ANNUAL REPORT 2014

HAPPY BANKING TO YOU.

50 YEARS OF INNOVATIVE THINKING

ING DiBa
50 Jahre Die Bank und Du

ING-DiBa at a glance

		2014	2013	Change Percent
Key customer figures				
Total customers		8,279,202	8,063,495	3
in Germany		7,754,750	7,542,081	3
in Austria		524,452	521,414	1
Retail Customer Assets segment*				
Savings and short-term deposits				
Number of accounts		7,135,310	6,924,043	3
Portfolio volume	€ million	110,509	103,545	7
Securities business				
Number of securities accounts		962,550	922,485	4
Total securities account volume	€ million	23,086	20,843	11
of which fund volume	€ million	7,735	6,781	14
Orders executed		7,397,262	6,820,651	8
Current accounts				
Number of accounts		1,199,055	1,082,686	11
Deposit volume	€ million	2,963	2,396	24
Total drawing on credit	€ million	250	253	−1
Retail Customer Loans segment*				
Mortgage loans				
Number of accounts		786,351	769,352	2
Portfolio volume	€ million	63,159	62,144	2
Confirmed new business	€ million	5,752	6,705	−14
Consumer loans				
Number of accounts		507,476	455,360	11
Portfolio volume	€ million	4,748	4,162	14
Commercial Banking segment*				
Deposits	€ million	434	533	−19
Loans	€ million	7,447	4,642	60
Contingent liabilities	€ million	1,211	1,233	−2
Open commitments	€ million	6,069	4,541	34
Business volume*	€ million	219,877	204,292	8
Results figures				
Net interest income	€ million	1,632	1,408	16
Risk provision	€ million	−64	−89	−28
Net commission income	€ million	76	70	9
Other comprehensive income	€ million	−20	−34	−41
Other administrative expenses incl. personnel expenses	€ million	−736	−664	11
Profit before tax	€ million	888	691	29
Cost-income ratio	Percent	44	46	−2 p.p.
Key accounting figures				
Total assets	€ million	136,667	127,338	7
Customer deposits	€ million	115,264	107,332	7
Loans and advances to customers	€ million	90,252	85,396	6
Equity	€ million	7,021	6,228	13
Ratios				
Tier 1 ratio pursuant to Basel II	Percent		16.7	
Tier 1 ratio pursuant to Basel III	Percent	15.8		
BIS ratio after floor**	Percent	9.9	12.2	−2 p.p.
Personnel				
Number of employees		3,526	3,357	5
of which trainees		90	104	−13

* Segments and Business Volume based on Management Accounting figures
** Previous year's ratio was recalculated pursuant to Basel III

A record result to start off the anniversary year

In a demanding market environment, ING-DiBa achieved another record result during the 2014 fiscal year, with all of the bank's divisions registering strong growth.

With a pre-tax profit of EUR 888 million, which represents a gain of 29 percent compared to 2013, ING-DiBa delivered a new record result. During the reporting year, the number of customers rose by more than 200,000 to a total of 8.3 million. The business volume under management by the bank on behalf of these customers rose by eight percent to EUR 220 billion. This was also the eighth year in a row that ING-DiBa garnered the title "Most popular bank" as part of the large bank test conducted by business magazine "€uro", and was also selected "Best Bank" in Germany.

With this good news, the bank, which was founded 50 years ago, had a successful start to its anniversary year. The very positive business developments form a solid basis for continuing the bank's success story.

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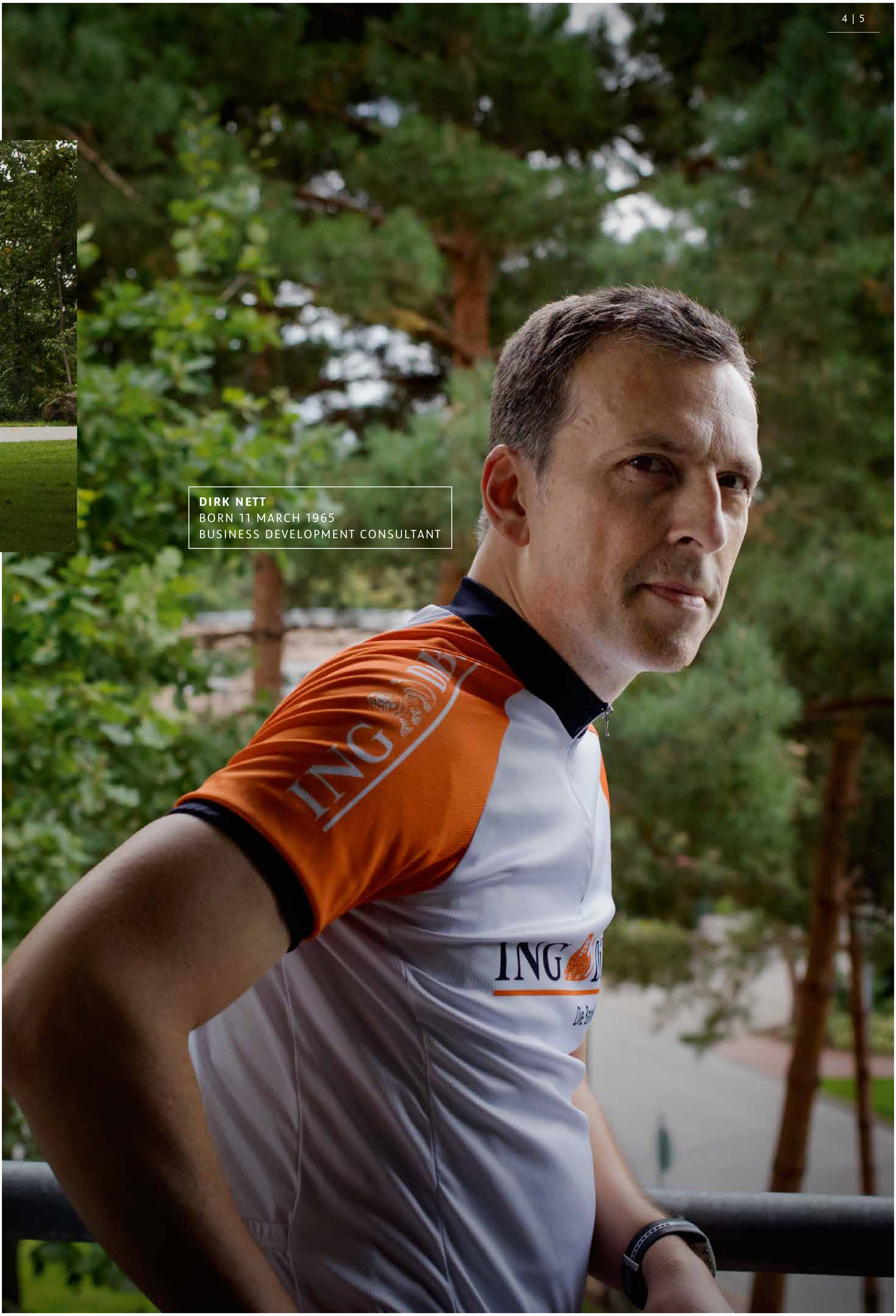
SUCCESSFULLY DIFFERENT FROM THE BEGINNING

For 50 years, ING-DiBa has been successful at being different. The customers-focused, transparent and innovative business model has continued to form the foundation of the bank's values and activities. A bank that is ahead of its time, with a sustained social commitment and the ability to set the pace for the future.


HEINZ-JÖRG SEEBACH
BORN 15 APRIL 1965
TEAM LEADER IT

CUSTOMER SATISFACTION

MODERN, CLEAR AND ORANGE
Someone entering the head office of ING-DiBa in Theodor-Heuss-Allee 2 in Frankfurt, would quickly notice that this is no ordinary bank. Rather, this is the bank of the future as it must have been envisioned by the leading figures 50 years ago. In other words, the bank that represents how their vision became reality. A friendly, personal building, lots of light, white and orange. The open smiles of reception staff, and friendly joking among colleagues. Everywhere you look people young and old, from all over the world and all walks of life are busy in conversation in many different languages. An open courtyard, bright areas and clean shapes. The green colour of the plants. A building that has been awarded LEED platinum status for its sustainable environmentally-friendly character. The undeniable impression that this is a location where people talk with competence about what really matters. Friendly faces tell of satisfied employees, who understand satisfied customers. And above all the lion in the logo, after which the ING-DiBa head office is named: LEO.



DIRK NETT
BORN 11 MARCH 1965
BUSINESS DEVELOPMENT CONSULTANT

SETTING THE PACE FOR OUR FUTURE

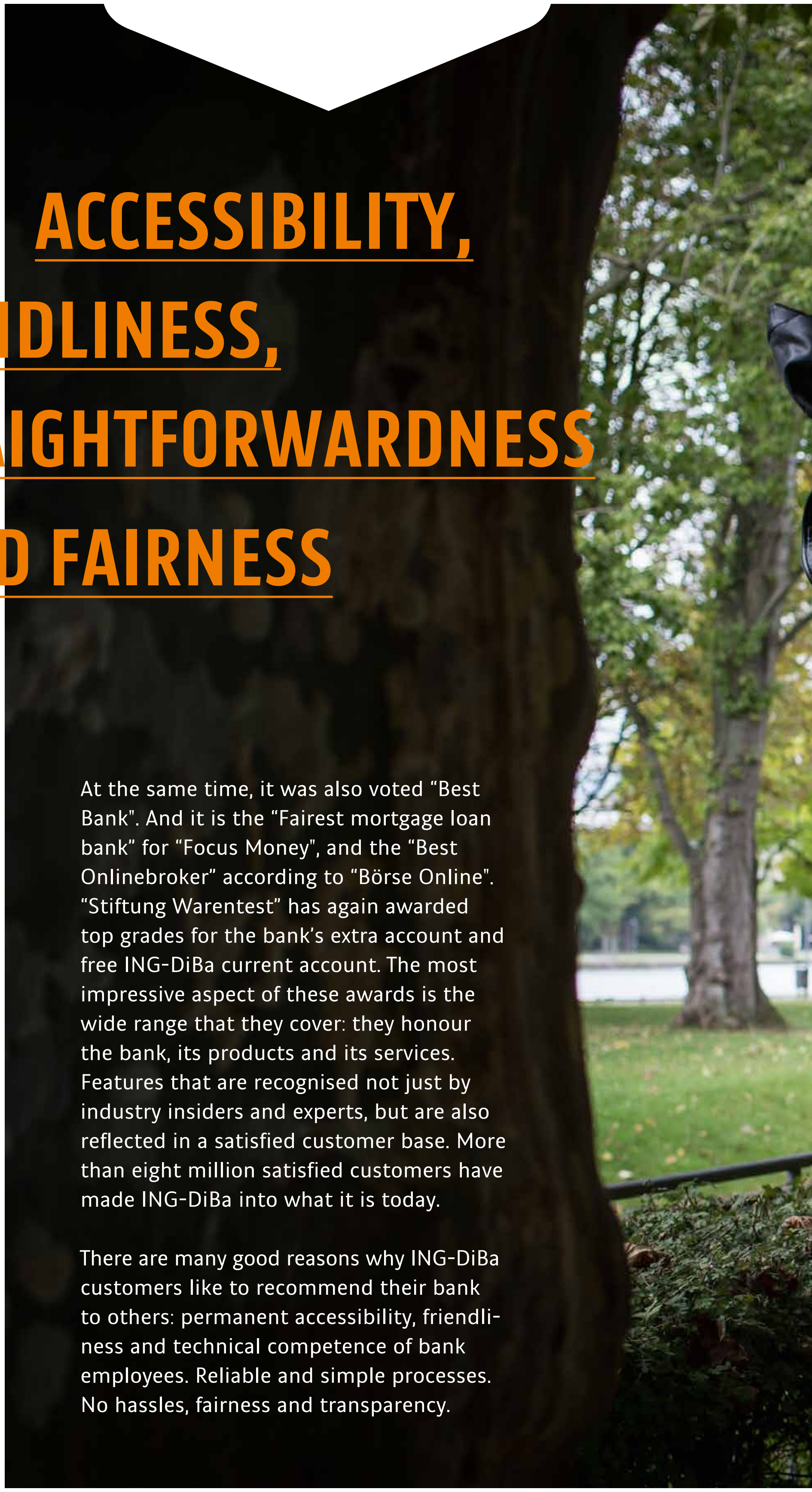
LEO is not a new building, but rather the revitalised “Poseidon Haus” directly across Frankfurt’s Festhalle. LEO represents the bank’s commitment to its main location in Frankfurt am Main, and is a building with an interesting history. A lively location for an active bank. The same can be said for the other ING-DiBa locations in the innovation park Nuremberg, the former stationery factory in Hanover or the Galaxy Tower in Vienna. The unique atmosphere can be felt everywhere, with the employees at the centre. And every location demonstrates that ING-DiBa is a bank with a long history and a promising future. One enters a bank that goes with the times, a bank that sets the pace for our future.


THOMAS STURM
BORN 29 APRIL 1965
MAINTENANCE MANAGER

A BANK FOR EVERYBODY

When the "Bank für Sparanlagen und Vermögensbildung" AG (BSV) was founded 50 years ago under the leadership of union leader and subsequent minister of defence Georg Leber, the concept of a customer-focused bank for employees in the construction industry was viewed with a certain sense of bewilderment. The BSV, which was also called the "worker's bank" or "Leber bank", had a great start despite the scepticism, and registered 200,000 new account openings in its first year alone. A bank for all, which even succeeds and finances innumerable building projects during the economic crisis of the 1960s. From the beginning, the bank relies on innovation: electronic data entry, streamlined handling of loans, no expensive branch offices but excellent customer support – concepts that are still setting the trend today.

The bank remains a pioneer in direct banking in Germany even during the politically turbulent energy crisis years of the mid 1970s. The post bank becomes a telephone bank, and in 1994 the bank changes its name to Allgemeine Deutsche Direktbank for strategic reasons. It becomes the first on-line bank as monitors and modems make their appearance. And there is a sense of digital euphoria around the millennium: the internet arrives in households; e-mails, on-line shops and flat rates for all. Everywhere, and always. The world goes global, the digital revolution becomes established in all areas of life – including direct banking. Allgemeine Deutsche Direktbank addresses these developments by joining Netherlands-based ING – and ING-DiBa is born. A bank with an excellent set-up that remains loyal to its core competence: no-hassle banking and customised, transparent financing for people like you and me. Today, ING-DiBa is a bank for digital natives that use Smartphones and tablets, like the tradesmen using hammer and trowel in Georg Leber's time.



ACCESSIBILITY, FRIENDLINESS, STRAIGHTFORWARDNESS AND FAIRNESS

The innovative spirit of ING-DiBa can be felt everywhere in the bank. Colleagues joke, discuss and talk business in the elevator – through all 16 storeys in a building where everyone is under one roof: mortgage loan professionals, programmers and concept developers in the IT department, product developers, corporate communication, marketing, the Management Board, purchasing and risk, legal affairs and audit. LEO is a place where people talk to each other. Transparent communication – as evidenced by the multiple award-winning customer dialogue – has always been ING-DiBa's main success factor – and still is today.

The year 2014 was another exceptionally successful year. The awards follow quickly: For the eighth year in a row, ING-DiBa was selected the "Most popular bank" by the readers of the business magazine "€uro". At the same time, it was also voted "Best Bank". And it is the "Fairest mortgage loan bank" for "Focus Money", and the "Best Onlinebroker" according to "Börse Online". "Stiftung Warentest" has again awarded top grades for the bank's extra account and free ING-DiBa current account. The most impressive aspect of these awards is the wide range that they cover: they honour the bank, its products and its services. Features that are recognised not just by industry insiders and experts, but are also reflected in a satisfied customer base. More than eight million satisfied customers have made ING-DiBa into what it is today.

There are many good reasons why ING-DiBa customers like to recommend their bank to others: permanent accessibility, friendliness and technical competence of bank employees. Reliable and simple processes. No hassles, fairness and transparency.

