EUR 16 million).

In accordance with the principle of substance over form and despite the existence of the consolidated tax group, both the current and deferred income taxes are disclosed in the IFRS consolidated financial statements by the entity responsible, ING-DiBa AG.

At 31.5 percent, the effective tax rate was only slightly above the nominal tax rate of 31.2 percent. There were no notable events having a material effect on the tax rate during the reporting period.

The financial performance indicators used for internal control purposes also developed positively over the course of the fiscal year. For instance, the pre-tax MA result increased in line with profit before tax (pre-tax financial accounting (FA) result) from EUR 498 million as of the end of fiscal year 2012 to EUR 676 million as of December 31, 2013. There was also improvement in the cost-income ratio (from 52 percent in 2012 to 46 percent in 2013), which is a relative indicator depicting the relationship of administrative expenses to operating earnings.

Results of operations by segment

	2013 Retail Customer Loans € m	2013 Retail Customer Assets € m	2013 Commercial Banking € m	2013 MA total € m	2013 Reconci-liation € m	2013 IFRS € m
Net interest income	673	638	81	1,392	16	1,408
Net commission income	– 66	88	28	50	20	70
Other income	0	– 38	9	– 29	– 5	– 34
MA income	607	688	118	1,413	31	1,444
Risk provision	– 76	– 6	– 7	– 89	0	– 89
Administrative expenses	– 180	– 424	– 44	– 648	– 16	– 664
of which amortization, depreciation and write-downs	– 9	– 20	0	– 29	0	– 29
Result before tax	351	258	67	676	15	691

	2012 Retail Customer Loans € m	2012 Retail Customer Assets € m	2012 Commercial Banking € m	2012 MA total € m	2012 Reconci-liation € m	2012 IFRS € m
Net interest income	602	533	53	1,188	– 6	1,182
Net commission income	– 60	66	23	29	16	45
Other income	0	– 32	5	– 27	– 8	– 35
MA income	542	567	81	1,190	2	1,192
Risk provision	– 77	– 6	0	– 83	0	– 83
Administrative expenses	– 160	– 413	– 36	– 609	– 14	– 623
of which amortization, depreciation and write-downs	– 9	– 21	0	– 30	0	– 30
Result before tax	305	148	45	498	– 12	486

Retail Customer Loans segment

The core products of the Retail Customer Loans segment include mortgage and consumer loans. Earnings from retail consumer loans increased by EUR 46 million to EUR 351 million as of the end of the reporting period (2012: EUR 305 million). This increase was due primarily to the increase in net interest income (excluding interest on allocated equity) from mortgage loans of EUR 38 million and from consumer loans of EUR 29 million.

The increase in net interest income for both products was due in part to the growth in the average volume for each product.

The commission expense increased by EUR 6 million from EUR 60 million in 2012 to EUR 66 million due to the expansion in brokerage business. The growing business also resulted in a EUR 20 million increase in administrative expenses to EUR 180 million.

Retail Customer Assets segment

The Retail Customer Assets segment includes the core products of savings deposits, securities business and current accounts. Earnings from the Retail Customer Assets segment increased by EUR 110 million to EUR 258 million as of December 31, 2013 (2012: EUR 148 million). This sharp increase was due to the increase in net interest income from savings deposits, which was up EUR 102 million year on year. Net interest income from current accounts also improved by EUR 3 million.

Net commission income increased by EUR 22 million year on year. This increase was due primarily to the EUR 17 million increase in net commission income on securities resulting from an increase in securities transactions. Net commission income from current accounts also increased by EUR 3 million as a result of an increase in the use of DiBa ATMs and electronic cash, among other factors. Administrative expenses for the Retail Customer Assets segment increased by EUR 11 million to EUR 424 million as a result of the increase in business and corresponding increase in the number of employees.

Commercial Banking segment

Earnings from the Commercial Banking segment increased by EUR 22 million to EUR 67 million (2012: EUR 45 million). This was due to factors such as the EUR 33 million increase in interest and commission income resulting from the increased volume of lending to customers. Other income includes brokered derivatives transactions conducted for customers.

Due to the increase in business volume, additional employees were hired during the past year. This was the primary reason for the EUR 8 million increase in administrative expenses for this segment.

Assets, liabilities and financial position

The following presents the year-on-year development of the key measures of assets, liabilities and financial position as of December 31, 2013. The corrections to the prior-year figures in accordance with IAS 8 have been included in this overview (for details, please refer to section (j) of “Significant accounting policies” in the notes to the consolidated financial statements).

Consolidated statement of financial position	12/31/2013 € m	12/31/2012 € m	Change € m	Change Percent
Assets				
Loans and advances to banks	10,096	7,337	2,759	38
Loans and advances to customers	85,396	82,082	3,314	4
Adjustment to portfolio fair value hedges	1,991	2,904	– 913	– 31
Financial investments	28,170	25,630	2,540	10
Derivatives with positive fair value	58	347	– 289	– 83
Other assets	1,627	1,550	77	5
Total assets	127,338	119,850	7,488	6
Equity and liabilities				
Equity	6,228	6,065	163	3
Securitized liabilities	1,231	1,195	36	3
Deposits from banks	9,958	8,632	1,326	15
Due to customers	107,332	98,530	8,802	9
Derivatives with negative fair value	1,426	3,926	– 2,500	– 64
Other liabilities	1,163	1,502	– 339	– 23
Total equity and liabilities	127,338	119,850	7,488	6

The ING DiBa Group’s total assets increased by 6 percent to EUR 127.3 billion in fiscal year 2013 (Decem-ber 31, 2012: EUR 119.9 billion). The Group’s liquidity position as of December 31, 2013 was good. Please refer to the section entitled “Monitoring and management of liquidity risks” in chapter 4 – Risk report for a presentation of the liquidity analysis, the capital structure and the results therefrom. The changes in cash flows from operating, investing and financing activities for the fiscal year and the previous fiscal year are presented in the statement of cash flows in the consolidated financial statements.

Contingent liabilities increased to EUR 9.1 billion at the end of the fiscal year (previous year: EUR 8.3 billion). Contingent liabilities included EUR 8.0 billion in irrevocable loan commitments as of December 31, 2013 (previous year: EUR 7.3 billion).

Loans and advances to banks increased by EUR 2.8 billion to EUR 10.1 billion in fiscal year 2013. This increase was attributable in particular to the expansion of reverse repo transactions.

Loans and advances to customers increased from EUR 82.1 billion to EUR 85.4 billion in fiscal year 2013. This was due for the most part to higher portfolio volumes for mortgage and interim financing as well as consumer loans, and to growth in the Commercial Banking segment.

The portfolio of financial investments increased by EUR 2.5 billion to EUR 28.2 billion in 2013. That increase related in particular to the acquisition of government and corporate bonds and exceeded the maturities in fiscal year 2013.

As of December 31, 2013, the Bank had hedges involving derivatives with a positive fair value amounting to EUR 58 million and derivatives with a negative fair value of EUR 1.4 billion. The great majority of derivatives were used in hedges for which hedge accounting was applied. Since fiscal year 2013, derivatives have increasingly been settled via a central counterparty. This has resulted in an offsetting requirement in the statement of financial position. Further information can be found in note 26 to the IFRS consolidated financial statements.

On the liabilities side, further issuances during the 2013 fiscal year resulted in an increase in securitized liabilities by EUR 36 million to EUR 1.2 billion.

Deposits from banks also increased by 15 percent to EUR 10 billion in fiscal year 2013. The primary reason for this development was the increase in refinancing liabilities from KfW development loans and the increase in demand deposits from banks in relation to repo and securities lending transactions.

Despite the generally low market interest rates in fiscal year 2013, ING-DiBa was able to increase deposit volume once again. Amounts due to customers increased by 9 percent or EUR 8.8 billion to EUR 107.3 billion. This is due to an increase in demand deposit accounts, for which bonus campaigns in both Germany and Austria were run during the course of the year. In contrast, fixed-term deposits declined. As of Decem-ber 31, 2013, customers held more than 6.9 million savings accounts with ING-DiBa.

Equity increased from EUR 6.1 billion to EUR 6.2 billion in fiscal year 2013. ING-DiBa's share capital was completely held by ING Deutschland GmbH, Frankfurt am Main, as of December 31, 2013.

ING-DiBa participates in the deposit protection fund of the Bundesverband deutscher Banken e.V. (Associa-tion of German Banks), Berlin. In addition, based on the German Deposit Protection and Investor Compensation Act (Einlagensicherungs- und Anlegerentschädigungsgesetz, "EAEG") it belongs to the Compensation Scheme of German Banks (Entschädigungseinrichtung deutscher Banken GmbH, "EdB"), Berlin. It is a member of the following banking and other associations: Bankenverband Hessen e.V., Frankfurt am Main, Bayerischer Bankenverband e.V., Munich, Gesamtverband Niedersächsischer Kreditinstitute e.V., Hannover, Verband der Auslandsbanken Deutschland e.V., Frankfurt am Main, Arbeitgeberverband des privaten Bankgewerbes e.V., Berlin, Verband deutscher Pfandbriefbanken e.V., Berlin and Bankenfachverband, Berlin.

Overall statement

The largest items in the Bank's statement of financial position consist of the loans and advances to and amounts due to customers and the financial investments. The business volume also grew further during the fiscal year. The assets, liabilities, financial position and results of operations are very satisfactory overall.

Financial and non-financial performance indicators

Financial performance indicators

The Management Accounting/Procurement department handles control functions in connection with planning the Bank's results. This control of the Bank is based on calculations of key figures using the IFRS accounting figures. The monthly management reports provide information about whether the Bank is moving within its target corridor in terms of its operational and strategic targets.

Business volume is an important key performance figure for this control and allows the Bank's growth to be determined. This figure is composed of the total assets of the Retail Customer Assets plus the securities account volume of the securities services business, Retail Customer Loans and Commercial Banking. In addition to customer loyalty, the Bank strives to continually gain new customers, and hence accounts as well, to increase this parameter. The volume of new business is an important driver of the amount of the interest-bearing assets and therefore also has a significant influence on the future financial performance and development of net interest income. In this context, a balanced refinancing strategy provided the Bank with the necessary resources at all times and a constant comfortable liquidity level during the fiscal year. The underlying premise here is that the net interest income grows in parallel with increasing volume. In return, administrative expenses also increase with a larger number of customers and accounts and is also used as a performance indicator for the Bank.

An additional important key figure for controlling the Bank is the pre-tax MA result. This figure is calculated primarily from the net interest income less administrative expenses and the costs for risk provisioning based on management accounting, which is based on the IFRS accounting figures. The aim is to increase this parameter through an increase in income as well as through deliberate monitoring of the development of costs.

The responsible handling of resources and efficiency is measured using the cost-income ratio as a relative indicator. This indicator shows the relationship of administrative expenses to the operating income.

Non-financial performance indicators

ING-DiBa's economic performance and its further development are also affected decisively by non-financial factors. For example, corporate social responsibility to customers and employees is a particular focus of the Bank. Important in equal measure are aspects that promote the quality of employees and their involvement in ING-DiBa's success.

Number of customers

ING-DiBa again increased the number of its customers during the fiscal year to 8.1 million as of December 31, 2013. This corresponds to growth of about 301 thousand year on year. As of the 2003 reporting date, the Bank had just 3.7 million customers, which means the Bank has more than doubled the number of its customers in less than 10 years.

The fact that ING-DiBa is able to achieve constantly high customer growth in a difficult environment for banks characterized by increasing competition shows that ING-DiBa's strategy of customer proximity and fair banking is consistently meeting with a very positive response on the market.

Customer satisfaction

ING-DiBa's constant customer growth is partly the result of high customer satisfaction. One piece of evidence for the high satisfaction of its customers is the repeat win of the title "most popular bank" in the major test of banks by the business magazine "€uro". ING-DiBa repeated its success of previous years and was awarded the title of "most popular bank" in 2013 for the seventh time in a row.

More than 160,000 persons surveyed from January to March 2013 rated the products and service of their banks. Among other items, the survey participants evaluated the product range, account management fees, deposit and loan interest rates as well as the internet and online banking sites of their banks. They were also asked about their experience of accessibility, friendliness and the quality of consulting by bank employees. ING-DiBa achieved the best results overall in this connection.

Service level

High quality of service is one of the central elements of ING-DiBa's business model. As one of Germany's leading banks, the Bank has opted not to operate any local branches. Instead, it offers its customers tele-phone or internet-based service around the clock. Its customers can thus reach the Bank 24 hours a day, every day of the year.

The goal is the greatest possible accessibility combined with high quality when handling and answering customer queries. The established time management system in the field of customer dialog is an important element for ensuring high quality of service. It ensures that customers normally never wait longer than 20 seconds before being put through to the person they need to speak to.

Independent studies document the high level of customer satisfaction at ING-DiBa. For example, during the fiscal year the Bank was awarded the German Service Award for the third time in a row by the "German Institute for Service Quality" and the "n-tv" news broadcaster. Together with two other companies, ING-DiBa took first place in the financial institution category and reached an overall grade of "very good". The study examined and rated a total of 34 financial institutions. Key criteria for the quality of service via telephone and e-mail were waiting time, atmosphere of the conversation, friendliness and competence.

"FAIRantwortung" (Fairness in acting responsibly)

The corporate culture is a decisive factor for ING-DiBa's success. The Bank thus strongly values fairness as the core value and lives this value in a wide variety of ways. ING-DiBa has transparent products to be a fair partner for its customers. With ING-DiBa's program for corporate social responsibility ("CSR") called "FAIRantwortung" (a play on the German word for responsibility: "Verantwortung") the Bank wishes to give back some of its economic success to society, and as an employer, offer its approximately 3,300 employees a very good workplace.

Employee satisfaction and culture

Typifying this is a culture that is characterized by open communication, short decision-making processes and recognition of special performance. Our employees confirm this in the regular internal surveys with high overall satisfaction. For example, in the largest employer competition "Great Place to Work", ING-DiBa was selected as one of the best German employers for the seventh time in a row and for the second time already as one of Europe's best employers. The survey serves as an important feedback tool, above all for discussing the corporate culture throughout the Company in all our teams in order to further develop this culture.

Handling diversity

The Bank places great value on a work environment that is characterized by respect, fairness, tolerance and equal opportunity. This includes in particular accepting differences, mutual cooperation and an interest in others. An open, diverse workforce promotes motivation and performance and thus provides an important contribution to the corporate culture and sustainability as an employer. By founding the "Diversity Council", ING-DiBa is pursuing the goal of attaining a good understanding and high degree of penetration for the topic of diversity among employees and managers, promoting gender equality (e.g., women in management positions, men on parental leave) and promoting the professional integration of people with handicaps. In addition ING-DiBa's "Education 50+" program encourages the collaboration of older and younger workers, thus promoting a culture of positive mutual cooperation. The Bank has therefore also targeted employees for training since 2006 who have passed the 50-year mark. This enables older people to reenter the work market as well. The program has been recognized by many awards, including the "German Diversity Prize".

Healthy with "DiBa FIT"

The topic of health is also a fixed component of the Bank's corporate culture. Employees are provided numerous offerings on topics such as nutrition and exercise, psyche and prevention with "DiBa FIT". Additionally, employees can use a preventive health insurance program introduced in 2013 that covers the cost of preventive services. In order to anchor the subject of health even more strongly in the consciousness of employees and managers, all managers are trained on the subject of "Healthy management". In this new role, managers regularly and actively approach employees in order to address health topics. ING-DiBa was awarded the Corporate Health Award in the Excellence class for its health management program. This campaign is sponsored by the Federal Ministry for Family Affairs.

Women in management/Compatibility of career and family

The Bank has launched numerous measures in support of the goal of promoting the career path of women, including finding the right balance between career and family. This includes childcare as well as offerings for adultcare, flexible work time models as well as, for example, part-time management as a tandem model. ING-DiBa guarantees the return to their current position to anyone who wishes to return to their job within twelve months after the birth of their child. Additionally, the Bank offers female employees a three-part seminar series with numerous exercises and specific tips that sharpen their awareness for the "rules of power play" and give specific recommendations for conduct. Another major topic is how to present oneself in a convincing manner, which is one of the foundations for professional success. In addition, fireside talks with experienced female managers, one-on-one coaching, and networking events support the exchange of experiences and knowledge on all facets of the topic of management and thus embolden women and whet their appetite for the next career move.

ING-DiBa was recognized with the "Women Career Index" in 2013 for this action plan. The Federal Ministry for Family Affairs also sponsors this award. ING-DiBa also received the "Work and Family" end certificate from the Hertie Trust for its efforts toward a family-conscious personnel policy.

Forward-looking collective bargaining agreement with ver.di

Many of the measures already described were set forth at the beginning of the year in a forward-looking collective bargaining agreement, which the Bank has agreed to together with the ver.di service union. The goal of the agreement is to live up to changing life and work conditions sustainably in the future as well. It supplements the Bank's existing collective bargaining agreement by additional, attractive offerings, among them topics such as childcare, adultcare, health and phased retirement. The forward-looking collective bargaining agreement is a first in the banking industry..

3. Events after the Reporting Date

Significant events after the close of the fiscal year.

There were no significant events after the close of the fiscal year.

4. Risk Report

Principles of risk management

Risk categories

ING-DiBa is exposed to risks within the scope of its business activities; the following risks were classified as significant risk categories as part of the annual risk inventory based on the Bank's business model:

Market price risk relates to the potential loss resulting from a change in market parameters. In this risk category, ING-DiBa differentiates between interest rate risk, basis risk and spread risk. Interest rate risk arises from a potential loss resulting from a change in the risk-free interest rate. Basis risk is separate from interest rate risk and describes the risk of a loss occurring as a result of a change in basis swaps. Spread risk describes the risk that the price of a financial instrument changes at a higher or lower rate than the market as a whole.

Liquidity risk is defined as the risk of not being able to meet current or future payment obligations on the agreed date (liquidity risk in the narrow sense). Intraday liquidity risk, i.e., the risk that the Bank will not be able to meet its payment obligations at the expected time on a given day, is a subset of this risk type. In addition, this risk category subsumes potential losses as a result of the increase in the cost of refinancing funds on the money and capital markets (funding liquidity risk) as well as the risk of a shortfall in proceeds from the sale of assets due to market conditions (market liquidity risk).

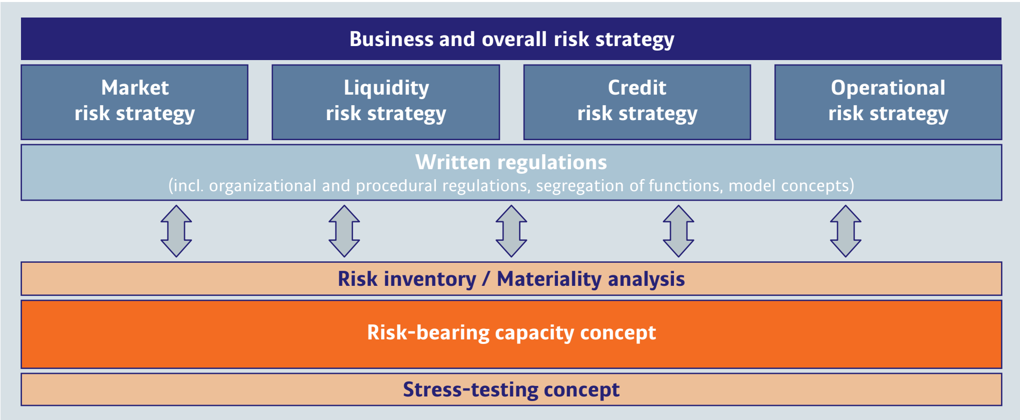
Traditional credit risk is a component of counterparty default risk and represents the risk of a loss due to the default or deterioration in creditworthiness of an external counterparty.

Operational risk signifies the risk of losses incurred as a result of inappropriate or failed internal processes, individuals, or systems (e.g., failure of data processing systems, misappropriation of funds, human error, erroneous processes, structural weaknesses, insufficient monitoring) or as a result of external events (criminal acts, natural disasters, etc.). This definition also includes legal risks resulting from contractual agreements or the legal environment.

Organization

The full Management Board is responsible for the organization of risk management at ING-DiBa, including its branch offices, Group companies, and equity investments. It is responsible for determining the risk profile and establishing the risk strategy and Risk-Bearing Capacity Concept. The Management Board regularly informs the Supervisory Board of developments in ING-DiBa's business and risk situation.

The principles of risk strategy are implemented within the framework of a comprehensive risk management system. In addition to specific individual risk strategies for every significant type of risk, this also includes concepts for the management of the overall risk profile as well as written regulations specifying the operational implementation of the strategic orientation. The risk management system is set up dynamically and is adjusted continuously based on the development of the business and changing operating environment.



As part of the annual risk inventory, the Bank ensures that all significant risks for the ING-DiBa Group are identified. The full Management Board of ING-DiBa installed an organizational structure for risk management based on this risk profile, which ensures the functional and hierarchical separation of the risk-bearing organizational units.

The Market & Liquidity Risk Management department is responsible for managing ING-DiBa's market price and liquidity risks. The Risk Management department is responsible for managing ING-DiBa's counterparty default and operational risks throughout the Group. The compliance and anti-money laundering tasks have been bundled in a separate department. All the above units report directly to the Chief Risk Officer. Audit Services reviews the risk management system on an annual basis.

Risk committees

The Bank's Management Board has established the following risk committees as part of its overall responsibility for the risk management of the Bank:

The Asset and Liability Committee (ALCO) is responsible for managing the market price and liquidity risks of ING-DiBa's overall portfolio as well as the risk structure of the Bank's institutional investments. Special tasks include establishing specifications and guidelines for the management of overall risk in connection with the strategic orientation of the banking book, in particular, limit allocation for market and liquidity risks and discussing the Bank's earnings and risk situation. The committee is made up of the full Management Board as well as representatives of the relevant divisions.

The Credit Risk Committee (CRC) deals with the identification, measurement, management, and monitoring of counterparty default and credit risk. Its special duties include, for example, the definition of specifications and guidelines for the lending business, the limit allocation for counterparty default risks, the definition of the limit system, and approval of risk measurement methods and models. In addition to the full Management Board, the CRC's members comprise representatives of the relevant divisions.

The task of the Operational Risk Committee (ORC) is to identify, measure, and monitor ING-DiBa's operational risks and to ensure that appropriate measures are taken to manage operational risks at the management level by the respective designated line managers. The committee is made up of the full Management Board as well as representatives of the relevant divisions.

Risk strategy

The overall risk strategy is in line with the Bank's business strategy and represents a framework for risk management at ING-DiBa. The Bank's principles of risk strategy and the resulting orientation for the risk policy, which is consistent with the business strategy are formulated in the overall risk strategy.

Specific individual risk strategies are derived for each significant risk category based on the overall risk strategy, which complete ING-DiBa's risk management system together with various concepts for the management of the Bank's overall risk profile (including risk inventory, Risk-Bearing Capacity Concept, and stress-testing concept) and the written regulations. In conjunction with the risk-bearing capacity, the overall risk strategy reflects the Bank's risk appetite.

The deliberate and controlled acceptance of risks within a prescribed range in return for appropriate compensation for the risk is a key prerequisite for a bank to generate profits. The goal of all of ING-DiBa's risk management activities is to ensure the Bank's continued existence, including under adverse conditions. In this context, risk is defined as the possibility of a negative deviation from an expected financial result. Risk management comprises all activities concerning the identification, analysis, measurement, and communication of risks, as well as the decision to incur (or not to incur) and control risks.

The Bank's strategic risk orientation is derived from the idea of fairness and ING-DiBa's express focus on quality, which includes a sound and trustworthy way of doing business. Consequently, risks may only be incurred with respect to all business activities to the extent necessary to reach the Bank's strategic goals. An unnecessarily risky and complex business and risk policy is strictly rejected.

Risk-Bearing Capacity Concept

ING-DiBa has implemented a Risk-Bearing Capacity Concept for regularly assessing the risk situation at the overall bank level. The risk-bearing capacity reveals the extent to which the defined risk-taking capital can carry the risk exposure.

The objective of this concept is that a sufficient amount of risk-taking potential is held at all times. The Risk-Bearing Capacity Concept is embedded in the Bank's stress-testing concept and represents an important part of ING-DiBa's risk management activities.

The Bank's risk-bearing capacity is assessed from both a balance sheet-based going-concern as well as a value-based gone-concern perspective. The two approaches define different risk management steering approaches in a bank, which differ according to the extent to which they use the risk potential.

While the going-concern approach focuses on the continued existence of the business, the gone-concern approach prioritizes the protection of creditors. ING-DiBa takes both approaches into account, although management has defined the going-concern perspective as the primary management approach.

In order to determine the overall risk position, the individual risk types are first observed separately. Each risk type is quantified using appropriate models. When quantifying the default and operational risks, the same methods are used as for calculating the economic and regulatory minimum capital requirements under Basel II (Internal Ratings-Based Approach – IRBA or Advanced Measurement Approach – AMA). The interest rate and spread risk is quantified using periodic analysis as well as present-value analysis on the basis of internal simulation models. An internal model is also used to quantify the basis risks required to be included in the analysis beginning on January 1, 2014.

Risk-taking potential and risk limits

Both risk management steering approaches only allocate a portion of the risk-taking potential as risk-taking capital. The amount of allocated risk-taking capital and the definition of the limit buffer, the overall limit, and the allocation of limits to the individual risk types are established annually by the ALCO and are based on the business strategy and the associated risk appetite of the Management Board.

The risks quantified using the instruments appropriate for the respective risk type are compared to the corre-sponding limits and regularly monitored to ensure risk-bearing capacity. No diversification effects between the risk types are currently considered.

The limits or limit allocation can be changed at any time if required. Limit changes must be approved by the ALCO and subsequently confirmed by the respective responsible committee (ORC or CRC).

Risk-bearing capacity in the year under review

Under the balance-sheet-based going-concern approach, risk-bearing capacity is managed in such a way that the Bank can continue to operate, while complying with the regulatory minimum capital requirements, even if all items of the risk-taking potential are consumed by risks that have materialized. The risk-taking potential is calculated factoring in the allocable portion of regulatory modified equity and components of the current and future reporting periods based on HGB accounting.

The Bank's risk-bearing capacity was ensured at all times during the course of the 2013 fiscal year. The existing limits were not exceeded. The individual risk types, limits and risk-taking capital, as well as their relevant utilization as of December 31, 2013, are quantified in the table below.

	12/31/2013 Limits € m	12/31/2013 Utilization of limit Percent limit	12/31/2012 Limits € m	12/31/2012 Utilization of limit Percent limit
Counterparty default risk	270	73	270	66
Market price risk	1,100	64	1,100	81
Operational risk	30	77	30	77
Overall limit and limit utilization	1,400	66	1,400	78
Risk-taking capital and utilization	2,379	39	2,272	48

ING-DiBa's risk-taking capital amounted to EUR 2,379 million as of December 31, 2013, an increase of EUR 107 million compared with the previous year (EUR 2,272 million).

The utilization of the overall limit decreased in comparison with the previous year and amounted to 66 percent as of December 31, 2013 (previous year: 78 percent). The utilization of risk-taking capital as of the end of the reporting period decreased to 39 percent year-on-year, particularly as a result of an increase in the risk-taking capital (previous year: 48 percent).

The limit buffer remained unchanged year-on-year, and amounted to EUR 150 million as of the end of the reporting period. The risk-taking potential thus amounted to EUR 2,529 million as of December 31, 2013 (previous year: EUR 2,422 million).

Stress tests

The performance of stress tests within ING-DiBa is a key component of risk management and serves along-side other risk management concepts (such as risk inventory and risk-bearing capacity) for managing the Bank's overall risk profile.

ING-DiBa established other stress procedures in addition to observing representative stress scenarios within the framework of the Risk-Bearing Capacity Concept. These procedures are observed within the Risk-Bearing Capacity Concept and, in addition to standardized risk category-specific stress tests conducted periodically each quarter, they also include integrated ad hoc stress tests and reverse stress tests.

The effects of a strong global recession are examined for all significant risk types in the representative stress scenarios and observed in the context of the going-concern assumption in the Risk-Bearing Capacity Concept. The objective is to review the Bank's risk-bearing capacity in the event of a potentially sharp economic downturn. The review is carried out for all risk types relevant to the Risk-Bearing Capacity Concept. The results of the representative stress tests across risk categories conducted as of December 31, 2013, show that the available risk-taking capital also sufficiently covers the overall risk exposure under the stress conditions observed.

The effects of various recessive macroeconomic trends on economic and regulatory capital are analyzed as part of the standardized integrated stress tests for counterparty default risk. The Bank has defined standardized scenarios for various degrees of economic downturn for all sub-portfolios in the retail and institutional business as well as in Commercial Banking, whereby the recession scenarios are expressed through an increase in the probability of default as well as through elevated losses given default.

With respect to the standardized stress tests for market price risk, the impact of market interest rate shocks, interest rate adjustments, and changes in volume on the expected result are observed in the context of Earnings@Risk and Economic Value@Risk, with the changes in market interest rates modeled using parallel shifts (shocks) of yield curves and tilting scenarios. For spread and interest-driven write-down risks, different changes to the relevant spread and interest rate parameters are simulated for the securities portfolio. Since the beginning of 2014, basis risks have also been subjected to separate stress tests to analyze changes affecting basis swaps which would be detrimental to the Bank, yet plausibly possible. The different categories of liquidity risk are also analyzed on the basis of several stress tests which examine, for example, the effects of high outflows of savings deposits or lower proceeds from the disposal of securities. The stress tests are based on both hypothetical and historical parameters.

The appropriateness of stress scenarios is reviewed annually and adjusted as needed.

For the integrated ad hoc stress tests, the Bank installed an expert committee made up of board members and specialists in management positions which defines one or more scenarios for the Bank – taking the current economic operating environment into account – that could arise in particular from a combination of various economic parameters. The results of the stress tests are assessed in the expert committee against the background of risk-bearing capacity and the liquidity situation. Potential management input is also derived for the future. In addition, the Bank performs reverse stress tests for counterparty default, liquidity, and market price risks.

Two departments, Risk Management and Market & Liquidity Risk Management, are responsible for carrying out stress tests, the performance of which is part of the Bank's risk management process and internal process for ensuring risk-bearing capacity (Internal Capital Adequacy Assessment Process, ICAAP).

Risk concentration

With its focus on retail business, ING-DiBa consciously accepts certain concentrations at the product level in this business line. These concentrations are qualified by the broad diversification within the individual portfolios of the standardized retail business. A homogeneous distribution in the retail portfolio is ensured by defining certain product features and specifying maximum loan and limit amounts as well as maturities.

In the institutional business and in Commercial Banking, concentrations on selected clients, industries, and asset classes are accepted intentionally. They are accepted against the background of the sizes specified and target customers defined under the strategic business orientation and are monitored regularly. Moreover, in addition to the stress tests described already, risk concentrations for counterparty default risks are taken into account in the design of the stress tests. To this end, stress tests are regularly conducted on counterparty, industry, and country concentrations and the results analyzed.

The objective of risk management activities is to detect risk concentrations early and to find opportunities for diversification, if necessary. The Bank has defined specific limits outside the Risk-Bearing Capacity Concept for the management of concentrations for each business segment. The limits are regularly reviewed and adjusted as necessary. In addition, all loan portfolios are analyzed for potential concentrations in separate concentration reports.

ING-DiBa implemented a country limit system through which the country risks from all business segments are monitored for the management of concentrations at the country level.

Concentrations with respect to interest rate risk could arise as a result of too narrow a focus on individual points of the yield curve. A portfolio rule is used to allocate the net cash flow profile across different maturities in order to avoid these concentrations in individual maturity buckets.

An intentional concentration of refinancing through retail savings deposits, which in turn make up a very granular portfolio, is accepted with respect to liquidity risks, given ING-DiBa's business model with its focus on the retail business in Germany. The issue of mortgage Pfandbriefe represents another long-term source of refinancing. In addition, measures are taken to diversify the refinancing. The risk quantification, monitoring, and management of concentrations is carried out within the framework of special analyses, scenario simulations, and stress test analyses.

Risk reporting

The Market & Liquidity Risk Management and Risk Management departments are responsible for risk reporting, which is directed to the Chief Risk Officer or the full Management Board as well as to members of the corresponding risk committees, depending on the focus of the risk. The Supervisory Board is informed by the Management Board on a regular basis, at least four times per year.

The reports are tailored to the significance of the risks and prepared on a daily, weekly, monthly, or quarterly basis. In the event of changes in important parameters of risk calculation or relevant factors of influence in the market environment, the decision-makers are informed promptly of all relevant changes and deviations.

The risk-bearing capacity is calculated at least quarterly, or on a monthly basis if necessary. The results are presented to the participants of the ALCO as well as other risk committees if applicable.

Risk utilization by individual risk type is documented in a regular report from both departments mentioned above and includes all units belonging to ING-DiBa.

Monitoring and management of market price risks

Risk definition

Market price risk is generally understood as the potential loss resulting from a change in market parameters. Due to its business model and the strategy pursued, ING-DiBa is only exposed to a limited number of market price risks. Essentially, the Bank differentiates between general interest rate risk (risk of changing interest rates), which is the potential loss resulting from a change in the risk-free interest rate, basis risk, which is the potential loss resulting from a change in basis swaps, and spread risk, which ING-DiBa defines as a residual risk, i.e., the risk that the value of a financial instrument changes at a higher or lower rate than the market as a whole.

The assumption of currency risk (also exchange rate risk), i.e., the risk that changes in one or more foreign currency exchange rates will reduce the value of a position, is not part of the Bank's core business activities. Foreign currency transactions are only entered into in connection with customer transactions and are always closed out directly by entering into corresponding counter-transactions. Open foreign exchange positions are not actively entered into and arise as residual amounts.

Volatility risks arise in two forms at ING-DiBa:

Explicit options – associated with the risk that the value of an option position reacts to potential changes in value resulting from market fluctuations of the volatilities applied to the option valuation. These changes may reduce the value of the position (caps, floors, swaptions). The Bank currently holds no positions in explicit options. Consequently, the volatility risk from explicit options is insignificant.

Implicit options – associated with the risk of changes in customer behavior (e.g., unscheduled repayment in the case of mortgage loans and installment loans, or withdrawals from Extra accounts) due to market fluctuations.

Share price risk and commodities risk are irrelevant for ING-DiBa's business. Exposure to fund price risk is not material.

Organization

The Management Board commissioned the Market & Liquidity Risk Management department with monitoring compliance with market price risk regulations. This responsibility includes application of methods and models for risk identification and measurement, monitoring limits and the reporting function. The Treasury department is responsible for the implementation of operational management measures. To maintain the segregation of functions, Treasury's trading activities are organizationally separate from the settlement activities of the back office.

Market price risk strategy

The strategic orientation of market price risk management is based directly on the business strategy.

Market price risks are generally incurred only in connection with asset/liability management and thus form the basis for pursuing the general corporate policy goals in the Retail and Commercial Banking segments.

Positions are not intentionally left open in order to speculate specifically on certain changes in market price parameters. The Bank does not enter into trades with the intention of generating short-term profits by taking advantage of market price fluctuations. Therefore, the Bank does not use its trading book and holds the positions in its banking book. In light of this, ING-DiBa pursues a passive strategy in the area of interest rate risk.

As a matter of principle, market price risks may only be incurred at ING-DiBa in line with the risk tolerance established by the Management Board. The primary goal of the market price risk strategy is to ensure that the sum of all market risks incurred always remains smaller than the risk-taking capital allocated to this type of risk.

The following goals are pursued to ensure the Bank's continued existence as a going concern:

- To ensure the sustainability of the earnings and capital base as well as the security of customer deposits
- To take even unexpected market developments into account and to avoid unacceptable market price risk
- To ensure sufficient leeway to adjust terms and conditions in the event of unfavorable changes in market interest rates

- To limit de facto locked-in interest rates such that positive net income can be generated for the period and there is no significant negative impact on the present value of the Company in the event of unexpectedly significant changes in interest rates

- To minimize currency risk

- To create transparency about accepted and potential market price risks

- To comply with legal, regulatory, Company-internal, and Group-wide guidelines

Operational risk management and risk control

The management of ING-DiBa’s market price risk includes the following core elements for which the Market & Liquidity Risk Management department is responsible:

- To ensure position data is entered correctly
- To check that limits are complied with and to grant approval in case limits are exceeded
- To identify, measure, and manage market price risks
- To prepare, maintain, and further develop market price risk models
- To keep management adequately informed of the risk situation
- To conduct scenario analyses and stress tests.

In addition to daily duration monitoring, the Bank pursues a dual management approach to dealing with interest rate risk. ING-DiBa analyzes the effects of interest rate risk firstly on net interest income from a periodic perspective and secondly on the Bank’s economic value as part of the present value analysis.

The earnings at risk (E@R) approach is used for analyzing the effects on net interest income. This approach involves simulation calculations for a 36-month planning horizon, which forecast net interest income as well as its change for various scenarios, taking planned future new business into account. Market and business parameters (e.g., volume growth) are changed and their effects are examined as part of the analysis.

A warning limit has been set to monitor the analysis results within the scope of the E@R approach. The indicator is calculated from the ratio of the scenario’s forecasted net interest income to the planned total costs and is designed to ensure that the income generated from business activities exceeds the costs under all observed scenarios.

ING-DiBa applies the economic value at risk (EV@R) approach on the basis of a detailed present value model as a metric for measuring the effect of the interest rate risk on present value. Economic value describes the sum of the carrying amount of shareholders' equity and “added value”, which is defined as the present value of all future cash flows from continuing operations less the carrying amount of shareholders' equity. It is an indicator for the increase in value of the banking book.

Within the regular monthly simulation analyses, the effects of changes in market interest rates on the present value of the portfolio are analyzed. The value at risk is determined as the respective difference in present value under a defined interest rate scenario from the present value of the base scenario. ING-DiBa uses internal models to calculate the present value of customer transactions. Appropriate assumptions are made for products with unknown capital commitments and for options contained in the products. The assumptions applied are validated through regular backtesting.

The modeling of savings deposits (call and fixed-term deposits) was modified during the past fiscal year. The new model, which is used to calculate both EV@R and E@R, essentially consists of the simulation of market interest rates, the associated simulation of customer terms and conditions and the simulation of the trend in the volume of savings deposits.

The Basel II ratio serves as the standard limit for the deviation of the economic value at risk. This metric limits the negative change in present value for a defined interest rate scenario to 20 percent of the Bank's liable capital. The relevant scenario is determined based on the corresponding specifications of the supervisory authorities.

To quantify spread risk, the Bank calculates each month the effect of historical spread changes on the fair value of its investment portfolio, both from a dynamic perspective, analyzing the potential write-down risks, and from a purely economic ad hoc perspective. Both key indicators are incorporated into the calculation of risk-bearing capacity.