FRANK SIEBERT
BORN 29 OCTOBER 1965
TEAM LEADER MORTGAGE LOANS

ULRIKE HOLZMANN-FUCHS
BORN 30 JUNE 1965
HUMAN RESOURCES AND EXECUTIVE
DEVELOPMENT CONSULTANT

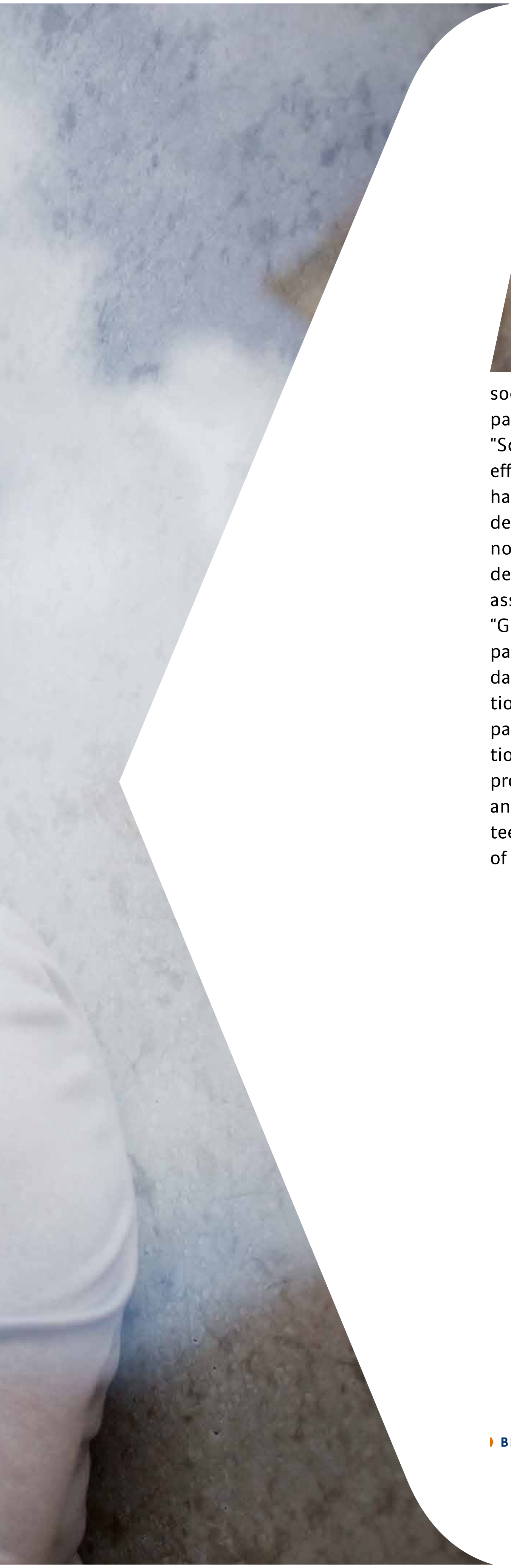
Honesty is an important factor in the relationship between a bank and its customers. Every customer wants his bank to find a tailored solution for his financial interests. Financing the longed-for dream of a house. A night-blue car. A no-fee current account. Many banks work with advisors who are paid not for providing excellent advice but for selling the most profitable products. ING-DiBa pays its employees a fixed salary. Easy-to-understand and transparent products allow customers to make their own decisions with good information.

In the meantime, the person in charge has a chat with the Management Board at the company's head office. The elevator may be going up at a steep rate, but our hierarchies are flat. The personal and simultaneously professional work climate is evident throughout the company. Year after year, ING-DiBa is voted among "Germany's best employers", and has been honoured by the employer competition as a "Great Place to Work" for the eighth time in 2014. ING-DiBa offers sustainable health management and the initiative FAIRantwortung for fair relationships with society and each other. The education program Azubi 50+ and numerous other measures for combining job and family are integral parts of the corporate culture. Older and younger colleagues work together in a respectful manner. There are DiBa FIT cooking courses, non-smoking courses, running groups, groups of regulars and volunteer engagements. When they meet in the elevator, people generally call each other by their first names. All this is done with the firm conviction that customers can sense the special atmosphere at ING-DiBa.

INDIVIDUAL TRANSPARENT FINANCING

MONIKA BEIL
BORN 5 APRIL 1965
TEAM LEADER, CUSTOMER DATA UNIT

COMMITMENT OF ING-DIBA



And this spirit is also reflected outside of the bank. ING-DiBa is a bank with a long-term social commitment. It has been a UNICEF partner since 2005, and supports the "Schools for Africa" programme. Volunteer efforts and commitments to associations have been promoted with the "DiBaDu und dein Verein" initiative since 2011; up to now, more than EUR 3 million have been dedicated to interesting and relevant association projects. And as part of the "Give Five!" corporate volunteering campaign, bank employees can use an entire day to get involved in charitable organisations. ING-DiBa has been a facilitation partner of the German Basketball Association and its extensive range of young talent programmes for many years. Sports, children and youth, education, journalism, volunteers and associations – the commitment of ING-DiBa is as varied as the bank itself.

When you arrive on the executive floor of ING-DiBa, you will right away notice that it looks just like all the other floors and departments below: open offices with glass, vision and clarity. Flat hierarchies. Former federal chancellor Helmut Schmidt, a giant of German politics and patron of the prize for critical consumer journalism named after him, is a welcome visitor in the entire bank, as is global basketball star Dirk Nowitzki, who has been a popular and easy-going advertising representative for the bank for years. Here too, collegiality and professionalism also go hand in hand. Fifty years of new thinking, technical knowledge, flexibility, culture and engagement. The sun outside of the window radiates orange, ING-DiBa is the bank of the future, the bank of the present, our bank.

BERT HEINZLMEIER PHOTOGRAPHER

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1. General Basis

Corporate structure, segments, and locations

With almost 8.3 million customers, ING-DiBa is the third largest retail bank in Germany. As a direct bank, its main features are a small number of transparent products as well as 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.

The Bank is managed based on three segments: Retail Customer Assets, Retail Customer Loans, and Commercial Banking. Retail Customer Assets combines all the investment products the Bank offers. The credit business has been bundled in Retail Customer Loans. While both these segments are exclusively limited to retail customers, the entire corporate customer business is covered by Commercial Banking.

In addition to its headquarters in Frankfurt am Main, ING-DiBa has offices in Hanover and Nuremberg. ING-DiBa also maintains a branch named ING Bank – hereinafter referred to as Commercial Banking – that also has its registered office in Frankfurt am Main. The Austrian branch, ING-DiBa Direktbank Austria, is located in Vienna. In the year under review, ING-DiBa opened a representative office in the German capital Berlin.

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.

Products, services, and business processes

The product offering is divided into three segments, as shown in the diagram. It also includes the products of ING-DiBa Direktbank Austria.

Segments	Products
Retail Customer Assets	Savings deposits Securities services business Current accounts
Retail Customer Loans	Mortgage loans Consumer loans
Commercial Banking	Corporate lending Payment transactions Financial markets Structured finance Commercial real estate financing

ING-DiBa's products and services are designed in all respects to help its customers do their banking easily and quickly. The Bank focuses in particular on providing easily accessible product information and on the long-term satisfaction of its customers. In 2014, this commitment was recognized when the Bank was voted Germany's "Most Popular Bank" by the business magazine "€uro" for the eighth time in a row.

The Bank's offering can primarily be accessed through online banking and telebanking. The main focus is on selling the products directly, although the Bank cooperates with selected alliance partners in the lending business. As a result of changes in consumer behavior and the rapid spread of mobile devices, the significance of mobile banking is increasing at a growing rate. Customer contact is possible around the clock every day.

Commercial Banking's customer structure is made up exclusively of commercial and institutional customers. Corporate customers include well-known industrial companies – among others, from the chemical, automotive, health, and pharmaceuticals sectors.

Management

Responsibilities of the Management Board members	
Roland Boekhout	Corporate Audit Services Berlin Representative Office Personnel Corporate Communications Management Board Secretariat & Legal
Bernd Geilen	Compliance and Money Laundering Trade Settlement Consumer Loans Risk Management
Katharina Herrmann	Customer Experience Customer Dialog Marketing Product and Target Group Management Mortgage Loan Sales
Martin Krebs	Commercial Banking Treasury Securities
Remco Nieland	ING-DiBa Direktbank Austria Management Accounting Procurement Accounting and Taxes
Herbert Willius (until September 30) Roland Boekhout (from October 1)	CB Operations & Business Development Mortgage Loans IT and Project Management Service Center

Sales markets and major influencing factors

ING-DiBa's business model is based primarily on interest-bearing products such as mortgages and consumer loans as well as call and fixed-term deposits. Commission-based products play a significantly less important role at the Bank. The main sales market for all retail divisions is in Germany. For ING-DiBa Direktbank Austria, it is in Austria. The commercial banking business is well-positioned internationally and takes leading positions in Eastern Europe and the Benelux countries. The Bank is now one of the leading providers of export financing in Germany.

The development of the economic and capital market environment has a significant influence on ING-DiBa's business performance. The interest rate level has a direct influence on the savings and consumption patterns of retail customers and thus has a direct impact on the savings deposits and consumer loans business. The conditions on the real estate markets and competition with other banks are key factors in driving demand for retail mortgages.

By contrast, the commission income from the securities services business is influenced to a large extent by the trading activity on the securities exchanges and in over-the-counter trading.

Control systems

Management Accounting (MA) handles the Bank's control functions in connection with planning its results. This control of the Bank is performed using calculations of key figures based on the IFRS accounting figures. In particular the monthly management reporting provides 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 of this control, through which the Bank's growth can be determined. This figure is composed of the total volume 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.

An additional important key figure for controlling the Bank is the pre-tax MA result. According to MA, this is calculated primarily from the net interest income less administrative expenses and the costs for risk provisioning.

The responsible and efficient handling of resources is measured using the cost income ratio as a relative indicator, which shows the relationship of administrative expenses to income. Another indicator is derived from the analysis of the ratio of operating costs to the retail banking business volume. This indicator compares the administrative expenses (excl. marketing expenses) of the retail banking business to the retail banking business volume.

The return on equity (ROE) is a profitability indicator which is used to evaluate the Bank's results of operations. It is determined from net income for the fiscal year based on the management accounting (MA) figures (IFRS) after risk costs in relation to the risk-weighted capital requirement using a 10-percent own funds requirement.

In addition to financial metrics, the Bank is also managed on the basis on non-financial performance indicators. A key measurable for quantifying customer satisfaction is the Net Promoter Score (NPS). To determine this score, customers are regularly surveyed online about whether they would recommend ING-DiBa to friends or relatives. NPS represents the proportion of customers who would recommend the Bank less those who would not make such a recommendation. In addition, for the Bank's performance, employee satisfaction is a relevant indicator, which is used as a feedback instrument to enhance its corporate culture. This indicator is determined and reported to the Management Board by an external service provider as part of the largest employer competition, "Great Place to Work."

2. Report on Economic Position

General macroeconomic conditions

Overall, the situation in the eurozone continued to ease and consolidate in the year under review, although the European Union's economic growth of 1.3 percent fell short of the 1.6 percent the European Commission had forecast in spring 2014. Some of the crisis-hit countries in the eurozone recovered significantly. Ireland, which had had to apply for funds from the EU's bailout program as recently as 2010, recorded economic growth of over 3.5 percent in 2014. Spain, whose gross domestic product (GDP) expanded by 1.7 percent, is also back on a consolidation course, even though the unemployment rate has persisted at a disconcertingly high level of over 20 percent. As some countries that had previously been in the grip of crisis produced some encouraging data, the focus in 2014 shifted increasingly to France – the EU's second largest economy. According to the figures available by the end of 2014, growth in that country languished at below 1 percent, while new public debt could rise to 4.7 of GDP percent by 2016. Unlike the economy in the United States, which gathered considerable pace in the year under review, the economic data for the EU, and the eurozone in particular, was rather mixed.

The situation in Germany stood in marked contrast to the general economic performance in the eurozone: In the first quarter, the German economy expanded at its fastest rate (0.8 percent) in three years. But after a buoyant start into the new year, the German economy flagged considerably in the second quarter (-0.1 percent). The reasons included firstly concerns about a resurgence of the euro crisis – in particular with a view to France and Italy – and secondly increasing geopolitical risks. The escalating situation in Russia and the Ukraine as well as in the Middle East, but in particular the economic sanctions imposed on Russia, weighed on the economic climate even in Germany, and this was reflected not least in the results of the Ifo Business Climate Index. The Austrian economy, too, felt the impact of the Ukraine crisis.

The monthly Ifo Business Climate Index for Germany's industrial sector rose to 104.6 points in November 2014, after the business climate had previously deteriorated six times in succession. Companies rated the current business situation more positively, thus brightening the business prospects for the coming months.

Lower energy prices, the low exchange rate of the euro against the U.S. dollar, which favors the export industry, and sustained optimism amongst private consumers prevented Germany from falling into a recession. According to the German Federal Statistical Office, weak economic growth of 0.1 percent returned to Germany's economy by the third quarter.

In the wholesale sector, the business climate improved significantly toward the end of the year. Wholesalers rated their current business situation as considerably more favorable. Their business expectations turned slightly positive again.

The generally favorable environment also had an effect on the labor market. While in January 2014 Germany's unemployment rate stood at 7.3 percent, it fell to 6.3 percent in October.

Driven not least by sharp falls in oil and gasoline prices, inflation continued to decline in Germany, reaching 0.6 percent in the fourth quarter. Inflationary fears therefore played a minor role, although a deflation scenario increasingly became a topic of discussion in the year under review. The cuts in key interest rates made by the European Central Bank (ECB) in the course of 2014 also have to be viewed in this light. On September 4, 2014, the ECB reduced the key interest rate to 0.05 percent, which is only just above the zero mark. In this context, ECB President Mario Draghi announced that the Central Bank would purchase asset-backed securities (ABSs) as well as mortgage bonds.

Strong consumer spending and a growing proportion of economic growth again attributable to exports led to GDP growth of 1.5 percent in Germany in 2014. In Austria, a high level of uncertainty affecting the export sector and a lack of stimulus from domestic demand meant that the economy did not really get off the ground, even in the second half of 2014. According to the results of the economic indicator of the Austrian National Bank (OeNB) of October 2014, economic growth of 0.8 percent is expected for the Austrian economy in full-year 2014.

The continuing uncertainty, which is driven by the eurozone's ailing economy and geopolitical tensions, is also reflected in the assessment of demand-based components of GDP. The growth prospects for consumer spending were recently revised slightly downward, while those for capital expenditure and exports were corrected sharply downward. According to the forecasts of the Austrian Institute of Economic Research (WIFO) and the Austrian Institute for Advanced Studies (IHS), the unemployment rate as defined by Eurostat persisted at 5 percent in 2014.

Austria's Harmonized Index of Consumer Prices (HICP) barely changed in the course of 2014. Austria continued to have a significantly higher rate of inflation than other eurozone countries. According to the OeNB, the average rate of inflation for the year as a whole is expected to be 1.7 percent. In August 2014, by comparison, HICP inflation stood at 0.4 percent in the eurozone and at 0.8 percent in Germany. The inflation differential between Austria and Germany was 0.7 percentage points in August, due mainly to different rates of price changes in the services sector.

Industry environment

One of the issues faced by the European banking industry in the year under review was the performance of stress tests, the results of which were published by the ECB in October 2014. In 2014, the auditors of the European Central Bank tested the ability of the 130 biggest financial institutions in the eurozone to withstand various crisis scenarios. The assessment consisted of an asset quality review (AQR) and a forward-looking stress test. The AQR examined whether the assets on the banks' balance sheets as of December 31, 2013 had been measured in accordance with the ECB's requirements. The stress test was a forward-looking assessment of how resilient the solvency of the banks would be in two hypothetical scenarios. In the baseline scenario, the banks had to meet a common equity tier 1 (CET1) ratio of at least 8 percent, while in the adverse scenario, a CET1 ratio of at least 5.5 percent applied. Using the information obtained from the AQR, the bank balance sheets used as a starting point were assessed in the corresponding stress test projections, invariably applying stricter criteria than required under the accounting standards. This stress test was indeed a first.

The AQR led to aggregated adjustments of EUR 47.5 billion to the asset carrying amounts of the participating banks as of December 31, 2013. ECB Vice-President Vítor Constâncio announced that in the case of 25 of the 130 banks assessed a capitalization gap totaling EUR 24.6 billion had been identified. Those banks had not passed the stress test. According to information provided by the ECB, 12 of the affected institutions had closed their capitalization gaps by increasing their equity by EUR 15 billion, before the results were published. The other 13 institutions were given a period of two weeks to present plans of how they propose to close the identified capitalization gaps within nine months. The 25 affected banks are based in 11 countries, most of them in Italy. One financial institution from Germany and one from Austria failed the stress test.

According to the ECB, the test was aimed at strengthening the banks' balance sheets by requiring them to eliminate the problems identified by taking the necessary corrective action (e.g., raising equity), improving transparency, and creating confidence. The assets of the 130 banks assessed amounted to EUR 22 trillion, or 82 percent of total bank assets in the eurozone. The comprehensive assessment was based on the European Union's Capital Requirements Regulation and Capital Requirements Directive (CRR/CRD IV) as amended.

Overall, the ECB was very satisfied with the results of the stress test. The assessment of the balance sheets – the first such review conducted in this way – would boost the public's confidence in the banking sector, said ECB Vice-President Constâncio. ING-DiBa was included in the assessment as part of the consolidated group of ING Bank N. V., Amsterdam. ING Bank N. V. passed the stress test.