Since the beginning of 2014, basis risks have also been calculated each month, both from the periodic and the economic perspective and using historical simulations as a basis.

Sensitivity analysis in the year under review

The sensitivity of net interest income measures the effect on net interest income in the next twelve months in the event of a shock-like increase or decline in the yield curve by 100 basis points (bp). Following the ad hoc change, the analysis assumes that the interest rate remains at the changed level for one year. The table below shows the results of measuring the sensitivity of net interest income:

Sensitivity of net interest income Scenario	12/31/2013 in %	12/31/2012 in %
+100 bp	3.11	5.28
- 100 bp	– 1.93	35.85

As of December 31, 2013, assuming a parallel interest rate increase of 100 basis points, the results of the sensitivity analysis show a +3.11 percent increase in net interest income compared with the starting point (previous year: 5.28 percent). Assuming a parallel interest rate decrease of 100 basis points, net interest income would decrease by – 1.93 percent (previous year: +35.85 percent). The much less pronounced changes in the results as compared to the previous year can be explained partly by changes in market conditions but mostly by the further sophistication of the calculation methodology which better reflects reality, particularly when market interest rates are low.

The following table shows the results of the sensitivity analysis on economic value. The analysis illustrates the impacts of interest rate changes on the present value of the Bank as a whole. The change in the present value of the Bank as a whole cannot be linked directly to the impact on the income statement or equity. The greatest portion of the changes in present value arises from items not measured at fair value; changes in the value of those items thus have no impact on the statement of financial position.

Sensitivity of economic value Scenario	12/31/2013 in %	12/31/2012 in %
+100 bp	0.08	3.77
- 100 bp	4.16	– 1.64

Assuming an interest rate shock of +100 basis points, the economic value as of December 31, 2013 would increase by +0.08 percent (previous year: +3.77 percent), whereas a change of +4.16 percent would result from a decrease in the interest rate (previous year: – 1.64 percent). While interest rate sensitivity remained at a low level, the gap between the scenarios narrowed compared with the previous year.

The following overview presents the results of the sensitivity analysis for the revaluation reserve as a component of equity. The analysis shows the impacts of interest rate changes on the items which are classified as available-for-sale (AfS) and subject to measurement at fair value through other comprehensive income.

Sensitivity of revaluation reserve Scenario	12/31/2013 € m	12/31/2012 € m
+100 bp	– 562	– 442
- 100 bp	538	308

Assuming an interest rate shock of +100 basis points, the revaluation reserve as of December 31, 2013 would decrease by EUR – 562 million (previous year: EUR – 442 million), whereas a decrease in the interest rate would result in an increase of EUR +538 million (previous year: EUR +308 million).

The table below presents the results from the sensitivity analysis for profit or loss. The analysis shows the impacts of interest rate changes on items which are subject to measurement at fair value through profit or loss.

Sensitivity of profit or loss Scenario	12/31/2013 € m	12/31/2012 € m
+100 bp	– 37	– 20
- 100 bp	20	19

Assuming an interest rate shock of +100 basis points, the profit or loss as of December 31, 2013 would decrease by EUR – 37 million (previous year: EUR – 20 million), whereas a decrease in the interest rate would result in an increase of EUR +20 million (previous year: EUR +19 million).

Limitation

The direction, extent, and timing of changes in market interest rates are by nature unknown and cannot be predicted. ING-DiBa manages its portfolio accordingly by limiting the effects of changes in the market interest rate on financial earnings power and capital base. At ING-DiBa, market price risks are monitored using a system of risk limits based on sensitivity and present value analyses.

The ALCO approves the limits and is regularly informed of limit utilization. The Management Board and ALCO are informed immediately if a limit is exceeded.

Market price risk reporting

Timely information on relevant developments which could impact net interest income or the economic value at risk, for example, is an essential element in ING-DiBa's market price risk management organization.

As an independent unit, the Market & Liquidity Risk Management department prepares the relevant reports on a daily, monthly, and quarterly basis. There are reporting lines to the local ALCO and the ALCO of the parent company, and the respective board members are automatically included. Reporting provides information on monitoring of the limits and requirements in place. The Supervisory Board is informed of the risk situation at least once a quarter. In addition, ad hoc reports are provided in the event of special or unexpected developments.

Monitoring and management of liquidity risks

Risk definition

Liquidity risk is not an actively generated risk, but a by-product of the Bank's core business activities. Disrup-tions in the liquidity of individual market segments (e.g., in crisis situations), unexpected events in the loan and deposit business (withdrawal of deposits, late payments, etc.), or the deterioration of the Bank's refinancing basis (e.g., as a result of a decrease in its rating) may, in an extreme case, result in the institution no longer being able to meet its payment obligations or may be reflected in a decrease in net income.

With respect to liquidity risk, the Bank therefore differentiates between

- Insolvency risk (liquidity risk in the narrow sense), i.e., the risk that the Bank cannot meet its payment obligations in full or on the agreed date,

- Intraday liquidity risk, i.e., the risk that the Bank will not be able to meet its payment obligations at the expected time on a given day,

- Funding liquidity risk, i.e., the risk of potential loss of earnings that arises as a result of a deterioration in the Bank's refinancing terms and conditions on the money or capital market. The most important cause is a change in the Bank's credit rating by other market participants.

- The market liquidity risk, i.e., the risk of potential losses that have to be carried if low levels of liquidity in individual market segments require transactions to be entered into on terms and conditions that do not correspond to fair market value. Market liquidity risks may result primarily from securities positions in the trading and banking books.

Organization

The Management Board is responsible for structuring the organization and tasks within liquidity risk management. Methods and processes for risk management along with the related responsibilities were established on the basis of the liquidity risk strategy.

Due to ING-DiBa's business model, liquidity risk dovetails closely with market risk. The Management Board commissioned the Market & Liquidity Risk Management department with monitoring compliance with liquidity risk regulations. This responsibility includes application of methods and models for risk identification and measurement, monitoring limits and the reporting function.

The Treasury department is responsible for the implementation of operational management measures.

Liquidity risk strategy

As a result of its specific business model, ING-DiBa's assets are normally less liquid than its liabilities, the majority of which are comprised of technically short-term demand deposits by retail customers. Based on historical analyses, a significantly longer holding period is assumed for these deposits payable on demand. Consequently, ING-DiBa's primary liquidity risk is an adverse trend in the volume of retail deposits given a fixed commitment of longer-term assets (no growth and/or withdrawal of deposits). Such a case could result in losses if assets either have to be liquidated or alternatively refinanced via the money and capital markets.

Consequently, the primary goal of the liquidity risk strategy is to ensure a stable and comfortable liquidity position that prevents in particular insolvency as well as potential losses from the liquidation of assets or refinancing on the money and capital markets. The following goals are pursued to ensure the Bank's continued existence as a going concern:

- To ensure solvency at all times (provision of adequate liquidity reserves) under normal conditions and in stress situations
- To ensure liquidity risk in the narrow sense is managed adequately for the management of the Bank's expected liquidity requirements
- To provide an appropriate liquidity buffer in order to close financing gaps in a crisis situation
- To comply with legal, regulatory, Company-internal, and Group-wide guidelines
- To maintain an adequate liquidity crisis organization

Contingency Funding Plan (CFP)

ING-DiBa has established a Contingency Funding Plan, which specifies actions to be taken by the liquidity crisis management team to deal with liquidity crisis situations.

In the event of a crisis, the liquidity crisis management team will be convened to determine and initiate all necessary measures and activities. This special committee is made up of members of the Management Board and representatives of the departments responsible.

The most important tasks include assessing the crisis situation as well as activating and executing the Contingency Funding Plan. The chairman of the local liquidity crisis management team acts as the contact person for communication with ING.

The Contingency Funding Plan is the core element of liquidity management in crisis situations. It includes the following aspects:

- Defined criteria to initiate the CFP
- Strategy for covering liquidity shortages in emergency situations
- Rules for tasks, responsibilities, and decision-making authority in a crisis
- Rules for informing management and preparing the information in a timely manner
- The internal and external paths of communication used in the event of a liquidity shortage
- Measures that are continuously reviewed for their ability to be executed and adjusted if necessary
- The results of stress tests to be taken into account
- Planning of alternative refinancing sources, taking any income shortfall into account.

Operational risk management and risk control

ING-DiBa's liquidity risk management includes the following core elements for which the various units in the Market & Liquidity Risk Management, Treasury, Trade Settlement, and Accounting departments are responsible:

- To ensure position data is entered correctly
- To check that limits are complied with and to grant approval in case limits are exceeded
- To determine the medium and long-term refinancing structure within the scope of multi-period planning
- To measure and manage liquidity risk
- To prepare, maintain, and further develop the liquidity risk model
- To keep management adequately informed of the risk situation
- To execute stress tests
- To determine internal transfer prices for liquidity
- To monitor transactions with Group companies from a liquidity perspective
- To develop and implement a contingency plan for liquidity risks

Under normal conditions, customer deposits serve as ING-DiBa's main refinancing basis. The following table shows the Bank's refinancing structure at the last two reporting dates:

Refinancing structure	12/31/2013 Percent	12/31/2012 Percent
Due to customers	84	82
of which with indefinite terms	70	62
of which with definite terms	14	20
Other liabilities	11	13
Equity	5	5
Equity and liabilities	100	100

The sum of equity and liabilities is broken down according to amounts due to customers, other liabilities, and equity. The portfolio of amounts due to customers includes customer deposits with indefinite terms (such as Extra accounts payable on demand) and with definite terms (such as fixed-term deposits and savings bonds), as well as other deposits from institutional customers, and recorded an increase of approximately EUR 8.9 billion in the reporting period. The amounts due to customers accounted for 84 percent of total equity and liabilities in fiscal year 2013 (previous year: 82 percent). Other liabilities essentially include securitized liabilities in connection with Pfandbrief issues and amounts due to banks and fell to 11 percent in fiscal year 2013 (previous year: 13 percent). With a share of 5 percent, equity remains stable at prior-year levels.

ING-DiBa operates its banking business as a fully licensed bank. On this basis, it has direct access to Euro-pean money and capital markets as well as to the investment and refinancing opportunities offered by the European Central Bank (ECB).

Thus, ING-DiBa has sufficient flexibility at all times for both its daily liquidity management as well as for liquidity crisis management. In addition to retail customer deposits, which are the main source of refinancing, ING-DiBa can also use other alternative refinancing sources:

- Borrowing funds from central banks
- Money market transactions and repos with other counterparties
- Sale of asset positions (e.g., from the portfolio of highly liquid securities)
- Securitization of assets
- Use of KfW global loans
- Long-term refinancing on the capital market through Pfandbrief issues

The rating agency Moody's has rated ING-DiBa A2 due to its robust business profile in conjunction with its earnings power and capitalization. The Bank's own Pfandbriefe currently remain rated AAA.

Insolvency risk is regularly monitored by the Market & Liquidity Risk Management department by means of scenario analysis on the basis of a cash flow-based gap calculation. As a part of its daily activities, Treasury monitors the intraday liquidity risk based on intraday simulations. The funding liquidity risk can be classified as low due to ING-DiBa's low dependency on the money and capital markets as a source of refinancing. Market liquidity risk is factored into market price risk. In light of the requirement to report the Liquidity Coverage Ratio (LCR) on a monthly basis beginning in 2014, Market & Liquidity Risk Management has calculated a simplified LCR each day beginning in 2013 in order to ensure compliance at all times.

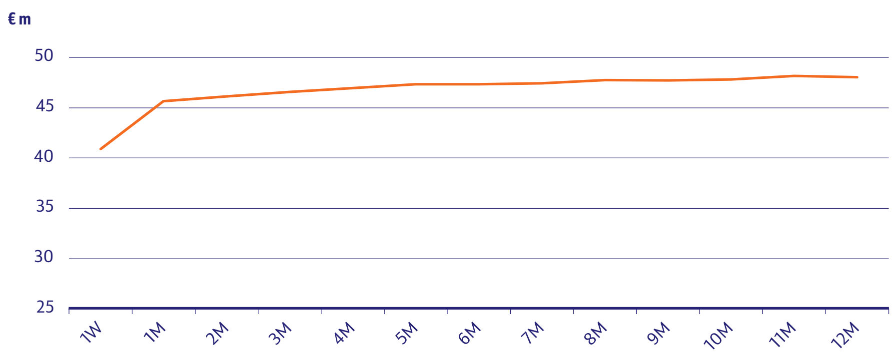
The liquidity forecast (including contract expirations and expectations) for the next twelve months is reviewed as part of the scenario analyses under various assumptions about expected future development.

In addition to the base scenario, other scenarios are regularly prepared in which unfavorable assumptions are made for liquidity development. Both historical and hypothetical scenarios are examined in accordance with the Minimum Requirements for Risk Management (MaRisk).

The liquidity gaps are determined and accumulated for the individual periods subsequent to the calculation of cash inflows from assets and the cash requirements for liabilities. In order to assess the development of liquidity, the accumulated liquidity gaps are compared to the securities and loans against borrower's notes available for sale in the respective periods.

It is reviewed in that context whether freely marketable securities cover the accumulated liquidity requirement at all times, even after the occurrence of a scenario. The chart below shows the results of this comparison in the base scenario as at the end of 2013.

Liquidity forecast



For selected scenarios, the Bank also calculates whether the criteria for complying with the LCR as a regulatory metric will still be met after the occurrence of a scenario.

The results of the scenario analyses are presented in the monthly ALCO meetings and to the Management Board if necessary, and are a component of regular risk reports. The design of the scenarios is further developed and optimized on an ongoing basis.

Liquidity was consistently positive throughout the year 2013, not only for the base scenario but also for all stress scenarios used.

Limitation

The liquidity risk in the narrow sense and the intraday liquidity risk is not backed by capital, because they are measured at payment, not at earnings level. To ensure solvency, limits are therefore placed on maximum liquidity gaps in the simulation analysis maturity buckets and warning thresholds are introduced as part of the intraday analysis. The funding liquidity risk is validated on the basis of stress tests and, if material, included in the Risk-Bearing Capacity Concept via a limit buffer. The market liquidity risk is covered in the Risk-Bearing Capacity Concept through the capital charge for market price risk.

Liquidity risk reporting

The Market & Liquidity Risk Management department is responsible for reporting on liquidity risks. The reports are tailored to the significance of the risks, include all important regulatory and internally required contents, and are regularly prepared at daily, weekly, monthly, or quarterly intervals.

The reports are addressed to the full Management Board of ING-DiBa as well as the members of the corre-sponding risk committees, depending on the specific topics addressed. In addition, there is a separate reporting path to ING. The Supervisory Board is normally informed of the liquidity situation by the Management Board on a quarterly basis. The regular reports are supplemented by reports on the results of the scenario analyses and stress tests. The relevant parties are promptly informed in the event of changes in important parameters of risk calculation or relevant influential factors in the market environment as well as during crises (ad hoc reporting).

Monitoring and management of counterparty default risks

Risk definition

The Bank defines counterparty default risk and credit risk as the risk of potential losses, which can arise due to changes in the credit rating, impending illiquidity, or even insolvency of a business partner. Counterparty default risk takes the following forms:

Default and migration risks constitute the risk of a loss due to the non-repayment of capital loaned to the borrower. Losses may also be triggered by changes in the credit rating. This is the traditional credit risk in the retail and commercial banking businesses. In the institutional business, it can be further differentiated as issuer or counterparty credit risk and settlement risk.

Issuer and counterparty credit risk includes potential losses resulting from the default of a contractual partner or the deterioration in their credit rating. It is associated with risks of unrealized gains on executory contracts. This risk is also referred to as replacement risk. It relates to the additional expense of entering into a new contract to replace the lost business.

Settlement risk constitutes the risk that a contractual partner does not fulfill their end of a contract after the Bank has already met its obligations or the compensatory payment is not made in cases where both parties' deliveries are to be offset. Settlement risk can be eliminated if the correct value of the equivalent is acquired in advance from the contractual partner or is to be acquired on the basis of delivery versus payment, or if there is sufficient cover.

Country risks relate to potential losses that arise despite the debtor's solvency and willingness to pay due to overriding government impediments (transfer risk).

Organization

Under its overall responsibility, the full Management Board has defined a basic loan policy for all business activities and also established methods and processes for credit risk management with the corresponding responsibilities and competencies.

The Risk Management department has been given responsibility by the Management Board for managing credit risks for ING-DiBa. It was also given the responsibility for the applied methods and models for identifying, quantifying, and managing the credit risks as well as for the operational limit monitoring and reporting function. In addition, Risk Management formulates the basic rules for dealing with credit risk positions, including specifications for management at the portfolio level, based on the credit risk strategy approved by the full Management Board.

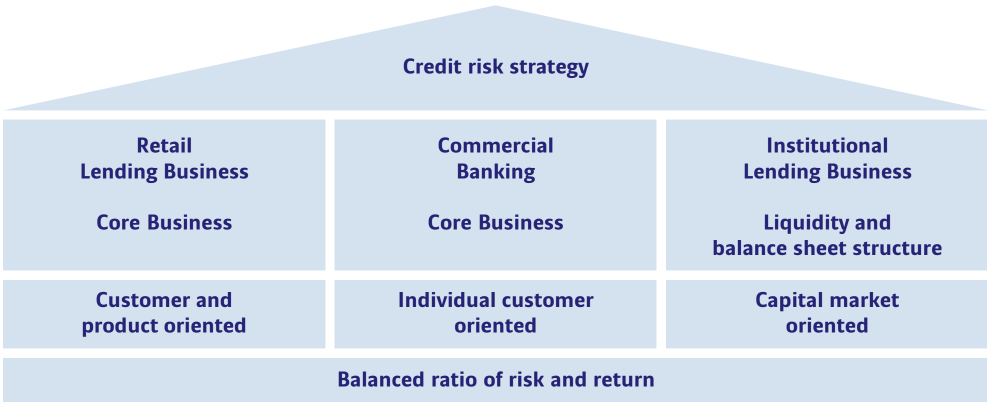
The Management Board has transferred responsibility for the operational management of credit risks resulting from Commercial Banking to the Corporate Credit Risk Management department and the Structured Finance Credit Risk Management, which is located directly in the branch office. Similarly, the Risk Management department in the ING-DiBa Direktbank Austria branch is responsible for the operational management of credit risks.

The functional and hierarchical separation of the business is ensured by the division of responsibilities according to ING-DiBa's organizational chart.

Credit risk strategy

ING-DiBa's credit risk strategy is based on the Bank's basic risk strategy of only incurring risk as necessary to achieve the strategic goals. Accordingly, ING-DiBa's loan policy is designed conservatively. Importance is attached to high product quality and a balanced ratio of returns and risk for all loan transactions. In addition, the Bank practices strict risk selection.

ING-DiBa's credit risk strategy is based on three pillars:



In its core segment of Retail Banking, ING-DiBa concentrates on customers with low, calculable risk domiciled in Germany or Austria. With respect to products, the Bank focuses on simple, understandable loan products. The focus is on consumer loans and on mortgage loans, though the high-volume real estate business forms the exception and is intentionally held at a low level.

The Commercial Banking segment offers its customers a comprehensive range of tailored financing solutions. Commercial Banking's lending business has two divisions. On the one hand, the Bank offers traditional lending and payment transactions in the Corporate Lending and Financial Institutions Lending division. The focus is on companies with investment-grade ratings, in particular large corporates. In addition, ING Group customers (primarily German subsidiaries of companies based in Benelux countries) receive local support.

On the other hand, the Bank offers products in the areas of export financing and specialized lending, as well as specialized financing forms for selected companies in its Structured Finance Products division.

The capital market-oriented institutional business is used for the purposes of the Bank's liquidity management and asset/liability management. For this reason, the guiding principle for the institutional lending business is "security and liquidity before returns". In line with this principle, ING-DiBa has established a restrictive spectrum of permitted counterparties and transactions in the institutional business. For instance, the Bank only enters into transactions denominated in euros. Investments in shares are explicitly forbidden. In addition, no new investments have been made on the market in the ABS/MBS asset class for a number of years. New business in this area is limited to investments in securitizations of Dutch retail mortgage loans granted by ING. The Bank continues to avoid exposures in countries affected by the sovereign debt crisis. Moreover, the existing exposure to these countries has been nearly completely eliminated in recent years.

Operational risk management and risk control

ING-DiBa has implemented various management elements at all levels of credit risk management in order to manage and monitor credit risks. All building blocks of credit risk management represent important measures for implementing the Bank's loan policy.

Management elements of the Bank's credit risk strategy			
Credit risk policy	**Credit risk measurement**	**Credit risk management**	**Credit risk control**
• Strategic specifications • Product policy • Risk appetite & scoring	• IRBA models • EL & risk costs (PBIA & SIA) • UL, RWA	• Credit policies • Processes • Resources • Monitoring/early detection • Portfolio-based management	• Limit monitoring • Reporting

IRBA Internal Ratings-Based Approach; EL: expected loss; UL: unexpected loss; SIA: specific impairment allowance; PBIA: portfolio-based impairment allowance; RWA: risk-weighted assets

Credit risk policy

The Bank's product policy focuses on high-quality products and services for its customers in accordance with ING-DiBa's general strategic orientation and the guidelines for the lending business defined in the credit risk strategy.

According to this principle, product policy in the retail business is geared toward simple, easily understood products that facilitate standardized, scalable processes. For mortgage loans, lending is focused on financing owner-occupied residential units. Other retail lending business includes consumer loans, in particular installment loans and lines of credit in the form of revolving credit and overdraft lines of credit on current accounts.

In order to offer Commercial Banking customers a high degree of service and product quality, product policy in the Commercial Banking segment is focused on comprehensive and individual financing solutions. ING-DiBa strives to win long-term customer loyalty by means of a "multi-product" customer relationship.

The catalog of authorized products is set up conservatively in the institutional business and is concentrated on transparent, plain-vanilla products without share price or foreign currency risks. The focus is on highly liquid investments as defined by the Basel III regulations.

Based on the risk-averse orientation of the Bank, the defined willingness to assume risk (risk appetite) is further substantiated in the specific lending criteria and criteria for setting limits, as well as the approval and authority structures.

Credit risk measurement

ING-DiBa uses the advanced IRB approach (IRBA model according to Basel II/German Solvency Regulation (*Solvabilitätsverordnung*, "*SolvV*")) for risk measurement and assessment. This approach complies with the methodical and procedural/organizational requirements of the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "*BaFin*"). In addition to supporting the loan decision process, the rating results are used in particular to calculate expected and unexpected losses on the Bank's positions exposed to counterparty default risk.

The internal rating models in the retail business were developed in coordination with the Group parent, ING. In the commercial banking and institutional business, ING-DiBa uses the global IRBA models devised centrally by ING for Group-wide implementation. Within the scope of monitoring the ratings system, Risk Management routinely reviews, among other things, the forecast quality, accuracy, and stability of the models, and ensures their functionality and proper application. In addition, the models are independently reviewed on an annual basis by ING's Group-wide model validation unit. In this way, potential changes in the loss history impacting on the functionality of the ratings system can be identified early and adjusted if needed within the scope of the applicable model governance guideline. The Bank's Management Board receives regular information on the functionality of the IRBA models as well as on the results of the ratings performed as part of the management reporting process.

Credit risk management

Policies and processes: Credit policies substantiate the specifications for entering into credit risk positions defined in the Bank's credit risk strategy and regulate all important operational control measures and loan processes. Credit approvals are provided according to an established system of authorities, which acts as a framework within which decision-making individuals or bodies are authorized to approve lending transactions.

The adequate segregation of functions between front office, back office, and risk monitoring in accordance with regulatory requirements (KWG, MaRisk) is essential for loan approval. The majority of ING-DiBa's standardized retail business is not risk-relevant. For real estate loans in the retail business classified as risk-relevant, the loan decision-making authority lies with ING-DiBa's full Management Board. The Bank has established an authority matrix for decision-making powers in the commercial banking lending business based on the riskiness of the transactions. Approval in the institutional business is granted within the scope of the limit system established by the full Management Board.

The strategic principle of efficient processes is taken into account in the entire lending process. The Bank has largely standardized its lending processes in the retail business. Credit approval, processing and process control are heavily automated by integrating the appropriate application controls and approval authorities in the corresponding IT systems.

Risk profile monitoring and early risk identification: In order to identify changes in the risk structures early in the individual portfolios, the Bank regularly conducts loan portfolio analyses and stress test scenarios. These are based on, among other things, advanced IRBA models to determine value at risk or the expected and unexpected losses for portfolios subject to counterparty default risk.

In addition, the approval processes are applied to ensure the risk profile in commercial banking and in the institutional lending business is managed efficiently. They are embedded in ING's Group-wide credit risk management and include both a comprehensive assessment of each customer's financial standing as well as an estimate of the appropriateness of the planned transaction volume. Moreover, industry, market, and rating changes are observed on an ongoing basis. The standard early risk detection measures also include monitoring late interest and capital payments and a number of other indicators. Conspicuous customers with elevated risk are closely monitored on the watch lists for the commercial banking and institutional business.

In addition, the development of the credit spreads is monitored in the institutional business as an enhanced measure for risk monitoring. Stress tests are also carried out periodically for the entire ABS/MBS portfolio in order to obtain early indications of any existing requirement to set aside loan loss provisions.

Collateral management: ING-DiBa places strict requirements on the quality of collateral taken on deposit. For instance, mortgage loans are always secured by means of an enforceable, senior, registered land charge on the property to be financed. Property accepted as collateral must be domestic and used mostly for residential purposes. The valuation for all mortgage loans is based on a conservative approach.

The Bank follows the market fluctuation concept for residential units produced by the German Banking Industry Committee of the Bundesverband deutscher Banken e.V., Berlin, (Association of German Banks). The market fluctuation concept has been recognized by BaFin and the Deutsche Bundesbank as a statistical method under the German Banking Act (Kreditwesengesetz, "KWG"). The Bank uses this method to ensure that significant house price fluctuations are identified during the annual analysis. In addition, ING-DiBa carries out an annual update of the valuation for properties in the credit risk-relevant real estate loan business. The relevant real estate markets are also periodically analyzed.

In commercial banking, especially for major clients with a good financial standing, there is a strong focus on contractually agreed equal treatment of creditors. Guarantee collateral is also very important. Examples include structured export financing, where the economic and political risk is covered by government export credit insurance. A broad base of collateral is used for further structured finance products, e.g., security on the basis of cash flows, the transfer of ownership of fixed and current assets, as well as the assignment of receivables.

The majority of investments in the institutional loan portfolio are covered investments (covered bonds, securities with government guarantees). Generally, pre-settlement transactions (repo and swap transactions) may only be entered into if there is a collateral agreement (high-value securities or cash collateral). Newly concluded swap transactions are settled via a central counterparty.

Credit monitoring and problem loan procedures: ING-DiBa monitors all risk-relevant loan exposures at least annually as part of a comprehensive analysis of a borrower's economic relationships and conducts additional ad hoc analyses as deemed necessary.

As part of customer support, particularly where loans and advances in arrears are concerned, the Bank actively proposes, and the customers avail themselves of, options to adapt payment modalities as part of defined product characteristics in the standardized retail business. The Bank does not offer to adjust interest rates or terms beyond the scope defined in the product catalog.

Non-standard adjustments to terms and conditions and refinancing at non-standard market terms and conditions are offered only for individual Commercial Banking transactions in exceptional cases.

Prior to the date on which the lending commitment is terminated, intensified management of retail loans in arrears is the responsibility of the team specialized in dunning procedures within the mortgage loan and other retail loans product area. Subsequently, the collection desk of the Risk Management department takes over responsibility for the market sale, foreclosure sale, and collection.

If payment interruptions, negative market developments, or industry trends occur in the commercial banking or institutional business, or information is obtained about a borrower's potential financial difficulties, the affected loan exposure is placed on a watch list and closely monitored. Prompt and meaningful reporting to all decision-makers, including the Management Board, is a crucial component of intensified monitoring on the part of the responsible Risk Management department. This ensures that corresponding measures to limit the risk are taken in a timely manner.

Portfolio management: ING-DiBa's goal is to avoid inappropriate concentrations, thereby ensuring an ade-quate capital situation for the Bank at all times. Specific loan granting and product design criteria and approval processes serve as management instruments. A differentiated limit system also contributes to sustaining the defined risk profile both on the level of the individual borrower as well as at the portfolio level. In addition, efficient portfolio management is ensured through periodic monitoring of the risk structures and potential concentrations in the individual loan portfolios both in new as well as existing business.

In order to minimize country risks, ING-DiBa has implemented a country limit system through which all risks associated with international transactions are managed and monitored comprehensively. In order to ensure a low-risk structure of the institutional portfolio, additional country restrictions apply for the institutional business.

Credit risk control

Limit review: ING-DiBa has set up corresponding lines in the limit systems for all approved loans taking the respective term to maturity into account. Compliance with the extended credit lines is monitored daily. In addition, the specific limits at the product or product group level as well as at the country level are periodically subjected to monitoring.

Reporting: The overview of recent changes in the risk structure of the loan portfolios and the results of de-tailed risk analyses are included in periodic reports to the Management Board and the designated committees of ING-DiBa and ING. In addition, the Management Board and managers of the relevant divisions receive information on the development of risk structures of the loan portfolios on a monthly basis and whenever necessary. Reports to the decision-makers also include measures and recommendations for dealing with credit risks.

The monthly credit risk reports are supplemented with the quarterly credit risk report in accordance with MaRisk provided to the full Management Board and the Credit Committee of the Supervisory Board.

Loan portfolio

Unless otherwise specified, all quantitative data referenced in the risk report below is based on nominal values in the same way as ING-DiBa's management reporting.

Please refer to the tables in the section entitled "Additional disclosures under IFRS 7" for a reconciliation of nominal values to carrying amounts.

Structural risk profile

The focus in the core Retail Banking segment lies in particular on the mortgage business. Mortgage loans are available with fixed-interest periods of five, ten, and fifteen years. Property can only serve as collateral if it is located in Germany and exclusively used for residential purposes. The focus in mortgage lending is on standardized retail business. This ensures a high granularity within the mortgage portfolio. The Bank offers consumer loans as additional retail loan products in the form of installment and special-rate loans as well as lines of credit (revolving credit lines). In addition, the Bank's range of products in the retail lending business also includes overdraft facilities on current accounts.

In fiscal year 2013, new mortgage lending business developed in line with expectations. The committed volume was approximately EUR 6.7 billion, and thus was virtually the same as the committed volume of EUR 6.8 billion from the previous year. The risk profile of new business remains at the excellent positive level achieved in previous years. ING-DiBa's existing mortgage portfolio also showed a high degree of stability without structural changes in the risk profile over the course of the year.

Demand for consumer loans was strong in recent fiscal years. This trend persisted in fiscal year 2013. The committed new loan volume increased again by a double-digit figure (12.2 percent; previous year: 29.6 percent) to around EUR 1.6 billion at year-end (previous year: EUR 1.4 billion).

There was continued strong demand for current accounts in 2013. Accordingly, the number of accounts had already increased to over 1 million in early 2013, and was around 1.1 million by the end of the year (previous year: 968 thousand accounts).

The lending business in the Corporate Lending and Financial Institutions Lending sections of Commercial Banking mostly encompasses the financing and provision of tailored financing solutions for reputable German corporate customers and their foreign and domestic subsidiaries. The focus lies in particular on large (investment-grade) corporates in sound financial standing. In addition to traditional loan products for financing investments and working capital, the product range also includes the hedging of customers' payment risks in transactions with selected foreign banks. Individual credit solutions in the area of long-term export financing form one point of focus in Structured Finance, where ING-DiBa strives for the most effective coverage of the financing package possible through government export credit insurance in order to minimize the associated economic and political risks. In addition, in the interest of product and feature diversification, the Bank offers other special forms of finance, such as national and international infrastructure finance. The Commercial Banking segment was further expanded in 2013. The total loan volume climbed by 44.6 percent to EUR 7.1 billion at the end of 2013 (previous year: EUR 4.9 billion).

ING-DiBa's investment policy in the institutional business is primarily aimed at security and liquidity. Pursuing this objective, the Bank is restrictive when establishing the spectrum of permissible transactions and the credit criteria for counterparties, issuers, or issues and does not enter into any trading book positions. The investment focus is on interest-bearing bonds of German development banks as well as on collateralized (i.e., covered) bonds. In addition, the Bank continued in fiscal year 2013 to use the attractive investment opportunities within the Group to facilitate asset/liability management. Intra-Group investments primarily consist of selected fully collateralized RMBS securitizations of ING, based on top-rated asset pools. The sound risk profile of these products is reflected in their Aaa rating. This decision was made against the background of high-quality assets and regular access to data, which enable ING-DiBa to form a comprehensive view of the quality of the investments on a regular basis. Geographically, the institutional business focuses on selected countries of the European Union, with Germany at 45.6 percent (previous year: 41.6 percent) and the Netherlands at 22.4 percent (previous year: 29.4 percent) still accounting for the largest share. Due to the European sovereign debt crisis, ING-DiBa continuously reduced its exposure to Portugal, Italy, Ireland, Greece and Spain over the recent years, and has now eliminated it completely. The exception to this is a Greek GDP warrant which the Bank received in a voluntary exchange of Greek government bonds; the carrying amount of this warrant is less than EUR 1 million. Please refer to the section entitled "Regional breakdown of the loan portfolio" for a detailed presentation of the overall exposure.

In addition to the repo business with selected financial institutions, ING-DiBa is active on the money market providing short-term lendings to German municipalities and municipal enterprises.

In order to ensure that the investment portfolio has a low-risk structure, the product catalog for the institutional business does not provide for any investments in shares or credit derivatives. Derivative financial instruments are used primarily to manage duration. New lines for counterparties and issues are only ever granted if they have a rating of at least A3/A-/A-(Moody's, Standard & Poor's, Fitch). The lowest of all available ratings applies. The entire institutional portfolio continues to have a very positive risk structure with around 74.6 percent attributable to AAA/AA-rated exposures as of the end of the year (previous year: 80.6 percent).

Industry structure of the loan portfolio

The overviews below show the composition of the loan portfolio broken down by sector. The presentation in all tables of the risk report is based on nominal values unless otherwise indicated and includes contingent liabilities entered into in the Commercial Banking segment amounting to EUR 1.4 billion as of December 31, 2013 (previous year: EUR 1.3 billion). The disclosures for the retail business are based on the main lending business recognized in the statement of financial position (mortgage loans, installment loans, lines of credit, current accounts) in Germany. Since the ING-DiBa Direktbank Austria branch's only retail loan product is a selectively marketed installment loan, its lending business is classified as irrelevant from a risk perspective. The ING-DiBa Direktbank Austria branch's installment loan portfolio included loans and advances of EUR 105.6 million as of December 31, 2013 (previous year: EUR 96.5 million).

In addition to the retail loans extended, which are contained in the following overviews as business recognized in the statement of financial position, there are retail lending transactions not recognized in the statement of financial position, consisting primarily of irrevocable mortgage loan commitments not yet drawn down amounting to EUR 3.5 billion as of December 31, 2013 (previous year: EUR 3.7 billion). There are also irrevocable loan commitments in the Commercial Banking segment amounting to EUR 4.5 billion as of December 31, 2013 (previous year: EUR 3.7 billion), which were also not included in the following overviews.

In addition, ING-DiBa has a gradually decreasing amount of legacy mortgage loans to legal entities, amounting to EUR 2.6 million at the end of 2013 (previous year: EUR 7.5 million). Given the inactive business operations of this segment and the immateriality, this portfolio is not the main focus of management decisions and is not classified as risk-relevant.

The above lending business which is categorized as irrelevant in terms of risk is not included in the following tables.

Distribution of the overall portfolio by sector (percentage distribution)

	Retail		Institutional	
	12/31/2013 Percent	12/31/2012 Percent	12/31/2013 Percent	12/31/2012 Percent
Retail customers	100.0	100.0	0.0	0.0
Pfandbriefe/ covered securities (1)	0.0	0.0	27.8	30.1
Governments/ local authorities	0.0	0.0	37.5	36.4
Banks/ financial institutions (unsecured)	0.0	0.0	0.1	0.3
ABS/ MBS (2)	0.0	0.0	18.0	24.4
Repos	0.0	0.0	9.8	2.0
Corporates/ corporate lending	0.0	0.0	1.2	0.1
Structured finance	0.0	0.0	0.0	0.0
Intercompany (ING)	0.0	0.0	5.6	6.7
Total	100.0	100.0	100.0	100.0

	Commercial Banking		Total	
	12/31/2013 Percent	12/31/2012 Percent	12/31/2013 Percent	12/31/2012 Percent
Retail customers	0.0	0.0	55.4	57.8
Pfandbriefe/ covered securities (1)	0.0	0.0	10.7	11.3
Governments/ local authorities	0.0	0.0	14.5	13.7
Banks/ financial institutions (unsecured)	0.0	0.0	0.0	0.1
ABS/ MBS (2)	0.0	0.0	6.9	9.2
Repos	0.0	0.0	3.8	0.7
Corporates/ corporate lending	38.1	48.9	2.8	2.3
Structured finance	59.3	48.1	3.6	2.2
Intercompany (ING)	2.6	3.0	2.3	2.7
Total	100.0	100.0	100.0	100.0

Distribution of the overall portfolio by sector (nominal values)

	Retail		Institutional	
	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m
Retail customers	66,145.5	63,323.5	0.0	0.0
Pfandbriefe/ covered securities [1]	0.0	0.0	12,799.6	12,394.0
Governments/ local authorities	0.0	0.0	17,295.8	15,015.0
Banks/ financial institutions (unsecured)	0.0	0.0	25.0	140.0
ABS/ MBS [2]	0.0	0.0	8,282.3	10,063.6
Repos	0.0	0.0	4,541.3	815.3
Corporates/ corporate lending	0.0	0.0	570.6	50.0
Structured finance	0.0	0.0	0.0	0.0
Intercompany (ING)	0.0	0.0	2,592.7	2,756.3
Total	66,145.5	63,323.5	46,107.3	41,234.2

	Commercial Banking		Total	
	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m
Retail customers	0.0	0.0	66,145.5	63,323.5
Pfandbriefe/ covered securities [1]	0.0	0.0	12,799.6	12,394.0
Governments/ local authorities	0.0	0.0	17,295.8	15,015.0
Banks/ financial institutions (unsecured)	0.0	0.0	25.0	140.0
ABS/ MBS [2]	0.0	0.0	8,282.3	10,063.6
Repos	0.0	0.0	4,541.3	815.3
Corporates/ corporate lending	2,719.8	2,412.0	3,290.4	2,462.0
Structured finance	4,232.7	2,372.4	4,232.7	2,372.4
Intercompany (ING)	182.9	148.8	2,775.6	2,905.1
Total	7,135.4	4,933.2	119,388.2	109,490.9

(1) Covered securities include covered bonds such as Pfandbriefe, cédulas etc. as well as securities covered by government guarantees.
(2) ABS/MBS also include intra-Group securitizations in the amount of EUR 7.0 billion.