In another step, effective November 4, 2014, the European Central Bank assumed the supervision of the 130 largest banks in the European Monetary Union, thus implementing a decision taken by EU finance ministers in fall 2013. The comprehensive stress test and the assumption by the ECB of its role as bank supervisor are the first steps toward the European banking union, as resolved following the financial market crisis experienced in recent years.

Although the European banking sector continued to stabilize in the year under review and the banks now have considerably more capital and liquidity reserves than before the start of the financial market crisis, the sector is still facing major challenges. Prime among them are the extremely low interest rates. The debate about negative interest rates caused uncertainty among customers in the last quarter of the fiscal year. This would primarily affect companies with relatively high bank balances, but when a small bank introduced negative interest rates even for retail customers in November 2014, media interest in this issue surged. The backdrop of this measure is the decision by the European Central Bank to introduce negative interest rates of -0.1 percent for its deposit facility.

In addition to the interest rate environment, which is problematic for banks and savers, the main issues facing the banking industry in the coming years are expected to be the continuing consolidation and merger process and increasing digitalization. ING-DiBa, as a branchless bank that has had the latest communication technology installed for many years, is well positioned in this context.

For the Austrian banking industry, too, the year under review saw further stabilization and consolidation. Following the first ever aggregate net loss for the year (after tax and non-controlling interests), amounting to EUR 1.04 billion, for all Austrian banks in 2013, the corresponding consolidated result for the second quarter of 2014 was also negative, at EUR - 593.6 million. An important issue for the Austrian banking market is the billions of losses generated by Hypo Alpe Adria, which have been argued in the courts for years and weigh heavily on the country's budget. In the meantime, an announcement was made that the successor company, Heta Asset Resolution, will no longer service the liabilities of the former Hypo Alpe Adria.

Due to the low interest rates and a flat yield curve, there has been a clear shift among private households within the deposit segment in favor of deposits payable on demand. They rose by 7.6 percent year on year, while fixed-term deposits declined by 3.6 percent. Both in Austria and as a eurozone average, interest rates have reached fresh historical lows for new fixed-term deposits. Interest rates for existing fixed-term deposits invested by private households also fell to their lowest levels ever, at 0.92 percent in Austria and 1.98 percent for the eurozone average.

The interest rate differential between Austria and the eurozone average is significantly smaller, if the total average interest rate on private household deposits is considered (Austria: 0.68 percent, eurozone: 0.91 percent). The main reason for this circumstance is that, primarily due to direct banks, payable-on-demand deposits earned a higher interest rate of 0.35 percent in Austria than in the eurozone on average (0.24 percent).

Since March 2013, there has been an upward trend in the growth of loan volumes extended to private households in Austria (0.2 percent). As of the end of August 2014, loans had increased by 1.6 percent, while the development in the eurozone on average had not shown any signs of improvement in growth in the course of the year (August 2014: decline of 0.4 percent).

Summary

ING-DiBa competes with other direct banks as well as with branch banks, online brokers, and mortgage lenders. In recent years, the Bank has continued to consolidate and extend its position as one of the leading principal banks. The Bank's business philosophy is to offer its retail customers a comprehensive range of products they need for their money and savings matters.

With almost 8.3 million customers in Germany and Austria and trending upward, ING-DiBa is the third largest retail bank and one of the largest mortgage lenders in Germany. In the year under review, the Bank continued to develop very positively in the brokerage and deposits business in spite of increasing competition. The Bank has consistently continued to expand its market position in commercial banking and broadened its cooperation with major international companies in the year under review.

Once again, the quality of its products and fair terms as well as the Bank's strong brand and positive image have proved competitive advantages for ING-DiBa that must not be underestimated. These are important advantages at a time when customers and the media are increasingly watching the work of banks with a critical eye.

Overview of business development

Despite the difficult interest rate environment impacting on savers and a slight deterioration in the economic outlook in the second half of the fiscal year, primarily as a result of geopolitical risks, ING-DiBa was again able to top the already high levels of all important key figures. Given the increasingly fierce competition for retail customers as well as in commercial banking, the Bank's business development in 2014 was again very satisfactory.

In its development, ING-DiBa takes great care to ensure in particular balanced qualitative as well as quantitative growth, and this is reflected in the overall result. In fiscal year 2014, ING-DiBa generated net interest income of EUR 1,632 million (previous year: EUR 1,408 million). Net commission income increased by EUR 6 million from EUR 70 million in fiscal year 2013 to EUR 76 million as of the end of fiscal year 2014. Profit before tax amounted to EUR 888 million, which was approximately EUR 197 million more than in fiscal year 2013 (EUR 691 million). Profit before tax significantly outperformed the forecast rise of around 9 percent, jumping by around 29 percent in fiscal year 2014. Compared with the prior-year forecast, this is a variance of EUR 135 million, which is mainly attributable to a significant increase in net interest income. As expected, administrative expenses rose more slowly than net interest income. This, as well as the smaller addition to risk provisions and the decline in the negative other net income contributed to the positive financial performance.

The pre-tax MA result increased in line with the profit before tax, from EUR 676 million as of December 31, 2013 to EUR 884 million as of December 31, 2014, representing an increase of 31 percent or EUR 208 million. This positive variance of EUR 757 million for 2014 is likewise attributable to the significant increase in net interest income. This figure is calculated primarily from the net interest income less administrative expenses and the costs for risk provisioning based on management accounting (MA).

The return on equity increased to 21 percent due to the positive earnings development and was thus 4 percentage points over the value forecast for 2014.

The cost-income ratio (CIR) fell by 2 percentage points from 46 percent in fiscal year 2013 to 44 percent in fiscal year 2014. This indicator shows the relationship of administrative expenses to operating income. Since income rose faster than expenses, this ratio declined slightly compared with the forecast 46 percent.

Business volume increased during the 2014 fiscal year by 7.6 percent. thus rising somewhat faster than expected, but at a slower pace than the 9.2 percent growth recorded in the previous year. At the end of fiscal year 2014 the Bank's business volume had increased to EUR 219.9 billion compared to EUR 204.3 billion as of December 31, 2013. This figure is composed of the total volume 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 comments on the development of the Retail Customer Assets, Retail Customer Loans, and Commercial Banking segments in the following section.

The number of customers increased from 8.1 million at the end of 2013 to almost 8.3 million as of December 31, 2014. Of that number, 7.8 million were attributable to Germany (previous year: 7.6 million) and 0.5 million to Austria (previous year: 0.5 million). Despite increasing competition, ING-DiBa's attractive business model helped the Bank win new customers in the six figures.

ING-DiBa had 3,526 employees as of December 31, 2014 (previous year: 3,357), of which 90 were trainees (previous year: 104). As part of the largest employer competition, "Great Place to Work," the Bank achieved an encouraging score of 86 percent (previous year: 84 percent) of employees agreeing that they are satisfied with their job at the Bank. This ranks ING-DiBa among the best employers in Germany.

The results of fiscal year 2014 demonstrate once again that ING-DiBa's strategy is very well received in the market. This strategy is based on transparency and an attractive product portfolio, although the range offered is kept deliberately lean. The Bank sees its business model as a customer-friendly alternative to commission and fee-based consulting. Service quality, which is measured and monitored continually on the basis of service levels, is one of the core elements of the Bank's business model. This strategy is reflected in the satisfaction of customers. In the year under review, the Bank achieved a Net Promoter Score (percentage of customers who would recommend the Bank to others) of 39 percent (previous year: 37 percent).

To that end, ING-DiBa has for many years provided consumers with relevant information so that they can make their own decisions. In addition, the Bank aims to maintain constructive dialog with independent financial journalists and respected consumer protection agencies. In October 2014, the Bank for the 19th time presented the Helmut Schmidt Award for Journalism, which is granted for excellent performance in financial and consumer journalism. Furthermore, ING-DiBa was voted Germany's "Best Bank" and simultaneously – for the eighth time in a row – Germany's "Most Popular Bank" by the readers of "€uro" magazine.

With two technological innovations, ING-DiBa further increased security and ease of use for its customers in the year under review. Thus the Bank was the first major institution to introduce video identification, which saves new customers having to visit a post office branch for Post Ident identification, the procedure normally used before. Video identification allows new customers to identify themselves in the comfort of their own home between 7 a.m. and 10 p.m. every day.

ING-DiBa also introduced the SmartSecure app in the year under review. With this app, mobile banking can be done from a single device. Unlike the previous system, the SmartSecure app works without having to enter transaction numbers (TANs). Instead, the customer enters the money transfer data using the banking app. The smartphone then switches to the SmartSecure app, where the transfer can be approved by entering a password previously set by the user. The dual-channel system is maintained, even though only one device is used. The SmartSecure app's authentication process has numerous security features, which ensure that the app can be operated in isolation on the smartphone.

ING-DiBa Direktbank Austria can also look back on a successful fiscal year in Austria. The success of the business is attributable to the continuing strong positioning of ING-DiBa Direktbank Austria as Austria's leading direct bank. Thanks to extensive marketing and communication measures, automobile loans, homeowners' loans, and installment loans increased by more than 12.4 percent. Investment funds were further consolidated and posted strong growth because of the continuing focus on a lean offering, especially for fund savings plans.

Under the leadership of CEO Roel Huisman and CFO Volker Panreck, ING-DiBa Direktbank Austria and its 152 employees celebrated a very special premiere in fiscal year 2014: the opening of ING-DiBa at Schwedenplatz in Vienna at the beginning of May 2014. With this innovative service point in a prime city location, a long-standing customer request has been implemented by creating a venue that facilitates communication from eye to eye and clearly focuses on enhancing the "ING-DiBa Direktbank Austria experience."

Even during the design phase of the service point, Austrian employees, international colleagues, and interested customers were actively involved in the process, always with the aim of creating a special customer experience. The results of the first six months confirm the expectation: Austria's bank customers want direct contact, especially when discussing loans, and they rate the extension of the communication channels of ING-DiBa Direktbank Austria – under the banner of multichannel banking – extremely positively.

Further proof of the Bank's excellent customer focus has been delivered by numerous awards, such as the repeatedly won "Recommender Award" presented by the Austrian Finance Marketing Association (*Finanz-Marketing Verband Österreich*, "FMVÖ") and the seal of approval awarded by the Austrian consumer research body Österreichische Gesellschaft für Verbraucherstudien (ÖGVS), in addition to consistently high scores in the monthly NPS surveys.

In fiscal year 2014, the number of customers increased to 524,000 (previous year: 521,000) and the business volume rose to EUR 7.8 billion (previous year: EUR 7.6 billion).

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

In addition to the Extra and Direkt-Sparen (call deposit) accounts, ING-DiBa also offers fixed-term deposit accounts/Direkt-Festgeld (time deposit) accounts with terms of 6 or 12 months in both Germany and Austria. The Bank's product portfolio in this segment also includes savings bonds, interest growth accounts with built-in tiered interest rates, and savings schemes within the scope of capital contribution benefits.

The ECB held firm to its policy of extremely low interest rates during the fiscal year. On June 5, the Central Bank lowered the main refinancing rate for banks from 0.25 to 0.15 percent. At the same time, a negative interest rate of -0.1 percent was introduced for deposits by banks at the ECB. On September 4, the key interest rate was reduced again from 0.15 to 0.05 percent.

At many banks, after deducting for inflation customers are no longer earning any return on traditional savings deposits or are even experiencing a real loss of purchasing power. During the 2014 fiscal year ING-DiBa paid a minimum interest rate of 1.25 percent p.a. for the first four months for a newly-opened Extra account (call deposit) with a maximum deposit of EUR 100,000. Subsequently and for higher balances, the interest rate was 0.8 percent or 0.5 percent for balances of EUR 250,000 or more.

Thanks to this comparatively attractive offer, many customers again decided in favor of the Extra call deposit account. Overall, the portfolio volume as of the December 31, 2014 reporting date in Extra accounts and the term savings deposits rose from EUR 103.5 billion at the end of 2013 to EUR 110.5 billion. The customer deposits for ING-DiBa Direktbank Austria included in that figure increased to EUR 7.5 billion as of the end of fiscal year 2014 (previous year: EUR 7.4 billion).

Securities services business

After the Deutsche Aktienindex (DAX) increased by around 25 percent in 2013, development at the beginning of 2014 was somewhat restrained. The German exchange barometer ended the first trading day of 2014 with a minus, reaching 9,400 points. But the ECB's continuing low interest rate policy, which was strengthened again during the course of 2014, ensured an overall positive stock market climate. Looking for better returns, many investors turned to equities and equity funds, not least also due to interesting dividend yields.

In June 2014, the DAX exceeded the 10,000-point mark for the first time ever. However, the stock index did not remain long in 5-digits. In view of increasing geopolitical risks, growth prospects clouded visibly in the second half of the year and the DAX reached its final low for the year in October at about 8,572 points. The prospect of a continuing loose monetary policy by the central banks, however, allowed the DAX to climb over the 10,000-point mark again in December. It closed the last trading day of the year at almost 9,806 points. That is an annual performance of 2.65 percent.

Numerous customers of ING-DiBa increasingly put their money in securities in 2014. The number of orders executed for customers rose to 7.4 million (previous year: 6.8 million). As of December 31, 2014, ING-DiBa managed 963 thousand securities accounts (previous year: 922 thousand). Securities account volume increased to EUR 23.1 billion (previous year: EUR 20.8 billion), the fund volume included in these accounts at the end of the fiscal year was EUR 7.7 billion (previous year: EUR 6.8 billion).

Current accounts

ING-DiBa again saw increasing demand for current accounts during the 2014 fiscal year. This account allows customers to withdraw cash without a fee at more than 90 percent of all German ATMs using their VISA card. The Bank lowered the interest rate for overdraft facilities granted on these accounts in February and again in September to 7.85 percent p.a.

Since February 2014, the Bank has entirely waived the additional overdraft interest charged when the credit line is exceeded. ING-DiBa customers pay only the regular debit interest even when the granted overdraft limit is exceeded. ING-DiBa thus completely waives the interest premium that most competitors charge on an overdraft of the credit line. In addition, the Bank complied with the recommendations of numerous consumer protection advocates and proactively informed customers who utilize the overdraft facility for longer periods of more favorable credit alternatives.

As of December 31, 2014 ING-DiBa maintained 1.2 million current accounts for its customers (previous year: 1.1 million). At the same time the deposit volume rose to EUR 3.0 billion (previous year: EUR 2.4 billion). Overdrafts on current accounts totaled EUR 221 million as of the reporting date (previous year: EUR 211 million).

Retail Customer Loans

General

The Retail Customer Loans segment comprises all of the Bank's products which its retail customers can use to obtain access to a loan from the ING-DiBa. This includes long-term mortgage loans and short-term consumer loans. Growth was again achieved in this segment as well during the 2014 fiscal year.

Mortgage loans

Development in the German real estate market remained extremely dynamic in 2014. The favorable interest rates ensured that the demand for real estate ownership continued to rise even though many major cities in Germany saw some marked price increases.

According to the Federal Statistical Office, the number of construction permits rose by 5.2 percent from January to September 2014 alone compared to same period in the previous year. Overall, building departments issued approvals for more than 212,000 residential units in that period. An especially large number of approvals were issued for the construction of apartment buildings. In spite of this increase, construction permits remained behind demand according to an estimate by IVD, the German Real Estate Association.

In view of the high demand and sharply rising prices, the question was also discussed in 2014 about the extent to which there is a threat of a real estate price bubble in Germany. In its 2014 financial stabilization report, the Deutsche Bundesbank did point to sharp price increases in major cities such as Berlin, Düsseldorf, Frankfurt am Main, Munich, Cologne and Stuttgart. Nevertheless, at the end of November 2014 the Bundesbank determined that there was still no cause for concern in the real estate market.

ING-DiBa, as one of the leading mortgage lenders in Germany, on the one hand offers financing of owner-occupied residential property with fixed interest periods between 5 and 15 years and repayment rates between 1 and 10 percent p.a., with current demand primarily for long terms in view of the very low interest rates. For another, customers can obtain their follow-up financing at ING-DiBa. 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 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.

As of the December 31, 2014 reporting date, the volume of the mortgage loan portfolio was at EUR 63.5 billion compared to EUR 62.2 billion in the previous year. Committed new business for 2014 was EUR 5.8 billion (previous year: EUR 6.7 billion). At the end of fiscal year 2014 the Bank maintained around 786 thousand mortgage loan accounts (previous year: 769 thousand).

Consumer loans

Low interest rates, the favorable development on the labor market, and the still positive economic outlook (at least during the first half of 2014) stimulated the buying mood of private consumers in both Germany and Austria. According to a study by the Consumer Research Association (GfK), consumer sentiment had stabilized further at year's end. According to findings by GfK researchers, Germans are unconcerned by the weakening economy and continue to assess their income growth as positive, which naturally affects consumer behavior. The experts see the overall consumer attitude as "continuing an upward trend".

Against this backdrop ING-DiBa also posted growth in the consumer loans segment. The number of consumer loan accounts rose to 507 thousand during the fiscal year (previous year: 455 thousand). The portfolio volume amounted to EUR 4.7 billion as of December 31, 2014 (previous year: EUR 4.2 billion). ING-DiBa continues not to insist on contract components that place customers at a disadvantage – such as compulsory residual debt insurance.

Commercial Banking

General

The Commercial Banking segment comprises ING-DiBa's corporate customer business. The customers are internationally operating industrial and trading companies headquartered in Germany, subsidiaries of foreign groups in Germany who are already ING customers in other countries, and globally active investors. All customer groups benefit from the ING Group's international network, in particular in Central and Eastern Europe and Asia.

Commercial Banking was integrated into ING-DiBa in 2011 and has been a branch of ING-DiBa since then. Commercial Banking in Germany is part of ING's global commercial banking network, in which approximately 15,000 employees in more than 40 countries worldwide offer financial services for key accounts. The corporate customer business in the Commercial Banking segment concentrates primarily on internationally networked major companies and institutional investors.

Customers in Germany

For corporate customers in Germany, Commercial Banking offers loans, transaction services and financial markets products. In the lending business, Commercial Banking offers the entire range of products that allow major companies to finance themselves. Transaction Services focuses on payments & cash management, trade finance services, i.e., guarantees and letters of credit, as well as working capital solutions. Commercial Banking offers extensive hedges for currency and interest rate risks through its Financial Markets unit.

Global investors

Commercial Banking offers global investors and projects structured finance solutions, which are broken down into four areas: Structured Export Finance primarily supports German businesses with the export of merchandise by granting loans for exports to developing countries which are covered by a governmental export credit insurer, e.g. Euler Hermes.

ING Structured Export Finance has a leading role in the German market. Since 2013, Frankfurt am Main has been the global competence center of ING Groep N.V. for structured export finance. Real Estate Finance is aimed at supporting investors from around the world with the acquisition of attractive German commercial properties using debt capital. ETIG – the Energy, Transportation & Infrastructure Group – is active in global project financing, placing particular attention on growth in the financing of renewable energies based on the global experience of ING Groep N.V. A true flagship project is the central support provided as the mandated lead arranger, lender and hedging bank for the Butendieck offshore wind farm, which should go online in 2015 with a base load of 288 megawatts. SFG – the Specialized Financing Group – offers acquisition financing and financing for projects in the telecommunications and media industry.

In relation to sectors, Commercial Banking Germany offers extensive global expertise in 16 different sectors: Automotive, chemicals & pharmaceutical, financial institutions, transportation & logistics, manufacturing, retail & wholesale, fast moving consumer goods, technology, media & telecommunications, power & utilities, infrastructure, natural resources, structured acquisition finance, transportation, real estate finance and structured export finance.

During the fiscal year, Commercial Banking Germany again gained well-known German and international companies either as new customers or further strengthened relationships with existing customers. Commercial Banking focuses explicitly on customers to whom Commercial Banking can offer added value with its global network and sector expertise. The quality of the Commercial Banking loan portfolio developed positively in the context of the general economic environment and by selectively entering into new loan transactions as mentioned. The risk costs were therefore significantly lower than planned.

In spite of an overall stagnating market, the Commercial Banking segment attained encouraging growth figures. As of December 31, 2014, Commercial Banking's loan volume totaled EUR 8.6 billion (previous year: EUR 5.3 billion). This corresponds to an increase of 62 percent within one year. Guarantees, contingent liabilities and irrevocable loan commitments increased during the fiscal year to EUR 7.4 billion (previous year: EUR 5.9 billion).

Results of operations – Group

Overall results of operations

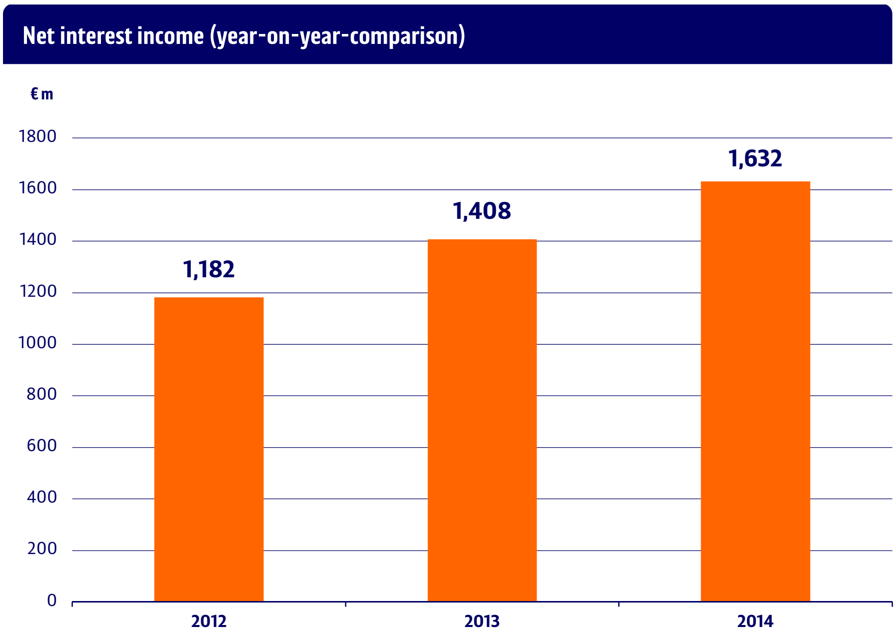
The following presents the year-on-year development of key measures of income and expense.

Consolidated income statement	2014 € m	2013 € m	Change € m
Net interest income	1,632	1,408	224
Net commission income	76	70	6
Other net income	-20	-34	14
Risk provision	-64	-89	25
Personnel expenses	-287	-265	-22
Other administrative expenses	-449	-399	-50
Profit before tax	888	691	197
Income tax	-289	-217	-72
Profit after tax	599	474	125

In fiscal year 2014, the ING-DiBa Group generated EUR 888 million in profit before tax, representing a 29 percent increase as compared to the previous year, despite a challenging industry environment.

Net interest income

	2014 € m	2013 € m
Interest income		
Interest income from lending transactions	3,120	3,134
Total interest income from lending transactions	3,120	3,134
Interest income from available-for-sale securities	660	569
Interest income from held-to-maturity securities	0	0
Other interest income	– 858	-853
Total interest income	2,922	2,850
Interest expenses		
Interest expenses on deposits from banks	239	230
Interest expenses on amounts due to customers	1,023	1,182
Interest expenses on securitized liabilities	27	27
Other interest expenses	1	3
Total interest expenses	1,290	1,442
Net interest income	1,632	1,408



In the banking industry, the main factors impacting the year under review were competition and overall interest rates at historical lows. In this environment the Bank increased its net interest income during the fiscal year by 16 percent, and thus more than forecast, from EUR 1,408 million to EUR 1,632 million. This development was largely driven by a decline in interest expenses on fixed-term customer deposits. The decline is attributable firstly to capital market-oriented interest rate adjustments in the course of the year under review and secondly to shifts toward deposits payable on demand, which bear lower interest rates. In addition, the lending volume was expanded further, and an improvement in net interest income was realized as a result. Furthermore, a significant volume-driven increase in interest income was generated with fixed-income securities transactions.

Interest income from lending transactions fell by EUR 14 million to EUR 3,120 million (previous year: EUR 3,134 million). By contrast, interest income from available-for-sale securities increased from EUR 569 million in fiscal year 2013 to EUR 660 million in 2014.

Other interest income, which includes net interest income in relation to hedging derivatives, remained almost unchanged at EUR -858 million (previous year: 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 on amounts due to customers.

Overall, interest income rose by EUR 72 million to EUR 2,922 million, while interest expenses fell by EUR 152 million to EUR 1,290 million.

Net commission income

Net commission income totaled EUR 76 million in fiscal year 2014 (previous year: EUR 70 million). As a result of the consistent decline in interest rates in the year under review, demand for high-return securities increased, along with their trading volume. Net commission income was therefore positive, as in the previous year. The rise in commission expenses in the lending and service business was more than offset by the commission income from the securities services business and Commercial Banking.

Other net income

Other net income includes EUR -32 million in net losses on the measurement of derivatives and hedged items (previous year: EUR -44 million), EUR 1 million in other gains on financial investments and investment property (previous year: EUR 1 million), and net income of EUR 11 million in other income and expenses (previous year: EUR 9 million).

Net gains/losses on measurement of derivatives and hedged items

The net loss on measurement of derivatives and hedged items improved from EUR -44 million as of December 31, 2013 to EUR -32 million as of December 31, 2014 and is due in particular to higher effectiveness of hedging transactions in connection with fair value hedge accounting.

Risk provision

Risk provisioning expenses decreased by EUR 25 million year on year in 2014 to a total of EUR 64 million.

Personnel expenses

Personnel expenses increased by 8 percent year on year, from EUR 265 million to EUR 287 million, in particular as a consequence of the hiring of new employees as well as due to salary increases.

Other administrative expenses

Other administrative expenses including depreciation, amortization, and write-downs increased from EUR 399 million to EUR 449 million during the fiscal year.

Income tax

Income tax amounted to EUR 289 million (previous year: EUR 217 million) and comprised the current tax expense of EUR 320 million (previous year: EUR 256 million) and deferred tax income of EUR 31 million (previous year: EUR 39 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 32.5 percent, the effective tax rate was above the nominal tax rate of 31.4 percent. There were no notable events having a material effect on the tax rate during the reporting period.

Financial performance indicators

The financial performance indicators used for internal control purposes also developed positively over the course of the fiscal year. The pre-tax MA result increased in line with profit before tax (pre-tax FA result) from EUR 676 million as of the end of fiscal year 2013 to EUR 884 million as of December 31, 2014. The return on equity increased by 4 percentage points, from 17 percent in the 2013 fiscal year to 21 percent in 2014. There was also improvement in the cost-income ratio (from 46 percent in 2013 to 44 percent in 2014), which is a relative indicator depicting the relationship of administrative expenses to operating earnings.

Results of operations by segment

	2014 Retail Customer Loans € m	2014 Retail Customer Assets € m	2014 Commercial Banking € m	2014 Total MA € m	2014 Reconciliation € m	2014 IFRS € m
Net interest income	701	810	108	1,619	13	1,632
Net commission income	– 60	93	28	61	15	76
Other net income	0	– 36	12	– 24	4	– 20
MA income	641	867	148	1,656	32	1,688
Risk provision	– 67	– 5	8	– 64	0	– 64
Administrative expenses	– 194	– 462	– 52	– 708	– 28	– 736
Result before tax	380	400	104	884	4	888

	2013 Retail Customer Loans € m	2013 Retail Customer Assets € m	2013 Commercial Banking € m	2013 Total MA € 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 net 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
Result before tax	351	258	67	676	15	691

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 29 million to EUR 380 million as of the end of the reporting period (2013: EUR 351 million). This increase was due primarily to the increase in net interest income (incl. interest on allocated equity) from mortgage loans of EUR 14 million and from consumer loans of EUR 14 million.

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

Net commission income improved by EUR 6 million to EUR -60 million (2013: EUR – 66 million) due to a lower volume of brokered transactions. The growing business volume resulted in a EUR 14 million increase in administrative expenses to EUR 194 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 142 million to EUR 400 million as of December 31, 2014 (2013: EUR 258 million). This sharp increase was due in particular to the increase in net interest income from savings deposits, which was up EUR 170 million year on year.

Net commission income increased by EUR 5 million year on year. This increase was due primarily to the EUR 8 million increase in net commission income on securities resulting from an increase in securities transactions. Administrative expenses for the Retail Customer Assets segment increased by EUR 38 million to EUR 462 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 37 million to EUR 104 million (2013: EUR 67 million). This increase was due to factors such as the EUR 27 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

Development of the statement of financial position

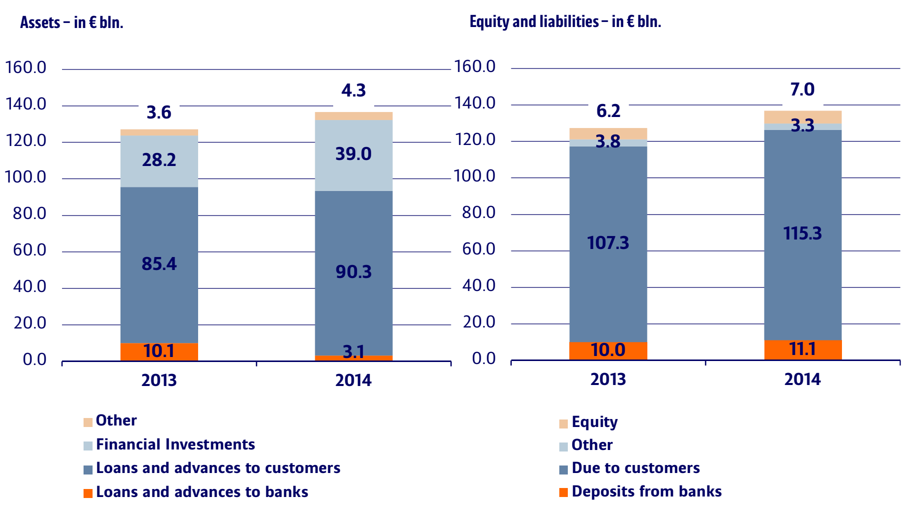
The following presents the development of the key measures of assets, liabilities and financial position as of December 31, 2014 as compared to the previous year.

Consolidated statement of financial position	12/31/2014 € m	12/31/2013 € m	Change € m	Change Percent
Assets				
Loans and advances to banks	3,138	10,096	– 6,958	-69
Loans and advances to customers	90,252	85,396	4,856	6
Adjustment to portfolio fair value hedges	1,687	1,991	– 304	-15
Financial investments	38,950	28,170	10,780	38
Derivatives with positive fair value	32	58	– 26	-45
Other assets	2,608	1,627	981	60
Total assets	136,667	127,338	9,329	7
Equity and liabilities				
Equity	7,021	6,228	793	13
Securitized liabilities	1,282	1,231	51	4
Deposits from banks	11,149	9,958	1,191	12
Due to customers	115,264	107,332	7,932	7
Derivatives with negative fair value	457	1,426	– 969	-68
Other liabilities	1,494	1,163	331	28
Total liabilities	136,667	127,338	9,329	7

The ING DiBa Group's total assets grew by 7.3 percent to EUR 136.7 billion in fiscal year 2014 (December 31, 2013: EUR 127.3 billion). Assets are characterized by loans and advances to customers and financial investments. The Group's liquidity position as of December 31, 2014 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 9.7 billion at the end of the fiscal year (previous year: EUR 9.1 billion). Contingent liabilities included EUR 8.6 billion in irrevocable loan commitments as of December 31, 2014 (previous year: EUR 8.0 billion).

Structure of the statement of financial position



Assets

Loans and advances to banks decreased by EUR 7.0 billion to EUR 3.1 billion in fiscal year 2014. The decline in loans on the interbank market is due in particular to the absence of short-term investments of cash with the Deutsche Bundesbank in the year under review.

Loans and advances to customers increased from EUR 85.4 billion to EUR 90.3 billion in fiscal year 2014. The increase in loans and advances of EUR 4.9 billion compared to December 31, 2013 is primarily attributable to the growth in mortgage financing as well as in the corporate customer business.

The portfolio of financial investments also increased significantly by EUR 10.8 billion to EUR 39.0 billion in 2014. That increase related in particular to the purchase of government and corporate bonds, which more than offset maturities and sales.

Among other items, "Other" includes derivatives with positive fair values in the amount of EUR 32 million as well as derivatives with negative fair values in the amount of EUR 0.5 billion as of December 31, 2014 that are related to the Bank's hedging transactions. The great majority of derivatives were used in hedges for which hedge accounting was applied.

Equity and liabilities

On the liabilities side, further issuances during the 2014 fiscal year resulted in an increase in securitized liabilities by EUR 51 million to EUR 1.3 billion.

Deposits from banks also increased by 12 percent to EUR 11.1 billion in fiscal year 2014. 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 2014, ING-DiBa was able to increase the deposit volume once again. Amounts due to customers increased by 7.4 percent or EUR 8.0 billion to EUR 115.3 billion. This growth is due in particular to an increase in demand deposit accounts, for which bonus campaigns in both Germany and Austria were run during the course of the year. Another reason is that ING-DiBa's average interest rate on call deposits was above normal industry levels. While a decline was seen in term deposits, there was a rise in the volume of savings deposits featuring increasing interest rates over the term. As of the reporting date customers maintained more than 7.1 million (previous year: 6.9 million) savings accounts at the Bank (time deposit, call deposit and other savings accounts).