Regional breakdown of the loan portfolio

The Bank is exposed to country risks as part of its investment business on the money and capital markets as well as through Commercial Banking's business activities. The retail lending business is not exposed to country risk, since according to the strategic focus, loans are only granted to borrowers residing in Germany.

The regional distribution of ING-DiBa's loan portfolio is as follows:

Risk concentration by geographic area[1]

	12/31/2013 € m	12/31/2013 Percent	12/31/2012 € m	12/31/2012 Percent
Germany	89,373.2	74.9	82,779.1	75.6
EMU	21,063.9	17.6	21,075.3	19.3
Other EU	3,803.6	3.2	2,459.0	2.2
Non-EU	5,147.5	4.3	3,177.5	2.9
Total	119,388.2	100.0	109,490.9	100.0

(1) Presentation based on nominal values, including contingent liabilities entered into in the Commercial Banking segment.

At 74.9 percent, the major portion of the loan portfolio can be attributed to exposures in the German domestic market (previous year: 75.6 percent). An additional 17.6 percent of the overall loan portfolio was attributable to loans and advances to borrowers within the Economic and Monetary Union of the European Union (EMU) as of the end of 2013 (previous year: 19.3 percent). As in the previous year, loans and advances to borrowers in the Netherlands make up the largest share of this loan portfolio at 9.2 percent (previous year: 11.4 percent). The share of the overall exposure to borrowers from the peripheral European countries (Portugal, Italy, Ireland, Greece and Spain) fell slightly by 0.1 percent as of December 31, 2013. The share of the overall loan portfolio with exposures in these countries thus remained small, amounting to 0.9 percent (previous year: 1.0 percent).

Developments in the countries impacted by the debt crisis and current political developments in Russia and Ukraine are very closely monitored and reported to the Management Board and risk committees on an ongoing basis. The Bank has also established special country limits to limit risk in the peripheral European countries. In order to limit the risks associated with Ukraine, the Bank has decided to freeze its exposure to that country at the current low level. In Russia, ING-DiBa focuses primarily on lending business which is backed by government export credit insurance (e.g., Hermes cover).

Credit quality structure of the loan portfolio

For purposes of risk management, the Bank routinely relies on the internal rating used for the capital adequacy requirement. This is based on the issuer rather than the issue rating. Only in the institutional lending business in the area of ABS/MBS investments is the internal rating derived from the external issue rating of the tranche.

Within the ING Group, all internal ratings are plotted on a uniform master scale, which assigns a risk class or a certain probability of default to each ratings result. The risk classes of 1 through 22 are based on the classification by the rating agency Standard & Poor’s, whereby exposures of risk classes 1 through 7 are regarded as low-risk exposures. The risk classes of 8 through 13 are categorized as medium risk; risk is high starting with risk class 14.

The distributions of the credit risk-bearing portfolios over the individual risk classes of the ING master scale provide information about the credit quality structure and thus about the credit quality of the overall portfolio and show ING-DiBa's conservative approach across all business segments.

Credit quality of financial instruments in the retail business that are neither delinquent nor impaired[1]

	Mortgage loans		Other retail loans		Total	
	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m
Low risk	11,434.6	11,442.5	495.9	426.1	11,930.5	11,868.6
Medium risk	48,315.4	46,268.6	3,173.0	2,786.8	51,488.4	49,055.4
High risk	1,189.7	998.5	419.2	388.8	1,608.9	1,387.3
Total	60,939.7	58,709.6	4,088.1	3,601.7	65,027.8	62,311.3

(1) Rating distribution based on internal credit risk classification in terms of the default probability without taking into account any collateral.

Credit quality of financial instruments in the institutional business that are neither delinquent nor im-paired[1, 2]

	Uncovered securities		Covered securities		ABS / MBS	
	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m
Low risk	16,892.6	14,594.4	11,601.6	10,722.0	8,155.1	9,974.4
Medium risk	10.0	165.0	1,073.0	1,503.0	127.2	89.2
High risk	0.6	0.5	125.0	169.0	0.0	0.0
Total	16,903.2	14,759.9	12,799.6	12,394.0	8,282.3	10,063.6

	Repos/lending		Short-term lending to municipalities		Total	
	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m
Low risk	3,692.0	524.3	3,580.9	3,201.4	43,922.2	39,016.5
Medium risk	849.3	291.0	0.0	0.0	2,059.5	2,048.2
High risk	0.0	0.0	0.0	0.0	125.6	169.5
Total	4,541.3	815.3	3,580.9	3,201.4	46,107.3	41,234.2

(1) Rating distribution based on internal credit risk classification in terms of the default probability without taking into account any collateral.

(2) Covered securities include covered bonds such as Pfandbriefe, cédulas etc. as well as securities covered by government guarantees.

Credit quality of financial instruments in the Commercial Banking segment that are neither delinquent nor impaired[1, 2, 3]

	Corporate lending		Structured finance		Total	
	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m
Low risk	979.8	882.3	18.0	30.0	997.8	912.3
Medium risk	1,818.1	1,573.9	4,057.3	2,115.5	5,875.4	3,689.4
High risk	47.4	90.5	146.9	210.6	194.3	301.1
Total	2,845.3	2,546.7	4,222.2	2,356.1	7,067.5	4,902.8

(1) Rating distribution based on internal credit risk classification in terms of the default probability without taking into account any collateral.
(2) Presentation based on nominal values, including contingent liabilities entered into in the Commercial Banking segment.
(3) Corporate lending also includes loans and advances to companies of the ING Group.

Collateralization of the loan portfolio

The tables below provide an overview of the collateral accepted in the retail and commercial banking business for the reporting dates for fiscal years 2013 and 2012. The collateral is divided into three categories for presentation purposes. In addition to real estate pledged as collateral, guarantees, including export credit insurance (e.g., Hermes coverage) are reported. The "Other" category includes all types of collateral that cannot be allocated to either of the other categories.

The institutional business comprises primarily asset classes with product-inherent collateral, such as covered bonds or RMBS. Interest rate swaps, repo transactions and reverse repo transactions are collateralized by up to 99.6 percent.

Collateralization in fiscal year 2013

	12/31/2013 Business volume € m	12/31/2013 Real estate[1] € m	12/31/2013 Guarantees[2] € m	12/31/2013 Other € m	12/31/2013 Total[3] € m
Mortgage loans	61,880.0	93,182.3	0.0	0.0	93,182.3
of which not impaired	61,285.4	92,589.5	0.0	0.0	92,589.5
of which impaired	594.6	592.8	0.0	0.0	592.8
Other retail business	4,265.5	0.0	0.0	0.0	0.0
Commercial Banking	7,135.4	730.9	3,571.2	665.0	4,967.1
of which not impaired	7,067.5	729.2	3,513.2	660.0	4,902.4
of which impaired	67.9	1.7	58.0	5.0	64.7
Total	73,280.9	93,913.2	3,571.2	665.0	98,149.4

Collateralization in fiscal year 2012

	12/31/2012 Business volume € m	12/31/2012 Real estate[1] € m	12/31/2012 Guarantees[2] € m	12/31/2012 Other € m	12/31/2012 Total[3] € m
Mortgage loans	59,567.8	88,946.8	0.0	0.0	88,946.8
of which not impaired	58,981.8	88,365.0	0.0	0.0	88,365.0
of which impaired	586.0	581.8	0.0	0.0	581.8
Other retail business	3,755.7	0.0	0.0	0.0	0.0
Commercial Banking	4,933.2	938.2	1,526.5	284.0	2,748.7
of which not impaired	4,902.8	938.2	1,508.0	279.2	2,725.4
of which impaired	30.4	0.0	18.5	5.0	23.5
Total	68,256.7	89,885.0	1,526.5	284.0	91,695.5

(1) An annual test is performed to establish whether the collateral needs to be remeasured. Loans up to EUR 1.5 million are covered by the regulatory market fluctuation concept. Loans in excess of EUR 1.5 million are tested individually once a year.
(2) Incl. intercompany guarantee of EUR 75 million (previous year: EUR 193 million)
(3) Total of collateral provided. Since some loans may be overcollateralized, the list should not be used for net analysis.

Securitization

With its ABS/MBS portfolio for the Retail Banking core business, the Bank holds comparable assets from other markets (credit substitution business). For strategic reasons, no further new investments are being made in this segment at this time, with the exception of intra-Group transactions. As of December 31, 2013, the ABS/MBS portfolio fell year on year by 2.3 percent to 6.9 percent (previous year: 9.2 percent) of the total loan portfolio and 18.0 percent (previous year: 24.4 percent) of the institutional loan portfolio. The large share of AAA/AA-rated investments of 88.5 percent (previous year: 89.9 percent) reflects a very conservative approach in this segment. Overall, investments in RMBS have by far the highest share (around 94.9 percent). In addition, the Bank holds a small volume of partially government-guaranteed positions in ABS consumer loans (excluding credit card receivables) and auto ABS. The ABS/MBS portfolio only includes one CMBS investment whose share of 0.09 percent of the ABS/MBS portfolio is immaterial, as in the previous year.

While the volume of the securitization portfolio was reduced by approximately EUR 1.8 billion, the risk profile was virtually unchanged in 2013 compared with fiscal year 2012. Intra-Group investments in securitizations were down slightly year-on-year, decreasing by EUR 1.6 billion to EUR 7.0 billion.

Securitization portfolio broken down by rating

	ABS		MBS		Total	
	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m
Low risk	414.8	437.9	7,740.3	9,536.5	8,155.1	9,974.4
Medium risk	0.0	0.0	127.2	89.2	127.2	89.2
High risk	0.0	0.0	0.0	0.0	0.0	0.0
Total	414.8	437.9	7,867.5	9,625.7	8,282.3	10,063.6

	ABS		MBS		Total	
	12/31/2013 Percent	12/31/2012 Percent	12/31/2013 Percent	12/31/2012 Percent	12/31/2013 Percent	12/31/2012 Percent
Low risk	5.0	4.3	93.5	94.8	98.5	99.1
Medium risk	0.0	0.0	1.5	0.9	1.5	0.9
High risk	0.0	0.0	0.0	0.0	0.0	0.0
Total	5.0	4.3	95.0	95.7	100.0	100.0

Securitization portfolio by country

The geographical focus of the securitization portfolio is on European issues which amounted to approximately 94.6 percent as of December 31, 2013 (previous year: 95.0 percent). Due to intra-Group investments, the Netherlands account for the most significant share of 84.5 percent (previous year: 85.6 percent).

The proportion of ABS/MBS investments in periphery countries was again actively reduced in the course of the year.

	ABS		MBS		Total	
	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m
Germany	0.0	0.0	0.0	0.0	0.0	0.0
EMU	0.0	2.6	7,654.2	9,361.4	7,654.2	9,364.0
Other EU	2.8	3.4	176.3	195.9	179.1	199.3
Non-EU	412.0	431.9	37.0	68.4	449.0	500.3
Total	414.8	437.9	7,867.5	9,625.7	8,282.3	10,063.6

	ABS		MBS		Total	
	12/31/2013 Percent	12/31/2012 Percent	12/31/2013 Percent	12/31/2012 Percent	12/31/2013 Percent	12/31/2012 Percent
Germany	0.0	0.0	0.0	0.0	0.0	0.0
EMU	0.0	0.6	97.3	97.3	92.4	93.0
Other EU	0.7	0.8	2.2	2.0	2.2	2.0
Non-EU	99.3	98.6	0.5	0.7	5.4	5.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

In 2008, the Bank issued an RMBS securitization for which it also acted as investor. Accordingly, the transac-tion is not included in the securitization portfolio. It related to the securitization of private mortgages from the ING-DiBa portfolio with a volume of EUR 4.7 billion. The securities issued by the special purpose entity were repurchased by the Bank in full. This transaction was intentionally executed in this form to meet the goal of an additional liquidity buffer of ECB-eligible securities. A potential risk transfer is not the focus of this transaction.

Delinquent loan volume and problem loans

ING-DiBa monitors the overall loan portfolio regularly with regard to delinquencies and arrears. An obligation is generally defined as “delinquent” if the agreed interest and capital repayment is more than one day overdue. If this is the case, the regular dunning process is initiated. In the event of delinquencies of over 90 days, the loans are considered defaulted in terms of the requirements of Basel II/SolvV. The regulatory definition of default serves to distinguish the current portfolio from the default portfolio. Exposures that meet the SolvV criteria for unlikeliness to pay are also considered defaulted.

The tables below show the credit quality of the outstanding loans and advances as of the indicated reporting date at their nominal values, including contingent liabilities entered into in the Commercial Banking segment.

Credit quality of outstanding loans[1, 2]

	Mortgage loans		Other retail loans		Total retail portfolio	
	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m
Neither delinquent nor impaired	60,939.7	58,709.6	4,088.1	3,601.7	65,027.8	62,311.3
Delinquent but not impaired (1 – 89 days)	345.7	272.2	43.7	31.3	389.4	303.5
Impaired	594.6	586.0	133.7	122.7	728.3	708.7
Total	61,880.0	59,567.8	4,265.5	3,755.7	66,145.5	63,323.5

	Institutional portfolio		Commercial Banking		Total	
	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m
Neither delinquent nor impaired	46,107.3	41,234.2	7,067.5	4,902.8	118,202.6	108,448.3
Delinquent but not impaired (1 – 89 days)	0.0	0.0	0.0	0.0	389.4	303.5
Impaired	0.0	0.0	67.9	30.4	796.2	739.1
Total	46,107.3	41,234.2	7,135.4	4,933.2	119,388.2	109,490.9

(1) The impaired exposures shown are presented at nominal values.
(2) The volume of impaired loans and advances reported for Commercial Banking includes exposures of EUR 9.8 million for which no specific impairment allowances have been recognized, because they are sufficiently secured by guarantees from other companies belonging to the ING Group.

The Bank has recognized portfolio-based impairment allowances for all loans and advances that are “neither delinquent nor impaired” or that are “delinquent but not impaired”.

Aging analysis (less than 90 days delinquent, but not impaired): outstanding loans and advances[1]

	Mortgage loans		Other retail loans		Total	
	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m	12/31/2013 € m	12/31/2012 € m
Delinquent 1– 29 days	29.1	12.5	7.5	5.5	36.6	18.0
Delinquent 30– 59 days	250.2	200.3	28.2	20.9	278.4	221.2
Delinquent 60– 89 days	66.4	59.4	8.0	4.9	74.4	64.3
Total	345.7	272.2	43.7	31.3	389.4	303.5

(1) There are no loans and advances in commercial banking and in the institutional business that are less than 90 days delinquent but not impaired.

The ratio of delinquent loans and advances to the total retail portfolio (0.6 percent) is at virtually the same level as in the previous year. As with the current portfolio, no significant concentration of any specific type of credit was observed in the delinquent portfolio segment.

Risk provision

The loan loss provisions in the lending business include portfolio-based impairment allowances and specific impairment allowances. The IRBA models according to Basel II/SolvV are used to calculate loan loss provisions at portfolio level. The amount of the allowance corresponds to the expected loss (EL). In addition, specific impairment allowances are recognized as appropriate to reflect all materialized credit risks. The need for risk provisions is calculated quarterly and approved by the full Management Board.

Development of the risk provision under IFRS

	12/31/2013 € m	12/31/2012 € m
Opening balance	– 505	– 493
Utilization of existing allowances	68	73
Additions to/ reversals of risk provision	– 94	– 85
Other changes	0	0
Closing balance	– 531	– 505

As in previous years, the largest amount of risk provisions occurred in mortgage lending. Risk provisions for impaired loans and advances amounted to EUR 379.9 million as of the end of the fiscal year.

Monitoring and management of operational risks

Risk definition

Operational risk is defined as the risk of financial loss through external influence (criminal acts, natural disasters, etc.) or through internal factors (e.g., failure of IT systems, fraud, human error, faulty processes, structural weaknesses, insufficient monitoring).

At ING-DiBa, operational risk also includes legal risks that result from contractual arrangements or general legal conditions. Legal risks which may have a negative impact on the Bank's future operating results may arise from an unexpectedly customer-friendly interpretation of consumer protection legislation.

Organization

The Risk Management department is responsible for coordinating all activities with regard to management of the operational risk. Its duties essentially include the methodical specifications for identifying, quantifying, and managing operational risks and adequate risk reporting to the ORC as well quarterly reports to ING within the framework of the Non-Financial Risk Dashboard (NFRD). In this function, the Risk Management department works closely with the respective divisions or functional and staff departments.

Management of operational risks also includes ensuring compliance with requirements of the Sarbanes-Oxley Act (SOX 404) and fraud prevention as defined in section 25c of the German Banking Act (Kreditwesengesetz, "KWG").

Contact persons for SOX and fraud are appointed within the relevant departments for this purpose.

The topic of outsourcing services is handled comprehensively in a separate guideline. All instances of out-sourcing within the meaning of the KWG have been subjected to a risk analysis.

Operational risk strategy

Operational risk management is aimed at identifying, analyzing, and assessing all of the Bank's material risks based on a comprehensive and integrated approach. Acceptable and unacceptable risks are differentiated. Risk mitigation strategies must be developed for the unacceptable risks and derived measures implemented in order to reduce the risks to an acceptable level. This ensures that the total of all risks is always covered by the risk-taking capital allocated for this risk type in accordance with the Risk-Bearing Capacity Concept and the Bank's continued existence is ensured.

Operational risk management and risk control

Management of the operational risks is based on the Basel II qualitative requirements, compliance with legal or regulatory provisions and the regulations established within the Group and is aimed at ensuring a high level of information security.

Incident reporting and risk assessments

Operational risk management includes a Company-wide incident reporting system, observation and analysis of key risk indicators (KRI), implementation of risk & control assessments (R&CSAs) in critical divisions and systematic tracking of requirements resulting from internal or external audits (audit findings tracking).

Information security

The high standards for information security are set forth in detailed IS guidelines. Compliance with these guidelines is continuously monitored by the Risk Management department.

Legal security

To safeguard against legal risks, the Bank generally uses standardized basic or master agreements reviewed by the Legal department. Customized individual contractual arrangements are reviewed by the Legal department.

Business Continuity Plan

ING-DiBa has a detailed Business Continuity Plan (BCP) for all three sites in Germany and its ING-DiBa Direktbank Austria branch, which are integrated in a comprehensive Business Continuity Management (BCM) plan.

This plan includes detailed communications plans, instructions, system documentation, and codes of conduct, which ensure the maintenance and restoration of operations in an emergency (system outage, destruction of an office through fire, natural disasters, terrorist attacks, etc.). The BCM and all of its subparts are subject to regular tests (e.g., evacuation drills, power blackout simulations, testing the notification chain, etc.).

The Risk Management department is also responsible for maintenance and lifecycle management of the BCM. The BCP was updated as scheduled during the year under review. The updated plans were subsequently tested and checked for continued applicability.

Risk management at the portfolio level

The Bank manages operational risk at the portfolio level by setting limits under the Risk-Bearing Capacity Concept. The economic capital requirement is determined using the Advanced Measurement Approach (AMA) in accordance with Basel II/SolvV. This risk model was centrally developed by ING. The modeling takes place at the level of ING's business lines and allocations are made to the respective business units using capital and risk-relevant metrics.

An improvement to the AMA model was introduced in 2013. The thoroughly revised model includes in the calculation figures from historical internal loss events, risk costs calculated using risk & control self-assessments and scenario analyses which are specific to ING-DiBa. These data are supplemented by the comprehensive external loss database of the Operational Riskdata eXchange Association (ORX) containing anonymized losses suffered by comparable credit institutions.

Risk situation

Thanks to its conservative strategic risk orientation, the Bank continued to enjoy a positive risk profile overall in fiscal year 2013. ING-DiBa's comfortable risk situation is illustrated by an analysis of its risk-bearing capacity, which reveals a 39 percent utilization of the available risk-taking capital on a going-concern basis as of the end of fiscal year 2013. The Bank's capital reserves are therefore sufficient to guarantee its risk-bearing capacity even in the event of adverse developments.

From a regulatory perspective, ING-DiBa's Tier 1 capital ratio of 16.7 percent underscores its positive overall situation. The Tier 1 ratio is thus significantly higher than the minimum ratio required by regulators. ING-DiBa today already complies with the planned increase in the Tier 1 ratio under Basel III. As of the end of fiscal year 2013, the sum of the capital requirement from the overall risk position and the supplemental capital requirement pursuant to section 339 (5a) SolvV amounting to EUR 4.1 billion was covered by eligible capital amounting to EUR 5.2 billion.

5. Additional Disclosures under IFRS 7

Maximum default risk for each class of financial instrument

	12/31/2013 € m	12/31/2012 € m
Assets from statement of financial position		
Cash reserve	931	683
Loans and advances to banks		
Payable on demand	3,845	4,122
Other loans and advances	6,251	3,215
Loans and advances to customers		
Mortgage loans	62,203	59,986
Consumer loans	4,415	3,895
Public sector loans and other loans and advances	5,928	5,609
Corporate loans	5,270	3,239
Asset-backed securities/mortgage-backed securities	8,111	9,858
Risk provision	– 531	– 505
Adjustment to portfolio fair value hedges	1,991	2,904
Derivatives with positive fair value		
Hedging derivatives	24	134
Other derivatives	34	213
Financial investments		
Available-for-sale	28,170	25,630
Other assets		
Accrued interest on loans and advances to banks	32	59
Accrued interest on AfS financial investments	413	422
Accrued interest on receivables (ABS/ MBS)	62	77
Accrued interest on hedging derivatives	11	54
Accrued interest on other derivatives	29	95
Other	57	65
Maximum default risk for assets in statement of financial position	127,246	119,755
Financial guarantees	330	353
Irrevocable loan commitments	8,014	7,340
Maximum default risk	135,590	127,448

Since fiscal year 2013, derivatives have increasingly been settled via a central counterparty. This has resulted in an offsetting requirement in the statement of financial position (see note 26).

Reconciliation of IFRS carrying amounts to risk report

	Descriptions from risk report	12/31/2013 IFRS carrying amounts € m	12/31/2013 Risk report nominal amounts € m
Assets from statement of financial position			
Cash reserve		931	
Payable on demand		3,845	
	Corporate lending		114
Other loans and advances		6,251	
	Reverse repo		4,541
	Uncovered securities[1]		315
	Covered securities[1]		555
	Corporate lending		8
	Structured finance		80
Loans and advances to banks		10,096	5,613
Mortgage loans	Mortgage loans	62,203	61,880
Consumer loans	Other retail loans	4,415	4,266
Public sector loans, other loans and advances		5,928	
	Short-term lending to municipalities		3,581
	Uncovered securities		2,280
	Corporate lending		0
	Structured finance		116
Corporate loans		5,270	
	Corporate lending		1,521
	Structured finance		3,892
Asset-backed securities (ABS)/mortgage-backed securities (MBS)	ABS/MBS	8,111	8,194
Risk provision		– 531	
Loans and advances to customers		85,396	85,730
Adjustment to portfolio fair value hedges		1,991	
Hedging derivatives		24	
Other derivatives		34	
	Uncovered securities		1
Derivatives with positive fair value		58	1

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Continued	Descriptions from risk report	12/31/2013 IFRS carrying amounts € m	12/31/2013 Risk report nominal amounts € m
Assets from statement of financial position			
Available-for-sale		28,170	
	Uncovered securities		14,307
	Covered securities		12,245
	ABS/ MBS		88
Financial investments		28,170	26,640
Accrued interest on loans and advances to banks		32	
Accrued interest on AfS financial investments		413	
Accrued interest on receivables from customers (ABS/ MBS)		62	
Accrued interest on hedging derivatives		11	
Accrued interest on other derivatives		29	
Other		57	
Other assets		604	
Maximum default risk for assets in statement of financial position		127,246	117,984
Guarantees and letters of credit		0	
	Corporate lending		967
	Structured finance		98
Financial guarantees		330	
	Corporate lending		292
	Structured finance		47
Gesamt		127,576	119,388

(1) This item includes collateralized and uncollateralized loans against borrower's notes.

	Descriptions from risk report	12/31/2012 IFRS carrying amounts € m	12/31/2012 Risk report nominal amounts € m
Assets from statement of financial position			
Cash reserve		683	
Payable on demand		4,122	
	Corporate lending		37
Other loans and advances		3,215	
	Reverse repo		815
	Uncovered securities[1]		726
	Covered securities[1]		555
	Corporate lending		2
	Structured finance		138
Loans and advances to banks		7,337	2,273
Mortgage loans	Mortgage loans	59,986	59,568
Consumer loans	Other retail loans	3,895	3,756
Public sector loans, other loans and advances		5,609	
	Short-term lending to municipalities		3,201
	Uncovered securities		2,366
	Corporate lending		0
	Structured finance		49
Corporate loans		3,239	
	Corporate lending		1,359
	Structured finance		2,075
Asset-backed securities (ABS)/mortgage-backed securities (MBS)	ABS/ MBS	9,858	9,976
Risk provision		– 505	
Loans and advances to customers		82,082	82,350
Adjustment to portfolio fair value hedges		2,904	
Hedging derivatives		134	
Other derivatives		213	
	Uncovered securities		1
Derivatives with positive fair value		347	1

continued on next page

Continued	Descriptions from risk report	12/31/2012 IFRS carrying amounts € m	12/31/2012 Risk report nominal amounts € m
Assets from statement of financial position			
Available-for-sale		25,630	
	Uncovered securities		11,668
	Covered securities		11,839
	ABS/ MBS		88
Financial investments		25,630	23,595
Accrued interest on loans and advances to banks		59	
Accrued interest on AfS financial investments		422	
Accrued interest on receivables from customers (ABS/ MBS)		77	
Accrued interest on hedging derivatives		54	
Accrued interest on other derivatives		95	
Other		65	
Other assets		772	
Maximum default risk for assets in statement of financial position		119,755	108,219
Guarantees and letters of credit		0	
	Corporate lending		948
	Structured finance		80
Financial guarantees		353	
	Corporate lending		214
	Structured finance		30
Gesamt		120,108	109,491

(1) This item includes collateralized and uncollateralized loans against borrower's notes.

6. Internal Control System for Accounting

Goal of the internal control and risk management system

In preparing the annual financial statements for publication, the highest priority is given to dependable compliance with the generally accepted accounting principles. In doing so, all regulatory and legal requirements relevant for ING-DiBa must be followed. The internal control and risk management system for accounting (ICS Ac) assists in achieving this objective. Risks arise through misstatements in financial reporting. For this reason, processes in the preparation of financial statements are backed with appropriate controls.

Risks associated with accounting

Because of unintended errors or fraudulent actions, financial statements may suggest a view of the net assets, financial position, and results of operations that does not represent a true and fair view. This is the case when data or disclosures in the notes included in the financial statements differ materially from proper disclosure. Variances are considered material when they can influence economic decisions made on the basis of these financial statements by recipients of the financial statements. Under certain circumstances, these risks are associated with legal sanctions, such as the intervention of banking authorities. In addition to this, investor trust may be unfavorably affected, as can the Bank's reputation. Therefore, the goal of the ICS Ac established by the management of ING-DiBa is to avoid these main risks. Such a system can offer reasonable assurance that errors in financial statements can be avoided to the greatest extent possible. In this regard, however, there is no absolute assurance.

General conditions for ICS Ac

In designing the control system, the Bank relies on the framework for internal control systems of the Committee of Sponsoring Organizations of the Treadway Commission, which is intended to help improve the quality of financial reporting through ethical actions, effective internal controls, and good management.

Control objectives for accounting are the

- existence and accuracy of assets and liabilities recognized and transactions reported
- completeness of transactions and account balances reported in the financial statements
- measurement at the applicable values for assets, liabilities, and transactions
- consideration only in the case of existing beneficial ownership
- presentation and reporting in accordance with statutory requirements
- protection of assets

The principles of efficiency were considered in establishing the ICS Ac. Specifically, this means that the benefits of controls on one hand and the cost aspect on the other hand were balanced responsibly. As with all processes and systems, by nature, absolute assurance cannot be guaranteed for the identification and avoidance of errors in accounting despite the greatest care.

Organization of the ICS Ac

In addition to the single-entity financial statements in accordance with HGB, ING-DiBa also prepares consolidated financial statements in accordance with IFRSs. In doing so, the Bank takes into account the applicable commercial laws and German Accounting Standards (GAS). The Bank manages the Group using a management accounting system based on the IFRS accounting figures. The full Management Board is responsible for the organization and improvement of the ICS Ac. The Accounting department is responsible for the application of proper accounting in all financial statements in accordance with national and international accounting standards. The Accounting department also carries out the reconciliation of funds for customer securities transactions.

International Accounting is responsible for reporting to the ING Group and preparing ING-DiBa's consolidated financial statements including all financial information (IFRS notes). The separate financial statements for the companies are aggregated, and the necessary consolidation steps are executed. Intra-Group transactions are eliminated and the proper implementation and approval of adjusting processes is monitored.

Certain activities in connection with accounting are conducted in other functions and departments:

- Risk Management calculates the risk provision for counterparty default risk in the lending business. It provides relevant information on the default risk for the risk report. Operational Risk Management assesses operational risk under the Advanced Measurement Approach (AMA) in accordance with Basel II.

- Market & Liquidity Risk Management provides important information for market risk (interest rate risk) and liquidity risk for presentation in the risk report.

- Management Accounting/Procurement is responsible for the analysis of the operating result from a management perspective, based on the IFRS accounting figures. Treasury is responsible for asset/liability management with respect to liquidity management. All proprietary trading transactions falling under the scope of MaRisk are processed and monitored by the Total Quality Management department. The Personnel department provides data necessary for calculating provisions for pensions and other personnel-related provisions.

- The Legal department manages pending litigation and determines the claim value for calculating provisions for the statement of financial position. Corporate Communications provides certain information for the consolidated financial statements and coordinates the preparation and design of financial reports.

The Supervisory Board's Audit Committee is responsible for receiving and processing complaints from employees, shareholders, and third parties. Complaints about accounting and other accounting-related issues can be submitted anonymously. In this way, employees are given the opportunity to report violations of internal guidelines without the fear of repercussions. Consequently, the whistleblower principle applies here.

The ICS Ac includes many internal controls and processes intended to minimize the risk of errors in the financial statements. The processes and tasks, authorities, responsibilities, controls, and communication channels associated with these are clearly defined and coordinated.

The framework for the ICS Ac is documented in the Bank's organizational handbook. This handbook also contains the guidelines and work directives for the entire Company. These are also accessible via the intranet. The guidelines and work directives are regularly reviewed to ensure they are accurate and up to date. Likewise, the controls for compliance with the internal set of regulations and requirements for the segregation of functions are reviewed on a regular basis.

Uniform work directives and guidelines exist for ING-DiBa's Accounting department. In addition, exact job descriptions and authorizations exist for the individual activities. The question of adequate substitutes in the event of employee absences is also addressed. Detailed accounting requirements ensure proper accounting for business transactions. In addition, ING-DiBa's IFRS accounting is aligned with the ING Group accounting manual for exercising options. Detailed schedules are published during the preparation of the annual financial statements. Changes to the accounting guidelines are communicated in a timely manner. Specialized training prepares the employees for upcoming changes in national and international accounting.

Business transactions are recorded centrally by Accounting and also on a decentralized basis in the functional departments. Entries are made in accordance with the principle of dual control. In addition, ING-DiBa conducts system-integrated, automatic controls in the form of control sums, check digits, or plausibility checks. Many controls and reconciliations are carried out in Accounting in order to ensure the accuracy and consistency of the different data sources with the general ledger, national accounting, reporting, and Group accounting.

The process of issuing and administering user access is automated and centrally organized. Applications for access are collected electronically by the system in the functional departments and released by the respective manager after review. The IT department is responsible for the technical access calibration and administration. For Accounting, there are different access profiles. In this way, tiered read and write access can be granted for the systems and subsystems needed for accounting.

The Corporate Audit Services department supports the Management Board by assessing the ICS Ac and providing recommendations. In this way, it contributes to ensuring the compliance of accounting.

7. Report on Opportunities and Expected Developments

Expected general economic conditions

The eurozone showed its first signs of lasting stabilization over the course of the fiscal year. Yet while economists expect growth rates in Germany and Austria to be significantly above-average in the EU again in 2014, the crisis-plagued countries of the south will only experience a halting recovery. The European Commission in Brussels recently lowered its 2014 eurozone growth forecast to 1.1 percent. Growth would be considerably lower in the European Union were it not for the momentum provided by Germany and Austria. The European Commission forecasts 12.2 percent unemployment in the eurozone countries in 2014. In addition, public debt in the eurozone is expected to increase slightly in 2014 – from 95 percent of gross domestic product (GDP) in 2013 to just under 96 percent in 2014. Nonetheless, the European Commission is increasingly optimistic, and expects a positive trend for subsequent years.

Germany is expected to remain an economic engine within the eurozone. Forecasts for 2014 published at the end of the fiscal year varied between GDP growth of 1.6 percent (German Council of Economic Experts) and 1.7 percent (German federal government and European Commission). The European Commission assumes that unemployment in Germany will continue to ease slightly in 2014. The unemployment rate could fall to 5.3 percent in 2014 and 5.1 percent in 2015. This potential for growth may be inhibited by a shortage of skilled labor in various sectors.

The outlook for Austria appeared brighter at the turn of 2013/2014 as well. The Business Cycle Survey pub-lished by the Austrian Institute of Economic Research (WIFO) in November 2013 pointed to a slow recovery in industrial production, as did the recent expansion of production capacities. This may contribute to a gradual stabilization of the labor market in the course of the coming months, although unemployment is not expected to show any noteworthy decrease until 2015. The National Bank of Austria expects the country to see 1.5 percent GDP growth in 2014.

At the turn of 2013/2014, most economists expected extremely low interest rates to persist in Europe, the US and Japan, particularly as there are no recognizable inflation risks at present.

Expected business, earnings and financial situation

Virtually all forecasts for the year 2014 are based on the assumption of continued macroeconomic stability in Germany and the markets relevant to the German economy. In view of the shortage of profitable, crisis-proof capital investments and the continued low percentage of private residential property in Germany, the Bank anticipates a persistent, albeit somewhat weaker, real estate boom. This would have a positive impact on the development of the mortgage lending business and thus also on net interest income, although a continued drop in interest rates may negatively affect the profit margin in this segment. However, ING-DiBa expects interest rates to remain generally stable over the course of the current fiscal year. As with private consumer sentiment, the real estate sector is similarly influenced by economic factors such as unemployment, increasing costs of living and increases in taxes and duties. Although the Bank does not expect any significant changes here, a negative development of those components could be detrimental to sectors within the banking industry. Against the backdrop of this expected development, lending business volume is expected to increase slightly. Savings deposit growth is markedly influenced by interest rates, with any further interest rate cuts having a detrimental effect, although lower interest rates would stimulate demand for consumer loans.

In this difficult environment for savers, ING-DiBa seeks to continue offering its customers stable savings products at fair conditions in 2014. Although many segments generated new record earnings in 2013, the Bank assumes that growth in the retail business will remain constant year on year.

The Bank expects volumes in the Retail Customer Assets segment to again grow at the same pace as in the previous year. Given the persistently very low interest rates, it is a challenge to generate significant growth in savings products – particularly in light of the fact that ING-DiBa is exposed to fierce competition in this area. Nonetheless, the Bank is expecting a slightly positive trend.

Against the backdrop of the extremely good development of the financial markets during the fiscal year, the Bank assumes demand will continue to grow for equities and equity funds, among other products. ING-DiBa expects the securities account volume and number of orders in the securities services business to again experience constant growth. The Bank also expects steady growth for its “current account” product.

Following a very successful 2013, the Bank intends to continue to expand its Commercial Banking business. It aims to match the strong growth in business volume in 2013 again in 2014.

ING-DiBa expects to increase its profit before tax for fiscal year 2014 by approximately nine percent. This growth will result predominantly from a moderate volume-based increase in net interest income combined with a lesser increase in administrative expenses. The Bank expects the pre-tax MA result to increase in line with the profit before tax to EUR 757 million and the cost-income ratio to remain steady at 46 percent. The increase in business volume is expected to be around six percent in 2014. In view of the Bank's growth and the increase in regulatory capital requirements, the Bank plans to strengthen its equity base.

Despite the challenges facing banks as a result of developments affecting the economic and capital market environment, ING-DiBa's Management Board intends to again achieve a business performance based on solid growth in 2014 with its 8,063,495 customers and 3,357 employees.

Consolidated financial statement

Consolidated statement of financial position

		12/31/2013 € m	12/31/2012 € m
Assets			
Cash reserve	1	931	683
Loans and advances to banks	2	10,096	7,337
Loans and advances to customers	3	85,396	82,082
Adjustment to portfolio fair value hedges	4	1,991	2,904
Financial investments	5	28,170	25,630
Derivatives with positive fair value	6	58	347
Investment property	7	12	12
Property and equipment	8	45	43
Intangible assets	9	11	21
Income tax assets	10	0	5
Deferred tax assets	11	1	1
Other assets	12	627	785
Total assets		127,338	119,850
Equity and liabilities			
EQUITY			
Subscribed capital		100	100
Reserves		6,128	5,965
Non-controlling interests		0	0
Equity	13	6,228	6,065
LIABILITIES			
Securitized liabilities	14	1,231	1,195
Deposits from banks	15	9,958	8,632
Due to customers	16	107,332	98,530
Derivatives with negative fair value	17	1,426	3,926
Income tax liabilities	18	0	9
Deferred tax liabilities	19	81	208
Non-current provisions	20	109	128
Other liabilities	21	973	1,157
Total equity and liabilities		127,338	119,850

Prior-year figures adjusted. Please refer to section j) under "Significant accounting policies" for further information.

Consolidated income statement

		2013 € m	2012 € m
Interest income		2,850	2,976
Interest expense		– 1,442	– 1,794
Net interest income	33	1,408	1,182
Commission income		181	150
Commission expense		– 111	– 105
Net commission income	34	70	45
Net gains/losses on measurement of derivatives and hedged items	35	– 44	22
Other net gains/losses on financial investments and investment property	36	1	– 42
Other income and expenses	37	9	– 15
Total income		1,444	1,192
Risk provision	38	– 89	– 83
Personnel expenses	39	– 265	– 230
Other administrative expenses	40	– 399	– 393
Total expenses		– 753	– 706
Profit before tax		691	486
Income tax	41	– 217	– 161
Profit after tax		474	325
attributable to non-controlling interests		0	0
attributable to owners of the parent		474	325

Consolidated statement of comprehensive income

		2013 Amount before tax € m	2013 Income tax € m	2013 Amount after tax € m
Profit (carried forward)		691	217	474
Other comprehensive income				
Items that, in accordance with other IFRS, will not be reclassified subsequently to profit or loss				
Remeasurements of Group-occupied property	8, 13	3	1	2
Remeasurement gains/losses related to defined benefit plans	13, 20	9	3	6
Other comprehensive income from items that, in accordance with other IFRS, will not be reclassified subsequently to profit or loss		12	4	8
Items that are, in accordance with other IFRS, eligible for subsequent reclassification to profit or loss				
Impairment losses	5, 13	0	0	0
Realized gains/ losses transferred to profit or loss	5, 13	0	0	0
Remeasurements of available-for-sale financial investments	5, 13	– 279	– 89	– 190
Changes in cash flow hedge reserve	13, 23	– 9	– 3	– 6
Other comprehensive income from items that are, in accordance with other IFRS, eligible for subsequent reclassification to profit or loss		– 288	– 92	– 196
Consolidated other comprehensive income		– 276	– 88	– 188
Total comprehensive income		415	129	286
attributable to non-controlling interests				0
attributable to owners of the parent				286

		2012 Amount before tax € m	2012 Income tax € m	2012 Amount after tax € m
Profit (carried forward)		486	161	325
Other comprehensive income				
Items that, in accordance with other IFRS, will not be reclassified subsequently to profit or loss				
Remeasurement gains/losses related to defined benefit plans	13, 20	− 44	− 14	− 30
Other comprehensive income from items that, in accordance with other IFRS, will not be reclassified subsequently to profit or loss		− 44	− 14	− 30
Items that are, in accordance with other IFRS, eligible for subsequent reclassification to profit or loss				
Impairment losses	5, 13	0	0	0
Realized gains/ losses transferred to profit or loss	5, 13	9	3	6
Remeasurements of available-for-sale financial investments	5, 13	681	218	463
Changes in cash flow hedge reserve	13, 23	− 11	− 4	− 7
Other comprehensive income from items that are, in accordance with other IFRS, eligible for subsequent reclassification to profit or loss		679	217	462
Consolidated other comprehensive income		635	203	432
Total comprehensive income		1,121	364	757
attributable to non-controlling interests				0
attributable to owners of the parent				757

Consolidated statement of changes in equity

	2013 Subscribed capital € m	2013 Other reserves € m	2013 Total € m
Consolidated equity as of Jan. 1	100	5,965	6,065
Remeasurement of available-for-sale financial investments after tax	0	– 190	– 190
Realized gains/losses transferred to profit or loss	0	0	0
Changes in the cash flow hedge reserve after tax	0	– 6	– 6
Remeasurement gains/ losses related to defined benefit plans	0	6	6
Other remeasurements	0	2	2
Consolidated other comprehensive income	0	– 188	– 188
Subtotal	100	5,777	5,877
Other changes	0	2	2
Profit transfer	0	– 372	– 372
Contribution from tax group (push-down method)	0	247	247
Profit after tax	0	474	474
Consolidated equity as of Dec. 31	100	6,128	6,228

	2012 Subscribed capital € m	2012 Other reserves € m	2012 Total € m
Consolidated equity as of Jan. 1	100	5,352	5,452
Remeasurement of available-for-sale financial investments after tax	0	463	463
Realized gains/losses transferred to profit or loss	0	6	6
Changes in the cash flow hedge reserve after tax	0	– 7	– 7
Remeasurement gains/ losses related to defined benefit plans	0	– 30	– 30
Other remeasurements	0	0	0
Consolidated other comprehensive income	0	432	432
Subtotal	100	5,784	5,884
Other changes	0	2	2
Profit transfer	0	– 311	– 311
Contribution from tax group (push-down method)	0	165	165
Profit after tax	0	325	325
Consolidated equity as of Dec. 31	100	5,965	6,065

For detailed disclosures on the equity accounts, refer to note 13.

The revaluation reserve is included in reserves in this summary. Note 13 reports on changes in the revaluation reserve.

Consolidated statement of cash flows

	2013 € m	2012 € m
Profit before tax	691	486
Non-cash items included in profit before tax and reconciliation to cash flow from operating activities		
Depreciation and write-downs of property and equipment, write-downs of loans and advances, financial investments and intangible assets, and reversals of impairment losses on these items	122	113
Increase/ decrease in provisions	11	10
Gains/ losses on disposal of financial investments and property and equipment	0	42
Other non-cash items of total comprehensive income	285	− 20
Subtotal	1,109	631
Cash changes in operating assets and liabilities		
Loans and advances to banks	− 3,036	− 684
Loans and advances to customers	− 4,776	− 7,406
Other operating assets	102	39
Deposits from banks	479	538
Due to customers	8,802	7,670
Other operating liabilities	− 103	39
Net cash flows from operating activities	2,577	827
Investing activities		
Proceeds from		
Disposal of financial investments	59	2,731
Maturity of financial investments	3,316	1,518
Proceeds from		
Disposal of property and equipment	1	0
Payments for investments in		
Financial investments	− 6,534	− 6,742
Property and equipment	− 14	− 8
Intangible assets	− 5	− 8
Net cash flows from investing activities	− 3,177	− 2,509

continued on next page

Continued	2013 € m	2012 € m
Financing activities		
Issuance of securitized liabilities	35	697
Profit transfer	– 311	– 394
Net cash flows from financing activities	– 276	303
Net cash flow	– 876	– 1,379
Effects of exchange rate changes	1	1
Cash and cash equivalents at start of period	4,498	5,876
Cash and cash equivalents at end of period	3,623	4,498
The cash flows from operating activities include		
Interest received	2,767	4,207
Interest paid	1,523	– 2,735
Cash and cash equivalents include		
Cash reserve	931	683
Loans and advances to banks, payable on demand	3,845	4,122
Deposits from banks, payable on demand	– 1,153	– 307
Cash and cash equivalents at end of period	3,623	4,498

Beginning in 2013, all accrued interest liabilities are reported under the “Other liabilities” line item.

The statement of cash flows is explained in note 43.

Notes to the IFRS consolidated financial statements

General information

ING-DiBa AG is a German stock corporation (Aktiengesellschaft) with activities in the banking sector.

Its business is primarily focused on direct banking with retail customers (retail business) and on financing business customers.

ING-DiBa AG is domiciled at Theodor-Heuss-Allee 2, 60486 Frankfurt am Main. The Company is registered under HRB 7727 in the commercial register at the Local Court of Frankfurt am Main.

The Company operates a branch in Vienna, Austria, trading as ING-DiBa Direktbank Austria. An additional branch, established in fiscal year 2011 and domiciled in Frankfurt am Main, is responsible for continuing the business activities of the former German branch of ING Bank N.V. That branch trades under the name ING Bank, a branch of ING-DiBa AG.

ING-DiBa AG's operation in Germany has offices in Frankfurt am Main, Nuremberg, and Hanover.

ING-DiBa AG is the parent company of a subgroup. All companies in the subgroup are domiciled in Germany. The activities of the subsidiaries are focused on property and asset management; none of them operates banking business. One company is a special purpose entity created to securitize ING-DiBa AG's mortgage loans (note 30).

ING-DiBa AG's share capital was completely held by ING Deutschland GmbH, Frankfurt am Main, at the end of the reporting period. The annual financial statements of ING-DiBa AG are included in the consolidated financial statements of ING Groep N.V., Amsterdam.

The share capital of ING-DiBa AG is not listed on the stock exchange.

The Management Board approved these consolidated financial statements on April 22, 2014 and sent them to the Supervisory Board.

Where these Notes use the term “consolidated financial statements”, they – in relation to ING Groep N.V. –refer to the consolidated financial statements of the ING- DiBa subgroup. This applies accordingly to all parts of the subgroup’s consolidated financial statements and the term “consolidated subgroup”. The consolidated financial statements of other consolidated groups and other consolidated groups themselves will be identified as such. To distinguish the subgroup’s management report clearly from the management report for the single entity ING-DiBa AG, the subgroup’s management report will be referred to as “Group management report”.

In fiscal year 2011, ING- DiBa issued its first mortgage bond on the market (*Pfandbrief*; ISIN DE 00A1KRJA0; see note 14) and thus acquired the status of a capital-market-oriented company under German commercial law. The Pfandbrief program has been continued since then.

These consolidated financial statements for the fiscal year ended December 31, 2013 were prepared on the basis of article 4 of Regulation (EC) No. 1606/2002 dated July 19, 2002 in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union. In addition, the commercial law provisions in accordance with section 315a (1) HGB in conjunction with article 57 no. 1 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, “EGHGB”) were also applied.

The consolidated financial statements comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows.

They also include the notes to the consolidated financial statements. In addition, this report also contains a report on operating segments and the Group management report required under German commercial law.

The risk report in accordance with IFRS 7.31-42 is largely integrated into Group management report (see Group management report: Risk report).

The consolidated financial statements are presented in euros. Unless otherwise indicated, all figures are shown in millions of euros (€ m).

Where information is presented in tabular format, negative signs are only used if the caption name does not clearly indicate an amount to be deducted.

The comparative period is the 2012 fiscal year; the comparative reporting date is December 31, 2012. If retrospective adjustments have to be made in accordance with IAS 8, the opening date of the comparative year is January 1, 2012.

Significant accounting policies

a) Group structure

The Group structure did not change compared with the previous year.

b) Consolidation

Basis of consolidation

There have been no changes to the basis of consolidation since the previous year. A more detailed description can be found under note 30.

Consolidation methods

In accordance with IAS 27.24, the consolidated financial statements of ING-DiBa AG have been prepared in accordance with uniform Group accounting policies.

Acquisition accounting uses the acquisition method in accordance with IAS 27.18 in conjunction with IFRS 3.4 et seq.

The acquisition method is based on the fictitious concept that all identifiable assets and liabilities of the entity to be consolidated are acquired separately. The cost of an acquisition is offset against the proportionate equity of the entity to be consolidated, determined as of the date of acquisition, when it is first consolidated and at identical values at the end of each subsequent reporting period in the context of subsequent consolidations.

Intra-Group balances, transactions, and profits are eliminated. Business relations between entities included in consolidation and any resulting receivables and liabilities as well as expenses and income are eliminated as part of consolidation accounting.

December 31, 2013 is the reporting date for the financial statements of all entities included in consolidation.

c) Basis of presentation

The consolidated financial statements of ING-DiBa AG have been prepared on a going concern basis. Income and expenses are ratably recognized in the income statement in the period to which they relate (matching principle).

Recognition, measurement, and reporting policies are applied consistently.

IFRS accounting requires the Company's management to make estimates and exercise judgments that affect the recognition and measurement of assets and liabilities and of expenses and income. These estimates and judgments are supported by such data and empirical values that are useful in the given context. Similar to the background information used, they are subject to continuous review.

The notes to the consolidated statement of financial position and to the consolidated income statement and statement of comprehensive income report the respective methods used. Reference is made to any significant effect management judgment may have on the presentation of the net assets, financial position and results of operations.

d) Financial instruments

Financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

In these financial statements, financial instruments are recognized in particular in the following accounts:

- Cash reserve
- Loans and advances to banks
- Loans and advances to customers
- Financial investments
- Derivatives with positive fair value
- Securitized liabilities
- Deposits from banks
- Due to customers
- Derivatives with negative fair value

Date of recognition

Financial instruments in the available-for-sale (AfS) category and derivatives are recognized in the statement of financial position on the trade date. Financial instruments in the loans and receivables (LaR) measurement category and non-derivative financial liabilities are recognized as of the settlement date.

Derecognition

In principle, a financial asset is derecognized when the right to receive cash flows from the respective financial asset has expired or substantially all risks and rewards from the asset have been transferred.

If substantially all risks and rewards of ownership of the financial asset are neither retained nor transferred, the asset is derecognized if the Group has lost the ability to exert control over the asset.

However, if the Group retains control even after transfer, the financial instrument is recognized to the extent the Group has retained control (recognition in the amount of the continuing involvement). Please see note 25 for specific details.

A financial liability is only derecognized if the contractual obligations have been met, revoked, or have expired.

Offsetting

Financial instruments are offset in accordance with IAS 32.42 (rev. 2003) if a legally enforceable right to do so exists and if the entity has the intention to settle on a net basis or to simultaneously realize the relevant asset and settle the associated liability.

If derivatives, repo, or reverse repo transactions are traded through central clearing houses, legal enforceability in the respective jurisdiction is also a key criterion.

The Group applies offsetting of financial instruments mainly to those derivative instruments which are settled via a central counterparty and with respect to which the Group has both a right to offset those instruments as well as the intention to settle on a net basis or to simultaneously realize the relevant asset and settle the associated liability.

In addition to items for which offsetting is required in the statement of financial position, ING- DiBa reports master netting and similar agreements in note 26.

Initial recognition

Financial instruments are initially recognized at their fair values. Fair value is defined as the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date. It usually corresponds to the fair value of the consideration upon initial recognition, referred to as the transaction price. In the case of financial instruments that do not belong to the "at fair value through profit or loss" (FVTPL) category, transaction costs as defined in IAS 39.AG13 are also included.

Classification and subsequent measurement of financial assets

The subsequent measurement of financial assets depends on the category to which they have been assigned. IAS 39.9 specifies these as

- Financial assets at fair value through profit or loss (FVTPL),
- Held-to-maturity (HtM) investments,
- Loans and receivables (LaR),
- Available-for-sale (AfS) financial assets.

Financial assets at fair value through profit or loss (FVTPL)

Financial instruments in the FVTPL category are subsequently measured at their fair values. Any changes in fair value are immediately recognized through profit or loss.

This category has the "held for trading" and "fair value option" subcategories.

The "held for trading" subcategory only contains derivatives not accounted for under the special hedge accounting rules of IAS 39. ING- DiBa does not hold any financial instruments for trading as defined in IAS 39.9, Definition of four categories of financial instruments, letter a items (i) and (ii).

The “fair value option” possible under IAS 39, which allows instruments to be allocated to the FVTPL category under certain conditions, was not exercised during the periods under review.

This means that the group of financial instruments measured at fair value through profit or loss is made up exclusively of derivatives not designated as hedging instruments.

The resulting measurement gains or losses are included in the “net gains/losses on measurement of derivatives and hedged items” caption (note 35), as is the associated interest income and expense.

The respective derivatives are reported under “Derivatives with positive fair value” (note 6) or “Derivatives with negative fair value” (note 17).

Held-to-maturity (HtM) investments

In June 2012, all securities in the “held-to-maturity” category were reclassified to the “available-for-sale” category in accordance with IAS 39.9. There will therefore be no new allocations to the HtM category up to and including December 31, 2014.

Loans and receivables (LaR)

ING- DiBa generally assigns non-derivative financial assets that have fixed or determinable claims for payment but are not traded in an active market to the “loans and receivables” category.

They are subsequently measured at amortized cost, calculated using the effective interest method, less any necessary impairment allowances.

The interest income is allocated to the period in which it accrues; it is recognized under net interest income (note 33). The “loans and receivables” category includes in particular balances with central banks under the “cash reserve” (note 1), “loans and advances to banks” (note 2), and “loans and advances to customers” (note 3).

Where the instruments have been allocated to the “available for sale” (AfS) category, which is also possible, this is shown in the notes to the individual accounts.

Available-for-sale (AfS) financial assets

The “available-for-sale” category primarily contains debt instruments not assigned to any of the above categories as well as financial instruments reclassified from the “held-to-maturity” category in fiscal year 2012. AfS financial assets are presented in the “financial investments” account (note 5).

AfS financial instruments are in all cases initially recognized at fair value and subsequent changes in fair value are taken directly to equity. The measurement gains or losses are recognized in the revaluation reserve until the asset is derecognized or an impairment allowance has to be recognized. The revaluation reserve is part of equity.

Note 13 provides information on changes in the revaluation reserve.

As soon as AfS financial instruments are derecognized or written down for impairment, the changes in fair value accumulated up to then in the revaluation reserve are assigned to "other gains/losses on financial investments and investment property" (note 36).

The interest income is allocated to the period in which it accrues; it is recognized in the Bank's net interest income.

In addition, ING-DiBa AG holds a limited number of immaterial equity investments, which are not relevant for the net assets, financial position, and results of operations. These equity instruments are treated as financial investments and are allocated to the "available-for-sale" (AfS) category in accordance with IAS 39. The shares are not held for trading. To the extent these equity investments are not listed and it is not possible to reliably measure their fair value, they are recognized at cost (note 5).

Dividends from AfS equity investments are recognized under "other gains/losses on financial investments and investment property" (note 36).

Reclassifications

In fiscal year 2012, Spanish government bonds were sold, which had been allocated to the "held-to-maturity" measurement category in accordance with the initial intention to hold them. As a result, the entire HtM portfolio was cleared in June 2012. The financial instruments concerned were transferred to the "available-for-sale" category at their fair values at the time of reclassification.

The disposal, which had been made because of the credit risks induced by the general economic conditions, led not only to the entire portfolio being reclassified, but also to a penalty under IAS 39.9. As a result, the Bank will not allocate any instruments to the "held-to-maturity" category up to and including December 31, 2014.

No reclassifications were made in fiscal year 2013.

Financial liabilities

After initial recognition at their fair values, ING- DiBa carries all financial liabilities at amortized cost. The fair value option is not exercised in this case either.

Liabilities are only measured at their fair values through profit or loss where derivatives are accounted for without using hedge accounting.

In ING-DiBa 's consolidated financial statements, the financial liabilities subsequently measured at amortized cost are reported under "securitized liabilities" (note 14), "deposits from banks" (note 15), "due to customers" (note 16), and "other liabilities" (note 21).

Valuation techniques

Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants in the primary or most advantageous market at the measurement date.

For the measurement of fair value, prices and relevant observable inputs are used as much as possible, and unobservable inputs as little as possible.

If a publicly quoted market price is available from an active market for identical assets or liabilities, this is the best objective indication of fair value at the measurement date. If no price can be observed for the identical asset or for the identical liability, fair value is determined either by using quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or by using other measurement inputs. In the latter case, fair value is determined on the basis of these observable measurement inputs using discounted cash flow techniques based on the income approach. If neither quoted prices nor observable measurement inputs are available, Company-internal assumptions are used to determine fair value.

Note 32 provides comments on the methods used. Details of the impact of applying IFRS 13 can be found in section j) v in this chapter.

The Bank measures financial instruments in relation to individual transactions and does not measure fair value at the portfolio level.

Amortized cost and effective interest method

Amortized cost is the amount at which a financial asset or financial liability is initially recognized, minus principal repayments and any impairment losses, and plus or minus the cumulative amortization, calculated using the effective interest method, of any difference between the initial amount and the maturity amount. The effective interest method is used to allocate interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts all expected future cash flows to the current net carrying amount of the financial instrument through the expected life of this instrument, taking into account all relevant transaction costs, fees, premiums and discounts.

Currency translation

ING-DiBa AG's foreign currency transactions relate primarily to monetary items.

Foreign currency transactions are initially recognized in the functional currency, the euro, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The Bank uses the European Central Bank's middle exchange rate for this purpose.

The date of a transaction is the date on which the transaction first qualifies for recognition in accordance with IFRS (trade or settlement date).

In subsequent periods, foreign currency monetary items are translated using the closing rate. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are generally recognized in profit or loss in the period in which they arise. The exchange rates applicable to the underlying transactions are used to translate foreign currency revenues and expenses.

Currency translation gains and losses are a component of "other income and expenses" (note 37).

Risk provision and impairment

Impairment is recognized if there are objective indications that the contractual cash flows can no longer be generated in the manner agreed.

Allowances for losses on loans and advances as part of risk provision in the lending business are based on an incurred loss model, implying that the cause of the impairment, the loss event, must have occurred before the reporting date.

This results in a two-level impairment process:

First, the existence of objective indications of impairment has to be investigated. Then it has to be established whether an allowance should be recognized and in what amount.

The requirement to recognize an allowance for losses on loans and advances is established for individually significant loans and advances and for groups of loans and advances of lesser significance. Individually significant loans and advances are tested for impairment on a one-by-one basis. If the objective evidence of impairment is not related to the individual, separately significant financial assets, they are combined in portfolios with those loans and advances that are individually immaterial and are subject to a similar risk profile. The whole group is then tested for impairment collectively. Loans and advances of lesser significance are generally subject to portfolio testing. Financial assets for which individual allowances have to be recognized are not subject to collectively assessed allowances.

To the extent it is not necessary to recognize allowances for significant individual loans, they are combined in portfolios and subjected to a further impairment test at that level. If transactions do not feature similar risk characteristics, they must not be combined into a portfolio. If the need arises to recognize an allowance on a significant individual loan, it is removed from the portfolio and a specific valuation allowance is recognized.

An allowance has to be recognized for a financial asset or group of assets if objective indications point to future events after initial recognition that threaten to negatively affect the future cash flows from the respective financial instruments. It must be possible to estimate the future impact sufficiently reliably.

Indications of a need to recognize an allowance in relation to individual financial assets or a group of assets may include the following:

- There is an increased probability that the counterparty will become insolvent or start financial reconstruction proceedings.

- There is already delay or default on interest or principal payments.

- The counterparty is in considerable financial difficulties, which may negatively impact future cash flows.

- Based on experience and current data, there are clear indications that part of a group of financial assets is substantively impaired, although it is too soon for the internal risk management system to capture these impairment triggers with respect to individual assets.

By contrast, events expected to occur only in the future are no basis for impairment.

In the case of impairment, loans and advances classified as "LaR" must be reported in such a way that the difference between the carrying amount and present value of the expected future cash flows, discounted using the original effective interest rate, accurately reflects the risk provision expense.

The basis for determining the amount of the impairment allowance to be recognized is firstly the contractually agreed cash flows and secondly the defaults normally expected, based on experience, for similarly structured products. The amounts determined on the basis of experience are reviewed with the help of observable current data to eliminate the effects of factors and conditions relating to previous periods.

To determine the amount of impairment allowance to be recognized on a portfolio basis, financial instruments with similar risk structures are combined. In this process, the risk profile provides information on the current counterparty default risk, and thus on the probability with which the counterparty will be able to generate the contractually agreed cash flows. The portfolio analysis includes a period analysis of the default probabilities, which takes into account the intervening period that has to be considered between the occurrence of the impairment trigger and its detection by the risk management system. This method ensures that impairment triggers that have already occurred but not yet been identified are adequately reflected in the risk provision.

Allowances for losses on loans and advances to customers are deducted from assets. In the case of uncollectible loans and advances, allowances are generally derecognized against the carrying amount of impaired financial assets. Loans and advances are usually deemed uncollectible if no payment has been received in the past twelve months, there is no expectation that there will be a change in solvency, the assets held as collateral have been liquidated and enforcement measures have been taken, the borrower has submitted an affidavit and a valuation allowance has been recognized in respect of the full loan and/or advance. Consumer loans are generally written off prior to the expiry of twelve months if the borrower is deceased and it was not possible to identify a successor or the successors have relinquished their inheritance. Recoveries on loans and advances previously written off are recognized in the income statement.

Debit and credit card receivables are written down directly following a detailed investigation into a loss event. The amount written down is the residual of the loss, less the customer's liability and any potential insurance settlement.

The allowances for losses on loans and advances to customers are disclosed in notes 3 and 38. No material allowances on loans and advances to banks had to be recognized in the periods under review.

If the need to recognize an impairment allowance relates to an AfS financial investment, the accumulated losses recognized directly in equity are derecognized from the revaluation reserve and released to profit and loss.

If AfS equity instruments which are not listed on a stock exchange are recognized at cost because it is not possible to reliably measure their fair value, the amount of a necessary impairment is calculated as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, which are discounted using the current market rate of return on a comparable financial asset. No such impairments were recognized in fiscal years 2012 and 2013.

Where AfS equity instruments are measured at fair value, an impairment loss is recognized, if there is a significant or permanent reduction in fair value.

The two-level impairment process (test for indications of impairment and calculation of required impairment) is also applied to foreign currency assets. The required impairment is calculated as follows: First the asset is measured in the foreign currency. Next, the foreign currency amount is translated into the functional currency. On the one hand, the amount requiring impairment is calculated and on the other, it is verified whether a currency-related impairment has occurred in connection with a permanent devaluation of the currency.

Derivative financial instruments

Derivative financial instruments are used exclusively for risk management and duration control.

Primarily simply structured OTC interest rate swaps were entered into in the periods under review. An insignificant amount of currency forwards were used in the corporate customer business to hedge exchange rate fluctuations prior to December 31, 2012. Hedge accounting was not applied to them.

Derivative financial instruments are initially recognized at fair value at the trade date. They are subsequently also measured at their fair values.

All derivative financial instruments are carried at their fair values and reported as positive or negative fair values. Changes in fair value, with the exception of those in relation to the effective portion of cash flow hedges, are immediately recognized in profit or loss.

As OTC transactions, the derivatives are subject to the market-based mark-to-model measurement of level 2 of the fair value determination described below (note 32).

These financial instruments are reported at their clean price (i.e., excluding accrued interest) under derivatives with positive or negative fair value, as appropriate (notes 6 and 17). Accrued interest is included in “Other assets” (note 12) or “Other liabilities” (note 21).

The interest income and expense relating to other derivatives is reported under net gains/losses on measurement of derivatives and hedged items (note 35).

Embedded derivatives

An embedded derivative is a component of a structured financial instrument that, in addition to the derivative, also includes a non-derivative host contract. There were no structured financial instruments that had to be recognized separately in the periods under review.

Hedge accounting

To effectively hedge against interest rate risk, ING- DiBa makes specific use of simply structured interest rate swaps, which hedge changes in the fair value of hedged items and fluctuations in their future cash flows with offsetting cash flows.

The Bank accounts for hedges using hedge accounting for both fair value and cash flow hedges.

The hedging strategy is subject to strict documentation requirements. When designating a hedging relationship, the related hedged items and hedging instruments, the risk to be hedged, and the risk management strategy are documented.

An important part of hedge accounting permitted for use in the financial statements is to successfully measure effectiveness, which is done both ex ante and ex post. The hedges must be highly effective in accordance with the specified hedging strategy. To be permitted for inclusion in the financial statements, hedge effectiveness must be in a range of between 80 and 125 percent.

The hedged items continue to be reported under the respective captions in the statement of financial position, because the nature and function of the hedged item are not affected by the hedging relationship. Note 24 shows the derivatives broken down by type of hedge. Since the hedging derivatives serve to hedge against interest rate risks in the lending business, the interest expense on the hedging derivatives is reported together with interest income on the hedged item within the “interest income” item (note 33) to the extent the hedge meets the requirements for effectiveness. In the event the hedge is ineffective, the fair value change in the derivatives and the related interest are reported in “net gains/losses on measurement of derivatives and hedged items” (note 35).

Fair value hedge accounting

Through fair value hedging, the Bank hedges (portions of) recognized assets and liabilities against changes in their fair values if they are due to interest rate risk. Hedged items may be individual items (micro fair value hedging) or consist of entire portfolios (portfolio fair value hedging).

ING- DiBa hedges transactions from the following measurement categories (hedged items):

- Financial instruments in the LaR category
- Financial instruments in the AfS category

Hedging instruments are measured at fair value and any changes in fair value are recognized through profit or loss. The carrying amounts of the hedged items are also adjusted for fair value changes through profit or loss if they are attributable to the hedged risk (hedge adjustments).

For hedges which are 100% effective, the net effect of this process is to offset changes in value attributable to the hedged risk.

If only a portion of the risk exposure of the hedged item is hedged, the unhedged portion is accounted for according to the policies that otherwise apply to this hedged item. If the hedged item is an AfS financial instrument, the difference between the total change in fair value and the change in fair value attributable to the hedged risk is recognized directly in the revaluation reserve under equity. The AfS financial instrument is reported at full fair value.

Fair value hedging of interest rate risks is performed for both individual items (micro fair value hedging) and for portfolios (portfolio fair value hedging). In the case of the latter, individual items of the portfolio are not designated as items to be hedged. The effectiveness tests are conducted on the basis of assigned maturity bands. The amount to be hedged and the hedging instruments are designated in each case for the duration of a hedging period. Under micro hedging, changes in the fair value of the hedged items which are attributable to the hedged risks are allocated to the individual assets as a fair value adjustment. Under fair value portfolio hedging, fair value adjustments are recognized separately in the statement of financial position under “adjustment to portfolio fair value hedges” (note 4).

If a fair value hedge is terminated before the hedging instrument matures, the risk-related adjustments to fair value included in the carrying amount of the hedged debt instrument are amortized over the remaining maturity of the hedged item. If hedged items are sold, the fair value adjustments are taken into account immediately when determining the net income from the sale. Individual transactions on which allowances have been recognized are no longer included in hedge accounting.

Cash flow hedge accounting

A cash flow hedge hedges recognized assets and liabilities against future variability in cash flows that affects profit or loss. ING- DiBa uses interest rate swaps for cash flow hedging to convert variablerate items into fixed-rate items, thus hedging against interest-driven variability in cash flows.

As part of this process, the hedged items continue to be measured according to their classification according to IAS 39.9.

The hedging instruments are recognized at their fair values. The portion of the fair value changes of the hedged items that is effective in relation to the hedged risk is recognized directly in the revaluation reserve for cash flow hedges under equity (notes 13 and 24). Hedge ineffectiveness is the quantification of the difference between the accumulated changes in the fair value of the hedge derivative used and the changes in the fair value of a hypothetically perfect hedge. If the cash flow hedge is not 100% effective, but falls within the effectiveness range required by IAS 39, the amount recognized in the equity account is the lower of the accumulated changes in the fair value of the hedging instruments and the hedged cash flows.

If a hedged transaction is no longer expected to occur, the amounts are released to the income statement immediately.

If instruments to hedge interest-driven cash flow variability are terminated early, the amounts recognized in equity are amortized as interest income over the remaining maturity of the original hedge.

For more information on hedge accounting, see notes 24 and 35.

Repo and reverse repo transactions

Because of the risks and rewards of ownership, securities that are part of repo transactions remain in ING-DiBa 's statement of financial position (note 25). The corresponding liabilities are reported as deposits from banks, depending on the counterparty (note 15).

Because of the risk distribution, securities purchased under reverse repo transactions are not recognized in the statement of financial position. The receivables from reverse repo transactions are reported under loans and advances to banks (note 2) or under loans and advances to customers (note 3), likewise depending on the counterparty.

For detailed information on repo and reverse repo transactions, refer to note 26.

Financial guarantees

In accordance with IAS 39.9, a financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognized by the guarantor at fair value. If the financial guarantee was issued to an unrelated party in an arm's length transaction, its fair value at inception is generally equal to the premium received. The subsequent measurement of guarantees by the guarantor must be based on the higher of the amount determined in accordance with IAS 37 and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18. If the premium is not paid at inception but rather over the term of the guarantee, ING- DiBa presents it on a net basis, with the present value of the premium offset against the present value of the obligation arising from the financial guarantee.

If the probability of a payment under a financial guarantee issued is greater than 50 percent, a provision is recognized.

Financial guarantees are both issued and received in the course of corporate customer financing activities. There are usually contingent assets in this event which, in accordance with IAS 37.31, may not be recognized.

Classes of financial instruments under IFRS 7

IFRS 7 requires certain disclosures to be presented by class of financial instrument. They are related to the nature of the information disclosed, which means that different classes may be formed for the respective disclosures. Financial instruments in the same class have significant characteristics in common.

Financial instruments are classified by captions on the statement of financial position. Where necessary, captions are further subdivided by measurement categories. Wherever appropriate, individual items are aggregated or further broken down under line items in the statement of financial position. The cash reserve, financial guarantees, irrevocable loan commitments and derivatives used as hedges are presented as classes of their own.

e) Other items

Investment property

"Investment property" refers to land and buildings leased to third parties. It also includes bail-out purchases, although the Bank only holds a very small number of such properties. No property or equipment was reassigned from or to Group-occupied property and equipment in the fiscal years under review.

Investment property is measured at cost plus transaction costs on initial recognition. Subsequent expenditure, incurred at a later date, that increases the potential future economic benefits of the property beyond the original extent is also recognized as part of cost. Refurbishment work, on the other hand, is classified as maintenance expense.

Investment property is subsequently measured at fair value through profit or loss. Fair value is determined when there are objective indications of a change in value, but at least every three years, by independent external experts.

Given the lack of comparability in the market, the external experts generally use the income capitalization approach, under which the value is determined on the basis of discounted cash flows. In this process, the deemed rental income is estimated and in addition normal expected market rents and costs are taken into account. Moreover, it takes into account possible vacancies and other eligible losses of rental income as well as the annual return on land value. The amounts calculated in this way are discounted using a market interest rate that takes into account the special attributes of the property, such as its type and location. It is assumed that the current use represents the highest and best use.

Group-occupied property and equipment

“Property and equipment” (note 8) comprises Group-occupied land and buildings as well as operating and office equipment, which includes in particular IT and telecommunication systems and office equipment.

Property and equipment is initially recognized at cost at the date that marks the transfer of beneficial ownership.

Group-occupied land and buildings are measured using the revaluation method. At regular intervals of up to three years, and when there are objective indications of a change in value, such as through construction work, reports are prepared by independent external experts who determine fair value using the income capitalization approach. This method is the same as that explained under “Investment property” above and is therefore also subject to the same type of estimates and management judgment. It is assumed that the current use represents the highest and best use.

Operating and office equipment is subsequently measured at depreciated cost. The carrying amounts are subject to straight-line depreciation over the useful lives of the assets. The IFRS component approach requires individual components to be depreciated over their individual useful lives, irrespective of whether their uses and functions are related.

Intangible assets

Intangible assets relate almost exclusively to software and software licenses.

They are eligible for recognition in the statement of financial position if they meet all of the following criteria: they are identifiable, they can be measured reliably, they are expected to lead to future economic benefits, and the entity has control over this resource.

ING- DiBa has both purchased and internally generated intangible assets. They are initially recognized at cost and subsequently measured at amortized cost. Useful lives of three years are normally assumed for software. Intangible assets are amortized pro rata temporis. Amortization expense is included in “Other administrative expenses” in the notes to the consolidated income statement (note 40).

Impairment of property and equipment and intangible assets

Once each asset has been depreciated or amortized, including a review of the method and useful life applied, each component must be tested for impairment as of the end of the respective reporting period. Indications of impairment are, for example, if

- the market value of an asset has declined significantly more than would be expected as a result of normal use;
- significant changes with an adverse effect on the entity have taken place or will take place in the technological, market, economic, or legal environment;
- market interest rates that affect the discount rate used in calculating an asset's value in use have increased and thus decrease the asset's recoverable amount materially as defined in the IFRS;
- there is substantial evidence of obsolescence or physical damage of an asset; or
- as a result of internal restructuring the asset is no longer suitable for generating benefits for the entity in the same way as before or evidence is available that the economic performance of the asset is worse than expected.

If there are indications of impairment, the recoverable amount is determined and compared with the carrying amount. If the carrying amount exceeds the recoverable amount, an impairment loss must be recognized. The recoverable amount is defined as the higher of the asset's fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, including disposal proceeds. The rate used for discounting is the market interest rate before tax that reflects the interest effect and the specific risks of the asset. If the recoverable amount cannot be determined for the individual asset, an impairment test has to be performed at the level of the next higher cash generating unit.

There were no indications of impairment of investment properties, Group-occupied properties, operating and office equipment, and intangible assets in the periods under review.

Tax items

A profit and loss transfer agreement in accordance with section 291 (1) of the German Stock Corporation Act (*Aktiengesetz*, “AktG”) is in place between ING-DiBa AG and ING Deutschland GmbH. This agreement forms the basis for a tax group for corporate income tax and trade tax purposes. Under this arrangement, ING- DiBa is a tax group subsidiary and ING Deutschland GmbH is the tax group parent.

In accordance with the principle of substance over form, both the current and deferred income taxes are disclosed in the IFRS consolidated financial statements by the entity responsible, ING-DiBa AG. In this area, for which IFRS does not provide any guidance, ING- DiBa thus follows the interpretation of ASC 740 (US GAAP).

Under the push-down method, corresponding deferred tax assets and liabilities are presented for the deferred income taxes.

The current income taxes paid by the tax group parent are presented as a capital contribution by the tax group parent under other reserves.

As a separate taxable entity, the ING- DiBa Direktbank Austria branch is subject to Austrian tax law.

The “tax assets” (note 10) and “tax liabilities” (note 18) items comprise current tax assets and liabilities for the current and previous fiscal years.

Future, and therefore deferred, tax effects arising from changes in carrying amounts are reported under “deferred tax assets” (note 11) and “deferred tax liabilities” (note 19). The deferred tax effect is estimated on the basis of temporary differences between the tax base and the carrying amount in the IFRS statement of financial position, to which the operation’s particular average tax rate is applied.

Depending on the treatment of the underlying item, deferred taxes are taken directly to the respective equity account or recognized in profit or loss. If they are recognized in profit or loss, they are reported under “income tax” (note 41) in the income statement.

Deferred tax assets and deferred tax liabilities are netted if the Bank has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority for the same taxable entity or if they relate to different taxable entities which have the intention, for every future period in which they expect to settle or realize considerable amounts of deferred tax liabilities and deferred tax assets, to either settle the current tax liability and refund claims on a net basis or to simultaneously settle the obligations and realize the refund claims. These financial statements contain a retrospective correction of errors in this context (see section j) "Early application of standards, changes in estimates and accounting policies, errors, adjustments and comparability").

Other assets

The "other assets" account (note 12) is used for accrued interest, accruals, and other assets.

Accrued interest relates primarily to the presentation of interest on financial investments and derivatives in the period to which it relates. It is determined on the basis of the effective interest method.

The other trade receivables and accruals included in this item are normally reported at their nominal values, which correspond to their fair values because the timings are close.

Provisions

Pension provisions (note 20) are recognized according to the projected unit credit method for defined benefit pension plans.

Some of the pension plans are backed by plan assets.

Fair value changes resulting from actuarial gains or losses and from differences between the actual return on plan assets and the previously expected return on plan assets are recognized immediately in other comprehensive income.

The interest rate used for calculating the pension provisions and the expected return on plan assets is based on the interest rate for prime-rated corporate bonds with matching currencies and maturities.

Actuarial reports are used to measure pension provisions as well as provisions for long-service bonuses and partial retirement (note 20).

The partial retirement commitments are essentially individual arrangements. ING- DiBa accounts for these on a "first in-first out" basis. The aggregate top-up benefits constitute a related benefit component and the provision is reduced as these top-up benefits are paid out. This benefit component is allocated on a straight-line basis to the individual periods of the accrual period. The liability is determined at the end of each reporting period in the accrual period by adding to the provision the top-up benefits which are to be paid out first. Accrued but not yet vested liabilities are deemed to be vested by a certain reporting date for accounting purposes.

In addition to personnel provisions, there is a small amount of non-current provisions (note 20).

The amount provided for is based on the best estimate of the settlement amount. Provisions are only dis-counted, using interest rates for items with matching maturities applicable as of the end of the reporting period, if the interest effect is material. Interest cost from the unwinding of the discount is in such cases reported under net interest income (note 33). The interest effect is immaterial in the periods under review, which means that no interest cost was added back to other non-current provisions.