Equity increased from EUR 6.2 billion to EUR 7.0 billion in fiscal year 2014. ING-DiBa's share capital was completely held by ING Deutschland GmbH, Frankfurt am Main, as of December 31, 2014.

Deposit protection, association memberships

ING-DiBa participates in the deposit protection fund of the Bundesverband deutscher Banken e.V. (Association 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. In addition, 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., Hanover, 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 again grew further during the fiscal year. The assets, liabilities, financial position, and results of operations were very satisfactory overall at the end of the year under review.

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

Once again, ING-DiBa's customer base grew significantly in the year under review. The number of customers rose by 216 thousand year on year to almost 8.3 million as of December 31, 2014. 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. Clear evidence of the high satisfaction of its customers is, for example, the repeat win of the title “Most Popular Bank” in the major test of banks by the business magazine "€uro.” The Bank has now won this accolade for the eighth time in succession. At the same time, ING-DiBa was also voted "Best Bank.”

The winner in the "Most Popular Bank" category was determined by over 209,000 bank customers, who voted on this issue. They had the opportunity to rate their satisfaction with individual aspects of the offering, such availability, friendliness, and quality of advice of employees. Overall, ING-DiBa's customers were the most satisfied with their bank.

The "Best Bank" award was linked to good terms and conditions in the following product areas: current accounts, call and fixed-term deposits, securities trading, mortgage financing, and installment loans. Other factors under consideration were online security and the service quality of the participating banks.

A key figure for quantifying customer satisfaction is the Net Promoter Score (NPS). To determine this score, customers are regularly surveyed online, on a voluntary basis about whether they would recommend ING-DiBa to friends or relatives. NPS represents the proportion of customers who would recommend the Bank less those who would not make such a recommendation. In the year under review, ING-DiBa achieved an excellent score of 39 percent.

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 telephone and 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 do not wait longer than 20 seconds before being put through to the person they need to speak to.

Independent studies document the high level of service quality at ING-DiBa. Thus in 2014, the Bank won the German Service Award in the "financial institutions' service" category. The award is presented by the German Institute for Service Quality (Deutsches Institut für Service-Qualität, "DISQ") and the news channel n-tv. The analysis of mystery calls and mystery emails confirmed that ING-DiBa is one of the top companies among the financial institutions tested and deserves the "very good" quality rating.

According to the reasons provided by the DISQ, the Bank impressed the DISQ in particular with its excellent performance in responding to emails and achieved the highest test score in the telephone category, not least due to its friendly, competent staff and a pleasant communication atmosphere.

In the "financial institutions' service" category, 50 companies were tested in the key categories of waiting time, communication atmosphere, friendliness, and competence. The websites were also assessed.

"*FAIRantwortung*" (Fairness in acting responsibly)

The corporate culture is a decisive factor for ING-DiBa's success. With that in mind, the Bank relies on the principle called "FAIRantwortung" (a play on the German word for responsibility "Verantwortung"). It is based on the most important corporate values – fairness and responsibility. It means that by offering transparent products, ING-DiBa is a fair partner for its customers and engages in both social and ecological initiatives. With ING-DiBa's program for corporate social responsibility ("CSR") called "*FAIRantwortung*", the Bank wishes to give back some of its economic success to society, and as an employer, offer its approximately 3,500 employees a very good workplace. The Bank's "*FAIRantwortung*" reports, which have been published annually since 2008, provide a detailed overview of the activities in this context.

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 eighth 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. In addition, 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 get women interested in the next career move.

ING-DiBa was recognized with the "Women Career Index" in 2014. 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 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, in particular, 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).

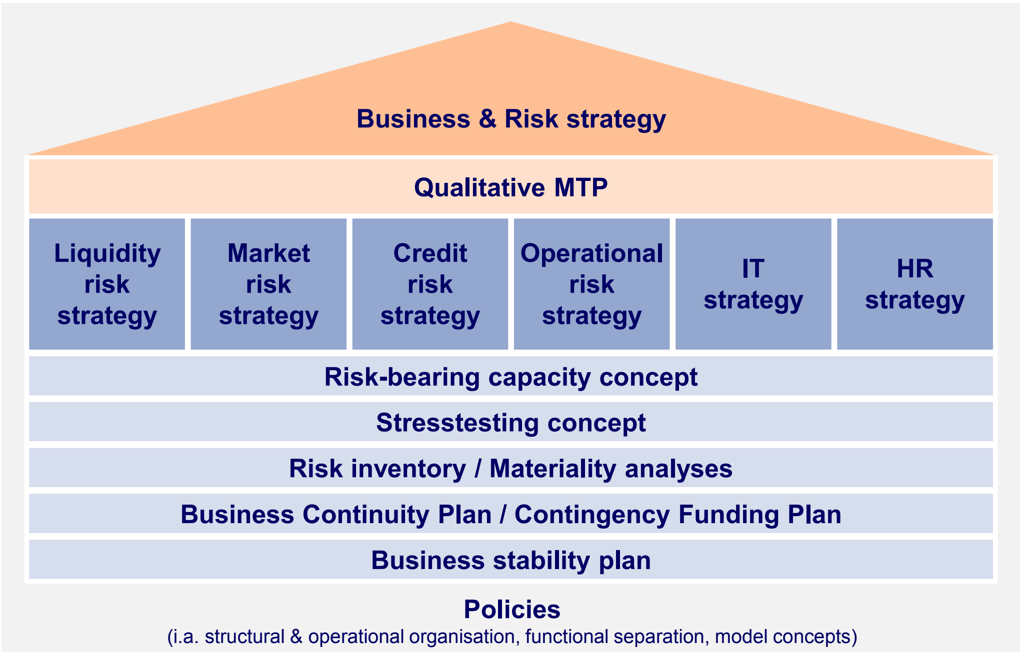
Traditional credit risk is a component of counterparty default risk and represents the risk of a loss due to the default or deterioration in creditworthiness of an external counterparty.

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 Risk Management organizational unit is responsible for managing ING-DiBa's risks throughout the Group. The Management Board has transferred responsibility for the operational management of credit risks resulting from Commercial Banking to Corporate Credit Risk Management and to Structured Finance Credit Risk Management at the Branch. 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 the risk potential is used and the way risks are quantified.

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 III (Internal Ratings-Based

Approach – IRBA or Advanced Measurement Approach – AMA). The interest rate risk, basis risk, and spread risk are quantified using periodic analysis as well as present-value analysis on the basis of internal simulation models.

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 corresponding 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.

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 2014 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, 2014, are quantified in the table below.

	12/31/2014 Limits € m	12/31/2014 Limit utilization Percent limit	12/31/2013 Limits* € m	12/31/2013 Limit utilization* Percent limit
Counterparty default risk	550	65	550	62
Market price risk	900	85	900	80
Operational risk	40	69	40	75
Overall limit and limit utilization	1,490	77	1,490	73
Risk-taking capital and utilization	2,570	45	2,129	51

* Due to the introduction of the revised Risk-Bearing Capacity Concept as of January 1, 2014, the prior-year figures in the table were adapted to the new Concept as of December 31, 2013 on the basis of a trial calculation to ensure comparability.

ING-DiBa's risk-taking capital amounted to EUR 2,570 million as of December 31, 2014, an increase of EUR 441 million compared with the previous year (pro-forma figure for 2013: EUR 2,129 million).

The utilization of the overall limit was similar to the previous year and amounted to 77 percent as of December 31, 2014 (pro-forma figure for 2013: 73 percent). The adjustments to the Risk-Bearing Capacity Concept made as of January 1, 2014 relate primarily to an increase in the confidence level, the inclusion of basis risks, and extended consideration of other risks. Other risks in this contexts relate, for example, to model risks for interest rate and liquidity risks as part of the limit buffer, which have been classified as material since the risk inventory for fiscal year 2014.

The limit buffer was raised compared with the previous year, from EUR 150 million to EUR 400 million, primarily as a result of the above-mentioned extended consideration of other risks. The risk-taking potential thus amounted to EUR 2,970 million as of December 31, 2014 (previous year: EUR 2,529 million).

Stress tests

The performance of stress tests within ING-DiBa is a key component of risk management and serves alongside 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, 2014, 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, 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. Basis risks are also 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 conducts an integrated reverse stress test across risk types as well as specific reverse stress tests for counterparty default, liquidity, market price, and operational risks.

The Risk Management organizational unit is 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 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 Risk Management organizational unit is 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 Risk Management organizational unit 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 Risk Management organizational unit 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) is performed with a model that is used to calculate both EV@R and E@R. It essentially consists of the simulation of market interest rates, the associated simulation of customer terms and conditions, and the simulation of the trend in 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 regulatory 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 spread changes on the fair value of its investment portfolio using historical simulations as a basis. The calculations are made 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.

Basis risks are also calculated each month, both from the periodic and the economic perspective and using historical simulations as a basis. The results also form part of the analysis of risk-bearing capacity.

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), applying a floor of zero. 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	12/31/2014 in %	12/31/2013 in %
+100 bp	-1.29	3.11
-100 bp	0.41	-1.93

As of December 31, 2014, assuming a parallel interest rate increase of 100 basis points, the results of the sensitivity analysis show a 1.29 percent decrease in net interest income compared with the starting point (previous year: +3.11 percent). Assuming a parallel interest rate decrease of 100 basis points, net interest income would have increased by

+0.41 percent (previous year: -1.93 percent). While interest rate sensitivity remained at a low level, the gap between the scenarios narrowed compared with the previous year.

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	12/31/2014 in %	12/31/2013 in %
+100 bp	-1.20	0.08
-100 bp	-2.31	4.16

Assuming an interest rate shock of +100 basis points, the economic value as of December 31, 2014 would decrease by 1.20 percent (previous year: increase of +0.08 percent), whereas a decrease of 2.31 percent would result from a decline in the interest rate (previous year: increase of 4.16 percent). Interest rate sensitivity remained at a low level.

The following overview presents the results of the sensitivity analysis of 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 the revaluation reserve Scenario	12/31/2014 € m	12/31/2013 € m
+100 bp	-750	-562
-100 bp	393	538

Assuming an interest rate shock of +100 basis points, the revaluation reserve as of December 31, 2014 would decrease by EUR -750 million (previous year: EUR -562 million), whereas a decrease in the interest rate would result in an increase of EUR +393 million (previous year: EUR +538 million).

The table below presents the results from the sensitivity analysis of 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	12/31/2014 € m	12/31/2013 € m
+100 bp	-49	-37
-100 bp	114	20

Assuming an interest rate shock of +100 basis points, the profit or loss as of December 31, 2014 would decrease by EUR -49 million (previous year: EUR -37 million), whereas a decrease in the interest rate would result in an increase of EUR +114 million (previous year: EUR +20 million).

Limitation

The direction, extent, and timing of changes in market prices are by nature unknown and cannot be predicted. ING-DiBa manages its portfolio accordingly by limiting the effects of market price changes 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 Risk Management organizational unit 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. Disruptions 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. The Management Board commissioned the Risk Management organizational unit 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 payable-on-demand deposits for the purpose of liquidity risk management. 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 (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 Bank N.V.

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 Risk Management, Treasury, Trade Settlement, and Accounting organizational units 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	12/31/2014 in %	12/31/2013 in %
Due to customers	84	84
of which with indefinite terms	71	70
of which with definite terms	13	14
Other liabilities	11	11
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, in both categories, other deposits from institutional customers, and recorded an increase of approximately EUR 7.9 billion in the fiscal year. At 84 percent (previous year: 84 percent), the ratio of amounts due to customers to total equity and liabilities in fiscal year 2014 was again at a high level, similar to December 31, 2013. Other liabilities essentially include securitized liabilities in connection with Pfandbrief issues and amounts due to banks and remained the same in fiscal year 2014 at 11 percent (previous year: 11 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 European 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.

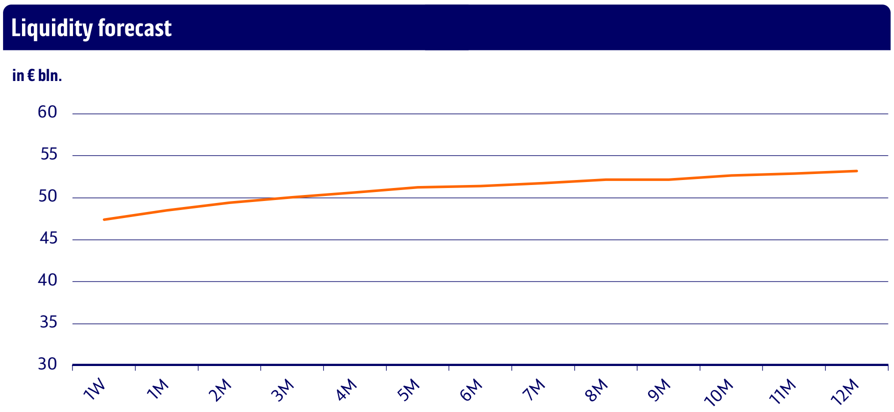
Insolvency risk is regularly monitored by the Risk Management organizational unit by means of scenario analysis on the basis of a cash flow-based gap calculation. As a part of its daily activities, Treasury monitors the intraday liquidity risk based on intraday simulations. The funding liquidity risk 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. To supplement the regulatory Liquidity Coverage Ratio (LCR), which the reporting system has to produce on a monthly basis, Risk Management calculates an LCR each day using simplified assumptions 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 2014.



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 2014, not only for the base scenario but also for all stress scenarios used.

Limitation

In general, the liquidity risk in the narrow sense and the intraday liquidity risk cannot be 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 Risk Management organizational unit 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 corresponding 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 organizational unit 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.

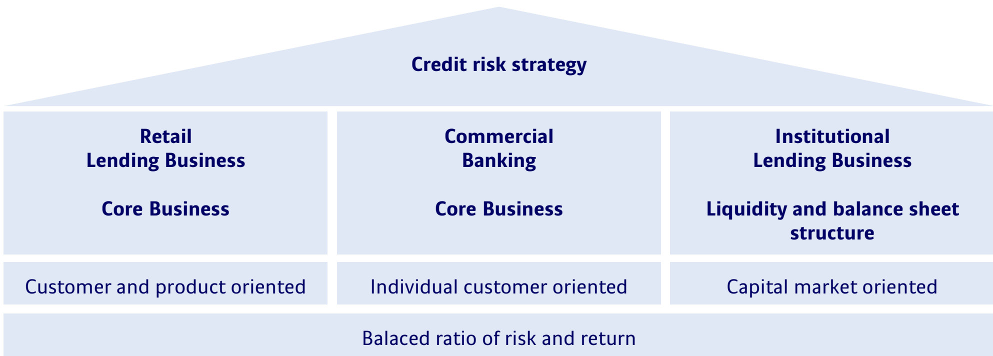
The Management Board has transferred responsibility for the operational management of credit risks resulting from Commercial Banking to Corporate Credit Risk Management and the Structured Finance Credit Risk Management units of the ING Bank branch. Similarly, the Risk Management unit in the ING-DiBa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

Functional and hierarchical separation 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. In line with its strategic orientation, the

Bank offers simple, easily understood loan products, with a focus on mortgage loans, though the high-volume real estate business forms the exception and is intentionally held at a low level. Another focus area is the consumer loans business.

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. Investments in the ABS/MBS asset class are only made to a small extent, subject to restrictive criteria. In addition, existing investments in securitizations of Dutch retail mortgage loans granted by ING are managed. The Bank continues to avoid exposures in countries affected by the sovereign debt crisis. Moreover, fiscal policy and geopolitical developments are closely monitored and investment or divestment strategies formulated on this basis.

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 models in accordance with Basel III/Capital Requirements Regulation – CRR) 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 reviewed on an annual basis as part of model validations. To this end, local model performance analyses are carried out and additional model analyses are performed by ING's Group-wide independent 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 investment properties in the credit risk-relevant real estate loan business (loan amounts in excess of EUR 1.5 million). 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. In addition, most of the existing swaps were also transferred to 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.

To offer borrowers special customer service or increase the probability that loans will be serviced, loan installments in the retail business may be deferred or capitalized in selected circumstances. These cases are labeled as amendments to the loan agreement (forbearance), but it should not necessarily be assumed that they are due to financial difficulties on the part of the borrower. Partial debt waivers or the reduction or suspension of interest is not possible.

In Commercial Banking, non-standard adjustments to terms and conditions and refinancing at non-standard market terms and conditions are only granted in exceptional circumstances.

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 organizational unit 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 adequate 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 detailed 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 2014, new mortgage lending business developed in line with the strategic objectives. The committed volume was approximately EUR 5.8 billion (previous year: EUR 6.7 billion). 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. As in the previous years, this trend persisted in fiscal year 2014. The committed new loan volume increased again by a double-digit figure (22.5 percent; previous year: 12.2 percent) to around EUR 1.9 billion at year-end (previous year: EUR 1.6 billion).

There was continued strong demand for current accounts in 2014. In total, 137 thousand new accounts were opened in fiscal year 2014. The number of accounts stood at around 1.2 million at the end of the year (previous year: 1.1 million 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 expansion of the Commercial Banking segment continued in 2014. The total loan volume climbed by 46.5 percent to EUR 10.5 billion at the end of 2014 (previous year: EUR 7.1 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 2014 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 Bank N.V., based on top-rated asset pools. The sound risk profile of these products is reflected in their Aaa rating. The investment 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. Other intra-Group investments held include to a small extent highly secured covered bonds as well as bank bonds issued by ING. In addition, the Bank decided in fiscal year 2014 to invest in corporate notes and bonds to a limited extent. The reason for doing so is that existing liquidity can be invested favorably and inhouse expertise in the Commercial Banking segment can be utilized at the same time. The criteria for selecting possible issuers were therefore based on the criteria for selecting possible loan customers.

Geographically, the institutional business focuses on selected countries of the European Union, with Germany at 48.0 percent (previous year: 45.6 percent) and the Netherlands at 21.4 percent (previous year: 22.4 percent) still accounting for the largest share. Due to the European sovereign debt crisis, ING-DiBa has completely eliminated its exposure to Portugal, Italy, Ireland, Greece, and Spain over the recent years. As a result, there is again no exposure to these countries as of the end of fiscal year 2014. 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. In the institutional business, there is no exposure to the Russian Federation. 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 primarily used for duration control and are normally entered into via a central counterparty. 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 79.6 percent attributable to AAA/AA-rated exposures as of the end of the year (previous year: 74.6 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, 2014 (previous year:

EUR 1.4 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 118.6 million as of December 31, 2014 (previous year: EUR 105.6 million).

In addition to the retail loans extended, which are contained in the following overviews as business affecting 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 2.5 billion as of December 31, 2014 (previous year: EUR 3.5 billion). There are also irrevocable loan commitments in the Commercial Banking segment amounting to EUR 6.1 billion as of December 31, 2014 (previous year: EUR 4.5 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 1.6 million at the end of 2014 (previous year: EUR 2.6 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	
	12/31/2014 In %	12/31/2013 In %	12/31/2014 In %	12/31/2013 In %
Retail customers	100.0	100.0	0.0	0.0
Pfandbriefe/covered securities[1]	0.0	0.0	27.1	27.8
Governments/local authorities	0.0	0.0	42.3	37.5
Banks/financial institutions (unsecured)	0.0	0.0	0.0	0.1
ABS/MBS[2]	0.0	0.0	14.4	18.0
Repos	0.0	0.0	7.1	9.8
Corporates/corporate lending	0.0	0.0	1.3	1.2
Structured finance	0.0	0.0	0.0	0.0
Intercompany (ING)	0.0	0.0	7.8	5.6
Total	100.0	100.0	100.0	100.0

	Commercial Banking		Total	
	12/31/2014 In %	12/31/2013 In %	12/31/2014 In %	12/31/2013 In %
Retail customers	0.0	0.0	51.8	55.4
Pfandbriefe/covered securities[1]	0.0	0.0	10.9	10.7
Governments/local authorities	0.0	0.0	17.0	14.5
Banks/financial institutions (unsecured)	0.0	0.0	0.0	0.0
ABS/MBS[2]	0.0	0.0	5.8	6.9
Repos	0.0	0.0	2.9	3.8
Corporates/corporate lending	34.9	38.1	3.3	2.8
Structured finance	62.7	59.3	5.0	3.6
Intercompany (ING)	2.4	2.6	3.3	2.3
Total	100.0	100.0	100.0	100.0

Distribution of the overall portfolio by sector (nominal values)

	Retail		Institutional	
	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m
Retail customers	68,002.7	66,145.5	0.0	0.0
Pfandbriefe/covered securities[1]	0.0	0.0	14,328.3	12,799.6
Governments/local authorities	0.0	0.0	22,333.2	17,295.8
Banks/financial institutions (unsecured)	0.0	0.0	0.0	25.0
ABS/MBS[2]	0.0	0.0	7,605.6	8,282.3
Repos	0.0	0.0	3,735.6	4,541.3
Corporates/corporate lending	0.0	0.0	708.1	570.6
Structured finance	0.0	0.0	0.0	0.0
Intercompany (ING)	0.0	0.0	4,134.0	2,592.7
Total	68,002.7	66,145.5	52,844.8	46,107.3

	Commercial Banking		Total	
	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m
Retail customers	0.0	0.0	68,002.7	66,145.5
Pfandbriefe/covered securities[1]	0.0	0.0	14,328.3	12,799.6
Governments/local authorities	0.0	0.0	22,333.2	17,295.8
Banks/financial institutions (unsecured)	0.0	0.0	0.0	25.0
ABS/MBS[2]	0.0	0.0	7,605.6	8,282.3
Repos	0.0	0.0	3,735.6	4,541.3
Corporates/corporate lending	3,645.4	2,719.8	4,353.5	3,290.4
Structured finance	6,553.5	4,232.7	6,553.5	4,232.7
Intercompany (ING)	257.4	182.9	4,391.4	2,775.6
Total	10,456.3	7,135.4	131,303.8	119,388.2

(1) Covered securities include covered bonds such as Pfandbriefe, as well as securities covered by government guarantees.
(2) ABS/MBS also include intra-Group securitizations in the amount of EUR 6.5 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]

	12/31/2014 € m	12/31/2014 In %	12/31/2013 € m	12/31/2013 In %
Germany	96,620.4	73.6	89,373.2	74.9
EMU	23,895.2	18.2	21,063.9	17.6
Other EU	3,563.7	2.7	3,803.6	3.2
Non-EU	7,224.5	5.5	5,147.5	4.3
Total	131,303.8	100.0	119,388.2	100.0

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

At 73.6 percent, the major portion of the loan portfolio can be attributed to exposures in the German domestic market (previous year: 74.9 percent). Another 18.2 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 2014 (previous year: 17.6 percent). As in the previous year, loans and advances to borrowers in the Netherlands make up the largest share of this loan portfolio at 9.4 percent (previous year: 9.2 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, 2014. The share of the overall loan portfolio with exposures in these countries thus remained small, amounting to 0.8 percent (previous year: 0.9 percent). The Bank also established special country limits to limit risk in the peripheral European countries.

There are exposures to Russian borrowers through the Commercial Banking segment. Compared with the previous year, the share of the loan portfolio attributable to Russian borrowers declined to 1.0 percent for 2014 (previous year: 1.2 percent). In relation to the allocated limit, less than 40 percent or EUR 0.6 billion of the existing exposure to Russian customers is not backed by government export credit insurance (e.g., Hermes coverage). In order to limit the risks associated with Ukraine, the Bank has decided to freeze its exposure in that country at the currently negligible volume. The current political and economic developments in Russia and Ukraine are very closely monitored and reported to the Management Board and the risk committees. In addition, as part of its stress-testing framework, the Bank continuously analyzes economic and political scenarios to determine their relevance to and potential impact on ING-DiBa.

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	
	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m
Low risk	11,306.5	11,434.6	565.9	495.9	11,872.4	11,930.5
Medium risk	48,001.8	48,315.4	3,519.5	3,173.0	51,521.3	51,488.4
High risk	2,717.2	1,189.7	556.7	419.2	3,273.9	1,608.9
Total	62,025.5	60,939.7	4,642.1	4,088.1	66,667.6	65,027.8

(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 impaired[1, 2]

	Uncovered securities		Covered securities		ABSs/MBSs	
	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m
Low risk	23,786.9	16,892.6	14,178.3	11,601.6	7,546.5	8,155.1
Medium risk	239.0	10.0	150.0	1,073.0	59.1	127.2
High risk	0.4	0.6	0.0	125.0	0.0	0.0
Total	24,026.3	16,903.2	14,328.3	12,799.6	7,605.6	8,282.3

	Repos/lending		Short-term lending to municipalities		Total	
	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m
Low risk	3,289.0	3,692.0	3,149.0	3,580.9	51,949.7	43,922.2
Medium risk	446.6	849.3	0.0	0.0	894.7	2,059.5
High risk	0.0	0.0	0.0	0.0	0.4	125.6
Total	3,735.6	4,541.3	3,149.0	3,580.9	52,844.8	46,107.3

(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, in particular Pfandbriefe, 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	
	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m
Low risk	1,319.8	979.8	107.4	18.0	1,427.2	997.8
Medium risk	2,459.9	1,818.1	5,930.8	4,057.3	8,390.7	5,875.4
High risk	73.4	47.4	479.7	146.9	553.1	194.3
Total	3,853.1	2,845.3	6,517.9	4,222.2	10,371.0	7,067.5

(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 ING Groep N.V.

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 2014 and 2013. 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 99.9 percent.

Collateralization in fiscal year 2014

	12/31/2014 Business volume € m	12/31/2014 Real estate[1] € m	12/31/2014 Guarantees[2] € m	12/31/2014 Other € m	12/31/2014 Total[3] € m
Mortgage loans	63,154.0	96,070.7	0.0	0.0	96,070.7
of which not impaired	62,442.5	95,334.8	0.0	0.0	95,334.8
of which impaired	711.5	735.9	0.0	0.0	735.9
Other retail business	4,848.7	0.0	0.0	0.0	0.0
Commercial Banking	10,456.3	1,154.7	4,846.7	1,367.0	7,368.4
of which not impaired	10,371.0	1,154.7	4,789.3	1,362.9	7,306.9
of which impaired	85.3	0.0	57.4	4.1	61.5
Total	78,459.0	97,225.4	4,846.7	1,367.0	103,439.1

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

(1) An annual test is performed to establish whether the collateral needs to be remeasured. Loans under 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 41 million (2013: EUR 75 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). As of December 31, 2014, the ABS/MBS portfolio declined year on year by 1.1 percent to 5.8 percent (previous year: 6.9 percent) of the total loan portfolio and 14.4 percent (previous year: 18.0 percent) of the institutional loan portfolio. The large share of AAA/AA-rated investments of 89.1 percent (previous year: 88.5 percent) reflects a very conservative approach in this segment. Overall, investments in RMBSs have by far the highest share (around 94.8 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 0.1 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 0.7 billion, the risk profile was virtually unchanged in 2014 compared with fiscal year 2013. Intra-Group investments in securitizations were down slightly year on year, decreasing by EUR 0.5 billion to EUR 6.5 billion.

Securitization portfolio broken down by rating

	ABS		MBS		Total	
	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m
Low risk	391.7	414.8	7,154.8	7,740.3	7,546.5	8,155.1
Medium risk	0.0	0.0	59.1	127.2	59.1	127.2
High risk	0.0	0.0	0.0	0.0	0.0	0.0
Total	391.7	414.8	7,213.9	7,867.5	7,605.6	8,282.3

	ABSs		MBSs		Total	
	12/31/2014 in %	12/31/2013 in %	12/31/2014 in %	12/31/2013 in %	12/31/2014 in %	12/31/2013 in %
Low risk	5.1	5.0	94.1	93.5	99.2	98.5
Medium risk	0.0	0.0	0.8	1.5	0.8	1.5
High risk	0.0	0.0	0.0	0.0	0.0	0.0
Total	5.1	5.0	94.9	95.0	100.0	100.0

Securitization portfolio by country

The geographical focus of the securitization portfolio continues to be on European issues, which amounted to approximately 94.7 percent (previous year: 94.6 percent). Due to intra-Group investments, the Netherlands account for the most significant share of 85.4 percent (previous year: 84.5 percent).

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

	ABSs		MBSs		Total	
	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m
Germany	0.0	0.0	0.0	0.0	0.0	0.0
EMU	0.0	0.0	7,044.9	7,654.2	7,044.9	7,654.2
Other EU	2.4	2.8	153.6	176.3	156.0	179.1
Non-EU	389.3	412.0	15.4	37.0	404.7	449.0
Total	391.7	414.8	7,213.9	7,867.5	7,605.6	8,282.3

	ABSs		MBSs		Total	
	12/31/2014 in %	12/31/2013 in %	12/31/2014 in %	12/31/2013 in %	12/31/2014 in %	12/31/2013 in %
Germany	0.0	0.0	0.0	0.0	0.0	0.0
EMU	0.0	0.0	97.7	97.3	92.6	92.4
Other EU	0.6	0.7	2.1	2.2	2.1	2.2
Non-EU	99.4	99.3	0.2	0.5	5.3	5.4
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 transaction 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 III. The regulatory definition of default serves to distinguish the current portfolio from the default portfolio. Exposures that meet the criteria of the Capital Requirements Directive 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	
	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m
Neither delinquent nor impaired	62,025.5	60,939.7	4,642.1	4,088.1	66,667.6	65,027.8
Delinquent but not impaired (1 - 89 days)	417.0	345.7	46.9	43.7	463.9	389.4
Impaired	711.5	594.6	159.7	133.7	871.2	728.3
Total	63,154.0	61,880.0	4,848.7	4,265.5	68,002.7	66,145.5

	Institutional portfolio		Commercial Banking		Total	
	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m
Neither delinquent nor impaired	52,844.8	46,107.3	10,371.0	7,067.5	129,883.4	118,202.6
Delinquent but not impaired (1 - 89 days)	0.0	0.0	0.0	0.0	463.9	389.4
Impaired	0.0	0.0	85.3	67.9	956.5	796.2
Total	52,844.8	46,107.3	10,456.3	7,135.4	131,303.8	119,388.2

(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 54.3 million for which no specific impairment allowances have been recognized because, for example, no losses are expected due to sufficient security, in particular from guarantees from other companies belonging to the ING Group.

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

Loans classified as non-performing on the basis of the forbearance definition of the European Banking Authority are included in the impaired loans and advances category. The total amount of forborne loans and advances as of December 31, 2014 amounted to EUR 657.6 million in mortgage loans and EUR 73.3 million in the other retail business. Out of these totals, the amount of loans classified as non-performing purely on the basis of the forbearance definition was EUR 126.1 million in mortgage lending and EUR 12.4 million in the other retail business.

In Commercial Banking, forborne loans and advances amounted to EUR 72.4 million. Of this amount, EUR 48.9 million has been classified as non-performing forborne loans and advances.

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

	Mortgage loans		Other retail loans		Total	
	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m	12/31/2014 € m	12/31/2013 € m
Delinquent 1-29 days	192.3	29.1	6.3	7.5	198.6	36.6
Delinquent 30-59 days	180.2	250.2	33.1	28.2	213.3	278.4
Delinquent 60-89 days	44.5	66.4	7.5	8.0	52.0	74.4
Total	417.0	345.7	46.9	43.7	463.9	389.4

[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 (0.7 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 III 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

	12/31/2014 € m	12/31/2013 € m
Opening balance	-531	-505
Utilization of existing impairment allowances	63	68
Additions to /disposals from risk provision	-68	-94
Other changes	-1	0
Closing balance	-537	-531

As in previous years, the largest amount of risk provisions occurred in mortgage lending. In 2014, risk provisions and the risk costs (annual additions through profit or loss) were within budgeted expectations. Risk provisions for impaired loans and advances amounted to EUR 379.3 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 or 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 consumer-friendly interpretation of laws by the courts. There are also risks if the number of customers citing such rulings deviates significantly from the forecast number.

Organization

The Risk Management organizational unit 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 organizational unit 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 with legal or regulatory provisions for this purpose.

The topic of outsourcing services is handled comprehensively in a separate guideline. All instances of outsourcing 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 III qualitative requirements, compliance with legal or regulatory provisions, and the regulations established within the Group and it 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), and the implementation of risk & control assessments (R&CSAs) in critical divisions and projects that impact the Bank's risk profile.

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 organizational unit.

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 organizational unit 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 III. 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. The calculation on the basis of the Bank's AMA model includes 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 2014. ING-DiBa's comfortable risk situation is illustrated by an analysis of its risk-bearing capacity, which reveals a 45 percent utilization of the available risk-taking capital on a going-concern basis as of the end of fiscal year 2014 (previous year: 51 percent). The Bank's capital reserves are therefore sufficient to guarantee its risk-bearing capacity even in the event of adverse developments.

As part of the ING Group, ING-DiBa was subject to the European Central Bank's comprehensive assessment in fiscal year 2014. In addition to an examination of the balance sheet in an asset quality review (AQR), a stress test was part of the analysis. The assessment was aimed at creating transparency about the health of the banking sector in the eurozone and to detect any capitalization gaps so that corrective measures could be initiated in good time. The analysis did not identify any need for the ING Group to take any action to strengthen its capital base.