Other liabilities

"Other liabilities" (note 21) include primarily accrued interest on deposits from banks, amounts due to customers, derivatives and other financial liabilities, allocated over the relevant periods.

Other components of this item are primarily short-term deferred income and accrued administrative expenses. Since the interest effect is immaterial, these items are generally recognized at their nominal values.

f) Contingent liabilities

Contingent liabilities within the meaning of IAS 37 are reported off the statement of financial position, in the notes to the IFRS financial statements (note 27). They arise on the one hand as possible obligations whose existence has not yet been confirmed, for which the likelihood of realization is estimated to be below 50 percent or for which the amount cannot be estimated with sufficient reliability. The estimated settlement amounts are disclosed in the notes. They normally correspond to the nominal amounts. Contingent liabilities relate primarily to irrevocable loan commitments, guarantees and letters of credit.

g) Items in the consolidated income statement

Net interest income

Interest income and expense (note 33) is recognized in profit or loss for the period on an accrual basis. For loans and advances on which impairment allowances have been recognized, the discount applied to arrive at the present value as of the end of the subsequent reporting period is unwound through interest income.

Other interest income and expense also includes net interest income from derivatives in effective hedging relationships.

Net interest income also includes amortization of the fair value adjustments related to the hedged risk, which are included in the carrying amount of the hedged items, over the remaining term of the hedged items in fair value hedge relationships. Fair value changes related to pull-to-par effects of hedging derivatives are also reported under net interest income.

Net commission income

Fee and commission income is generally recognized at the time the service is provided.

Fees for payment transaction services between banks are recognized as commission income and expense.

Net commission income is explained in note 34.

Net gains/losses on measurement of derivatives and hedged items

The net gains/losses on measurement of derivatives and hedged items (note 35) include the changes in fair value from the measurement of derivatives (whether or not they are designated as hedges) as well as of hedged items, to the extent this is not attributable to pull-to-par effects from hedging derivatives. In addition, this item includes interest income and expense related to derivatives not used in hedging relationships.

In fair value hedges, the interest-driven changes in the fair values of the hedging instruments and the interest-driven changes in the fair values of the hedged items that relate to the hedged risk are recognized in profit or loss, respectively.

In the case of derivatives used in cash flow hedges, the ineffective portion of the amount of change is recognized in profit or loss.

Income is recognized in the period in which it is earned.

h) Additional information

Leasing obligations

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. The determination as to whether an arrangement is or includes a lease must be based on the substance of the arrangement, and requires an assessment as to whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset. The assessment of whether an arrangement contains a lease shall be made at the inception of the arrangement, being the earlier of the date of the arrangement and the date of commitment by the parties to the principal terms of the arrangement, on the basis of all of the facts and circumstances. In the event of a change in the contractual terms of an arrangement which go beyond a renewal or extension of the arrangement, the lease must be reassessed. The same applies whenever there is a change in the determination of whether fulfillment is dependent on a specified asset or if there is a substantial change to the asset. A reassessment must also be made if a renewal option is exercised or an extension is agreed to by the parties to the arrangement, unless the term of the renewal or extension had initially been included in the lease term. A renewal or extension of the arrangement that does not include modification of any of the terms in the original arrangement before the end of the term of the original arrangement shall be evaluated in accordance with IFRIC 4.6-9 only with respect to the renewal or extension period.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Legal title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

ING-DiBa AG generally only operates as a lessee. All leases are classified as operating leases. The useful lives of the leased assets, market price assumptions, and discount rates are subject to management judgment. Lease installments are recognized under other administrative expenses. Note 29 provides a summary of expected future lease installments.

i) Material estimates and uses of judgment

Estimates and judgment used in fair value measurement of financial instruments

The fair value measurement in accordance with IFRS 13 is to be based on a notional sale or transfer in the primary market or, if no primary market can be identified, in the most advantageous market for the financial instrument concerned. Both the identification of the primary market and the determination of the most advantageous market are subject to estimates and judgments as well as to the transfer notion per se.

If models are used, the quality of the available price information has to be assessed. If the prices are based on orderly transactions, they are representative of fair value and have to be taken into account, but less weight should be placed on non-binding price indications, which are not representative of fair value. The quality decision may require judgment in specific cases.

Estimates and judgments are also required to determine credit risk in financial assets and financial liabilities.

The measurement of financial guarantees issued requires the use of judgment and estimates.

Plausibility checks are performed to ensure that the measurements lead to reasonable fair values and have the appropriate effect on the operating profit or loss.

Estimates and judgment used to determine risk provision and impairment

The measurement of impairment allowances requires a considerable amount of assessments that management has to make in relation to, among other things, the overall portfolio risk, current market developments, and experience gathered in past periods. Over time, these assessments may be subject to change and require the impairment allowance to be adjusted.

Both determining that there is an impairment trigger and measuring the allowance are subject to judgment, and any changes in decisions based on such judgment may have a significant impact on individual cases. For example, the decision primarily reflects assumptions about the financial standing of the contracting party, expected future cash flows, and achievable net selling prices.

The future cash flows of a portfolio of financial instruments that are collectively assessed for impairment are estimated firstly on the basis of the contractual cash flows and secondly on the basis of experience regarding the performance of portfolios with comparable credit risks. The amounts based on past experience are in turn adjusted for conditions that are no longer applicable and brought up to date by using observable market data.

To keep to a minimum any variances between impairment allowances recognized and the losses actually incurred, the method and parameters are subject to regular review.

Other material estimates and uses of judgment

The measurement of investment property at the price that independent market participants would agree for a sale in the normal course of business at the measurement date requires considerable estimates and judgments, which have a direct impact on the income statement when there are any changes.

Estimates and management judgment are required to determine useful lives and to allocate depreciation charges for equipment and Group-occupied property between accounting periods. Any changes in decisions based on estimates and management judgment can have an impact on the income statement and thus on operating profit or loss.

Like the useful lives applied and the choice of the straightline method of amortization, the cost of intangible assets is subject to estimates and management judgment in line with their specific operational use.

Even ING-DiBa 's decisions not to recognize impairment losses on property and equipment and intangible assets are based on estimates and management judgment, and changes in such decisions could have an impact on the presentation of net assets, financial position, and results of operations.

Decisions based on judgment also include estimates relating to deferred tax effects. This is estimated on the basis of temporary differences between the tax base and the carrying amount in the IFRS statement of financial position, to which the operation's particular average tax rate is applied.

The actuarial calculations for personnel provisions make use of parameters based on judgment.

For other provisions and contingent liabilities not recognized in the statement of financial position, estimates and judgment-based decisions relate in particular to probabilities and settlement amounts.

j) Early application of standards, changes in estimates and accounting policies, errors, adjustments and comparability

i) Early application of standards

No standards were applied early.

ii) Disclosures relating to changes in estimates

As of January 1, 2013, in the context of applying IFRS 13 (Fair Value Measurement) for the first time, there was a change in estimates made regarding the fair values of loans and advances to customers and banks as well as to amounts due to customers and banks, which have to be determined for disclosure purposes. The changes resulted from the recalibration of the fair value measurement model used for initial fair value measurement on the one hand and the new estimate of fair value of current receivables and liabilities on the other.

Details of the impact can be found in section j) v; further details are provided in note 32.

iii) Disclosures relating to changes in accounting policies

As of January 1, 2013, the Group has implemented the changes to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities". IFRS 7.13A *et seq.* requires additional disclosures to enable investors to better compare financial statements prepared in accordance with IFRS and those prepared in accordance with US GAAP. The amendments require disclosures relating to offsetting in the statement of financial position as well as to master netting and similar agreements.

The application of these changes only impacted the disclosures in the notes to the consolidated financial statements.

More information can be found in section k) and note 26.

iv) Disclosures relating to errors

There is a requirement to set off deferred tax assets and deferred tax liabilities in the same way as the corresponding items in the statement of comprehensive income, if they relate to income taxes levied by the same taxation authority on the same taxable entity and the entity has a legally enforceable right to set off current tax assets against current tax liabilities. A correction was made in this regard.

Section j v) shows how this impacts the disclosure. Disclosures on deferred taxes are contained in notes 11, 19, and 41.

In addition, the receivables pledged as collateral as part of pass-through development loans provided by the KfW development bank (*Kreditanstalt für Wiederaufbau*) to private borrowers were understated in previous periods. Section v) below shows how this impacts the disclosure. For more information on the collateral pledged, refer to notes 3 and 25.

Moreover, in the past the adjustment to portfolio fair value hedges was incorrectly included in the fair value of loans and advances to customers which was calculated for disclosure purposes. The impact amounted to EUR 2,904 million for 2012 (2011: EUR 2,366 million). Additionally, fair value was over-reported by the amount of the specific impairment allowance. The adjustment relating to the previous years amounted to EUR 375 million for 2012 and EUR 376 million for 2011. Section v) below shows how this impacts the disclosure. Please refer to note 32 for further disclosures on fair value reporting.

v) Comparability

Adjustments and corrections for the reporting period due to changes in estimates

Due to the change in accounting estimates for fair value measurement of loans and advances to customers and banks and amounts due to customers and banks in accordance with IFRS 13 (section j) ii and note 32, the fair values calculated for disclosure purposes were EUR 1,179 million lower for loans and advances than when calculated in accordance with the standard procedure and EUR 2,123 million lower for amounts due.

Adjusted presentation of the consolidated statement of financial position (extract)

The tables below show the impact on offsetting deferred taxes (section j iv)):

Adjusted items of the consolidated statement of financial position as of December 31, 2012

	12/31/2012 Adjusted consolidated statement of financial position € m	12/31/2012 Offsetting of deferred tax assets and liabilities € m	12/31/2012 Published consolidated statement of financial position € m
Assets			
Latente Steueransprüche	1	– 439	440
Total assets	119,850	– 439	120,289
Equity and liabilities			
VERBINDLICHKEITEN			
Deferred tax liabilities	208	– 439	647
Total equity and liabilities	119,850	– 439	120,289

Adjusted items of the consolidated statement of financial position as of January 1, 2012

	01/01/2012 Adjusted consolidated statement of financial position € m	01/01/2012 Offsetting of deferred tax assets and liabilities € m	01/01/2012 Published consolidated statement of financial position € m
Assets			
Deferred tax assets	1	– 380	381
Total assets	109,083	– 380	109,463
Equity and liabilities			
LIABILITIES			
Deferred tax liabilities	20	– 380	400
Total equity and liabilities	109,083	– 380	109,463

The correction of errors relating to the offsetting requirement for deferred tax items did not lead to any retro-spective adjustments to the consolidated income statement or the state-ment of comprehensive income for fiscal year 2012.

Adjusted presentation of financial instruments pledged as collateral (extract)

The tables below show the impact on financial instruments pledged as collateral (section j iv)).

Adjusted items of financial instruments pledged as collateral as of December 31, 2012

	12/31/2012 Adjusted financial instruments € m	12/31/2012 Adjustment: financial instruments € m	12/31/2012 Published: financial instruments € m
LaR total	89,989	0	89,989
of which pledged as collateral	15,945	6,286	9,659

Adjusted items of financial instruments pledged as collateral as of January 1, 2012

	01/01/2012 Adjusted financial instruments € m	01/01/2012 Adjustment: financial instruments € m	01/01/2012 Published: financial instruments € m
LaR total	83,228	0	83,228
of which pledged as collateral	12,304	5,335	6,969

The corrections had no impact on the consolidated statement of financial position, the consolidated income statement, or the statement of comprehensive income.

Adjusted presentation of disclosures in accordance with IFRS 7.8 and IFRS 7.25 (excerpt)

The impact on fair value disclosures in accordance with IFRS 7.8 and 7.25 (section j iv)) is presented in the tables below:

Adjusted presentation of disclosures in accordance with IFRS 7.8 and IFRS 7.25 as of December 31, 2012

	12/31/2012 Adjusted fair value € m	12/31/2012 Adjustment: fair value € m	12/31/2012 Published: fair value € m
Loans and advances to customers	90,472	– 3,279	93,751
Loans and Receivables	98,096	– 3,279	101,375

Adjusted presentation of disclosures in accordance with IFRS 7.8 and IFRS 7.25 as of January 1, 2012

	01/01/2012 Adjusted fair value € m	01/01/2012 Adjustment: fair value € m	01/01/2012 Published: fair value € m
Loans and advances to customers	79,193	– 2,742	81,935
Loans and Receivables	88,122	– 2,742	90,864

The corrections had no impact on the consolidated statement of financial position, the consolidated income statement, or the statement of comprehensive income.

k) Disclosures relating to changes in reporting standards

The following standards, interpretations, and amendments to existing standards are applicable as of fiscal year 2013:

Standard/ Inter-pretation	Version (latest amendment)	English title	German title	Date application becomes mandatory (IASB)	Date application becomes mandatory (EU)	Published in the Official Journal of the European Union
IAS 1	rev. 2012	Presentation of Financial Statements	Darstellung des Abschlusses	Jan. 1, 2013	Jan. 1, 2013	Mar. 28, 2013
IAS 2	rev. 2012	Inventories	Vorräte	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IAS 8	rev. 2012	Accounting Policies, Changes in Accounting Estimates and Errors	Bilanzierungs- und Bewertungsmethoden, Änderungen von Schätzungen und Fehler	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IAS 10	rev. 2012	Events after the Reporting Period	Ereignisse nach der Berichtsperiode	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IAS 12	rev. 2010	Income Taxes: Deferred Tax – Recovery of Underlying Assets	Ertragsteuern: Latente Steuern – Realisierung zugrunde liegender Vermögenswerte	Jan. 1, 2012	Jan. 1, 2013	Dec. 29, 2012
IAS 16	rev. 2012	Property, Plant and Equipment	Sachanlagen	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IAS 16	rev. 2012	Property, Plant and Equipment	Sachanlagen	Jan. 1, 2013	Jan. 1, 2013	Mar. 28, 2013
IAS 17	rev. 2012	Leases	Leasingverhältnisse	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IAS 18	rev. 2012	Revenue	Erlöse	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IAS 19	rev. 2011	Employee Benefits	Leistungen an Arbeitnehmer	Jan. 1, 2013	Jan. 1, 2013	Jun. 6, 2012
IAS 19	rev. 2012	Employee Benefits	Leistungen an Arbeitnehmer	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IAS 20	rev. 2012	Accounting for Government Grants and Disclosure of Government Assistance	Bilanzierung und Darstellung von Zuwendungen der öffentlichen Hand	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IAS 28	rev. 2012	Investments in Associates and Joint Ventures	Anteile an assoziierten Unternehmen und Joint Ventures	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IAS 31	rev. 2012	Interests in Joint Ventures	Anteile an Joint Ventures	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IAS 32	rev. 2012	Financial Instruments: Presentation	Finanzinstrumente: Darstellung	Jan. 1, 2013	Jan. 1, 2013	Mar. 28, 2013

Standard/ Inter-pretation	Version (latest amendment)	English title	German title	Date applica-tion becomes mandatory (IASB)	Date applica-tion becomes mandatory (EU)	Published in the Official Journal of the European Union
IAS 34	rev. 2012	Interim Financial Reporting	Zwischenbericht-erstattung	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IAS 34	rev. 2012	Interim Financial Reporting	Zwischenbericht-erstattung	Jan. 1, 2013	Jan. 1, 2013	Mar. 28, 2013
IAS 40	rev. 2012	Investment Property	Als Finanzinvestition gehaltene Immobilien	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IAS 41	rev. 2012	Agriculture	Landwirtschaft	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IFRS 1	rev. 2010	First-time Adoption of International Financial Standards: Severe Hyper-inflation and Removal of Fixed Dates for First-time Adopters	Erstmalige Anwendung der International Financial Reporting Standards: Ausgeprägte Hochinflation und Beseitigung der festen Zeitpunkte für Erstanwender	Jul. 1, 2011	Jan. 1, 2013	Dec. 29, 2012
IFRS 1	rev. 2012	First-time Adoption of International Financial Standards: Government Loans	Erstmalige Anwendung der International Financial Reporting Standards: Darlehen der öffentlichen Hand	Jan. 1, 2013	Jan. 1, 2013	Mar. 5, 2013
IFRS 1	rev. 2012	First-time Adoption of International Financial Standards	Erstmalige Anwendung der International Financial Reporting Standards	Jan. 1, 2013	Jan. 1, 2013	Mar. 28, 2013
IFRS 4	rev. 2012	Insurance Contracts	Versicherungsverträge	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IFRS 7	rev. 2011	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	Finanzinstrumente: Angaben – Saldierung von finanziellen Vermögenswerten und finanziellen Verbindlichkeiten	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IFRS 13	issued 2011	Fair Value Measurement	Bemessung des beizulegenden Zeitwerts	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IFRIC 2	rev. 2012	Members' Shares in Co-operative Entities and Similar Instruments	Geschäftsanteile an Genossenschaften und ähnliche Instrumente	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IFRIC 2	rev. 2013	Members' Shares in Co-operative Entities and Similar Instruments	Geschäftsanteile an Genossenschaften und ähnliche Instrumente	Jan. 1, 2013	Jan. 1, 2013	Mar. 28, 2013
IFRIC 4	rev. 2012	Determining whether an Arrangement Contains a Lease	Beurteilung, ob eine Vereinbarung ein Leasingverhältnis enthält	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IFRIC 13	rev. 2012	Customer Loyalty Programmes	Kundenbindungs-programme	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012

Standard/ Inter-pretation	Version (latest amendment)	English title	German title	Date application becomes mandatory (IASB)	Date application becomes mandatory (EU)	Published in the Official Journal of the European Union
IFRIC 17	rev. 2012	Distributions of Non-cash Assets to owners	Sachausschüttungen an Eigentümer	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IFRIC 19	rev. 2012	Extinguishing Financial Liabilities with Equity Instruments	Tilgung finanzieller Verbindlichkeiten durch Eigenkapital-instrumente	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
IFRIC 20	issued 2011	Stripping Costs in the Production Phase of a Surface Mine	Abraumkosten in der Produktionsphase eines Tagebau-bergwerks	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012
SIC 21	rev. 2012	Income Taxes – Recovery of Revalued Non-Depreciable Assets	Ertragsteuern – Realisierung von neubewerteten, nicht planmäßig abzu-schreibenden Vermögenswerten	Jan. 1, 2013	Jan. 1, 2013	Dec. 29, 2012

The amendments in IFRS 7.13A et seq. require disclosures relating to offsetting in the statement of financial position as well as to master netting and similar agreements. For further information, please refer to note 26.

IFRS 13 includes rules for determining the fair value of assets and liabilities. Section j) v. provides information on the impacts of applying IFRS 13. Note 32 discusses the measurement policies applied in accordance with IFRS 13.

IAS 1 “Presentation of Financial Statements” (rev. 2011) and IAS 19 “Employee Benefits” (rev. 2011) were already applied early in fiscal year 2012.

The following revised Standards have already been adopted into EU law and are relevant as follows for future reporting periods:

Standard/ Inter-pretation	Version (latest amendment)	English title	German title	Date application becomes mandatory (IASB)	Date application becomes mandatory (EU)	Published in the Official Journal of the European Union
IAS 1	rev. 2012	Presentation of Financial Statements	Darstellung des Abschlusses	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 7	rev. 2012	Statement of Cash Flow	Kapitalflussrechnungen	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 7	rev. 2012	Statement of Cash Flow	Kapitalflussrechnungen	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013
IAS 12	rev. 2012	Income Taxes	Ertragsteuern	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 12	rev. 2012	Income Taxes	Ertragsteuern	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013
IAS 18	rev. 2012	Revenue	Erlöse	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 21	rev. 2012	The Effects of Changes in Foreign Exchange Rates	Auswirkungen von Änderungen der Wechselkurse	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 24	rev. 2012	Related Party Disclosures	Angaben über Beziehungen zu nahe stehenden Unternehmen und Personen	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 24	rev. 2012	Related Party Disclosures	Angaben über Beziehungen zu nahe stehenden Unternehmen und Personen	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013
IAS 27	rev. 2011	Separate Financial Statements	Einzelabschlüsse	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 27	rev. 2012	Separate Financial Statements	Einzelabschlüsse	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 27	rev. 2012	Separate Financial Statements	Einzelabschlüsse	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013
IAS 28	rev. 2011	Investment in Associates and Joint Ventures	Anteile an assoziierten Unternehmen und Gemeinschaftsunternehmen	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 31	rev. 2012	Interests in Joint Ventures	Anteile in Joint Ventures	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 32	rev. 2012	Financial Instruments: Presentation	Finanzinstrumente: Darstellung	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 32	rev. 2012	Financial Instruments: Presentation	Finanzinstrumente: Darstellung	Jan. 1, 2014	Jan. 1, 2014	Dec. 29, 2012
IAS 32	rev. 2011	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	Finanzinstrumente: Darstellung – Saldierung von finanziellen Vermögenswerten und finanziellen Verbindlichkeiten	Jan. 1, 2014	Jan. 1, 2014	Dec. 29, 2012
IAS 32	rev. 2011	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	Finanzinstrumente: Darstellung – Saldierung von finanziellen Vermögenswerten und finanziellen Verbindlichkeiten	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013
IAS 33	rev. 2012	Earnings per Share	Ergebnis je Aktie	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 34	rev. 2012	Interim Financial Reporting	Zwischenberichterstattung	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013

Standard/ Inter-pretation	Version (latest amendment)	English title	German title	Date applica-tion becomes mandatory (IASB)	Date applica-tion becomes mandatory (EU)	Published in the Official Journal of the European Union
IAS 36	rev. 2012	Impairment of Assets	Wertminderung von Vermögenswerten	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 36	rev. 2013	Impairment of Assets	Wertminderung von Vermögenswerten	Jan. 1, 2014	Jan. 1, 2014	Dec. 20, 2013
IAS 38	rev. 2012	Intangible Assets	Immaterielle Vermögenswerte	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 39	rev. 2012	Financial Instruments: Recognition and Measurement	Finanzinstrumente: Ansatz und Bewertung	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 39	rev. 2012	Financial Instruments: Recognition and Measurement	Finanzinstrumente: Ansatz und Bewertung	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013
IAS 39	rev. 2013	Financial Instruments: Recognition and Measurement	Finanzinstrumente: Ansatz und Bewertung	Jan. 1, 2014	Jan. 1, 2014	Dec. 20, 2013
IFRS 1	rev. 2012	First-time Adoption of International Financial Standards	Erstmalige Anwendung der International Financial Reporting Standards	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRS 1	rev. 2013	First-time Adoption of International Financial Standards	Erstmalige Anwendung der International Financial Reporting Standards	Jan. 1, 2013	Jan. 1, 2014	Apr. 5, 2013
IFRS 1	rev. 2012	First-time Adoption of International Financial Standards	Erstmalige Anwendung der International Financial Reporting Standards	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013
IFRS 2	rev. 2012	Share-based Payment	Anteilsbasierte Vergütungen	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRS 3	rev. 2012	Business Combinations	Unternehmenszusa mmenschlüsse	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRS 3	rev. 2012	Business Combinations	Unternehmenszusa mmenschlüsse	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013
IFRS 5	rev. 2012	Non-current Assets held for Sale and Discontinued Operations	Zur Veräußerung gehaltene langfristige Vermögenswerte und aufgegebene Geschäftsbereiche	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRS 7	rev. 2012	Financial Instruments: Disclosures	Finanzinstrumente: Angaben	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRS 7	rev. 2012	Financial Instruments: Disclosures	Finanzinstrumente: Angaben	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013

Standard/ Inter-pretation	Version (latest amendment)	English title	German title	Date applica-tion becomes mandatory (IASB)	Date applica-tion becomes mandatory (EU)	Published in the Official Journal of the European Union
IFRS 10	issued 2011	Consolidated Financial Statements	Konzernabschlüsse	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRS 10	rev. 2012	Consolidated Financial Statements	Konzernabschlüsse	Jan. 1, 2013	Jan. 1, 2014	Apr. 5, 2013
IFRS 10	rev. 2012	Consolidated Financial Statements	Konzernabschlüsse	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013
IFRS 11	issued 2011	Joint Arrangements	Gemeinsame Vereinbarungen	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRS 11	rev. 2012	Joint Arrangements	Gemeinsame Vereinbarungen	Jan. 1, 2013	Jan. 1, 2014	Apr. 5, 2013
IFRS 12	issued 2011	Disclosure of Interests in Other Entities	Angaben zu Anteilen an anderen Unternehmen	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRS 12	rev. 2013	Disclosure of Interests in Other Entities	Angaben zu Anteilen an anderen Unternehmen	Jan. 1, 2013	Jan. 1, 2014	Apr. 5, 2013
IFRS 12	rev. 2012	Disclosure of Interests in Other Entities	Angaben zu Anteilen an anderen Unternehmen	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013
IFRIC 5	rev. 2012	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	Rechte auf Anteile an Fonds für Entsorgung, Wiederherstellung und Umweltsanierung	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRIC 9	rev. 2012	Reassessment of Embedded Derivatives	Erneute Beurteilung eingebetteter Derivate	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRIC 16	rev. 2012	Hedges of a Net Investment in a Foreign Operation	Absicherungen einer Nettoinvestition in einen ausländischen Geschäftsbetrieb	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRIC 17	rev. 2012	Sachausschüttungen an Eigentümer	Distributions of Non-cash Assets to Owners	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
SIC 12	rev. 2012	Consolidation – Special Purpose Entities	Konsolidierung – Zweckgesellschaften	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
SIC 13	rev. 2012	Jointly Controlled Entities – Non-monetary Contributions by Venturers	Gemeinschaftlich geführte Einheiten – Nicht-monetäre Einlagen durch Partnerunternehmen	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012

At present, the Bank estimates the impacts of these standards as follows:

The amendments to IAS 32 "Financial Instruments: Presentation" – Offsetting Financial Assets and Financial Liabilities – provides application guidance when offsetting financial instruments. However, the existing fundamental rules concerning the offsetting of financial instruments have been retained. The amendments will be applied retrospectively by the Group beginning in fiscal year 2014. The amendments to IAS 32 are not expected to have a material impact on the presentation of financial instruments.

IFRS 10, 11, and 12 are also applicable as of January 1, 2014.

The adoption of IFRS 10 "Consolidated Financial Statements" effectively amended and renamed IAS 27 "Consolidated and Separate Statements". IAS 27 now contains the unamended provisions relating to separate financial statements. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when a parent entity controls one or more other entities. IFRS 10 establishes control as the sole basis for consolidation, regardless of the nature of the investment in the relevant entity. The risks and rewards approach under SIC-12 is discontinued. SIC-12 "Consolidation – Special Purpose Entities" is superseded in its entirety. IFRS 10 defines three cumulative components of control: an entity must have power over the investee, it must be exposed or have rights to variable returns from its involvement with the investee, and it must have the ability to use its power over the investee to affect the amount of the investor's returns by exercising influence over the relevant activities of the investee. An investor must consider all relevant facts and circumstances when assessing whether it controls an investee. The Standard also provides guidance on assessing control relationships and accounting rules relating to the presentation of consolidated financial statements. The impact analysis, which reviewed the material existing contractual arrangements in the areas of lending and outsourcing, did not result in an expansion of the group of entities included in consolidation as compared to the previously applied IAS 27.

IFRS 11 "Joint Arrangements" governs the accounting treatment of items when an entity exercises joint control over a joint venture or joint operation. The core principle of IFRS 11 is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. A joint operator accounts for the assets, liabilities, revenues and expenses relating to its involvement in a joint operation in accordance with the relevant IFRS while a joint venturer recognizes its interest in a joint venture using the equity method in accordance with the revised IAS 28 (revised in 2011, "Investments in Associates and Joint Ventures"). Thus, the option of proportionate consolidation of joint ventures will no longer be available in the future. IFRS 11 supersedes IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contribution by Venturers", which previously contained the relevant provisions for accounting for joint ventures. Going forward, joint ventures will be accounted for exclusively using the equity method or a modified technique which deviates significantly from the standard proportionate consolidation method. The impact analysis, whereby significant lending and cooperation agreements were reviewed, did not result in the need to include any entities in the subgroup consolidated financial statements in accordance with IFRS 11.

Following the publication of IFRS 10 and IFRS 11, IAS 28 “Investments in Associates” was revised accordingly and renamed IAS 28 “Investments in Associates and Joint Ventures”.

IFRS 12 “Disclosures of Interests in Other Entities” pertains to disclosures in the notes regarding accounting items arising from IFRS 10 and IFRS 11. IFRS 12 is a comprehensive standard relating to disclosures in the notes regarding interests in subsidiaries, joint arrangements, associates, consolidated and unconsolidated structured entities. Many of the required disclosures were adopted from IAS 27, IAS 28 or IAS 31, although other new required disclosures were added. The impact of IFRS 12 will be limited to an expansion of reporting. In particular, reporting on structured entities above and beyond the group of entities included in the basis of consolidation is new.

In addition, a number of further standards and amendments have not yet been transposed into European law.

In this context – based on ING-DiBa ‘s business profile – material effects are expected to result mainly from IFRS 9.

In April 2009, the IASB presented a time schedule for completely revising IAS 39 in three phases (classification and measurement, impairment and hedge accounting). As a result, IAS 39 will be replaced by IFRS 9. The IASB states that the initial application date for IFRS 9 will likely not be before 2018.

In the first phase, the guidance on the classification and measurement of financial assets was revised and the IASB has now published the approved revisions in the new IFRS 9.

IFRS 9 initially reduces to two the number of classifications for subsequent measurement: measurement at amortized cost and measurement at fair value immediately in profit or loss.

The starting points for classification in the published Standard are the criteria of the “at amortized cost” category. Financial assets may only be measured at amortized cost if the objective of the entity’s business model is to hold the financial asset to collect the contractual cash flows. Another condition is that the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The interest must reflect the time value of money and the credit risk. Financial assets that do not meet these criteria must be measured at fair value. Changes in value must be fully recognized in profit or loss. There is an exception stipulated for equity instruments not held for trading. Measurement gains and losses for these instruments may optionally be recognized under equity. In spite of this, the entity may still choose to use the fair value option, but under different conditions.

With respect to financial liabilities for which the fair value option has been exercised, IFRS 9 stipulates that a distinction be drawn in terms of changes in value: Any change in fair value triggered by the entity's own credit risk are recognized in other comprehensive income, i.e., directly in equity, unless this presentation would lead to an accounting mismatch. Changes in value not resulting from the entity's own credit risk will still be recognized through profit or loss under IFRS 9, as was the case before.

"ED Classification and Measurement: Limited Amendments to IFRS 9 (Proposed Amendments to IFRS 9 (2010)) ", published in November 2012, proposed introducing the category "at fair value through equity (OCI) ".

The starting points for classification are the criteria of the "at amortized cost" category. The ED proposes measuring financial assets at amortized cost if the financial assets are debt instruments with simply structured principal and interest payment modalities, and these represent the only features of the product (product features test). Moreover, these financial instruments must be held within a business model in which assets are managed both in order to collect contractual cash flows and for sale (business model test). It is presumable that this category would apply primarily to loan portfolios and a number of other debt instruments.

Financial assets with essentially the same product features as those held at amortized cost but which are held within a business model in which assets are managed both in order to collect contractual cash flows and for occasional sale would be subsequently measured at fair value through other comprehensive income (FVOCI). This category will presumably apply to a larger number of financial instruments held in investment portfolios.

According to the Exposure Draft, all other financial assets, i.e., those with complex structures or those held with the intention to trade or at least with the option of being sold on, must be subsequently measured at fair value through profit or loss.

Other aspects being discussed in connection with IFRS 9 include a complete revision of the impairment methodology for financial instruments.

With respect to impairment, the draft Standard, which includes the Exposure Draft "Financial Instruments: Expected Credit Losses" published in March 2013, calls for a three-bucket model for risk groups and the application of an expected loss model.

The scope of the new impairment requirements covers all financial assets measured at amortized cost or at fair value through other comprehensive income, as well as lease receivables, loan commitments and financial guarantees.

A uniform impairment model generally applies for all instruments within the scope of the draft Standard. The draft calls for three stages ("buckets") which reflect the changes in an instrument's credit quality. If there has been no significant deterioration in an asset's credit quality since initial recognition, or the instrument has a low risk of default, the present value of twelve-month expected credit losses is recognized. Interest revenue is recognized on the basis of effective interest on the gross carrying amount (stage 1).

If there is a significant increase in default risk but no objective indication of impairment, the risk provision is increased by the amount of the lifetime expected credit losses. The calculation of interest revenue remains unchanged (stage 2).

In the event there is an objective indication of impairment, interest revenue must then be calculated based on the net carrying amount of the instrument from that point forward (stage 3).

Special requirements apply to financial instruments which have been acquired or issued for which there are already objective indications of impairment at the time of initial recognition.

Special arrangements apply to instruments in the FVOCI category. Since these instruments are recognized at fair value in the statement of financial position, they are not disclosed separately under risk provisions. Instead, at the time the financial instrument is initially recognized, an impairment has to be recognized within stage 1 for the expected twelve-month loss, with a matching entry in other comprehensive income. Any impairment losses or reversals of impairment losses recognized on subsequent measurement will change the carrying amount of the financial instrument directly.

The IASB approved Phase III - Hedge Accounting in November 2013. The future accounting treatment of hedges is to be more closely linked with operational risk management. Hedge accounting is to reflect how entities use hedges for risk management purposes and allow for rebalancing of hedges without requiring the hedges to be rolled over.

The closer link with operational risk management will result in the elimination of traditionally strict bounds within which a hedge must be in order to be deemed effective so that it qualifies for hedge accounting. Going forward, hedge accounting may also relate to groups of items which may also be designated as net positions. Derivatives may also be components in such aggregated risk positions.

Under the recommendations, some cash instruments measured at fair value through profit or loss may also be considered for use as hedges. Other cash instruments may only be designated for use as hedges of currency risks.

When credit risks are hedged, there will be the option of measuring the hedged item at fair value through profit or loss over the term of the hedge. The new regulations will entail comprehensive disclosure requirements focusing on hedged risks, the management of these risks and the impact of these risks on the IFRS financial statements.

The rules on macro hedge accounting have been separated from the IFRS 9 project for the time being and are being developed separately. The objective here is also to strengthen the link with operational risk management.

ING- DiBa is currently examining the possible impact of implementing the revised Standard.

l) Events after the end of the reporting period

There were no significant events after the close of the fiscal year.

Notes to the consolidated statement of financial position

(1) Cash reserve

	12/31/2013 € m	12/31/2012 € m
Cash balance	104	113
Balances with central banks	827	570
Total	931	683

This item comprises balances with central banks in the European Central Bank System and all cash in the ATM network.

(2) Loans and advances to banks

	12/31/2013 € m	12/31/2012 € m
Payable on demand	3,845	4,122
Other loans and advances	6,251	3,215
Total	10,096	7,337

All loans and advances to banks are classified as loans and receivables as defined in IAS 39.9.

No material allowances on loans and advances to banks had to be recognized in the fiscal years under review.

The accrued interest on this item is reported under other assets (note 12).

Loans and advances to banks include cash collateral provided for derivatives (notes 6 and 17) of EUR 1,645 million (December 31, 2012: EUR 3,956 million). In addition, cash collateral provided for repo transactions amounted to EUR 25 million (December 31, 2012: EUR 0 million). Please refer to note 25 for information on collateral provided.

Receivables from reverse repo transactions

Loans and advances to banks also include receivables from reverse repo transactions. They are in each case related to securities accepted as collateral (note 5). At the end of the fiscal year (December 31, 2013), they amounted to EUR 3,703 million (December 31, 2012: EUR 375 million). For more information on repo transactions, refer to notes 5 and 15.

(3) Loans and advances to customers

	12/31/2013 € m	12/31/2012 € m
Mortgages	62,203	59,986
Consumer loans	4,415	3,895
Public sector loans	5,928	5,609
Corporate loans	5,270	3,239
Asset-backed securities (ABS)/ mortgage-backed securities (MBS)	8,111	9,858
Loans and advances to customers before risk provision	85,927	82,587
Portfolio-based impairment allowances	– 147	– 130
Specific impairment allowances including those calculated on a portfolio basis	– 384	– 375
Loans and advances to customers after risk provision	85,396	82,082

All loans and advances to customers are classified as loans and receivables as defined in IAS 39.

In fiscal year 2013, no cash collateral was pledged for derivatives (notes 6 and 17) included in loans and advances to customers (December 31, 2012: EUR 78 million). No cash collateral (to be reported under loans and advances to customers) had been issued for repo transactions as of the end of the reporting periods presented.

For the total volume of Pfandbriefe (mortgage bonds) on issue as of December 31, 2013, EUR 5,357 million in real estate loans was allocated to the cover pool for Pfandbrief issues (December 31, 2012: EUR 3,776 million) (note 14).

The loans and advances to customers included a volume of EUR 7,438 million (December 31, 2012: EUR 7,864 million) pledged as collateral as part of transactions with the KfW development bank (*Kreditanstalt für Wiederaufbau*). The prior-year amount of collateral provided has been adjusted. Please refer to section j) under "Significant accounting policies" for further information.

Note 25 provides a summary of the collateral provided.

The accrued interest on these items is reported under other assets (note 12).

Allowances for losses on loans and advances to customers

	12/31/2013 € m	12/31/2012 € m
Mortgages	– 363	– 359
Consumer loans	– 152	– 138
Corporate loans	– 15	– 7
Asset-backed securities (ABS)/ mortgage-backed securities (MBS)	– 1	– 1
Total	– 531	– 505
Loans and advances to customers before risk provision	85,927	82,587
Risk provision	– 531	– 505
Loans and advances to customers after risk provision	85,396	82,082

In accordance with IAS 39.59, an allowance for losses on financial assets is recognized if there is objective evidence that an impairment loss has already arisen in the period under review as a result of an event that occurred after initial recognition of the asset and this loss event has an impact on the expected future cash flows.

Changes in allowances for losses on loans and advances to customers

	2013 Portfolio-based impairment allowances € m	2013 Specific impairment allowances including those calculated on a portfolio basis € m	2013 Total € m
Balance on Jan. 1	– 130	– 375	– 505
Utilization of existing impairment allowances	0	68	68
Additions to/ reversals of risk provision	– 17	– 77	– 94
Other changes	0	0	0
Balance on Dec. 31	– 147	– 384	– 531

	2012 Portfolio-based impairment allowances € m	2012 Specific impairment allowances including those calculated on a portfolio basis € m	2012 Total € m
Balance on Jan. 1	– 117	– 376	– 493
Utilization of existing impairment allowances	0	73	73
Additions to/ reversals of risk provision	– 13	– 72	– 85
Other changes	0	0	0
Balance on Dec. 31	-130	-375	-505

Expenses of EUR 89 million arising from risk provisions were recognized in the income statement (December 31, 2012: EUR 83 million). Note 38 provides information on expenses arising from risk provision.