This result is confirmed for ING-DiBa by its Tier 1 ratio of 15.8 percent (previous year: 16.7 percent). The Tier 1 ratio is significantly higher than the minimum ratio required by regulators. As of the end of fiscal year 2014, the sum of the capital requirement from the overall risk exposure and the supplemental capital requirement pursuant to article 500 of the CRR amounting to EUR 4.7 billion (previous year: EUR 4.1 billion) was covered by Tier 1 capital amounting to EUR 5.2 billion (previous year: EUR 5.0 billion).

5. Additional Disclosures under IFRS 7

Maximum default risk for each class of financial instrument

	12/31/2014 € m	12/31/2013 € m
Assets from statement of financial position		
Cash reserve	1,888	931
Loans and advances to banks		
Payable on demand	841	3,845
Other loans and advances	2,297	6,251
Loans and advances to customers		
Mortgage loans	63,458	62,203
Consumer loans	4,999	4,415
Public sector loans and other loans and advances	5,310	5,928
Corporate loans	9,548	5,270
Asset-backed securities /mortgage-backed securities	7,474	8,111
Risk provision	– 537	– 531
Adjustment to portfolio fair value hedges	1,687	1,991
Derivatives with positive fair value		
Hedging derivatives	30	24
Other derivatives	2	34
Financial investments		
Available-for-sale	38,950	28,170
Other assets		
Accrued interest on loans and advances to banks	9	32
Accrued interest on AfS financial investments	496	413
Accrued interest on loans and advances to customers	61	62
Accrued interest on hedging derivatives	5	11
Accrued interest on other derivatives	1	29
Other	43	57
Maximum default risk for assets in statement of financial position	136,562	127,246
Financial guarantees	342	330
Irrevocable loan commitments	8,604	8,014
Maximum default risk	145,508	135,590

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	12/31/2014 IFRS carrying amounts € m	12/31/2014 Risk report nominal amounts € m
Assets from statement of financial position			
Cash reserve		1,888	
Payable on demand		841	
	Corporate lending		123
Other loans and advances		2,297	
	Reverse repo		3,736
	Uncovered securities [1]		360
	Covered securities [1]		205
	Corporate lending		113
	Structured finance		106
Loans and advances to banks		3,138	4,643
Mortgage loans	Mortgage loans	63,458	63,154
Consumer loans	Other retail loans	4,999	4,849
Public sector loans and other loans and advances		5,310	
	Short-term lending to municipalities		3,149
	Uncovered securities		2,147
	Covered securities [1]		10
	Corporate lending		0
	Structured finance		71
Corporate loans		9,548	
	Corporate lending		2,364
	Structured finance		6,314
Asset-backed securities (ABS)/mortgage-backed securities (MBS)	ABS/MBS	7,474	7,518
Risk provision		– 537	
Loans and advances to customers		90,252	89,576
Adjustment to portfolio fair value hedges		1,687	
Hedging derivatives		30	
Other derivatives		2	
	Uncovered securities		0
Derivatives with positive fair value		32	0

continued on next page

Continued	Descriptions from risk report	12/31/2014 IFRS carrying amounts € m	12/31/2014 Risk report nominal amounts € m
Assets from statement of financial position			
Available-for-sale		38,950	
	Uncovered securities		21,519
	Covered securities		14,113
	ABS/MBS		88
Financial investments		38,950	35,720
Accrued interest on loans and advances to banks		9	
Accrued interest on AfS financial investments		496	
Accrued interest on loans and advances to customers		61	
Accrued interest on hedging derivatives		5	
Accrued interest on other derivatives		1	
Other		43	
Other assets		615	
Maximum default risk for assets in statement of financial position		136,562	129,939
Guarantees and letters of credit		0	
	Corporate lending		967
	Structured finance		56
Financial guarantees		342	
	Corporate lending		335
	Structured finance		7
Total		136,904	131,304

[1] This item includes collateralized and uncollateralized loans against borrower's notes.

	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 and other loans and advances		5,928	
	Short-term lending to municipalities		3,581
	Uncovered securities		2,280
	Covered securities [1]		0
	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

continued on next page

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 loans and advances to customers		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
Total		127,576	119,388

(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. Losses 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 offers reasonable assurance so that errors in financial statements can be avoided to the greatest extent possible.

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

Applications for access are collected electronically by the system in the functional

- presentation and reporting in accordance with statutory requirements

The principles of efficiency were considered in establishing the ICS Ac. In particular, 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 is managed on the basis of 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.

International Accounting is responsible for reporting to the ING Group and preparing ING-DiBa's consolidated financial statements including all financial information (IFRS notes). In this process, 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 III.

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

- MA is responsible for the analysis of the operating result from a management perspective. 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 Trade Settlement. The Personnel department provides data necessary for calculating provisions for pensions and other personnel-related provisions.

- The Management Board Secretariat & 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 annual 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, among other things, 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

Opportunities

Opportunities are defined as possible future developments or events that may lead to a variance from the forecast or target that is positive for the Company. Such developments may firstly be the result of a business initiative through which the competitive position is actively improved by taking strategic actions. In addition, continuous efficiency increases, achieved by optimizing processes or implementing further cost reduction measures, have the potential to improve business performance. Secondly, changes in the operating environment, for example in customer behavior and associated industry trends, could lead to favorable market conditions. A sustained real estate boom would in this context also be an exogenous factor benefiting the results of operations of banks with a matching business model.

Opportunities for fiscal year 2015 from ING-DiBa's perspective:

- The low interest rates will further increase the pressure on the cost models of many competitors. Fee increases by competitors are a possibility. At the same time, the phase of low interest rates may of course also intensify the search for higher returns and in this way increase the popularity of securities, for example. The Bank's securities services business would benefit from increasing order numbers in this connection.

- The pressure on margins at competitors may very well lead to branch closures. In a recent study, the management consulting firm Bain came to the conclusion that over 11,000 branches will have to be closed in Germany in the next ten years. As a direct bank, ING-DiBa has had a progressive, efficient business model in place for many years, and this model may well be indicative of the future direction of the banking industry.

- As in many other sectors of the economy, digitalization in the banking industry is advancing at an increasing speed. More and more customers prefer to do their banking easily and quickly online rather than visit their branch. Many banks have anticipated this shift and are investing millions in expanding their business processes. While many competitors are facing new challenges posed in particular by the rapid development of mobile banking, ING-DiBa has already met these challenges. This advantage and the continued forward-looking pursuit of digital trends are to make a sustained contribution to the Bank's success.

- Germany's sluggish economy and persistent stagnation in the eurozone will lead to further investment initiatives at German and European level in the coming months. In particular investments in infrastructure, energy, and IT will enjoy high priority in this regard. These future-oriented areas should also provide fresh opportunities for Commercial Banking activities.

- The German real estate market will continue to receive a lot of attention in 2015. Price movements in recent years have sparked a debate about the possible formation of bubbles. However, given the divergent economic and demographic developments in the different regions and cities in Germany, it is hardly appropriate to talk of a uniform housing market. While in many districts prices have fallen in recent years, in the major cities they have risen by an average of around 8 percent a year. Even in the major cities there are few signs of a bubble, as lending and the proportion of equity have remained relatively stable in the past few years. Since rentals have increased in recent years, affordability in terms of the purchase-to-rental ratio has stayed more or less unchanged. However, when measuring purchase prices against income, the question arises whether particular major cities such as Berlin will have the economic strength (and disposable income) in the coming years to pay for residential real estate. In the coming year, persistently low interest rates, the low ownership ratio, and continuing urbanization will cause property prices to rise further (albeit at a more moderate pace), especially in the major cities.

Expected macroeconomic environment

The situation in the crisis-plagued eurozone countries stabilized further in 2014. Some countries, such as Spain, are even expected to see above-average economic growth in the next few years, although this will presumably be overshadowed by stubbornly high unemployment. While no serious trouble for the European economy is expected from most euro countries this year, the crisis in Greece remains unsolved. Together with other international trouble spots such as Ukraine, Syria or Iraq, the situation in 2015 does not remain free of problems.

At the end of 2014, the Deutsche Bundesbank cut its growth forecast for Germany. It now expects growth of only 1.0 percent for 2015, compared with 1.5 percent in 2014.

According to the Deutsche Bundesbank, growth in Germany will mainly be driven by the healthy domestic economy. Despite the crises around the world, consumer sentiment is positive. The sustained favorable situation in the labor market could even provide a further boost in the coming months. Other drivers were the low rate of inflation and the sharp fall in crude oil prices in the last quarter of 2014. Both factors will further strengthen the purchasing power of consumers. The Bundesbank further assumes that consumer prices, as measured according to the Harmonized Index of Consumer Prices (HICP), will increase moderately by 1.1 percent in 2015.

Austria's economic growth is expected to be weaker. In its "Economic Outlook" of December 2014, the Austrian National Bank (OeNB) refers to "sluggish economic activity" that is set to enter into its fourth year. The National Bank revised its June 2014 growth outlook significantly downward and now only anticipates growth of 0.7 percent for 2015. In 2014, the Austrian economy only expanded by 0.4 percent. Because of the slow growth, the OeNB expects the unemployment rate to increase slightly to 5.3 percent in 2015. However, the general government budget balance (Maastricht definition) is expected to improve significantly in 2015 and 2016, to –1.8 percent and –1.4 percent of GDP respectively.

According to a forecast by the European Commission, growth in the 18 countries of the European Monetary Union is expected to persist at a rather modest 0.8 percent. The Commission's comments were particularly pessimistic in relation to France, the European Union's second biggest economy.

In general, the forecasts predict that the very low interest rate levels will persist in Europe in 2015 as well while key interest rates in the United States. could rise moderately at most. However, the probability of all these forecasts depends to a critical extent on how the geopolitical crises develop going forward. Any appreciable de-escalation could provide additional stimulus for the global economy.

Expected industry environment

While the main issues facing the banking industry in recent years were consolidation and the need to adapt business processes to the new regulatory requirements, the most critical success factors in the future are expected to be the industry's ability to match its business models to customers even more closely and to take advantage of the opportunities offered by digitalization. In particular, institutions will have to guard against responding to the continuing implementation of regulatory requirements with increased bureaucracy at the expense of customer focus.

In general, banks will have to prepare themselves for further intensified competition for retail customers in the next few years. Competition will stiffen not only within the industry, but non-industry providers, such as Google and PayPal, are increasingly expected to try to gain additional market share. In addition, it remains to be seen what role could be played by the fintechs start-up companies in the financial sector. Their primary aim is to offer services at the interface between banks and IT. Currently, there are around 3,000 of these start-ups around the world.

In turn, customers are taking online banking – and increasingly mobile banking – for granted. In established markets, such as Scandinavia, the United States, and Germany, around 60 percent of all interaction with financial institutions is already digital. The success of banks in the retail sector will therefore be determined not least by the question of how they will use digitalization, which is already old news for retail customers, in the future. Customers refuse to associate digitalization with increased complexity of processes and products. On the contrary, they want greater simplicity and ease of use for their banking transactions, which they will increasingly carry out while on the move.

A further challenge expected to persist in the coming years is the sustained phase of low interest rates and its impact on the earnings situation of financial institutions. According to a study conducted by the Fraunhofer IAO, "the existing business models of many retail banks will in future no longer generate the earnings needed to maintain the existing organization and infrastructure." This is likely to result in a further consolidation process with mergers and branch closures, especially among the multi-branch banks.

Despite the challenges described earlier, sentiment in the industry remains cautiously optimistic. In the above-mentioned study conducted by the Fraunhofer IAO, a clear majority of participants rated the general future business performance of their banks as "growing" or "stable." However, the survey also revealed that for the longer term (through 2018), a greater number of respondents expected a decline in the business performance of their institution.

For 2015 and beyond, ING-DiBa continues to expect a demanding environment for the banking industry, mainly due to the very low interest rates.

Expected business, earnings and financial situation

The forecasts for 2015 assume a slowdown in economic growth, at least initially, and persistently low interest rates. As a result, the environment for the financial industry will remain demanding as well. For their private reserves, in 2015 customers are again expected to favor forms of saving that are payable on demand and offer interest rates that, as far as possible, at least prevent any real loss of purchasing power. ING-DiBa's Extra account is a product that offers value retention combined with fair conditions and daily availability. For investors planning for the longer term, the securities business remains a possible option, especially given that global economic growth is expected to accelerate again from 2016 onward. Should the interest rate level increase in 2015 against expectations, the demand for securities could weaken and lead to a decline in the securities services business.

According to all forecasts, strong demand for real estate as a crisis-proof asset will continue in the next few years. Against this backdrop, continued strong demand for mortgage loans can be anticipated. Such a development would have a positive impact on the Bank's net interest income, even though the low interest rates could have a negative effect on profit margins in this segment.

High levels of employment, an only moderate increase in prices, and lower oil prices should stimulate consumer sentiment and prompt further new purchases. For this reason, demand for consumer loans is expected to be stable overall, providing no exogenous shocks worsen the economic situation and thus dent consumer confidence.

In view of the expected capital market environment, ING-DiBa anticipates the positive trend in the Retail Customer Assets segment to continue in fiscal year 2015. Although the competitive situation in this segment remains challenging, the Bank expects the volumes of savings products and current accounts to rise moderately. Against the backdrop of continuing geopolitical upheaval and a volatile stock market environment, at least for the time being, short-term planning in the securities services business is subject to uncertainty. In spite of the current market situation, the Bank assumes that its order numbers will remain at the same level and expects a positive development of securities account volumes in 2015.

The persistently low interest rates will also remain a challenge in the Retail Customer Loans segment in the year ahead. The portfolio volumes in this segment should therefore rise slightly and thus contribute to a volume-based increase in net interest income.

ING-DiBa expects strong growth to continue in the Commercial Banking segment and therefore anticipates that the positive trend in business volumes will continue, albeit at a lower level than in the previous year. By expanding the network of major international companies and global investors, the focused expansion of the corporate customer business is set to continue.

In light of the conservative management of the potential risks from the lending business and, consequently, cautious planning of risk costs, which will be significantly higher in 2015 than the low level of the previous year, the plans are forecasting a slight reduction in profit before tax in 2015 compared to the previous year. The deviation from forecast profit before tax in the 2014 fiscal year is rooted in particular in the sharp decrease in interest expenses. For the 2015 fiscal year a pre-tax MA result at the prior year's level is expected. The forecast pre-tax MA result in 2014 was strongly exceeded in line with the profit before tax due to the unexpectedly high net interest income. A slightly lower return on equity is expected for 2015 due to increasing risk-weighted assets in connection with the development of new business and the constant pre-tax MA result. The forecast ROE was moderately exceeded due to the unexpectedly high pre-tax MA result in the 2014 fiscal year. A slightly improved cost-income ratio is forecast. In this connection, on the one hand ING-DiBa expects a slight rise in administrative expenses on the basis of the cost-efficient business model, while on the other hand a moderate increase in the business volume is to achieve a slight upturn in net interest income, albeit at a slower pace than in the previous year.

In view of the Bank's growth and the increase in regulatory capital requirements, the Bank plans to strengthen its equity base.

Since ING-DiBa's financial success depends to a significant extent on non-financial variables, the Bank focuses in particular on customer and employee satisfaction as key performance indicators. For fiscal year 2015, the Bank expects a Net Promoter Score and a Great Place To Work result on the same high level as in the previous year.

Overall, the Management Board of ING-DiBa aims to strengthen the Bank's market position, despite the challenging economic and capital market environment, and to continue to expand this position as far as possible through robust qualitative as well as quantitative growth.