Subordinated loans and advances

As of December 31, 2013, there were no subordinated loans (December 31, 2012: EUR 64 million). The subordinated loans in prior years resulted from the intra-Group transfer of existing lending commitments (notes 3 and 31).

(4) Adjustment to portfolio fair value hedges

	12/31/2013 € m	12/31/2012 € m
Adjustment to portfolio fair value hedges	1,991	2,904
Total	1,991	2,904

This item represents the adjustment to the present value of loans and advances to customers included in portfolio fair value hedge accounting on the basis of the hedged risk.

The hedged items are reported under note 3 “loans and advances to customers”. Further information can be found under notes 24 “hedge accounting”, 6 “derivatives with positive fair value”, 17 “derivatives with negative fair value”, note 33 “net interest income” and 35 “net gains/losses on measurement of derivatives and hedged items”.

(5) Financial investments

This caption is used primarily to report bonds and other fixed-income securities.

Financial investments

	12/31/2013 € m	12/31/2012 € m
Available-for-sale		
Bonds and other fixed-income securities, surrender claim	28,165	25,626
Equity investments	5	4
Total	28,170	25,630

In the fiscal years under review, financial investments included equity investments that are of minor importance to the Group's economic position. To the extent these equity investments are not listed and it is not possible to reliably measure their fair value, they are recognized at cost.

There were no allocations to the trading book.

The accrued interest on financial investments is reported under "other assets" (note 12).

Changes in financial investments

	2013 AfS securities € m	2013 AfS equity investments € m	2013 HtM securities € m	2013 Total € m
Balance on Jan. 1	25,626	4	0	25,630
Additions	6,534	0	0	6,534
Amortization	– 120	0	0	– 120
Reclassifications	0	0	0	0
Other changes in fair value	– 500	1	0	– 499
Impairments and reversals	0	0	0	0
Disposals	– 59	0	0	– 59
Maturities	– 3,316	0	0	– 3,316
Balance on Dec. 31	28,165	5	0	28,170

	2012 AfS securities € m	2012 AfS equity investments € m	2012 HtM securities € m	2012 Total € m
Balance on Jan. 1	16,556	3	5,643	22,202
Additions	6,742	0	0	6,742
Amortization	– 90	0	– 2	– 92
Reclassifications	2,913	0	– 2,913	0
Other changes in fair value	1,026	1	0	1,027
Impairments and reversals	0	0	0	0
Disposals	– 543	0	– 2,188	– 2,731
Maturities	– 978	0	– 540	– 1,518
Balance on Dec. 31	25,626	4	0	25,630

To mitigate risk, in fiscal year 2012, Spanish and Italian government bonds were sold, which had originally been allocated to the "held-to-maturity" measurement category in accordance with the initial intention to hold them. As a result, the entire HtM portfolio was cleared in June 2012. As a result, the Bank will not allocate any instruments to the "held-to-maturity" category up to and including December 31, 2014.

No reclassifications were made in fiscal year 2013.

ING- DiBa continues to hold the securities transferred as part of repo and securities lending transactions in its statement of financial position. Since dated return and repurchase agreements are in place for the transferred assets, ING- DiBa continues to bear the associated risks and rewards. The risks are described in the Group management report. Note 25 contains information relating to financial instruments transferred and pledged as collateral and the corresponding liabilities.

Collateral held in accordance with IFRS 7.15

	2013 € m	2012 € m
Reverse repo transactions	3,693	376
Securities lending transactions	113	44

Securities accepted as collateral as part of reverse repo and securities lending transactions are not recognized in the statement of financial position under IFRS. The liquidation options are similar to those of standard international repo transactions. Securities lending transactions were exclusively entered into with companies of the ING Group. No collateral held was sold or pledged.

The collateral held is reported here at fair value.

(6) Derivatives with positive fair value

	12/31/2013 € m	12/31/2012 € m
Derivatives		
Micro fair value hedges	2	0
Portfolio fair value hedges	21	123
Used in cash flow hedges	1	11
Other derivatives	34	213
Total	58	347

All derivative financial instruments are carried at their fair values and reported as derivatives with positive or negative fair values. Changes in fair value, with the exception of those in relation to the effective portion of fair value changes in cash flow hedges, are immediately recognized in profit or loss.

Since fiscal year 2013, derivatives have increasingly been settled via a central counterparty. This has resulted in an offsetting requirement in the statement of financial position (see note 26).

Derivatives not accounted for using hedge accounting, reported here under “other derivatives”, are used to hedge interest rate and market price risk as well as for duration control and, to a lesser extent, to hedge currency risks. Derivatives in ineffective hedge relationships are also reported under “other derivatives”.

ING- DiBa generally uses simply structured interest rate swaps. In accordance with IAS 39.9, they are allocated to the “at fair value through profit or loss” category. An insignificant amount of currency forwards were used in the corporate customer business to hedge exchange rate fluctuations prior to December 31, 2012. Hedge accounting was not applied to them.

This item includes derivative financial instruments designated as hedges and instruments not designated as hedges with a positive fair value of EUR 58 million (December 31, 2012: EUR 347 million).

Further information on derivatives and hedge accounting can be found in note 17 “derivatives with negative fair value”, note 24 “hedge accounting”, note 33 “net interest income” and note 35 “net gains/losses on measurement of derivatives and hedged items”.

The accrued interest on derivatives is reported under “other assets” (note 12) and under “other liabilities” (note 21).

(7) Investment property

ING- DiBa holds a small portfolio of properties that it does not use itself. If they generate rental income, this is recognized under other net income from financial investments and investment property (note 36).

Comments on the valuation techniques can be found in section e) of the chapter on "Significant accounting policies" and note 32 in this report.

Changes in investment properties

All investment property is measured at fair value. The change in fair value in fiscal year 2013 was immaterial (2012: EUR 0 million).

	12/31/2013 € m	12/31/2012 € m
Balance on Jan. 1	12	12
Additions	0	0
Changes in fair value	0	0
Balance on Dec. 31	12	12

Status of external property valuation reports

	Percentage of the total fair value of investment property
The most recent valuation report was prepared during the year	
2013	100
2012	0
2011	0
Not appraised by external appraisers	0
Total	100

(8) Property and equipment and Group-occupied properties

	12/31/2013 € m	12/31/2012 € m
IT facilities	15	18
Group-occupied properties	17	14
Other property and equipment	13	11
Total	45	43

Changes in property and equipment and Group-occupied properties

	2013 IT facilities € m	2013 Group-occupied properties € m	2013 Other property and equipment € m	2013 Total € m
Carrying amount on Jan.1	18	14	11	43
Additions	7	0	7	14
Disposals	0	0	− 1	− 1
Depreciation	− 10	0	− 4	− 14
Changes in fair value due to remeasurement	0	3	0	3
Reclassifications and other changes	0	0	0	0
Carrying amount on Dec. 31	15	17	13	45
Gross carrying amount on Dec. 31	52	17	39	108
Accumulated depreciation as of Dec. 31	− 37	− 3	− 26	− 66
Cumulative changes in fair value as of Dec. 31	0	3	0	3
Carrying amount on Dec. 31	15	17	13	45

	2012 IT facilities € m	2012 Group-occupied properties € m	2012 Other property and equipment € m	2012 Total € m
Carrying amount on Jan.1	18	15	18	51
Additions	7	0	1	8
Disposals	0	0	0	0
Depreciation	– 10	– 1	– 5	– 16
Changes in fair value due to remeasurement	0	0	0	0
Reclassifications and other changes	3	0	– 3	0
Carrying amount on Dec. 31	18	14	11	43
Gross carrying amount on Dec. 31	50	17	53	120
Accumulated depreciation as of Dec. 31	– 32	– 3	– 42	– 77
Cumulative changes in fair value as of Dec. 31	0	0	0	0
Carrying amount on Dec. 31	18	14	11	43

IT facilities and other property and equipment have been measured using the cost method under IAS 16.30. The assets have been depreciated pro rata temporis on a straightline basis. The depreciation periods applied correspond to the expected useful lives for the Company.

The revaluation method is used to measure Group-occupied properties. For further information, please refer to note 32.

The following depreciation periods have been applied:

Overview of depreciation periods

	Depreciation periods in years
IT facilities	3-7
Group-occupied properties	50
Other property and equipment	2-23

Their fair values are determined in the same way as those of investment properties, using the income capitalization approach. The latest external report for Group-occupied properties was issued on August 21, 2013. Overall, increases in value resulted in an addition of EUR 3 million (December 31, 2012: EUR 0 million).

	12/31/2013 € m	12/31/2012 € m
Fair value after remeasurement	17	14
Notional carrying amount under cost method	12	13

(9) Intangible assets

	12/31/2013 € m	12/31/2012 € m
Software	11	21
Goodwill	0	0
Total	11	21

No impairment losses on software were recognized in the periods under review.

Software is subject to finite useful lives; it is measured according to the cost method and reduced pro rata temporis by straight-line amortization. The useful life is normally three years.

Amortization expenses are recognized under “other administrative expenses” (note 40) in the income statement.

Any costs of internally generated software expensed through profit or loss in accordance with IAS 38.54 and IAS 38.57 are also recognized under “other administrative expenses” (note 40). In fiscal year 2013, an amount of EUR 1 million was expensed (December 31, 2012: EUR 8 million).

Changes in intangible assets

	2013 Purchased software € m	2013 Internally generated software € m	2013 Total € m
Carrying amount on Jan. 1	13	8	21
Additions	5	0	5
Amortization	– 9	– 6	– 15
Carrying amount on Dec. 31	9	2	11
Gross carrying amount on Dec. 31	76	31	107
Accumulated amortization as of Dec. 31	– 67	– 29	– 96
Carrying amount on Dec. 31	9	2	11

	2012 Purchased software € m	2012 Internally generated software € m	2012 Total € m
Carrying amount on Jan. 1	20	8	28
Additions	2	6	8
Amortization	– 9	– 6	– 15
Carrying amount on Dec. 31	13	8	21
Gross carrying amount on Dec. 31	88	31	119
Accumulated amortization as of Dec. 31	– 75	– 23	– 98
Carrying amount on Dec. 31	13	8	21

(10) Income tax assets

	12/31/2013 € m	12/31/2012 € m
Income tax assets	0	5

(11) Deferred tax assets

	12/31/2013 € m	12/31/2012 € m
Deferred tax assets	1	1

Prior-year figures adjusted. Please refer to section j) under “Significant accounting policies” for further information.

Deferred taxes are reconciliation items for temporary differences between the tax base of assets under national tax law and their carrying amounts in the IFRS financial statements. They are calculated using the tax rates expected to be applicable at the time the differences are settled.

Deferred taxes are explained further in notes 19 and 41.

(12) Other assets

	12/31/2013 € m	12/31/2012 € m
Accrued interest on loans and advances to banks	32	59
Accrued interest on loans and advances to customers	62	77
Accrued interest on AfS financial investments	413	422
Accrued interest on hedging derivatives	11	54
Accrued interest on other derivatives	29	95
Prepaid expenses	23	13
Other assets	57	65
Total	627	785

Since fiscal year 2013, derivatives have increasingly been settled via a central counterparty. This has resulted in an offsetting requirement in the statement of financial position, which also includes the related accrued interest (see note 26).

(13) Consolidated equity

	12/31/2013 € m	12/31/2012 € m
Subscribed capital	100	100
Reserves	6,128	5,965
Revaluation reserves	481	675
Other reserves	5,647	5,290
Total	6,228	6,065

ING-DiBa AG's subscribed capital was unchanged at EUR 100 million as of the end of the reporting period. It is fully paid up and divided into 100,000,000 no-par value shares, all of which are held by ING Deutschland GmbH, Frankfurt am Main. No profit participation certificates or subordinated liabilities were issued.

This item includes non-controlling interests of EUR 25 thousand (December 31, 2012: EUR 25 thousand). These are related to the fully consolidated special purpose entity described in greater detail under note 30.

In accordance with IFRS, gains or losses from the fair value measurement of AfS securities are recognized directly in the revaluation reserves, net of deferred taxes. The gains or losses are only recognized in profit or loss when the asset has been sold or derecognized. In addition, the reserve for cash flow hedges is part of the revaluation reserves. As of December 31, 2013, the revaluation reserves contain an amount of EUR 2 million for real property (December 31, 2012: EUR 0 million).

"Other reserves" contains the legal reserve, retained earnings, capital contributions from the parent, and the share-based payments granted by the ING Group with settlement using equity instruments.

The profit after tax for 2013, determined in accordance with HGB, of EUR 372 million (2012: EUR 311 million) will be transferred to the sole shareholder, ING Deutschland GmbH, Frankfurt am Main, on the basis of a profit and loss transfer agreement.

Changes in revaluation reserves

	2013 Revaluation reserve for real estate € m	2013 Available-for-sale financial investments € m	2013 Cash flow hedge reserve € m	2013 Total € m
Value as of Jan. 1	0	668	7	675
Remeasurement of property and equipment and Group-occupied properties	2	0	0	2
Remeasurement of available-for-sale financial investments	0	− 190	0	− 190
Reclassifications of financial instruments	0	0	0	0
Realized gains/ losses transferred to profit or loss	0	0	0	0
Changes in cash flow hedge reserve	0	0	− 6	− 6
Value on Dec. 31	2	478	1	481

	2012 Revaluation reserve for real estate € m	2012 Available-for-sale financial investments € m	2012 Cash flow hedge reserve € m	2012 Total € m
Value as of Jan. 1	0	196	17	214
Remeasurement of property and equipment and Group-occupied properties	0	0	0	0
Remeasurement of available-for-sale financial investments	0	425	0	425
Reclassifications of financial instruments	0	38	0	38
Realized gains/ losses transferred to profit or loss	0	9	− 3	6
Changes in cash flow hedge reserve	0	0	−7	−7
Value on Dec. 31	0	668	7	675

Available-for-sale financial investments are explained under note 5 and the fair value measurement method is described under note 32.

The increase in the revaluation reserve from the reclassification of financial instruments of EUR 38 million in the previous fiscal year 2012 was due to the "held-to-maturity" measurement category being cleared.

Disclosures relating to cash flow hedges can be found in note 24.

(14) Securitized liabilities

On June 22, 2011, ING-DiBa AG placed its first mortgage bond (Hypothekenpfandbrief) on the capital market in the form of a EUR 500 million bearer bond. The program has been continued since then. Each issue has been given a minimum denomination of EUR 100,000.

As of December 31, 2013, the bond was securitized solely through land charges on German residential properties (note 25).

These properties have been entered into the funding register (*Refinanzierungsregister*).

Changes in securitized liabilities

	12/31/2013 € m	12/31/2012 € m
Balance as of Jan. 1	1,195	497
Additions	35	697
Amortization	1	1
Balance as of Dec. 31	1,231	1,195

Securitized liabilities by remaining contractual maturity

	12/31/2013 less than 1 year € m	12/31/2013 1 to 2 years € m	12/31/2013 2 to 3 years € m
Variable-interest securitized liabilities	0	0	0
Fixed-interest securitized liabilities	0	0	498
Total	0	0	498

	12/31/2013 3 to 4 years Mio. €	12/31/2013 4 to 5 years € m	12/31/2013 more than 5 years € m	12/31/2013 Total € m
Variable-interest securitized liabilities	50	0	100	150
Fixed-interest securitized liabilities	0	20	563	1,081
Total	50	20	663	1,231

	12/31/2012 less than 1 year € m	12/31/2012 1 to 2 years € m	12/31/2012 2 to 3 years € m
Variable-interest securitized liabilities	0	0	0
Fixed-interest securitized liabilities	0	0	0
Total	0	0	0

	12/31/2012 3 to 4 years € m	12/31/2012 4 to 5 years € m	12/31/2012 more than 5 years € m	12/31/2012 Total € m
Variable-interest securitized liabilities	0	50	100	150
Fixed-interest securitized liabilities	498	0	547	1,045
Total	498	50	647	1,195

(15) Deposits from banks

	12/31/2013 € m	12/31/2012 € m
Payable on demand	1,153	307
With an agreed maturity or period of notice	8,805	8,325
Total	9,958	8,632

As of December 31, 2013, there were no open market transactions with the European Central Bank System (December 31, 2012: EUR 0 million).

The liabilities reported here include repo and securities lending transactions of EUR 1,085 million (December 31, 2012: EUR 512 million). Further information regarding financial instruments transferred and pledged as collateral is contained in notes 2 and 25.

The deposits from banks include cash collateral accepted for reverse repo transactions of EUR 9 million (December 31, 2012: EUR 5 million) and for derivatives (note 6) of EUR 1 million (December 31, 2012: EUR 3 million).

The accrued interest on deposits from banks is reported under other liabilities (note 21).

(16) Due to customers

	12/31/2013 € m	12/31/2012 € m
Savings deposits	1,760	1,179
Call money and fixed deposits	100,244	92,230
Current account balances	3,560	3,372
Other deposits	1,768	1,749
Total	107,332	98,530

Beginning in 2013, all accrued interest liabilities are reported under the "Other liabilities" line item.

The liabilities reported here include repo and securities lending transactions of EUR 13 million (December 31, 2012: EUR 31 million). Note 25 provides information on financial instruments transferred and pledged as collateral.

The cash collateral received for derivatives (notes 6 and 17) amounted to less than EUR 1 million, as in fiscal year 2012.

The accrued interest on amounts due to customers is reported under "other liabilities" (note 21).

ING- DiBa participates in the deposit protection fund of the Bundesverband deutscher Banken e.V. (*Association of German Banks*), Berlin, and the restructuring fund of the Federal Agency for Financial Market Stabilization. In addition, it belongs to the Compensation Scheme of German Banks, Berlin (*Entschädigungseinrichtung deutscher Banken GmbH*, "EdB").

(17) Derivatives with negative fair value

	12/31/2013 € m	12/31/2012 € m
Derivatives		
Micro fair value hedges	204	576
Portfolio fair value hedges	1,046	2,813
Used in cash flow hedges	0	0
Other derivatives	176	537
Total	1,426	3,926

All derivative financial instruments are carried at their fair values and reported as derivatives with positive or negative fair values. Changes in fair value, with the exception of those in relation to the effective portion of fair value changes in cash flow hedges, are immediately recognized in profit or loss.

Since fiscal year 2013, derivatives have increasingly been settled via a central counterparty. This has resulted in an offsetting requirement in the statement of financial position (see note 26).

Derivatives not accounted for using hedge accounting, reported here under “other derivatives”, are used to hedge interest rate and market price risk as well as for duration control and, to a lesser extent, to hedge currency risks. Derivatives in ineffective hedge relationships are also reported under “other derivatives”.

ING- DiBa generally uses simply structured interest rate swaps. In accordance with IAS 39.9, they are allocated to the “at fair value through profit or loss” category. An insignificant amount of currency forwards were used in the corporate customer business to hedge exchange rate fluctuations prior to December 31, 2012. Hedge accounting was not applied to them.

This item includes derivative financial instruments designated as hedges and instruments not designated as hedges with a negative fair value of EUR 1,426 million (December 31, 2012: EUR 3,926 million).

Further information on derivatives and hedge accounting can be found in note 6 “derivatives with positive fair value”, note 24 “hedge accounting”, note 33 “net interest income” and note 35 “net gains/losses on measurement of derivatives and hedged items”.

The accrued interest on derivatives is reported under “other assets” (note 12) or under “other liabilities” (note 21).

(18) Income tax liabilities

	12/31/2013 € m	12/31/2012 € m
Income tax liabilities	0	9

Income tax liabilities relate to current payment obligations to the tax authorities.

The tax reconciliation can be found under note 41.

(19) Deferred tax liabilities

	12/31/2013 € m	12/31/2012 € m
Deferred tax liabilities	81	208

Prior-year figures adjusted. Please refer to section j) under "Significant accounting policies" for further information.

The tax reconciliation and explanations of income tax expense can be found in note 41.

Changes in deferred tax assets and liabilities

	01/01/2013 Net deferred taxes € m	Changes recognized in equity € m	Changes recognized in profit or loss € m	12/31/2013 Net deferred taxes € m
Financial investments	– 450	89	102	– 259
Derivatives with positive and negative fair value	1,134	0	– 354	780
Loans and advances to banks and customers[1]	– 934	0	290	– 644
Cash flow hedges	– 4	3	0	– 1
Pension and personnel provisions	27	– 3	2	26
Tax loss carryforwards	0	0	0	0
Other items	20	– 1	– 1	18
Subtotal	– 207	88	39	– 80
Net deferred taxes	– 207	88	39	– 80
Deferred tax assets	1	0	0	1
Deferred tax liabilities	– 208	88	39	– 81
Total	– 207	88	39	– 80

(1) Deferred taxes exist in connection with the adjustment to portfolio fair value hedges.

	01/01/2012 Net deferred taxes € m	Changes recognized in equity € m	Changes recognized in profit or loss € m	12/31/2012 Net deferred taxes € m
Financial investments	– 140	– 222	– 88	– 450
Derivatives with positive and negative fair value	850	0	284	1,134
Loans and advances to banks and customers [1]	– 755	0	– 179	– 934
Cash flow hedges	– 9	5	0	– 4
Pension and personnel provisions	16	13	– 2	27
Tax loss carryforwards	0	0	0	0
Other items	19	0	1	20
Subtotal	– 19	– 204	16	– 207
Net deferred taxes	– 19	– 204	16	– 207
Deferred tax assets	1	0	0	1
Deferred tax liabilities	– 20	– 204	16	– 208
Total	– 19	– 204	16	– 207

(1) Deferred taxes exist in connection with the adjustment to portfolio fair value hedges.
Prior-year figures adjusted. Please refer to section j) under "Significant accounting policies" for further information.

Because of amounts taken directly to equity, the change in the difference between deferred tax assets and deferred tax liabilities does not correspond to net deferred taxes.

Deferred taxes are recognized in profit or loss if the corresponding statement of financial position item is recognized in profit or loss. Deferred taxes are taken directly to the revaluation reserve if the changes in fair value of the corresponding item in the statement of financial position are taken directly to equity.

Deferred taxes on the measurement of AfS securities of EUR 89 million (December 31, 2012: EUR -222 million) in particular were taken directly to equity, compared with total losses recognized in the revaluation reserve of EUR -278 million (December 31, 2012: gains of EUR 690 million). This resulted in net losses of EUR -189 million (December 31, 2012: net gains of EUR 468 million).

Deferred taxes due to unused tax loss carryforwards

	12/31/2013 € m	12/31/2012 € m
Total unused tax loss carryforwards	1	1
of which not resulting in deferred tax assets	1	1
of which resulting in deferred tax assets	0	0

The average tax rate on which the calculation of the unused tax loss carryforwards was based was 31 percent in fiscal year 2013 (December 31, 2012: 32 percent). As of December 31, 2013, there were no deferred tax assets (December 31, 2012: EUR 0 million).

Deferred tax assets on tax loss carryforwards and unused tax deductions are recognized only up to the amount in which realization of the respective tax benefit is probable. Developments in future fiscal years may have an impact on the assessment of realizability. Imponderables in determining whether tax losses and tax deductions will remain usable are taken into account when calculating deferred tax assets.

As of December 31, 2013 and the prior-year date, there were no temporary differences in connection with investments in subsidiaries and foreign branches, for which no deferred taxes had as yet been recognized.

(20) Non-current provisions

	12/31/2013 € m	12/31/2012 € m
Pension provisions	92	116
Other personnel provisions	8	5
Provision for restructuring measures	1	1
Other provisions	8	6
Total	109	128

The provision for restructuring measures was transferred to INGDiba in the course of the transfer of the Commercial Banking activities in fiscal year 2011. It amounted to EUR 1 million at the end of fiscal year 2013 (December 31, 2012: EUR 1 million).

An amount of EUR 3 million of the other provisions relates to litigation risks (December 31, 2012: EUR 1 million). There is uncertainty with regard to amount and due date. The actual expenses recognized depend on the specific progress of the litigation.

Changes in non-current provisions

	2013 Pension provisions € m	2013 Other personnel provisions € m	2013 Provision for restructuring measures and other provisions € m	2013 Total € m
Carrying amount as of Jan. 1	116	5	7	128
Additions during the reporting period	5	3	4	12
Reversals during the reporting period	– 7	0	– 1	– 8
Utilizations during the reporting period	– 2	0	– 7	– 9
Other	– 20	0	6	– 14
Carrying amount as of Dec. 31	92	8	9	109

	2012 Pension provisions € m	2012 Other personnel provisions € m	2012 Provision for restructuring measures and other provisions € m	2012 Total € m
Carrying amount as of Jan. 1	71	4	4	79
Additions during the reporting period	47	2	5	54
Reversals during the reporting period	0	0	– 1	– 1
Utilizations during the reporting period	– 2	– 1	– 1	– 4
Other	0	0	0	0
Carrying amount as of Dec. 31	116	5	7	128

Pension provisions

Pension plans

ING-DiBa AG grants its employees post-employment benefits on the basis of bank agreements and individual contractual commitments. In addition to the payment of retirement pensions, they also include disability benefits and surviving dependents' benefits.

Occupational pensions are governed by defined benefit plans and defined contribution plans. Expenses for defined contribution plans, including employer contributions to the statutory pension insurance scheme, amounted to EUR 21 million (December 31, 2012: EUR 19 million).

For the German operations, the regulatory framework for the defined benefit pension plans comprises in particular the German Company Pension Plans Act (*Gesetz zur betrieblichen Altersversorgung*, "BetrAVG") and pension agreements entered into as individual pension promises on the basis of works agreements.

The benefits paid on the basis of defined benefit plans depend on individual arrangements, are calculated on the basis of final salary and the average salary for the last three service years or are based on a system of pension points by salary class.

Pension plans are protected against insolvency through the German Pension Guarantee Association (*Pensionssicherungsverein*), a contractual trust agreement (CTA) and a pension fund. The CTA is a guarantee and trust agreement, under which funds can only be used to finance the promised post-employment benefits and which is separate from the employer's other assets.

The plan assets in the CTA and pension fund consist exclusively of units in a special fund launched for ING. ING- DiBa has an obligation to make additional payments to this fund in defined circumstances of insufficient cover. In fiscal year 2013, an amount of EUR 20 million was contributed to plan assets (2012: EUR 0 million). For further information on the contribution, please refer to note 31.

The Bank carries the risk of maintaining, and generating returns on, the plan assets.
ING- DiBa is represented on the investment committee of the special fund. The fund is managed in accordance with the German Pension Fund Capital Investment Regulation (*Pensionsfondskapitalanlageverordnung*, "PFKapAV"), with target performance and composition being specified.

Other risks from defined benefit pension plans arise from unforeseeable changes in actuarial assumptions.

There were no changes to the plans in fiscal year 2013. There were no curtailments and plan settlements in the periods under review.

Note 31 (Related parties) contains disclosures on pension provisions for former members of executive bodies and their survivors in accordance with German commercial law.

Reconciliation to pension provisions/other assets

	12/31/2013 € m	12/31/2012 € m
Defined benefit obligation (unfunded plans)	62	64
Defined benefit obligation (funded plans)	137	143
Less fair value of plan assets	107	91
Funding status	92	116
Pension provision	92	116
Other assets	0	0

Change in defined benefit obligation (DBO) – total

	2013 € m	2012 € m
DBO as of Jan. 1	207	165
Current service cost	1	1
Interest cost	6	7
Changes in fair value: actuarial gains and losses from financial assumptions	– 9	40
Changes in fair value: actuarial gains and losses from experience-based adjustments	4	4
Benefits paid	– 10	– 10
DBO as of Dec. 31	199	207

Change in defined benefit obligation (DBO) – unfunded plans

	2013 € m	2012 € m
DBO as of Jan. 1	64	46
Current service cost	1	1
Interest cost	2	2
Changes in fair value: actuarial gains and losses from financial assumptions	– 4	16
Changes in fair value: actuarial gains and losses from experience-based adjustments	1	1
Benefits paid	– 2	– 2
DBO as of Dec. 31	62	64

Change in defined benefit obligation (DBO) – funded plans

	2013 € m	2012 € m
DBO as of Jan. 1	143	119
Current service cost	0	0
Interest cost	4	5
Changes in fair value: actuarial gains and losses from financial assumptions	– 5	24
Changes in fair value: actuarial gains and losses from experience-based adjustments	3	3
Benefits paid	– 8	– 8
DBO as of Dec. 31	137	143

Change in plan assets

	2013 € m	2012 € m
Fair value of plan assets as of Jan. 1	91	95
Interest income from plan assets	3	4
Changes in fair value: actual return on plan assets excluding interest income	1	0
Contributions	20	0
Benefits paid	– 8	– 8
Fair value of plan assets as of Dec. 31	107	91

There were no plan surpluses in the periods under review.

Composition of plan assets

The composition of the investment fund assets was as follows:

	12/31/2013 Fair value Quoted on an active market € m	Not quoted on an active market € m	12/31/2012 Fair value Quoted on an active market € m	Not quoted on an active market € m
Shares	32	0	25	0
of which: eurozone countries	23	0	18	0
of which: non-eurozone countries	9	0	7	0
Bonds and debentures	62	0	59	0
of which: in euros	62	0	59	0
of which: not in euros	0	0	0	0
Investment funds	6	0	0	0
Bank balances/ fixed-term deposits	0	7	0	7
Total	100	7	84	7

Actuarial assumptions

	12/31/2013 Percent	12/31/2012 Percent
Interest rate	3.3	2.9
Salary growth	3.0	3.0
Inflation	2.0	2.0

The interest rate is based on prime-rated government bonds with matching currencies and maturities. The basic biometric probabilities are based on the mortality tables normally used in the respective country. Salary growth, turnover, and retirement patterns were estimated specifically for each company.

Sensitivity analysis

The impact of material changes in actuarial assumptions on the defined benefit obligation (DBO) was as follows:

	12/31/2013 Financial impact in case of increase € m	12/31/2013 Financial impact in case of decrease € m	12/31/2012 Financial impact in case of increase € m	12/31/2012 Financial impact in case of decrease € m
Interest rate +/- 1 percent	-23	28	-25	32
Mortality rate +/- 10 percent	-6	7	-6	8
Salary growth +/- 0.25 percent	0	0	0	-1
Inflation +/- 0.25 percent	5	-5	6	-5

The sensitivity analysis is performed using notional assumptions only. There is no minimum funding obligation for funded pension plans.

Average duration of the defined benefit obligation

	Defined benefit obligation Years
Total average duration	13

Pension benefits to be paid in the future

	Pension benefits € m
In the next year	11
Year 2	11
Year 3	10
Year 4	11
Year 5	11
Next 5 years	55

Other non-current personnel provisions

	12/31/2013 € m	12/31/2012 € m
Anniversaries	3	3
Partial retirement (liability)	5	2
Total	8	5

Partial retirement provisions are accounted for in accordance with the first-in, first-out method under IAS 19 (rev. 2011) (please refer to sections e) and j) contained in the section entitled "Significant accounting policies"). IAS 19 (rev. 2011) was applied early in the previous year, 2012.

(21) Other liabilities

	12/31/2013 € m	12/31/2012 € m
Accrued interest on deposits from banks	4	5
Accrued interest on amounts due to customers	71	1
Accrued interest on securitized liabilities	17	16
Accrued interest on hedging derivatives	207	436
Accrued interest on other derivatives	37	144
Other liabilities	637	555
Total	973	1,157

Beginning in 2013, all accrued interest liabilities are reported under the "Other liabilities" line item.

Since fiscal year 2013, derivatives have increasingly been settled via a central counterparty. This has resulted in an offsetting requirement in the statement of financial position, which also includes the related accrued interest (see note 26).

The last caption, other liabilities, relates primarily to withholding taxes payable on behalf of our customers as well as the net profit for the year in accordance with HGB to be transferred to ING Deutschland GmbH.

Other disclosures relating to the consolidated statement of financial position

(22) Contractual maturities

Assets by remaining contractual maturity on the basis of undiscounted cash flows

	12/31/2013 on demand € m	12/31/2013 less than 1 month € m	12/31/2013 1 to 3 months € m	12/31/2013 3 to 12 months € m
Cash reserve	931	0	0	0
Loans and advances to banks	3,845	5,042	360	227
Loans and advances to customers	3,480	1,174	2,617	6,746
Adjustment to portfolio fair value hedges[1]	0	0	0	0
Financial investments				
- Available-for-sale	5	411	511	1,442
Derivatives with positive fair value	0	1	21	38
Other assets	0	6	1	587
Total	8,261	6,634	3,510	9,040

	12/31/2013 1 to 5 years € m	12/31/2013 more than 5 years € m	12/31/2013 indefinite € m	12/31/2013 Total € m
Cash reserve	0	0	0	931
Loans and advances to banks	595	0	0	10,069
Loans and advances to customers	47,789	47,696	0	109,502
Adjustment to portfolio fair value hedges[1]	0	0	0	0
Financial investments				
- Available-for-sale	15,393	12,210	0	29,972
Derivatives with positive fair value	47	3	0	110
Other assets	10	41	13	658
Total	63,834	59,950	13	151,242

(1) Since this item is reported on the basis of undiscounted contractual cash flows, no disclosure is made for the "Adjustment to portfolio fair value hedges" line item.

	12/31/2012 on demand € m	12/31/2012 less than 1 month € m	12/31/2012 1 to 3 months € m	12/31/2012 3 to 12 months € m
Cash reserve	683	0	0	0
Loans and advances to banks	4,122	1,796	14	552
Loans and advances to customers	2,278	3,947	1,759	3,591
Adjustment to portfolio fair value hedges	0	0	1	18
Financial investments				
- Available-for-sale	4	720	741	1,790
Derivatives with positive fair value	0	2	4	36
Other assets	0	19	15	752
Total	7,087	6,484	2,534	6,739

	12/31/2012 1 to 5 years € m	12/31/2012 more than 5 years € m	12/31/2012 indefinite € m	12/31/2012 Total € m
Cash reserve	0	0	0	683
Loans and advances to banks	862	– 9	0	7,337
Loans and advances to customers	34,606	35,901	0	82,082
Adjustment to portfolio fair value hedges	1,289	1,596	0	2,904
Financial investments				
- Available-for-sale	13,132	9,226	17	25,630
Derivatives with positive fair value	250	55	0	347
Other assets	0	439	0	1,225
Total	50,139	47,208	17	120,208

Figures are disclosed for the 2012 reporting period on the basis of carrying amounts.

Liabilities and items not recognized in the statement of financial position by remaining contractual maturity on the basis of undiscounted cash flows

	12/31/2013 on demand € m	12/31/2013 less than 1 month € m	12/31/2013 1 to 3 months € m
Securitized liabilities	0	0	1
Deposits from banks	1,153	576	631
Due to customers	89,292	3,105	6,254
Derivatives with negative fair value	0	13	87
Other liabilities	0	32	7
Subtotal	90,445	3,726	6,980
Financial guarantees	152	1	28
Irrevocable loan commitments	0	2,277	119
Total	90,597	6,004	7,127

	12/31/2013 3 to 12 months € m	12/31/2013 1 to 5 years € m	12/31/2013 more than 5 years € m	12/31/2013 Total € m
Securitized liabilities	26	647	683	1,357
Deposits from banks	638	3,724	4,467	11,189
Due to customers	8,961	1,403	26	109,041
Derivatives with negative fair value	398	1,299	429	2,226
Other liabilities	939	15	169	1,162
Subtotal	10,962	7,088	5,774	124,975
Financial guarantees	69	77	3	330
Irrevocable loan commitments	747	4,371	500	8,014
Total	11,778	11,536	6,277	133,319

Beginning in 2013, all accrued interest liabilities are reported under the "Other liabilities" line item.

	12/31/2012 on demand € m	12/31/2012 less than 1 month € m	12/31/2012 1 to 3 months € m
Securitized liabilities	0	0	11
Deposits from banks	307	189	345
Due to customers	74,617	3,791	5,882
Derivatives with negative fair value	0	55	265
Other liabilities	0	26	2
Subtotal	74,924	4,061	6,505
Financial guarantees	69	0	45
Irrevocable loan commitments	7	2,477	152
Total	75,000	6,538	6,702

	12/31/2012 3 to 12 months € m	12/31/2012 1 to 5 years € m	12/31/2012 more than 5 years € m	12/31/2012 Total € m
Securitized liabilities	15	640	660	1,326
Deposits from banks	487	3,587	4,856	9,771
Due to customers	15,056	1,193	26	100,565
Derivatives with negative fair value	865	3,194	1,223	5,602
Other liabilities	1,130	12	709	1,879
Subtotal	17,553	8,626	7,474	119,143
Financial guarantees	143	85	11	353
Irrevocable loan commitments	692	3,677	335	7,340
Total	18,388	12,388	7,820	126,836

(23) Expected periods of realization

The table below shows for each asset and liability position those amounts that, based on their contractual maturities, are expected to be realized or settled within twelve months of the reporting date (current) and later than twelve months after the reporting date (non-current). Financial instruments without contractual maturities, the cash reserve, and income tax assets and liabilities are classified as current. The following line items in the statement of financial position are classified as non-current: investment property, property and equipment, and deferred tax assets and liabilities. Other assets and other liabilities are classified on the basis of estimates for the significant items.

	12/31/2013 Current € m	12/31/2013 Non-current € m	12/31/2013 Total € m
Assets			
Cash reserve	931	0	931
Loans and advances to banks	9,591	505	10,096
Loans and advances to customers	19,202	66,194	85,396
Adjustment to portfolio fair value hedges	34	1,957	1,991
Financial investments	2,363	25,807	28,170
Derivatives with positive fair value	13	45	58
Investment property	0	12	12
Property and equipment	0	45	45
Intangible assets	0	11	11
Income tax assets	0	0	0
Deferred tax assets	0	1	1
Other assets	570	57	627
Tota assets	32,704	94,634	127,338
Liabilities			
Securitized liabilities	0	1,231	1,231
Deposits from banks	2,778	7,180	9,958
Due to customers	106,045	1,287	107,332
Derivatives with negative fair value	42	1,384	1,426
Income tax liabilities	0	0	0
Deferred tax liabilities	0	81	81
Non-current provisions	0	109	109
Other liabilities	973	0	973
Total liabilities	109,838	11,272	121,110

Beginning in 2013, all accrued interest liabilities are reported under the “Other liabilities” line item.

	12/31/2012 Current € m	12/31/2012 Non-current € m	12/31/2012 Total € m
Assets			
Cash reserve	683	0	683
Loans and advances to banks	6,484	853	7,337
Loans and advances to customers	11,575	70,507	82,082
Adjustment to portfolio fair value hedges	19	2,885	2,904
Financial investments	3,272	22,358	25,630
Derivatives with positive fair value	43	304	347
Investment property	0	12	12
Property and equipment	0	43	43
Intangible assets	0	21	21
Income tax assets	5	0	5
Deferred tax assets	0	1	1
Other assets	780	5	785
Total assets	22,861	96,989	119,850
Liabilities			
Securitized liabilities	0	1,195	1,195
Deposits from banks	1,137	7,495	8,632
Due to customers	97,445	1,085	98,530
Derivatives with negative fair value	65	3,861	3,926
Income tax liabilities	9	0	9
Deferred tax liabilities	0	208	208
Non-current provisions	2	126	128
Other liabilities	1,157	0	1,157
Total liabilities	99,815	13,970	113,785

Since fiscal year 2013, derivatives have increasingly been settled via a central counterparty. This has resulted in an offsetting requirement (see note 6 “Derivatives with positive fair value”, note 17 “Derivatives with negative fair value”, note 26 “Offsetting, master netting and similar agreements”, and the consolidated statement of financial position).

IAS 1.60 *et seq.* in conjunction with IFRS 7.39 results in a worst-case analysis for the item “Amounts due to customers”. It should be noted that customer deposits payable on demand are classified in the presentation as payable at short notice due to their contractual maturity. The contractual maturity of demand deposits does not adequately reflect the liquidity risk exposure. In order to determine the expected repayment date, modeling assumptions must therefore be made. These assumptions form an integral part of the liquidity risk management concept.

(24) Hedge accounting

Hedge accounting is discussed in section d) of the section entitled "Significant accounting policies".

Fair value hedges

The following table shows the fair values of derivatives held as part of fair value hedges.

	12/31/2013 Assets € m	12/31/2013 Equity and liabilities € m	12/31/2012 Assets € m	12/31/2012 Equity and liabilities € m
Derivatives used as fair value hedges	23	1,250	123	3,389

Net gains/losses on measurement of derivatives and hedged items are described in note 35.

The accrued interest on hedging derivatives is reported under "other assets" (note 12) or under "other liabilities" (note 21).

The full fair value of derivatives, including accrued interest, amounted to EUR 25 million as of December 31, 2013 on the assets side (December 31, 2012: EUR 158 million) and to EUR 1,449 million as of December 31, 2013 on the liabilities side (December 31, 2012: EUR 3,825 million).

The changes in fair value of hedged items in portfolio hedge accounting which are attributable to the hedged risk are presented in a separate item in the statement of financial position. These are explained under "adjustment to portfolio fair value hedges" (note 4).

Cash flow hedges

The following table shows the fair values of derivatives held as part of cash flow hedges.

	12/31/2013 Assets € m	12/31/2013 Equity and liabilities € m	12/31/2012 Assets € m	12/31/2012 Equity and liabilities € m
Derivatives used as cash flow hedges	1	0	11	0

The accrued interest on hedging derivatives is reported under “other assets” (note 12) or under “other liabilities” (note 21).

The full fair value of derivatives, including accrued interest, as of December 31, 2013 amounted to EUR 1 million on the assets side (December 31, 2012: EUR 30 million) and EUR 0 million on the liabilities side, as in the previous year.

Hedged cash flows

The following table shows the periods in which hedged cash flows are expected to occur and when these are expected to affect profit or loss.

	2013 less than 1 month € m	2013 1 to 3 months € m	2013 3 to 12 months € m	2013 1 to 2 years € m
Inflow	0	3	0	1
Outflow	0	0	0	0
Net cash flow	0	3	0	1

	2013 2 to 3 years € m	2013 3 to 4 years € m	2013 4 to 5 years € m	2013 more than 5 years € m
Inflow	0	0	0	0
Outflow	0	0	0	0
Net cash flow	0	0	0	0

	2012 less than 1 month € m	2012 1 to 3 months € m	2012 3 to 12 months € m	2012 1 to 2 years € m
Inflow	0	8	22	3
Outflow	0	0	0	0
Net cash flow	0	8	22	3

	2012 2 to 3 years € m	2012 3 to 4 years € m	2012 4 to 5 years € m	2012 more than 5 years € m
Inflow	1	0	0	0
Outflow	0	0	0	0
Net cash flow	1	0	0	0

Cash flow hedge reserve

The following table shows the cash flow hedge reserve under equity. Note 13 provides information on changes in the revaluation reserve.

	12/31/2013 € m	12/31/2012 € m
Cash flow hedge reserve in equity	1	7

In fiscal year 2013, no securities were disposed of that had an impact on the cash flow hedge reserve and led to the early termination of hedges. An amount of EUR 2 million was reversed from the cash flow hedge reserve in fiscal year 2012 due to the disposal of securities, and the early termination of hedges resulted in EUR 1 million being amortized to profit and loss. The effects are reported under other interest income (note 33).

Cash flow hedge ineffectiveness

Cash flow hedge ineffectiveness impacted profit or loss as follows:

	12/31/2013 € m	12/31/2012 € m
Cash flow hedge ineffectiveness	–1	–1

(25) Financial instruments transferred and pledged as collateral

Financial instruments transferred yet not derecognized

ING- DiBa continues to hold the securities transferred as part of repo and securities lending transactions in its statement of financial position. Since dated return and repurchase agreements are in place for the transferred assets, ING- DiBa continues to bear the associated risks and rewards. The risks are described in the Group management report.

	12/31/2013 Fair value € m	12/31/2013 Carrying amount € m
Repo transactions		
- Assets transferred (available-for-sale)	1,054	1,054
- Assets transferred (other AfS financial investments)[2]	18	18
- Corresponding deposits from banks	1,085	1,085
- Corresponding amounts due to customers	13	13
Available-for-sale[1]	– 26	– 26
Securities lending		
- Assets transferred (available-for-sale)	92	92
- Assets transferred (other AfS financial investments)[2]	1	1
- Corresponding deposits from banks	0	0
- Corresponding amounts due to customers	0	0
Available-for-sale[1]	93	93
Total assets transferred	1,165	1,165
Total corresponding liabilities	1,098	1,098

Compared with fiscal year 2012, figures adjusted for transactions where the contractual right to the cash flows was not transferred. Accrued interest is now presented separately.
(1) The totals are shown on a net basis.
(2) Relates to accrued interest reported separately under other assets.

	12/31/2012 Fair value € m	12/31/2012 Carrying amount € m
Repo transactions		
- Assets transferred (available-for-sale)	542	542
- Assets transferred (other AfS financial investments)[2]	7	7
- Corresponding deposits from banks	512	512
- Corresponding amounts due to customers	31	31
Available-for-sale[1]	6	6
Securities lending		
- Assets transferred (available-for-sale)	35	35
- Assets transferred (other AfS financial investments)[2]	1	1
- Corresponding deposits from banks	0	0
- Corresponding amounts due to customers	0	0
Available-for-sale[1]	36	36
Total assets transferred	585	585
Total corresponding liabilities	543	543

Accrued interest is now presented separately.
(1) The totals are shown on a net basis.
(2) Relates to accrued interest reported separately under other assets.

The AfS instruments reported here are recognized under “financial investments” in the statement of financial position (note 5).

Securities lending transactions were exclusively entered into with companies of the ING Group.

The transactions with the European Central Bank System do not deviate from the procedure commonly used.

The repo transactions reported here are matched by corresponding deposits from banks (note 15) and amounts due to customers (note 16).

Recognition in the amount of the continuing involvement

As part of a subparticipation agreement relating to the Commercial Banking business, the Bank transferred EUR 70 million in receivables (December 31, 2012: EUR 70 million), resulting in a continuing involvement of EUR 2 million (December 31, 2012: EUR 2 million), which continues to be recognized under loans and advances to customers (note 3). This is offset correspondingly by EUR 2 million (December 31, 2012: EUR 2 million), which is reported in deposits from banks (note 15).

Financial instruments pledged as collateral

	12/31/2013 carrying amount € m	12/31/2012 carrying amount € m
Total AfS financial investments	28,170	25,630
of which pledged as collateral	3,245	1,470
AfS other assets financial assets AfS total	413	422
of which pledged as collateral	64	16
Total LaR	96,319	89,989
of which pledged as collateral	14,753	15,945
Total transferred	18,062	17,431

Prior-year figures adjusted. Please refer to section j) under “Significant accounting policies” for further information.

Further information on AfS financial instruments is contained in the section entitled “Financial instruments transferred yet not derecognized” in this note. All financial instruments pledged as collateral by ING- DiBa can be sold or pledged by the recipient of the collateral regardless of whether or not ING- DiBa defaults.

Private mortgage loans serve as collateral cover for the Pfandbrief issued for the first time in 2011. The carrying amount of the private mortgage loans entered into the funding register was EUR 5,357 million as of December 31, 2013 (December 31, 2012: EUR 3,776 million). They are reported under loans and receivables here. The loans of the cover pool comprise part of the “Loans and advances to customers” item (note 3). In addition, loans against borrower’s notes for EUR 71 million (December 31, 2012: EUR 71 million) were transferred as collateral.

Loans and receivables include cash collateral for derivatives of EUR 1,645 million (December 31, 2012: EUR 4,034 million), of which EUR 1,645 million (December 31, 2012: EUR 3,956 million) was attributable to loans and advances to banks (note 2) and EUR 0 million (December 31, 2012: EUR 78 million) to loans and advances to customers (note 3). In addition, cash collateral provided for repo transactions amounted to EUR 25 million (December 31, 2012: EUR 0 million). These are reported entirely under loans and advances to banks (note 2). EUR 17 million in cash collateral was provided in the context of transactions settled via central counterparties (December 31, 2012: EUR 0 million).

Residential mortgage-backed securities (RMBS) in the amount of EUR 200 million (December 31, 2012: EUR 200 million) are pledged as collateral with the European Central Bank System. This is disclosed in accordance with IFRS 7.14 and complements the disclosures relating to the collateral furnished. Note 30 contains further information on these RMBS.

The loans and advances to customers (note 3) included a volume of EUR 7,438 million (December 31, 2012: EUR 7,864 million) pledged as collateral as part of transactions with the KfW development bank (*Kreditanstalt für Wiederaufbau*). The prior-year amount of collateral provided has been adjusted. Please refer to section j) under “Significant accounting policies” for further information. Collateral provided is also a component of the “loans and receivables” category.

In relation to the collateral listed, there are no clauses or conditions that are of material importance when considered separately.

(26) Offsetting, master netting and similar agreements

Since fiscal year 2013, derivatives have increasingly been settled via a central counterparty. This has resulted in an offsetting requirement in the statement of financial position.

Agreements relating to derivatives transactions which were not conducted through the central counterparty as well as repo, reverse repo, and securities lending transactions are master netting and similar agreements, which result in the positions concerned being offset off the statement of financial position under certain conditions. The settlement of these transactions off the statement of financial position relates solely to technical settlement and not to accounting presentation in accordance with IFRS. They are deemed to be legally enforceable if this is confirmed by applicable legal opinions.

For more information, please refer to note 6 “Derivatives with positive fair value”, note 17 “Derivatives with negative fair value”, and the consolidated statement of financial position.

		12/31/2013	12/31/2013	12/31/2013	12/31/2013 Amounts subject to a legally enforceable MNA or similar agreement		12/31/2013
		Gross amounts of financial assets before offsetting € m	Amounts offset in the statement of financial position € m	Net amounts of financial assets after offsetting € m	Financial instru-ments € m	Financial instruments pledged as collateral including cash € m	Net amount € m
Statement of financial position item	**Financial assets**						
Loans and advances to banks	Reverse repo and similar contracts	3,703	0	3,703	21	3,664	18
Derivatives with positive fair value	Derivatives	145	87	58	30	0	28
Loans and advances to customers	Cash collateral[1]	1,320	1,315	5	0	0	5
Other assets	Accrued interest on loans and advances to banks	1	0	1	0	0	1
	Accrued interest on derivatives	88	48	40	20	0	20
Total		5,257	1,450	3,807	71	3,664	72

		12/31/2012	12/31/2012	12/31/2012	12/31/2012 Amounts subject to a legally enforceable MNA or similar agreement		12/31/2012
		Gross amounts of financial assets before offsetting € m	Amounts offset in the statement of financial position € m	Net amounts of financial assets after offsetting € m	Financial instru-ments € m	Financial instruments pledged as collateral including cash € m	Net amount € m
Statement of financial position item	**Financial assets**						
Loans and advances to banks	Reverse repo and similar contracts	375	0	375	19	356	0
Derivatives with positive fair value	Derivatives	347	0	347	279	3	65
Loans and advances to banks	Cash collateral[1]	0	0	0	0	0	0
Other assets	Accrued interest on loans and advances to banks	0	0	0	0	0	0
	Accrued interest on derivatives	149	0	149	121	0	28
Total		871	0	871	419	359	93

Statement of financial position item	Financial liabilities	12/31/2013 Gross amounts of financial liabilities before off-setting € m	12/31/2013 Amounts offset in the statement of financial position € m	12/31/2013 Net amounts of financial liabilities after offsetting € m	12/31/2013 Amounts subject to a legally enforceable MNA or similar agreement: Financial instru-ments € m	12/31/2013 Amounts subject to a legally enforceable MNA or similar agreement: Financial instruments pledged as collateral including cash € m	12/31/2013 Net amount € m
Deposits from banks	Repo transactions	1,085	0	1,085	21	1,062	2
Due to customers	Repo transactions	13	0	13	0	13	0
Derivatives with negative fair value	Derivatives	2,623	1,197	1,426	31	1,028	367
Other liabilities	Accrued interest on derivatives	497	253	244	19	170	55
Total		4,218	1,450	2,768	71	2,273	424

Statement of financial position item	Financial liabilities	12/31/2012 Gross amounts of financial liabilities before offsetting € m	12/31/2012 Amounts offset in the statement of financial position € m	12/31/2012 Net amounts of financial liabilities after offsetting € m	12/31/2012 Amounts subject to a legally enforceable MNA or similar agreement: Financial instru-ments € m	12/31/2012 Amounts subject to a legally enforceable MNA or similar agreement: Financial instruments pledged as collateral including cash € m	12/31/2012 Net amount € m
Deposits from banks	Repo transactions	512	0	512	19	493	0
Due to customers	Repo transactions	31	0	31	0	0	31
Derivatives with negative fair value	Derivatives	3,926	0	3,926	285	3,107	534
Other liabilities	Accrued interest on derivatives	580	0	580	115	365	100
Total		5,049	0	5,049	419	3,965	665

(1) The cash collateral reported here relates in its entirety to transactions settled with a central counterparty (CCP).

(27) Contingent liabilities

Contingent liabilities are items not recognized in the statement of financial position, as specified in IAS 37.

These include irrevocable loan commitments, guarantees and letters of credit.

Contingent liabilities relate primarily to irrevocable loan commitments to customers in the mortgage area (forward loans) and in Commercial Banking.

The expected disbursements for irrevocable loan commitments are presented below. These correspond to the contractually stipulated maximum amounts. The same applies for letters of credit. For guarantees, the maximum amount that can be drawn down is shown.

As part of the spin-off of the former Frankfurt branch of ING Bank N.V. from ING Bank N.V., Amsterdam, to Conifer B.V. and the subsequent merger with ING-DiBa , ING- DiBa assumed Conifer B.V.'s secondary liability obligations existing by operation of the law for the protection of ING Bank N.V.'s creditors. This secondary liability obligation is anchored in article 2:334t of the Dutch Civil Code and applies to certain obligations on the part of ING Bank N.V. existing as of the effective date of the spin-off (August 31, 2011).

With regard to the scope of liability, a distinction must be drawn between joint and several obligations. Joint obligations of ING Bank N.V. are subject to the joint liability of ING- DiBa and ING Bank N.V. The secondary liability in respect of the several obligations is limited to the value of the net assets of the Frankfurt branch of ING Bank N.V. as of the date of the spin-off to Conifer B.V. The term of this liability is unlimited and expires only upon the extinguishment of the relevant obligation. In this context, it is not practical to make the disclosures required in accordance with IAS 37.86.

Contingent liabilities

	12/31/2013 on demand € m	12/31/2013 less than 1 month € m	12/31/2013 1 to 3 months € m
Irrevocable loan commitments	0	2,277	119
Guarantees and letters of credit	305	81	107
Total	305	2,358	226

	12/31/2013 3 to 12 months € m	12/31/2013 1 to 5 years € m	12/31/2013 more than 5 years € m	12/31/2013 Total € m
Irrevocable loan commitments	747	4,371	500	8,014
Guarantees and letters of credit	316	256	2	1,067
Total	1,063	4,627	502	9,081

	12/31/2012 on demand € m	12/31/2012 less than 1 month € m	12/31/2012 1 to 3 months € m
Irrevocable loan commitments	7	2,477	152
Guarantees and letters of credit	293	8	132
Total	300	2,485	284

	12/31/2012 3 to 12 months € m	12/31/2012 1 to 5 years € m	12/31/2012 more than 5 years € m	12/31/2012 Total € m
Irrevocable loan commitments	692	3,677	335	7,340
Guarantees and letters of credit	236	321	0	990
Total	928	3,998	335	8,330

(28) Pending litigation

The outcomes of pending litigation are not expected to have any material adverse effect on the net assets, financial position, and results of operations in excess of the amounts already recognized for litigation risks under non-current provisions.

(29) Future lease obligations

	Future minimum lease payments € m
2014	12
2015	20
2016	18
2017	17
2018	16
in years following 2018	101

Total rental and lease expenses amounted to EUR 18 million in fiscal year 2013 (December 31, 2012: EUR 22 million). Of that amount, EUR 16 million (December 31, 2012: EUR 20 million) was attributable to minimum lease payments and EUR 2 million (December 31, 2012: EUR 2 million) was attributable to contingent lease payments.

Operationally, material are lease agreements for ATMs and for business premises or office buildings. Most of the agreements in question specify fixed terms or minimum lease terms, for which fixed rental or lease amounts have to be paid. Some of the rentals for buildings used for business operations are linked to consumer price indices, while some of the lease payments for ATMs are linked to a reference interest rate.

The lease agreements for ATMs are usually non-full payout leases with sale options at no less than the market price. Renewal options are granted subject to different lease payments.

Some of the leases for office buildings are for fixed terms, often granting renewal options, also for a fixed term. Other leases are for indefinite terms. They do not normally include a sale option.

Neither building nor ATM leases impose restrictions that could impact the capital structure, profit or loss, or other lease agreements of the Company.

(30) Disclosures relating to equity investments

The consolidated financial statements include all subsidiaries. Subsidiaries are companies that are controlled by the parent as specified in IAS 27. Special purpose entities are also included in the consolidated financial statements, if they are substantively controlled by the reporting entity.

ING- DiBa has no equity investments that would have to be accounted for using the equity method or proportionate consolidation.

The Group structure did not change compared with the previous year.

The scope of consolidation includes the following individual companies:

	12/31/2013 Equity interest held directly Percent	12/31/2013 Equity interest held indirectly Percent	12/31/2012 Equity interest held directly Percent	12/31/2012 Equity interest held indirectly Percent
GGV Gesellschaft für Grundstücks- und Vermögensverwaltung mbH, Frankfurt am Main	100	0	100	0
ING- DiBa Service GmbH, Frankfurt am Main	100	0	100	0
Pure German Lion RMBS 2008 GmbH, Frankfurt am Main	0	0	0	0
Ingredit Verwaltungs GmbH, Frankfurt am Main	100	0	100	0
Helophant Portfolio GmbH, Frankfurt am Main	0	100	0	100
Helophant Portfolio II GmbH, Frankfurt am Main	0	100	0	100
Rahmhof Grundbesitz GmbH, Frankfurt am Main	100	0	100	0

Control on the basis of voting rights

ING- DiBa owns all the shares in six subsidiaries, either directly or indirectly through other wholly owned subsidiaries. All subsidiaries, without exception, are corporations (Kapitalgesellschaften). The voting rights alone determine that the Bank exercises control under company law and therefore result in a requirement to include these companies in the consolidated financial statements.

ING- DiBa holds all of the shares in GGV Gesellschaft für Grundstücks- und Vermögensverwaltung GmbH, ING- DiBa Service GmbH, Ingredit VerwaltungsGmbH and Rahmhof Grundbesitz GmbH. ING- DiBa Service GmbH holds all shares in Helophant Portfolio GmbH and Helophant Portfolio II GmbH. The active operations of the subsidiaries are primarily related to property and asset management.

Control without voting rights

On December 1, 2008, the single entity ING-DiBa AG transferred a portfolio of mortgage loans with a nominal volume of EUR 4.7 billion to a special purpose entity, Pure German Lion RMBS GmbH, Frankfurt am Main, to let this entity securitize them in the form of residential mortgage-backed securities (RMBS).

The special purpose entity is fully consolidated in the consolidated financial statements on the basis of SIC-12. ING- DiBa does not hold any equity interest in the entity. The full consolidation has resulted in a non-controlling interest of EUR 25 thousand being reported.

All securities under this securitization transaction are held by ING-DiBa AG and fully eliminated in consolidation.

As of December 31, 2013, EUR 200 million in securities from this transaction were pledged as collateral with the European Central Bank System (December 31, 2012: EUR 200 million). This is disclosed in accordance with IFRS 7.14 and complements the disclosures relating to the collateral furnished. The section entitled "Financial instruments pledged as collateral" under note 25 contains further information.

(31) Related parties

Related persons

Total compensation paid to members of executive bodies active during the reporting period (key management personnel)

	12/31/2013 € m	12/31/2012 € m
Current compensation	4	3
Pensions	0	0
Other long-term remuneration	1	1
Severance packages	0	0
Share-based payments	1	1
Total compensation	6	5

Key management personnel as defined by IFRS comprises the active members of the Management Board and Supervisory Board.

Total compensation paid to the Management Board and Supervisory Board amounted to EUR 6.4 million in fiscal year 2013 (2012: EUR 5.2 million).

EUR 5.2 million of the total compensation paid related to the executive activities of Management Board members (previous year: EUR 4.0 million) and EUR 0.8 million related to the executive activities of Supervisory Board members (2012: EUR 0.8 million).

The current compensation includes all fixed and variable components, provided they were paid in the twelve-month period.

Share-based payments to the Management Board and Supervisory Board

In the periods under review, the members of the Management Board and Supervisory Board received share-based payments in the amounts presented below. The weighted average of the fair values was determined as of the date of the legally binding commitment. No subsequent changes in value were recognized, because the exercise terms and conditions had not been changed. A more detailed description can be found under note 39.

Share-based payments to members of executive bodies active during the reporting period

	2013 Amount	2013 Fair value at grant date €	2012 Amount	2012 Fair value at grant date €
Performance shares, deferred shares	88,733	506,960	76,853	506,415

Total compensation paid to former members of executive bodies

Under German commercial law, total compensation paid to former members of executive bodies amounted to EUR 0.8 million in fiscal year 2013 (2012: EUR 0.8 million). A provision of EUR 15.0 million (December 31, 2012: EUR 14.8 million) was recognized for current pensions and pension entitlements of former members of the Management Board and their dependents in accordance with German commercial law.

Note 20 contains disclosures on pension provisions in accordance with IAS 19 (rev. 2011).

Other related party disclosures

The total amount of loans granted to members of the Management Board and Supervisory Board amounted to EUR 1.5 million as of December 31, 2013 (2012: EUR 2.1 million); loans granted to members of the Supervisory Board amounted to EUR 109 thousand as of the same date (2012: EUR 115 thousand). These loans are the Bank's products and were granted at standard market terms and conditions. No contingent liabilities had been entered into in connection with key management personnel, either as of December 31, 2013 or the end of the previous year's reporting period.

Related companies

Business relationships with parent companies

In addition to the companies included in the Group, ING-DiBa AG also has business relationships with parent and sister companies in the ING Group.

ING-DiBa AG's immediate parent is ING Deutschland GmbH, Frankfurt am Main, which holds a 100% interest. The ultimate parent company of the entire ING Group is ING Groep N.V., Amsterdam (the Netherlands).

In addition to the companies named, the following companies are parent companies to ING-DiBa AG:

- ING Bank N.V., Amsterdam (Netherlands)
- ING Direct N.V., Hoofddorp (Netherlands)
- ING Holding Deutschland GmbH, Frankfurt am Main (Germany)

	12/31/2013 € m	12/31/2012 € m
ING Groep N.V.	-	-
ING Bank N.V.		
Loans and advances	2,015	1,999
Deposits and amounts due	0	0
Loan commitments	0	0
Income	23	4
Expenses	0	7
Stichting Orange Lion RMBS		
Loans and advances	6,926	8,514
Income	150	198
ING Direct N.V.		
Loans and advances	0	429
Deposits and amounts due	0	1
Loan commitments	0	0
Income	6	11
Expenses	13	14
ING Holding Deutschland GmbH		
Loans and advances	0	0
Deposits and amounts due	164	302
Loan commitments	0	0
Income	0	0
Expenses	0	1
ING Deutschland GmbH		
Loans and advances	0	0
Deposits and amounts due	811	754
Loan commitments	0	0
Income	0	0
Expenses	1	1

In fiscal year 2013, EUR 1,483 million (2012: EUR 1,213 million) in existing loan transactions were acquired from ING Bank N.V. They relate exclusively to corporate customers.

The liabilities to ING Deutschland GmbH relate primarily to the profit transfer to be made. The transfer of the profit determined in accordance with German commercial law is explained in note 13.

The expense relating to ING Direkt N.V. reflects the provision of services to ING-DiBa AG.

Business relationships with other Group companies not included in the basis of consolidation

In the year under review, there were business relationships primarily with the following companies included in the consolidated financial statements of ING Groep N.V.:

- ING Wholesale, Amsterdam
- ING Direct Spain, Madrid
- ING Direct Italy, Milan
- ING Bank Treasury, Amsterdam
- Interhyp AG, Munich
- ING Belgium, Brussels
- ING Domestic Bank Nederland, Amsterdam
- ING Lease Germany, Norderstedt
- Real Estate Dev Germany, Frankfurt am Main
- ING Real Estate Finance, Amsterdam

	12/31/2013 € m	12/31/2012 € m
Loans and advances	593	329
Deposits and amounts due	2,086	1,101
Loan commitments	139	133
Income	12	17
Expenses	58	67

Most of the volume is attributable to transactions with ING Direct Spain, Madrid, ING Direct EICC Italy, Milan, ING Belgium, Brussels, ING Bank Treasury, Amsterdam, Interhyp AG, Munich, and ING Wholesale, Amsterdam. Money market transactions were entered into with these companies.

A significant proportion of transactions with Interhyp AG, Munich, consists of commission expenses for brokering mortgage loans.

No allowances or provisions were recognized for doubtful accounts.

Business relationships with related parties not included in the Group or the basis of consolidation

ING- DiBa has protected pension plans against insolvency through a contractual trust agreement (CTA) and a pension fund (note 20). In fiscal year 2013, additional funding of EUR 20 million was contributed to plan assets (2012: EUR 0 million) via the multi-employer trustee.

(32) Fair value reporting

Disclosures in accordance with IFRS 7.8 and IFRS 7.25

The following table provides an overview of the carrying amounts and fair values of financial instruments included in the individual items of the statement of financial position.

	12/31/2013 Fair value € m	12/31/2013 Carrying amount € m
Financial assets		
Available-for-sale financial investments	28,170	28,170
of which equity investments	5	5
Other available-for-sale financial investments[1]	413	413
Available-for-sale	28,583	28,583
Other derivatives with positive fair value	34	34
Other derivative assets[1]	29	29
Fair value through profit or loss	63	63
Cash balance	104	104
Hedging derivatives	24	24
Other derivative hedging assets[1]	11	11
Adjustment to portfolio fair value hedges	0	1,991
Financial instruments not categorized under IAS 39	139	2,130
Balances with central banks	827	827
Loans and advances to banks	10,089	10,096
Other receivables from banks[1]	32	32
Loans and advances to customers	89,846	85,396
Other receivables from customers[1]	62	62
Loans and receivables	100,856	96,413
Total financial assets	129,641	127,189
Financial liabilities		
Other derivatives with negative fair value	176	176
Other derivative liabilities[1]	37	37
Fair value through profit or loss	213	213
Hedging derivatives	1,250	1,250
Other hedging derivative liabilities[1]	207	207
Financial instruments not categorized under IAS 39	1,457	1,457
Securitized liabilities	1,285	1,231
Other securitized liabilities[1]	17	17
Deposits from banks	10,459	9,958
Other liabilities to banks[1]	4	4
Due to customers	107,788	107,332
Other liabilities to customers [1]	71	71
Financial liabilities	119,624	118,613
Total financial liabilities	121,294	120,283

(1) Relates to accrued interest disclosed separately under other assets or other liabilities.
Beginning in 2013, all accrued interest liabilities are reported under the "Other liabilities" line item.

	12/31/2012 Fair value € m	12/31/2012 Carrying amount € m
Financial assets		
Available-for-sale financial investments	25,630	25,630
of which equity investments	4	4
Other available-for-sale financial investments[1]	422	422
Available-for-sale	26,052	26,052
Other derivatives with positive fair value	213	213
Other derivative assets[1]	95	95
Fair value through profit or loss	308	308
Cash balance	113	113
Hedging derivatives	134	134
Other derivative hedging assets[1]	54	54
Adjustment to portfolio fair value hedges	0	2,904
Financial instruments not categorized under IAS 39	301	3,205
Balances with central banks	570	570
Loans and advances to banks	6,918	7,337
Other receivables from banks[1]	59	59
Loans and advances to customers	90,472	82,082
Other receivables from customers[1]	77	77
Loans and receivables	98,096	90,125
Total financial assets	124,757	119,690
Financial liabilities		
Other derivatives with negative fair value	537	537
Other derivative liabilities[1]	144	144
Fair value through profit or loss	681	681
Hedging derivatives	3,389	3,389
Other hedging derivative liabilities[1]	436	436
Financial instruments not categorized under IAS 39	3,825	3,825
Securitized liabilities	1,269	1,195
Other securitized liabilities[1]	16	16
Deposits from banks	9,165	8,632
Other liabilities to banks[1]	5	5
Due to customers	100,928	98,530
Other liabilities to customers [1]	1	1
Financial liabilities	111,384	108,379
Total financial liabilities	115,890	112,885

Prior-year figures adjusted. Please refer to section j) under "Significant accounting policies" for further information.
(1) Relates to accrued interest disclosed separately under other assets or other liabilities.

Fair value hierarchy

With regard to their fair values, which have to be reported in the statement of financial position or in the notes, financial and non-financial assets and liabilities are allocated to one of three levels, depending on the valuation techniques used to determine them:

Level 1: (Unadjusted) prices for identical assets or liabilities quoted on active markets to which the Company has access on the measurement date.

Level 2: Market prices, other than those included in level 1, that can be observed either directly or indirectly for the assets or liabilities. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or other significant observable inputs, such as interest rates, volatilities, or risk premiums.

Level 3: Significant inputs that are not observable for assets or liabilities. Here, the determination of fair values is based on prices modeled for the asset or liability that are not based on observable market data.

The table below shows the levels used to measure those financial and non-financial assets and liabilities which are recognized at fair value in the statement of financial position.

	12/31/2013 Level 1 € m	12/31/2013 Level 2 € m	12/31/2013 Level 3 € m	12/31/2013 Total € m
Assets				
Other derivatives with positive fair value	0	34	0	34
Other derivative assets[1]	0	29	0	29
Hedging derivatives	0	24	0	24
Other derivative hedging assets[1]	0	11	0	11
AfS financial investments	23,347	4,823	0	28,170
of which equity instruments	5	0	0	5
Other AfS financial investments[1]	382	31	0	413
Investment property	0	0	12	12
Group-occupied properties	0	0	17	17
Total	23,729	4,952	29	28,710
Equity and liabilities				
Other derivatives with negative fair value	0	176	0	176
Other derivative liabilities[1]	0	37	0	37
Hedging derivatives	0	1,250	0	1,250
Other hedging derivative liabilities [1]	0	207	0	207
Total	0	1,670	0	1,670

(1) Relates to accrued interest disclosed separately under other assets or other liabilities.

	12/31/2012 Level 1 € m	12/31/2012 Level 2 € m	12/31/2012 Level 3 € m	12/31/2012 Total € m
Assets				
Other derivatives with positive fair value	0	213	0	213
Other derivative assets[1]	0	95	0	95
Hedging derivatives	0	134	0	134
Other derivative hedging assets[1]	0	54	0	54
AfS financial investments	19,655	5,975	0	25,630
of which equity instruments	4	0	0	4
Other AfS financial investments[1]	372	50	0	422
Investment property	0	0	12	12
Group-occupied properties	0	0	14	14
Total	20,027	6,521	26	26,574
Equity and liabilities				
Other derivatives with negative fair value	0	537	0	537
Other derivative liabilities[1]	0	144	0	144
Hedging derivatives	0	3,389	0	3,389
Other hedging derivative liabilities [1]	0	436	0	436
Total	0	4,506	0	4,506

(1) Relates to accrued interest disclosed separately under other assets or other liabilities.

Transfers between levels

By default, available-for-sale financial investments, derivatives with positive and negative fair values, investment property, and Group-occupied property are recognized at fair value in the statement of financial position.

If market prices are available and level 1 measurement is therefore applied, the instruments have to be transferred to level 2 if the quality of the prices quoted on the respective principal market deteriorates. If market activity falls below a certain level or the bid-ask spread exceeds a certain threshold, measurement is carried out on the basis of market inputs as defined for level 2. Accordingly, instruments are transferred from level 2 to level 1 if market activity increases. The only transfers in the periods under review related to AfS securities.

In fiscal year 2013, 16 changes in market conditions (December 31, 2012: 42) caused EUR 155 million (December 31, 2012: EUR 0 million) in available-for-sale financial investments to shift from fair value measurement level 1 to level 2. EUR 616 million (December 31, 2012: EUR 4,270 million) in available-for-sale financial investments shifted from fair value measurement level 2 to level 1. As a result, accrued interest amounting to EUR 0 million included in other assets was transferred from level 1 to level 2 (December 31, 2012: EUR 0 million). EUR 5 million (December 31, 2012: EUR 85 million) was transferred from level 2 to level 1.

In the periods under review, there were no transfers from or to level 3 of assets and liabilities normally measured at fair value.

The table below shows the levels used to measure those financial and non-financial assets and liabilities which are not recognized at fair value in the statement of financial position but for which the fair value must be reported for the first time in fiscal year 2013.

	12/31/2013 Level 1 € m	12/31/2013 Level 2 € m	12/31/2013 Level 3 € m	12/31/2013 Total € m
Assets				
Cash balance	104	0	0	104
Balances with central banks	0	827	0	827
Loans and advances to banks	0	10,089	0	10,089
Other receivables from banks[1]	0	32	0	32
Loans and advances to customers	0	8,138	81,708	89,846
Other receivables from customers[1]	0	13	49	62
Total	104	19,099	81,757	100,960
Equity and liabilities				
Securitized liabilities	1,048	237	0	1,285
Other securitized liabilities[1]	15	2	0	17
Deposits from banks	0	10,459	0	10,459
Other liabilities to banks[1]	0	4	0	4
Due to customers	0	100,186	7,602	107,788
Other liabilities to customers [1]	0	58	13	71
Total	1,063	110,946	7,615	119,624

(1) Relates to accrued interest disclosed separately under other assets or other liabilities.
Beginning in 2013, all accrued interest liabilities are reported under the "Other liabilities" line item.

Valuation techniques

Fair values of financial and non-financial assets and liabilities normally measured and recognized at fair value

Some of the financial and non-financial assets and liabilities are measured in the statement of financial position at fair value at the reporting date. The table below shows the valuation techniques and the inputs used.

	Fair value hierarchy level	Valuation techniques and significant inputs	Significant unobservable inputs	12/31/2013 Fair value € m
Financial assets				
Available-for-sale financial investments				28,170
based on unadjusted observable prices	1	1)		23,347
based on valuation models	2	1), 2)		4,823
Other available-for-sale financial investments[1]				413
based on unadjusted observable prices	1	1)		382
based on valuation models	2	1), 2)		31
Available-for-sale				28,583
Other derivatives with positive fair value	2	3)		34
Other derivative assets[1]	2	3)		29
Fair value through profit or loss				63
Hedging derivatives	2	3)		24
Other derivative hedging assets[1]	2	3)		11
Financial instruments not categorized under IAS 39				35
Investment property	3	4)	4)	12
Group-occupied properties	3	4)	4)	17
Non-financial assets				29
Total assets				28,710
Financial liabilities				
Other derivatives with negative fair value	2	3)		176
Other derivative liabilities[1]	2	3)		37
Fair value through profit or loss				213
Hedging derivatives	2	3)		1,250
Other hedging derivative liabilities[1]	2	3)		207
Financial instruments not categorized under IAS 39				1,457
Total liabilities				1,670

(1) Relates to accrued interest disclosed separately under other assets or other liabilities.

The following presents a description of the valuation techniques used to determine the fair values of assets and liabilities:

1) Available-for-sale bonds of local authorities and private issuers and equity instruments are recognized at fair value. For financial instruments listed on active markets, the unadjusted price on the defined principal market or the most advantageous market is used for measurement (level 1). If market activity is insufficient, either existing prices on the defined principal market or the future cash flows expected to be derived from the respective financial instrument are discounted to present value using current interest rates, applying the relevant yield or swap curve. Product-specific spreads or credit spreads are taken into account. Only inputs observable on the market are included in the measurement systems (level 2).

2) Asset-backed securities (ABS) and mortgage-backed securities (MBS) allocated to the available-for-sale category are recognized at fair value in the statement of financial position. For these instruments, no prices are quoted on active markets. Either recent transactions or market-related indicative quotes by market makers are used as the basis for determining fair value. If no plausible fair values can be derived from this process, the securities concerned are modeled as bullet bonds and measured using the discounted cash flow method. In this process, the maturity corresponds to a conservatively estimated date of full redemption. The coupon corresponds to the actual interest rate. For the spread, a suitable value is modeled based on parameters which are observable on the market (level 2).

3) Standardized interest rate swaps (OTC derivatives) are measured using standard industry models, which incorporate inputs observed by providers of financial information, such as interest rates in particular (level 2). Almost all transactions are fully collateralized with cash or by settling them via a central counterparty, so that it is not necessary to take credit risk adjustments into account. The individual OTC derivatives are measured on the basis of the multi-curve valuation.

4) As a rule, investment property and Group-occupied property (notes 7 and 8) are measured at fair value in the statement of financial position. Because of the inputs it uses, the underlying income capitalization approach is categorized as a level 3 method. Unobservable inputs are in particular the estimated rental income of the properties and the annual return on land value, which has to be deducted from annual net income. For the measurement of Group-occupied property, rental income in a range between EUR 8.00 to EUR 14.00 with a weighted average of EUR 11.00 is assumed per square meter per month. For annual returns on land value, interest rates in a range between 6.00% p.a. and 8.00% p.a. with a weighted interest rate of 6.75% p.a. are estimated for Group-occupied property, and interest rates in a range between 4.00% p.a. and 4.64% p.a. with a weighted interest rate of 4.23% p.a. for investment property. If ING- DiBa had based the valuation on inputs at the extreme ends of the ranges shown, the fair

values as of December 31, 2013 would have been up to EUR 331 thousand higher or lower.

Reconciliation to level 3

The table below shows a reconciliation of the property normally measured within level 3:

	2013 Investment property € m	2013 Group-occupied properties € m
Balance on Jan. 1	12	14
Total gains and losses	0	3
thereof recognized in profit and loss	0	0
thereof recognized in other comprehensive income	0	3
Additions	0	0
Disposals	0	0
Balance on Dec. 31	12	17

Fair values of financial assets and non-financial assets and liabilities not measured at fair value, but for which fair value has to be disclosed

The table below references valuation techniques and the input parameters used for assets and liabilities not measured at fair value but for which fair value has to be disclosed.

	12/31/2013 Fair value hierarchy level	12/31/2013 Valuation techniques and significant inputs	12/31/2013 Fair value € m
Financial assets			
Cash balance	1	9)	104
Balances with central banks	2	9)	827
Loans and advances to banks	2	5), 8), 9)	10,089
Other receivables from banks[1]	2	5), 8), 9)	32
Loans and advances to customers			89,846
Loans and other receivables	3	5), 7), 9)	81,708
Asset-backed securities (ABS)/ mortgage-backed securities (MBS)	2	6)	8,138
Other receivables from customers[1]			62
Loans and other receivables from customers	3	5), 7), 9)	49
Other ABS/ MBS	2	6)	13
Total			100,960
Financial liabilities			
Securitized liabilities			1,285
based on unadjusted observable prices	1	10)	1,048
based on valuation models	2	10)	237
Other securitized liabilities[1]			17
based on unadjusted observable prices	1	10)	15
based on valuation models	2	10)	2
Deposits from banks	2	9), 12)	10,459
Other deposits from banks [1]	2	9), 12)	4
Due to customers			107,788
based on valuation models with observable inputs	2	9)	100,186
based on valuation models with unobservable inputs	3	11)	7,602
Other liabilities to customers[1]			71
based on valuation models with observable inputs	2	9)	58
based on valuation models with unobservable inputs	3	11)	13
Total			119,624

(1) Relates to accrued interest disclosed separately under other assets or other liabilities.
Beginning in 2013, all accrued interest liabilities are reported under the "Other liabilities" line item.

5) The fair value of loans against borrower's notes is generally determined by applying a discounted cash flow method, taking into consideration the issuer-specific sector curves. If the sector curve spread is not suitable, a spread is derived from observable market inputs (level 2) or modeled on the basis of internal assumptions (level 3).

6) Asset-backed securities (ABS) and mortgage-backed securities (MBS) allocated to the loans and receivables category are measured at fair value for disclosure purposes under loans and advances to customers. The valuation technique is the same as the one described in the preceding section on ABS/MBS allocated to the available-for-sale category.

7) To determine the fair values of retail and corporate loans, the expected cash flows are discounted using product or customer-specific spreads. The underlying parameter is the six-month euro swap curve. In addition, Company-internal assumptions relating to risks and administrative expenses are also incorporated into the measurement systems (level 3).

8) The fair value of loans and advances to banks is determined by applying a discounted cash flow method, taking into consideration the issuer-specific sector curves. If the sector curve spread is not suitable, a spread is derived from observable market inputs (level 2).

9) The carrying amount for current financial instruments represents an appropriate estimate of fair value. If prices for identical assets or liabilities are quoted on active markets, these are used for valuation purposes (level 1). Otherwise, the instruments are usually transferred at their repayment amounts if the prices for identical or similar assets and liabilities are quoted on inactive markets; these are therefore classified under level 2.

10) Listed securitized liabilities with sufficient market liquidity are measured at fair value on the basis of the observed price (level 1). For securitized liabilities that do not meet these requirements, measurement models are used whose observable inputs are derived from the market (level 2).

11) Non-current amounts due to customers are measured at fair value by discounting the expected cash flows in accordance with the respective maturity profile and adjusting them by a product-specific spread (level 3).

12) The fair value of non-current deposits from banks is determined by discounting expected cash flows in accordance with their respective maturity profile. The model parameters used in doing so are observable on the market (level 2).

Notes to the consolidated income statement

(33) Net interest income

	2013 € m	2012 € m
Interest income		
Interest income from lending transactions	3,134	3,151
Total interest income from lending transactions	3,134	3,151
Interest income from available-for-sale securities	569	539
Interest income from held-to-maturity securities	0	107
Other interest income	– 853	– 821
Total interest income	2,850	2,976
Interest expenses		
Interest expenses on deposits from banks	– 230	– 225
Interest expenses on amounts due to customers	– 1,182	– 1,542
Interest expenses on securitized liabilities	– 27	– 25
Other interest expenses	– 3	– 2
Total interest expenses	– 1,442	– 1,794
Net interest income	1,408	1,182

Interest income on from loans on which allowances have been recognized was below EUR 500 thousand, as in the previous year.

The total interest income in respect of financial assets which are subsequently measured at amortized cost or at fair value through other comprehensive income amounted to EUR 3,703 million (previous year: EUR 3,797 million). Total interest expenses relating to financial liabilities subsequently measured at amortized cost amounted to EUR 1,439 million (previous year: EUR 1,792 million).

“Other interest income” includes net interest income from derivatives used in effective hedges. Since the hedging derivatives serve to hedge against interest risks in the lending business, the interest expense on the hedging derivatives is reported together with interest income on the hedged item within the “interest income” item.

Net interest income also includes amortization of the fair value adjustments related to the hedged risk, which are included in the carrying amount of the hedged items, over the remaining term of the hedged items in fair value hedge relationships. The fair value change arising from the pull-to-par effect of derivatives in effective fair value hedges is also recognized under this item.

Interest income and expense for derivatives which are not designated as fair value hedges or which are ineffective fair value hedges are presented together with the fair value changes under net gains/losses on measurement of derivatives and hedged items (note 35).

(34) Net commission income

	2013 € m	2012 € m
Commission income		
Payment transactions	41	35
Securities business	107	88
Other fees and commissions	33	27
Fee and commission income	181	150
Commission expense		
Payment transactions	34	30
Securities business	20	18
Other fees and commissions	57	57
Fee and commission expense	111	105
Net commission income	70	45

Net commission income in the payment transactions business relates primarily to income and expenses relating to account management and processing of ATMs.

Income and expenses from the securities business result primarily from customer brokerage services.

(35) Net gains/losses on measurement of derivatives and hedged items

	2013 € m	2012 € m
Changes in fair value of		
derivatives in fair value hedges (excl. pull-to-par)	405	– 1,508
derivatives in cash flow hedges (ineffective portion)	– 1	– 1
other derivatives	0	0
Changes in fair value, net	404	– 1,509
Changes in the fair values of the hedged items that relate to the hedged risk	– 448	1,531
Total	– 44	22

The sustained high level of changes in the fair values of derivatives and hedged items is attributable to the rise in the yield curve during the measurement period, while interest rates persisted at historically low levels. As in fiscal year 2012, there were no net gains/losses on derivatives that do not qualify for hedge accounting under IFRS in 2013.

For more information on hedge accounting, refer to note 24.

(36) Other net gains/losses on financial investments and investment property

	2013 € m	2012 € m
Balance from income and expenses from investment property	−1	0
Net gain/ loss on investment property	−1	0
Net gain/ loss on disposal of available-for-sale financial investments	2	−12
Net gain/ loss on available-for-sale financial investments	2	−12
Net gain/ loss on disposal of held-to-maturity financial investments	0	−30
Net gain/ loss from held-to-maturity financial investments	0	−30
Net gains/ losses on financial investments	1	−42

The direct operating expenses incurred for investment property that does, and investment property that does not, generate rental income are immaterial.

(37) Other income and expenses

	2013 € m	2012 € m
Net income/ loss from receivables	0	−20
Other income and expenses	9	5
Total	9	−15

“Other” contains currency translation gains of EUR 1 million (2012: EUR 1 million).

(38) Risk provision

Risk expenses can be broken down as follows:

	2013 Portfolio im-pairment allo-wance € m	2013 Specific im-pairment al-lowance in-cluding specific impair-ment allowances calculated on a portfolio basis € m	2013 Total € m
Additions to/ reversals of risk provision	17	77	94
Direct write-downs	1	0	1
Receipts from loans written off	0	– 6	– 6
Total	18	71	89

	2012 Portfolio im-pairment allo-wance € m	2012 Specific im-pairment al-lowance in-cluding specific impair-ment allowances calculated on a portfolio basis € m	2012 Total € m
Additions to/ reversals of risk provision	13	72	85
Direct write-downs	2	0	2
Receipts from loans written off	0	– 4	– 4
Total	15	68	83

Risk provision related to loans and advances to banks

No material allowances on loans and advances to banks had to be recognized in the fiscal years under review.

Risk provision related to loans and advances to customers

	2013 € m	2012 € m
Mortgage loans	51	58
Consumer loans	31	24
Corporate loans	7	0
Public sector loans and other receivables	0	0
Asset-backed securities/ mortgage-backed securities	0	1
Total	89	83

These expenses are classified analogously to the corresponding report on the risk portfolio (note 3), by products reported under "loans and advances to customers" with similar characteristics. Further information on risk expenses can be found in the risk report, particularly under the section entitled "Monitoring and management of credit risks".

(39) Personnel expenses

	2013 € m	2012 € m
Salaries	184	157
Bonuses	10	8
Expenses for pensions and other post-employment benefits	13	6
Social insurance contributions	30	32
Share-based payments	2	2
Expenses for external employees	13	16
Training and continuing education	4	4
Other personnel costs	9	5
Total	265	230

Average number of employees

	2013			2012		
	Total	Germany	Austria	Total	Germany	Austria
Average number of employees	2,947	2,813	134	2,765	2,636	129

Share-based payments

The programs from the perspective of the Group as a whole

The ING Group grants senior employees stock-based compensation to reward their contribution for increasing shareholder value and to promote long-term corporate success. Among other things, their exercise is linked to continued employment in the Company.

The share-based payments are issued in the form of stock options and free shares. The option programs are primarily designed such that they are settled by granting shares (equity-settled share-based payments); to a lesser extent, they are settled in cash (cash-settled share-based payments).

Because this concerns a direct commitment of ING Groep N.V. to executives of the overall Group, all components are posted against equity (equity-settled) in accordance with IFRS 2 (2011 amendment) at the Group level.

In the year under review share-based payments totaled EUR 2 million (2012: EUR 2 million), which is included in the “personnel expenses” account.

The ING Group decides annually whether and in what form share-based payments will be granted. The stock option programs were discontinued in fiscal year 2011. The previous forms of compensation will gradually expire on schedule. The share-based payments programs were unchanged between 2012 and 2013.

The delta hedging of the outstanding stock options was previously conducted taking into account strike prices, opening prices, a zero-coupon interest rate, the dividend range, expected volatility and expected values for the employees’ turnover and exercise patterns. The hedges were adjusted regularly at predetermined times. In December 2010, ING Groep N.V. announced that the delta hedging method would no longer be used. The shares still remaining in the hedge portfolio will be used successively to settle arising obligations. If no more shares are available from this portfolio, the obligations will henceforth be serviced by appropriate new issues.

Stock option programs

Under the expiring stock option programs, the beneficiaries receive the option to acquire shares of the ING Groep N.V. within stipulated periods at a certain price (strike price) and to transfer them to their personal securities account. The strike price is set when the options are granted and corresponds to the official listing price at that time. There is no provision for an exchange of options (reload function).

There is a uniform three-year holding period. After expiration of the holding period, the options may be exercised within the following seven years, either completely or in tranches.

The fair value of the stock options is determined uniformly throughout the ING Group using Monte Carlo simulation. In the 2013 fiscal year, the following parameters were included: risk-free interest rate in a range of 2.0 to 4.6 percent (2012: from 2.0 to 4.6 percent), expected holding period of the options of 5.0 to 9.0 years (2012: from 5.0 to 9.0 years), the strike prices, the current market price of the share between EUR 2.90 and EUR 26.05 (2012: between EUR 2.90 and EUR 26.05), the expected volatility of the shares of ING Groep N.V., Amsterdam, of between 25 and 84 percent (2012: between 25 and 84 percent), and the expected dividends at 0.94 to 8.99 percent (2012: 0.94 to 8.99 percent) of the quoted share price. When granted, the fair value of the options on a weighted average throughout the Group was EUR 0.00 (2012: EUR 3.26).

The assumptions regarding volatility came from the ING trading systems and are therefore not based on historical, but rather current market data.

Outstanding options – 2013

	2013 Outstanding options Number	2013 Weighted strike price €
Outstanding options as of Jan. 1	1,094,511	12.85
Options granted during the reporting period	0	0.00
Net additions and disposals - new and departing Group employees	43,904	10.23
Exercised during the reporting period	90,044	6.21
Forfeited during the reporting period	64,758	8.96
Lapsed after expiration of exercise period	29,232	8.48
Outstanding options as of Dec. 31	954,381	13.74
Exercisable options as of Dec. 31	950,931	13.77

Outstanding options – 2012

	2012 Outstanding options Number	2012 Weighted strike price €
Outstanding options as of Jan. 1	1,249,078	13.00
Options granted during the reporting period	0	0.00
Net additions and disposals - new and departing Group employees	0	0.00
Exercised during the reporting period	14,734	3.77
Forfeited during the reporting period	97,052	12.58
Lapsed after expiration of exercise period	42,781	21.88
Outstanding options as of Dec. 31	1,094,511	12.82
Exercisable options as of Dec. 31	839,040	14.57

The as yet unrecognized expenses for amounts to be distributed at the Group level totaled EUR 0 million as of December 31, 2013 (December 31, 2012: EUR 3 million). The average allocation period in the fiscal year just ended was 0 years (2012: 0.2 years). The amount of cash collected throughout the Group from the exercise of options in 2013 was EUR 22 million (2012: EUR 8 million).

Outstanding options – 2013

Range of strike prices € per share	12/31/2013 Outstanding options Number	12/31/2013 Weighted avg. remaining term of the agreement Years	12/31/2013 Weighted avg. strike price €	12/31/2013 Options exercisable Number	12/31/2013 Weighted avg. remaining term of the agreement Years	12/31/2013 Weighted avg. strike price €
0.00-15.00	447,619	5.24	7.07	446,755	5.24	7.07
15.01-20.00	310,925	3.12	17.11	309,296	3.12	17.11
20.01-25.00	102,625	3.23	24.72	102,105	3.23	24.72
25.01-30.00	93,212	2.23	25.16	92,235	2.23	25.16
30.01-35.00	0	0.00	0.00	0	0.00	0.00
35.01-40.00	0	0.00	0.00	0	0.00	0.00
	954,381	4.04	14.00	950,391	4.04	13.99

Outstanding options – 2012

Range of strike prices € per share	12/31/2012 Outstanding options Number	12/31/2012 Weighted avg. remaining term of the agreement Years	12/31/2012 Weighted avg. strike price €	12/31/2012 Options exercisable Number	12/31/2012 Weighted avg. remaining term of the agreement Years	12/31/2012 Weighted avg. strike price €
0.00-15.00	585,629	6.12	6.83	330,158	5.28	6.44
15.01-20.00	309,481	4.13	17.10	309,481	4.13	17.10
20.01-25.00	103,813	4.22	24.72	103,813	4.22	24.72
25.01-30.00	95,588	3.23	25.16	95,588	3.23	25.16
30.01-35.00	0	0.00	0.00	0	0.00	0.00
35.01-40.00	0	0.00	0.00	0	0.00	0.00
	1,094,511	5.12	13.04	839,040	4.49	14.77

Performance-based free shares

Under the plan which was in force until fiscal year 2010, the number of free shares that the beneficiaries receive after expiration of three years depends on the success of the overall Group, measured based on the list position within an international industry comparison group (ING total shareholder return, “TSR”). Here, as with the stock option programs, the beneficiary must have been employed by the Group during the stipulated period. These performance shares are allocated directly following expiration of the lock-up period.

The plan from 2011 onwards to use free shares as compensation consists of two components. As part of the first component, the right to receive a number of free shares is granted. One third of the free shares is allocated over each of the next three anniversaries of the commitment. The number of allocated shares as of the relevant expiry date is based on the degree to which predefined corporate targets have been achieved, including the results of employee satisfaction surveys. The value of the shares on the actual strike date is determined in accordance with the ING opening share price on NYSE Euro-next. The second component is a deferred shares model, under which bonus payments above and beyond a set threshold are no longer paid out in cash but rather as deferred percentages of excess amounts in accordance with a scale. The deferred amount is divided (and rounded up if necessary) by the average bearer depositary receipts (BDRs) of NYSE Euronext on the date on which ING's earnings for the fourth quarter of 2013 are published. One third of the resulting number is allocated in each of the following three years, analogously to the first component. The shares are issued at the current market price (ING opening share price, NYSE Euronext).

Group-wide, the volume of free shares as of December 31, 2013 was 25,059,992 shares (December 31, 2012: 49,416,632 shares). The weighted average fair value was EUR 7.23 (2012: EUR 7.78).

The ING- DiBa Group held out a prospective total of 297,952 free shares to its executives during fiscal year 2013 (2012: 244,799).

Up to the actual allocation, the expense is recorded by distributing an extrapolated fair value to the holding period. ING Groep N.V. uses a Monte Carlo simulation for this allocation, which includes the risk-free base interest rate, current market prices, as well as expected volatilities and current dividends of comparable companies. In relation to the Group as a whole, the previously unallocated expenses from free shares were EUR 53 million as of December 31, 2013 (December 31, 2012: EUR 102 million). The 1.5-year allocation period expected during the 2013 fiscal year exceeds the previous year's value (2012: 1.2 years).

Please see note 31 regarding the share-based payments obtained by the Management Board.

Additional information regarding the share-based payment programs may be found in the annual report of ING Groep N.V., Amsterdam, as of December 31, 2013, which is published online at www.ing.com.

(40) Other administrative expenses

	2013 € m	2012 € m
IT	55	59
Telecommunications, office and operating expenses	57	55
Marketing and public relations	81	88
Travel expenses and corporate hospitality expenses	6	6
Legal and consulting expenses	21	20
Deposit protection	68	61
Shipping costs	20	14
Depreciation of buildings and office equipment	14	16
Amortization of software	15	15
Other administrative costs	62	59
Total	399	393

Other administrative expenses did not include any write-downs in the fiscal year.

Auditors' fees

	2013 € m	2012 € m
Audit services	1.6	1.6
Audit-related services	0.3	0.3
Tax services	0.0	0.0
Other services	0.0	0.0
Total	1.9	1.9

Auditors' fees are a component of the legal and consulting expenses.

(41) Disclosures relating to income tax expenses

	2013 € m	2012 € m
Current income tax expense	256	177
of which: adjustments for income taxes related to other accounting periods	1	1
of which: subsequent payments due to tax audits	0	8
Deferred tax expense	– 39	– 16
of which: adjustments for deferred taxes related to other accounting periods	3	2
from temporary differences	0	– 16
of which: resulting from items charged or credited directly to equity	0	5
Total	217	161

ING-DiBa AG is part of a tax group for corporate income and trade tax purposes due to a profit transfer agreement with ING Deutschland GmbH, Frankfurt am Main.

In addition, there is a tax group for corporate income tax, trade tax, and VAT purposes with ING-DiBa AG as the tax group parent and GGV Gesellschaft für Grundstücks- und Vermögensverwaltung mbH, Frankfurt am Main, as the tax group subsidiary.

In accordance with the principle of substance over form, both the current and deferred income taxes are disclosed in the IFRS consolidated financial statements by the entity responsible, ING-DiBa AG. In this area, for which IFRS does not provide any guidance, ING- DiBa thus follows the interpretation of ASC 740 (US GAAP).

Under the push-down method, corresponding tax assets and liabilities are presented for the income taxes. The current income taxes paid by the tax group parent are presented in the consolidated statement of changes in equity as a capital contribution by the tax group parent under other reserves.

The income tax amounts resulting from the components of other comprehensive income are presented in the consolidated statement of comprehensive income.

Tax reconciliation

	2013 € m	2012 € m
Profit before tax	691	486
Applicable tax rate in %	31.2	31.1
Expected income tax expense	215	151
Tax-free income	0	– 1
Non-tax deductible expenses	1	1
Effects of as yet unrecognized amounts on deferred taxes	1	1
Effects of as yet unrecognized amounts on current income taxes	0	8
Other tax effects	0	1
Effective income tax expenses	217	161
Effective tax rate in %	31.5	33.2

The applicable tax rate is determined based on the applicable overall tax rate for the Germany operation (32 percent) and the branch in Austria (25 percent), weighted by each operation's share of total profit. There was no significant change compared to the previous year.

Segment report

(42) Segment report

The following segment information is based on the “management approach”; the presentation of segment information based on internal reporting. The Chief Operating Decision Maker (CODM), here, the full Management Board of ING-DiBa AG, regularly decides on the allocation of resources to segments and the assessment of the segments’ financial performance based on the segment information. The CODM sets performance goals and approves and monitors the issued budgets.

Segments

Segment reporting follows the Group’s organizational structure underlying the internal management information system. The Bank’s management information system differentiates between the segments “Retail Customer Loans”, “Retail Customer Assets” and “Commercial Banking”. The Retail Customer Loans segment includes both long-term mortgage loans and medium-term consumer loans. The Retail Customer Assets segment comprises deposits on the “*Extra-Konto*” account payable on demand as well as mid-term deposits to fixed term deposit accounts and share assets in securities accounts. The “Commercial Banking” segment comprises the financing of corporate customers.

The interest income realized and interest expense incurred by the segments are reported as net interest income in the disclosures on the business segments because the segments are managed primarily on the basis of net interest income. Further key performance indicators include the pre-tax management accounting (MA) result and the business volume of the individual segments.

Measurement of segment profit or loss

The information as presented in this note corresponds to the segment information as provided to the full Management Board in the internal management information system.

The reconciliation of the profits or losses as per management reporting to the consolidated earnings in accordance with IFRS relates to the following aspects in particular:

Management reporting follows the method used by ING Groep N.V. In order to render the business units mutually comparable, corrections are made to capital charges. Net interest income as calculated under IFRS is reduced by the risk-free interest rate in reference to the accounting equity. This is offset by a credit equaling the risk-free euro interest rate on the economic capital. This item was reported separately as “Income on allocated equity” until fiscal year 2012. The line item “Income on allocated equity” has been reported as a component of net interest income in management reporting since fiscal year 2013. The corresponding prior-year figures have been adjusted accordingly. The change in presentation resulted in a EUR 36 million increase in net interest income in the Retail Customer Loans segment (2012: EUR 33 million). In the Retail Customer Assets segment, this resulted in an increase in net interest income of EUR 27 million (2012: EUR 27 million) and, in the Commercial Banking segment, in an increase of EUR 6 million (2012: EUR 5 million). The change did not have any effect on MA income.

"Other income" comprises the following line items from the income statement: "Net gains/losses on measurement of derivatives and hedged items", "Other net gains/losses on financial investments and investment property" and "Other income and expenses". This presentation mirrors that at the ING Group.

A portion of the Group overhead, which is not influenced by the business unit, is presented as part of "administrative expenses". The "Administrative expenses" presented in the management reporting include amortization, depreciation and write-downs, and personnel expenses.

Segment results

	2013 Retail Customer Loans € m	2013 Retail Customer Assets € m	2013 Commercial Banking € m	2013 MA total € m	2013 Reconciliation € m	2013 IFRS € m
Net interest income	673	638	81	1,392	16	1,408
Net commission income	– 66	88	28	50	20	70
Other income	0	– 38	9	– 29	– 5	– 34
MA income	607	688	118	1,413	31	1,444
Risk provision	– 76	– 6	– 7	– 89	0	– 89
Administrative expenses	– 180	– 424	– 44	– 648	– 16	– 664
of which amortization, depreciation and write-downs	– 9	– 20	0	– 29	0	– 29
Pre-tax result	351	258	67	676	15	691

	2012 Retail Customer Loans € m	2012 Retail Customer Assets € m	2012 Commercial Banking € m	2012 MA total € m	2012 Reconci-liation € m	2012 IFRS € m
Net interest income	602	533	53	1,188	– 6	1,182
Net commission income	– 60	66	23	29	16	45
Other income	0	– 32	5	– 27	– 8	– 35
MA income	542	567	81	1,190	2	1,192
Risk provision	– 77	– 6	0	– 83	0	– 83
Administrative expenses	– 160	– 413	– 36	– 609	– 14	– 623
of which amortization, depreciation and write-downs	– 9	– 21	0	– 30	0	– 30
Pre-tax result	305	148	45	498	– 12	486

Prior-year figures have been adjusted due to a change in the internal management reporting system. Please refer to the section above (note 42) for further information.

Information on geographical areas

ING- DiBa generated total income of EUR 1,444 million during the 2013 fiscal year (2012: EUR 1,192 million) . Because ING- DiBa Direktbank Austria funded itself using internal Group resources and operates the deposit business almost exclusively, the branch's contribution from external customers is negative. Of ING-DiBa 's total income, ING- DiBa Direktbank Austria's share of total income from external customers was EUR -78 million (2012: EUR -105 million). ING- DiBa generated total net interest income of EUR 1,408 million (2012: EUR 1,182 million) during the 2013 fiscal year. Of that amount, EUR -79 million from external customers was attributable to ING- DiBa Direktbank Austria (2012: EUR -105 million). ING- DiBa Direktbank Austria's net commission income from external customers was EUR 1 million in fiscal year 2013 (2012: EUR 0 million).

There are no non-current assets at ING- DiBa Direktbank Austria.

ING- DiBa did not have any major customers within the meaning of IFRS 8 as of December 31, 2013 and December 31, 2012. Under IFRS 8, a customer is considered major if more than 10 percent of total income is earned from this customer.

Other information

There were no business transactions between reportable segments during the past fiscal year.

There were no sales of non-current assets during the fiscal year requiring disclosure under IFRS 5.

Business volume

	2013 Retail Customer Loans € billion	2013 Retail Customer Assets € billion	2013 Commercial Banking € billion	2013 MA total € billion	2013 Reconciliation € billion	2013 IFRS € billion
Business volume	66	127	11	204	– 27	177

	2012 Retail Customer Loans € billion	2012 Retail Customer Assets € billion	2012 Commercial Banking € billion	2012 MA total € billion	2012 Reconciliation € billion	2012 IFRS € billion
Business volume	64	115	8	187	– 23	164

Business volume is a key performance indicator used by the Bank which serves as an alternative benchmark for measuring all assets and liabilities for each reportable segment. Reports on this performance indicator are included in the regular internal management reporting.

The Bank computes the business volume of the Retail Customer Loans segment as the reported volume of mortgage loans and consumer loans; business volume for the Retail Customer Assets segment comprises the reported volume of savings, current and securities accounts held by customers. In the "Commercial Banking" segment, business volume includes the reported volume of loans and deposits as well as contingent liabilities and open commitments. When reconciling the Commercial Banking business volume to the figures reported under IFRS, the value of customer securities accounts and contingent liabilities and open commitments is eliminated.

Notes to the consolidated cash flow statement

(43) Notes to the consolidated cash flow statement

Significant principles of the cash flow statement

The cash flow statement shows the change in the balances of cash and cash equivalents of the ING- DiBa Group using the indirect method. The changes in the balances are allocated based on their economic cause to cash flows from operating, investing, and financing activities.

The cash flows from operating activities arise from the normal banking business. The earnings before taxes here are thus adjusted for non-cash changes in the balance. Inflows and outflows in relation to changes in the balances of "financial investments", "property and equipment" and "intangible assets" are reported as net cash flows from investing activities. Net cash flows from financing activities represent ING-DiBa 's external financing and consist primarily of cash flows from the issue of securitized liabilities and profit transfers.

Cash and cash equivalents comprise cash and funds that can readily be converted to cash and are subject to an insignificant risk of changes in value. This includes cash balances and balances with central banks, receivables payable on demand and deposits from banks.

Reconciliation to the statement of financial position items

	12/31/2013 € m	12/31/2012 € m
Cash reserve	931	683
thereof not freely disposable	591	108
Cash reserve	931	683

	12/31/2013 € m	12/31/2012 € m
Loans and advances to banks included in cash and cash equivalents	3,845	4,122
thereof not freely disposable	1,671	3,956
Loans and advances to banks not included in cash and cash equivalents	6,251	3,215
Loans and advances to banks	10,096	7,337

	12/31/2013 € m	12/31/2012 € m
Deposits from banks included in cash and cash equivalents	1,153	307
Deposits from banks not included in cash and cash equivalents	8,805	8,325
Deposits from banks	9,958	8,632

The legal reserve requirement as of the end of the reporting period was EUR 985 million (December 31, 2012: EUR 900 million). These funds are part of the accounting cash reserve (note 1).

Capital management

(44) Regulatory capital and risk-weighted assets

The ING-DiBa AG Group's capital management serves to ensure compliance with the statutory minimum capital requirements on a Group-wide basis as well as in all Group companies and to provide a sufficient buffer to ensure the Group's ability to act at all times. Responsibility for ensuring target achievement rests with the Accounting department of ING-DiBa AG, in coordination with the Management Board and the corresponding boards. The SolvV provisions are the guiding standards.

Regular monitoring of compliance with the capital requirement (on a daily and monthly basis) ensures target attainment and delivers warning signals where appropriate to initiate appropriate management measures. The legal minimum capital requirements were satisfied at all times during the 2013 fiscal year.

Eligible capital is calculated based on the provisions of the German Banking Act (Kreditwesengesetz, "KWG") and the SolvV. Liable equity is the basis of the risk-taking potential described in the risk report. The following table shows the quantitative composition of liable equity:

Composition of liable equity of the ING-DiBa AG Group

	12/31/2013 € m	12/31/2012 € m
Paid-in capital	100	100
Reserve	3,821	3,821
Other regulatory adjustments	1,452	1,135
Liable equity	5,373	5,056

As of the end of the reporting period (December 31, 2013), eligible equity amounted to EUR 5,212 million (December 31, 2012: EUR 4,936 million).

Tier 1 capital ratio of the ING-DiBa AG Group

	12/31/2013 Percent	12/31/2012 Percent
Tier 1 ratio	16.7	15.9
Regulatory requirement - Tier 1 ratio	4.0	4.0
Goal for Tier 1 ratio	10.0	10.0

As of the end of the reporting period (December 31, 2013), risk-weighted assets amounted to EUR 29,359 million (December 31, 2012: EUR 26,038 million).

BIS ratios of the ING-DiBa AG Group

	12/31/2013 Percent	12/31/2012 Percent
Regulatory requirement - BIS ratio	8.0	8.0
BIS ratio after floor*	10.1	9.5

* The floor is a minimum capital requirement based on 80 percent of the risk-weighted assets under Basel I (pursuant to section 339 (5a) and (5b) SolvV).

Further information on economic capital management can be found in the risk report in the section entitled "Principles of risk management".

Frankfurt am Main, April 22, 2014

The Management Board

Roland Boekhout

Bernd Geilen

Katharina Herrmann

Martin Krebs

Remco Nieland

Herbert Willius

Translation from the German language.

Auditors' Report

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the IFRS consolidated financial statements, together with the Group management report of ING-DiBa AG, Frankfurt am Main, for the fiscal year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315a (1) HGB (Handelsgesetzbuch: German Commercial Code) is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB (*Handelsgesetzbuch*, "HGB") and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer*, "IDW"). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, April 29, 2014

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Binder	Reinert
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Supervisory Board report

In fiscal year 2013, the Supervisory Board comprehensively and with the utmost due care completed all tasks prescribed by the law, the Articles of Association, and the rules of procedure and regularly advised the Management Board in managing the Company and monitored its actions. The Supervisory Board was informed about the Bank's business performance in five Supervisory Board meetings and in regular discussions with Management Board. Significant business transactions were discussed in detail at these meetings. The Supervisory Board was always included in the discussions about fundamental issues on corporate planning and the strategic orientation of the Bank. Furthermore, the Supervisory Board received regular detailed written and oral reports about the operating business, net assets, liquidity, and results of operations of the Company as well as the risk situation, risk management, internal control system, and compliance. The Supervisory Board's audit of the submitted reports revealed that there were no objections to the actions of the Company's management for the 2013 fiscal year.

Focus of the meetings:

Particular focus was given to the following items during the discussions and resolutions of the full Supervisory Board: implementing the ING Group's "One Bank" strategy in Germany and further integrating the corporate customer business into the governance structure of the Bank; updating the Management Board's remuneration system on account of revised provisions pursuant to the German Regulation Governing Remuneration at Institutions (Instituts-Vergütungsverordnung) and imposing a ceiling of 100 percent on the variable remuneration of Management Board members; the effects of the ongoing global financial and euro crisis on the Bank, including the management approaches in the Bank's investment portfolio; and the impact of the continuing fierce competition for savings deposits and retail customers and the associated ongoing and extremely aggressive behavior of the Bank's competitors. Furthermore, the focus of the Supervisory Board's discussions over the course of the fiscal year – as in previous years – was the further development of the growth strategy, in particular maintaining the Bank's position as one of the market's leading mortgage loan providers, the expansion of the consumer loans and current accounts businesses, and remaining the market leader in the securities business as well as for call deposit and fixed-term deposit accounts.

Committees:

The Supervisory Board has three committees. The committees are responsible for pending topics and resolutions for the full Supervisory Board. To a certain extent, they also assume decision-making powers granted to them by the full Supervisory Board. The committee chairpersons regularly informed the Supervisory Board about the committees' work.

The Audit Committee convened twice. The Committee worked extensively on the annual financial statements and discussed these with the Management Board and the auditor. It also prepared the audit engagement for the auditor, including defining key audit areas. In particular, it focused on the risk management system, especially the Bank's Risk-Bearing Capacity Concept and the internal control system. In addition, the Audit Committee concerned itself with money laundering and compliance issues, the audit findings of the Internal Audit department and its audit budget, and the findings of other external audits. It regularly received written reports about the Bank's risk situation and the implementation status of audit findings.

The Personnel and Arbitration Committee held three meetings. It concerned itself primarily with the remuneration levels of the Management Board, execution of new executive employment agreements, remuneration system, and implementing the German Regulation Governing Remuneration at Institutions.

The Credit Committee made all its resolutions primarily affecting the approval of loans to executives and corporate customers by way of circulation. In-person meetings did not take place.

2013 annual financial statements:

As the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn, Germany, audited the 2013 HGB annual financial statements and management report and the 2013 IFRS subgroup consolidated financial statements and management report (prepared by the Management Board) together with the bookkeeping system, did not raise any objections, and issued an unqualified auditor's opinion. Following their own audits and discussing the audit findings in detail with the auditor, the Supervisory Board and the Audit Committee agree with the auditor.

In accordance with its conclusive audit findings, the Supervisory Board did not raise any objections and approved the HGB annual financial statements and management report and the IFRS subgroup consolidated financial statements and management report prepared by the Management Board for the 2013 fiscal year, which are thereby adopted.

Personnel changes in the Supervisory Board and Management Board:

There were no changes to the Supervisory Board in 2013.

The following Management Board changes took place in 2013: Bas Brouwers stepped down from the Management Board on August 31, 2013. He was replaced by Remco Nieland, who was appointed to the Bank's Management Board effective August 1, 2013.

The Supervisory Board would like to thank the Management Board and all employees for their commitment in the previous fiscal year. Their hard work and expertise contributed decisively to ING-DiBa AG successfully mastering the various challenges faced in 2013.

Frankfurt am Main, May 13, 2014

The Supervisory Board

Ben Tellings
Chairman of the Supervisory Board of ING-DiBa AG

The history of ING-DiBa

1965	Formation of BSV: Bank für Sparanlagen und Vermögensbildung AG in Frankfurt am Main
1969	One-stop home financing with up to 100 percent loan-to-value ratios
1975	Consumer loan applications and disbursements available by post
1992	Introduction of current accounts
1993	Home banking through BTX
1994	Name changed to "Allgemeine Deutsche Direktbank"
1996	Helmut Schmidt Award for Journalism awarded for first time
1998	Strategic partnership with ING Group, a Dutch integrated financial services group
1999	Acquisition of Bank GiroTel in Hanover, "DiBa" brand campaign
2001	Growth initiative launched with high-interest "Extra" account
2003	Acquisition of Entrium Direct Bankers ING Group becomes sole shareholder in DiBa
2004	Introduction of new brand name "ING-DiBa"
2006	ING-DiBa celebrates six million customers
2007	ING-DiBa securities account volume greater than at all of Germany's direct brokers
2009	ING-DiBa donations to "We care" organization total more than EUR 1.5 million since 2005
2010	ING-DiBa launches finanzversteher.de, a portal that makes finance accessible so that anyone can take care of their own finances
2011	ING-DiBa donates EUR 1,000 to 1,000 organizations for the first time in its "DiBaDu und Dein Verein" initiative
2012	ING-DiBa's revamped website sets new standards of simplicity and transparency ING-DiBa records a net gain of 317,000 new customers, the highest increase in five years
2013	ING-DiBa celebrates over eight million customers and one million current account holders

JANUARY

1 millionth "Extra" savings account opened.

FEBRUARY

10 years together: Dirk Nowitzki expresses thanks via Twitter.

MARCH

BÖRSE ONLINE
Bester Onlinebroker des Jahres 2013
ING-DiBa
Ausgabe 14/13

ING-DiBa named "Best Online Broker" for the ninth time.

APRIL

Deutschlands Beliebteste Bank
Kundensieger 2007 - 2013
€uro
Quelle: Bankentest €uro 05/2007 - 2013

ING-DiBa named "Germany's Most Popular Bank" seventh time in a row.

MAY

ING-DiBa's new LEO building in Frankfurt am Main's Skyscraper Festival.

JUNE

ING-DiBa moves into its new HQ in Frankfurt am Main, celebrating together with former German Chancellor Helmut Schmidt and Dirk Nowitzki.

JULY

Katharina Herrmann and German President Joachim Gauck attend European Wheelchair Basketball Championship; ING-DiBa is the primary sponsor.

AUGUST

ING-DiBa hosts “Medienmittwoch” for the first time to discuss the topic “Quo vadis, Banking?” with more than 200 attendees.

SEPTEMBER

Remco Nieland appointed CFO at ING-DiBa. He succeeds Bas Brouwers, who was appointed CFO of ING Bank in the Netherlands.

OCTOBER

New milestone: ING-DiBa celebrates its 8 millionth customer. Roland Boekhout welcomes the 8 millionth customer, Lena Merkens from Darmstadt, to the Bank.

NOVEMBER

SEPA – ING-DiBa’s customers enjoy the benefits and advantages of the Single European Payments Area early.

DECEMBER

Wish list initiative – ING-DiBa employees make needy children’s Christmas wishes come true.

Editorial information

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ING DiBa
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