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Consolidated statement of financial position

		12/31/2014 € m	12/31/2013 € m
Assets			
Cash reserve	1	1,888	931
Loans and advances to banks	2	3,138	10,096
Loans and advances to customers	3	90,252	85,396
Adjustment to portfolio fair value hedges	4	1,687	1,991
Financial investments	5	38,950	28,170
Derivatives with positive fair value	6	32	58
Investment property	7	12	12
Property and equipment	8	53	45
Intangible assets	9	9	11
Income tax assets	10	0	0
Deferred tax assets	11	1	1
Other assets	12	645	627
Total assets		136,667	127,338
Equity and liabilities			
EQUITY			
Subscribed capital		100	100
Reserves		6,921	6,128
Non-controlling interests		0	0
Equity	13	7,021	6,228
LIABILITIES			
Securitized liabilities	14	1,282	1,231
Deposits from banks	15	11,149	9,958
Due to customers	16	115,264	107,332
Derivatives with negative fair value	17	457	1,426
Income tax liabilities	18	1	0
Deferred tax liabilities	19	287	81
Non-current provisions	20	149	109
Other liabilities	21	1,057	973
Total equity and liabilities		136,667	127,338

Consolidated income statement

		2014 € m	2013 € m
Interest income		2,922	2,850
Interest expense		– 1,290	– 1,442
Net interest income	33	1,632	1,408
Commission income		190	181
Commission expense		– 114	– 111
Net commission income	34	76	70
Net gains/losses on measurement of derivatives and hedged items	35	– 32	– 44
Other net gains/losses on financial investments and investment property	36	1	1
Other income and expenses	37	11	9
Total income		1,688	1,444
Risk provision	38	– 64	– 89
Personnel expenses	39	– 287	– 265
Other administrative expenses	40	– 449	– 399
Total expenses		– 800	– 753
Profit before tax		888	691
Income tax	41	– 289	– 217
Profit after tax		599	474
attributable to non-controlling interests		0	0
attributable to owners of the parent		599	474

Consolidated statement of comprehensive income

		2014 Amount before tax € m	2014 Income tax € m	2014 Amount after tax € m
Profit		888	289	599
Other comprehensive income				
Items that, in accordance with other IFRSs, will not be reclassified subsequently to profit or loss				
Remeasurements of Group-occupied property	8, 13	0	0	0
Remeasurement gains/losses related to defined benefit plans	13, 20	− 36	− 12	− 24
Other comprehensive income from items that, in accordance with other IFRSs, will not be reclassified subsequently to profit or loss		− 36	− 12	− 24
Items that are, in accordance with other IFRSs, 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	− 1	0	− 1
Remeasurements of available for sale financial investments	5, 13	755	241	514
Changes in cash flow hedge reserve	13, 23	25	8	17
Other comprehensive income from items that are, in accordance with other IFRSs, eligible for subsequent reclassification to profit or loss		779	249	530
Consolidated other comprehensive income		743	237	506
Total comprehensive income		1,631	526	1,105
attributable to non-controlling interests				0
attributable to owners of the parent				1,105

		2013 Amount before tax € m	2013 Income tax € m	2013 Amount after tax € m
Profit		691	217	474
Other comprehensive income				
Items that, in accordance with other IFRSs, 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 IFRSs, will not be reclassified subsequently to profit or loss		12	4	8
Items that are, in accordance with other IFRSs, 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 IFRSs, 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

Consolidated statement of changes in equity

	2014 Subscribed capital € m	2014 Other reserves € m	2014 Total € m
Consolidated equity as of Jan. 1	100	6,128	6,228
Remeasurement of available for sale financial investments after tax	0	514	514
Realized gains/losses transferred to profit or loss	0	– 1	– 1
Changes in the cash flow hedge reserve after tax	0	17	17
Remeasurement gains/ losses related to defined benefit plans	0	– 24	– 24
Other remeasurements	0	0	0
Consolidated other comprehensive income	0	506	506
Subtotal	100	6,634	6,734
Other changes	0	2	2
Profit transfer	0	– 621	– 621
Contribution from tax group (push-down method)	0	307	307
Profit after tax	0	599	599
Consolidated equity as of Dec. 31	100	6,921	7,021

	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

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

Consolidated statement of cash flows

	2014 € m	2013 € m
Profit before tax	888	691
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	93	122
Increase/decrease in provisions	116	11
Gains/losses on disposal of financial investments and property and equipment	– 1	0
Other non-cash items of total comprehensive income	162	285
Subtotal	1,258	1,109
Cash changes in operating assets and liabilities		
Loans and advances to banks[1]	2,252	– 4,356
Loans and advances to customers[1]	– 4,961	– 3,456
Other operating assets	607	102
Deposits from banks	1,978	479
Due to customers	7,928	8,802
Other operating liabilities	– 696	– 103
Net cash flows from operating activities	8,366	2,577
Investing activities		
Proceeds from		
Disposal of financial investments and other investments	51	59
Maturity of financial investments and other investments	2,597	3,316
Proceeds from		
Disposal of property and equipment	0	1
Payments for investments in		
Financial investments and other investments	– 11,921	– 6,534
Property and equipment	– 23	– 14
Intangible assets	– 7	– 5
Net cash flows from investing activities	– 9,303	– 3,177

(1) The figures reported in the previous year have been adjusted. The cash collateral reported in the amount of EUR 1,320 million, which was provided in connection with transactions settled with a central counterparty (CCP), will henceforth be presented under "Loans and advances to banks" and no longer under "Loans and advances to customers".

continued on next page

	2014 € m	2013 € m
Financing activities		
Issuance of securitized liabilities	50	35
Profit transfer	– 372	– 311
Net cash flows from financing activities	– 322	– 276
Net cash flow	– 1,259	– 876
Effects of exchange rate changes	1	1
Cash and cash equivalents at start of period	3,623	4,498
Cash and cash equivalents at end of period	2,364	3,623
The cash flows from operating activities include		
Interest received	3,131	2,767
Interest paid	– 1,302	1,523
Cash and cash equivalents include		
Cash reserve	1,888	931
Loans and advances to banks, payable on demand	841	3,845
Deposits from banks, payable on demand	– 365	– 1,153
Cash and cash equivalents at end of period	2,364	3,623

The statement of cash flows is explained in note 43.

Notes to the IFRS consolidated financial statements

General information

ING-DiBa AG, Frankfurt am Main, 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 (Commercial Banking).

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 with its registered office in Frankfurt am Main 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; the subgroup is referred as ING-DiBa below. 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's mortgage loans (note 30).

ING-DiBa'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 is not listed on the stock exchange.

The Management Board approved these consolidated financial statements on March 31, 2015 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, the subgroup's management report will be referred to as "Group management report".

In fiscal year 2011, ING-DiBa AG 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, 2014 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 2013 fiscal year; the comparative reporting date is December 31, 2013.

Significant accounting policies

a) Group structure

In the fiscal year just ended, two indirectly held, fully-owned subsidiaries, specifically Helophant Portfolio GmbH and Helophant Portfolio II GmbH (both with registered offices in Frankfurt am Main), were merged into the directly held subsidiary ING-DiBa Service GmbH, Frankfurt am Main. Another subsidiary, Rahmhof Grundbesitz GmbH I.L., Frankfurt am Main, is in liquidation. The equity investment in an associate, BV-BGPB Beteiligungsgesellschaft privater Banken für Internet- und mobile Bezahlungen mbH, Berlin, was added. Note 30 provides information on the transactions.

b) Consolidation

Basis of consolidation

The basis of consolidation at year's end no longer includes the merged subsidiaries. The investment in the associate is recognized in the consolidated financial statements using the equity method. Additional disclosures are provided in Note 30.

Consolidation methods

Full consolidation

Irrespective of the nature of shareholding, the Bank includes all companies that it controls in the consolidated financial statements. Control exists if the investor is exposed to variable returns from the investee and can use its power to affect those returns. Control can arise with or without corporate voting rights.

For the subsidiaries in whose capital ING-DiBa holds shares, the full consolidation requirement in the reporting year arises directly from the fact that, without exception, the direct equity investments are wholly owned and convey corresponding unrestricted voting rights (note 30). There is no need for judgments due to the clear control relationship.

Structured entities are entities that are conceived such that voting or similar rights are not the dominant factor when it comes to determining who controls the entity, for example, if the voting rights pertain only to administrative tasks and the relevant activities are governed by contractual agreements. These entities are often characterized in that their activities are limited and they are founded on and organized to fulfill a narrow and clearly defined purpose. Additional characteristics can be the comparatively low level of equity or financing in the form of multiple instruments contractually tied to the investors, which bring about lending or risk concentrations.

A Full consolidation without corporate voting rights arises with regard to the structured entity "Pure German Lion RMBS 2008 GmbH" (note 30). The Bank derives variable returns from this entity, which can be affected due to its power: The de facto control of the entity by ING-DiBa arises from the fact that the existing voting rights have no material effects on its returns. Rather, the entity was established solely for purposes of securitizing loans from ING-DiBa AG; its structure was based solely on the Bank's goals. The structured entity is in a special relationship with ING-DiBa because the Bank enables the entire scope of its operating activities by providing the receivables for securitization and by purchasing the securitized financial assets and is thus exposed to risks and rights to returns that do not correspond to the share of voting rights. The ongoing business decisions to be made by the management of Pure German Lion RMBS 2008 GmbH are limited to administrative matters because the rigid contractual structure, which is sharply focused on the special purpose for the Bank, does not grant management any control options beyond administration. Due to the absence of a majority of voting rights, judgment was exercised in this respect to assess the issue of consolidation.

In accordance with IFRS 10.19, the consolidated financial statements of ING-DiBa have been prepared in accordance with uniform Group accounting policies.

Acquisition accounting uses the acquisition method in accordance with IFRS 10.21 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, 2014 is the reporting date for the financial statements of all entities included in consolidation.

Investments accounted for using the equity method

Associates are included in the consolidated financial statements using the equity method pursuant to IAS 28.10 et seq. An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Significant influence is assumed at an interest of 20 to 50 percent.

Under the equity method, the interest in the company in question is initially recognized at cost. Subsequently, the carrying amount of the interest is increased or decreased in accordance with the investor's share in the profit or loss of the investee. The investor's share of the investee's profit or loss is recognized in the investor's profit or loss. Distributions received from the investee reduce the carrying amount of the interest.

The Bank holds a direct interest of more than 20 percent of the voting rights in BV-BGPB Beteiligungsgesellschaft privater Banken für Internet- und mobile Bezahlungen mbH (note 30) and, because these voting rights may be exercised without restriction, exercises significant influence within the meaning of IAS 28. The Bank exercised judgment in connection with this assessment.

The financial statements of the sole investee, BV-BGPB, that is an associate have a closing date of December 31 2014.

c) Basis of presentation

The consolidated financial statements of ING-DiBa 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 assets and liabilities are offset if a current right to do so exists and if the Bank has the intention to settle on a net basis or to simultaneously realize the relevant asset and settle the associated liability. A condition is that the right must be legally enforceable, both in the normal course of business and in the event of the default or insolvency of the company and all counterparties. In addition, the right of set-off may not be contingent on a future event.

If derivatives, repo, or reverse repo transactions are traded through central clearing houses, legal enforceability of the right of set-off 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 were therefore 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 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 did not allocate any instruments to the "held to maturity" category up to and including December 31, 2014.

As in the preceding 2013 reporting period, there were no reclassifications during the 2014 fiscal year.

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.

The Bank measures financial instruments in relation to individual transactions and does not measure fair value at 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'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 2013 and 2014.

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.

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 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 variable-rate 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 either as deposits from banks (note 15) or as amounts due to customers (note 16), depending on the counterparty.

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 in 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" (note 7) 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 (note 9) 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 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 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. 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.

Other assets

The position “ other assets” (note 12) contains accrued interest, accruals and the insignificant investment in an associate.

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.

The interest in the associate is recognized at amortized cost using the equity method (described under "investments accounted for using the equity method" in this section as well as note 30).

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.

The transitional benefits granted by the Bank prior to the start of the disability or old-age pension is a component of the non-current personnel provisions. In contrast to defined benefit pension plans, all additions to the provision are recognized through profit and loss; there is no provision for an adjustment through other comprehensive income.

In addition to personnel provisions, there is a small amount of non-current provisions (note 20). Provisions for litigation risks were established in coordination with the legal department of ING-DiBa if they were judged to result in a present obligation, if the possibility of an outflow of economic benefits from them was judged to be probable and if a reliable estimate of the amount was judged to be possible. Litigation risks are generally assumed to be the result of past events.

The amount provided for is based on the best estimate of the settlement amount. Provisions are only discounted, 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 discounting of the other non-current provisions was recognized.

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.

Contingent liabilities may in principle also include such litigation risks whose occurrence, and thus related outflow of economic resources, is not improbable, but not sufficiently probable to recognize a provision.

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 decision on the quality of the price information requires judgment in each case.

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 decision whether an entity is to be included in the basis of consolidation due to control rights requires the exercise of judgment in specific cases, in particular, if the control relationship in question does not arise directly from the interest held in equity and the related share of voting rights.

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 straight-line 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) Disclosures relating to changes in reporting standards

The following standards, interpretations, and amendments to existing standards are applicable as of fiscal year 2014. There are no restatement requirements or effects of any kind from the initial application of IFRS 10, IFRS 11 or IAS 32 (rev. 2011).

Standard/ Interpretation	Version (latest amendment)	English title	German title	Date application becomes mandatory (IASB)[1]	Date application becomes mandatory (EU)[1]	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	Statements of Cash Flows	Kapitalflussrechnungen	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 7	rev. 2012	Statements of Cash Flows	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	Umsatzerlöse	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 21	rev. 2012	The effects of changes in foreign exchange rates	Auswirkungen von Wechselkursänderungen	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 24	rev. 2012	Related Party Disclosures	Angaben über Beziehungen zu nahestehenden Unternehmen und Personen	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IAS 24	rev. 2012	Related Party Disclosures	Angaben über Beziehungen zu nahestehenden 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, 2014	Jan. 1, 2014	Nov. 21, 2013
IAS 28	rev. 2011	Investments in Associates and Joint Ventures	Anteile an assoziierten Unternehmen und Gemeinschaftsunternehmen	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	Finanzinstrumente: Darstellung	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/ Interpretation	Version (latest amendment)	English title	German title	Date application becomes mandatory (IASB)[1]	Date application becomes mandatory (EU)[1]	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 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 reporting 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 reporting standards	Erstmalige Anwendung der International Financial Reporting Standards	Jan. 1, 2013	Jan. 1, 2014	Apr. 5, 2013

Standard/ Interpretatio n	Version (latest amendment)	English title	German title	Date application becomes mandatory (IASB)1	Date application becomes mandatory (EU)1	Published in the Official Journal of the European Union
IFRS 1	rev. 2012	First-time adoption of international financial reporting 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 Vergütung	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRS 3	rev. 2012	Business combinations	Unternehmenszus ammenschlüsse	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRS 3	rev. 2012	Business combinations	Unternehmenszus ammenschlüsse	Jan. 1, 2014	Jan. 1, 2014	Dec. 29, 2012
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	Finanzinstrument e: Angaben	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRS 7	rev. 2012	Financial instruments: disclosures	Finanzinstrument e: Angaben	Jan. 1, 2014	Jan. 1, 2014	Nov. 21, 2013
IFRS 10	issued 2011	Consolidated Financial Statements	Konzernabschlüss e	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRS 10	rev. 2012	Consolidated Financial Statements	Konzernabschlüss e	Jan. 1, 2013	Jan. 1, 2014	Apr. 5, 2013
IFRS 10	rev. 2012	Consolidated Financial Statements	Konzernabschlüss e	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 decommissionin g, restoration, and environmental rehabilitation funds	Rechte auf Anteile an Fonds für Entsorgung, Rekultivierung und Umweltsanierung	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRIC 9	rev. 2012	Reassessment of embedded derivatives	Neubeurteilung eingebetteter Derivate	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRIC 16	rev. 2012	Hedges of a Net Investment in a Foreign Operation	Absicherung einer Nettoinvestition in einen ausländischen Geschäftsbetrieb	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012
IFRIC 17	rev. 2012	Distributions of Non-cash Assets to Owners	Sachdividenden an Eigentümer	Jan. 1, 2013	Jan. 1, 2014	Dec. 29, 2012

(1) For fiscal years beginning on or after this date.

The following revised standards have already been adopted into EU law and are relevant as follows for the next reporting period:

Standard/ Interpretation	Version (latest amendment)	English title	German title	Date application becomes mandatory (IASB)[1]	Date application becomes mandatory (EU)[1]	Published in the Official Journal of the European Union
IAS 16	rev. 2013	Property, plant and equipment	Sachanlagen	Jul. 1, 2014	Feb. 1, 2015	Jan. 9, 2015
IAS 19	rev. 2013	Employee Benefits	Leistungen an Arbeitnehmer	Jul. 1, 2014	Feb. 1, 2015	Jan. 9, 2015
IAS 24	rev. 2013	Related Party Disclosures	Angaben über Beziehungen zu nahestehenden Unternehmen und Personen	Jul. 1, 2014	Feb. 1, 2015	Jan. 9, 2015
IAS 37	rev. 2013	Provisions, contingent liabilities and contingent assets	Rückstellungen, Eventualverbind lichkeiten und Eventualforderu ngen	Jul. 1, 2014	Feb. 1, 2015	Jan. 9, 2015
IAS 38	rev. 2013	Intangible assets	Immaterielle Vermögenswert e	Jul. 1, 2014	Feb. 1, 2015	Jan. 9, 2015
IAS 39	rev. 2013	Financial instruments: recognition and measurement	Finanzinstrume nte: Ansatz und Bewertung	Jul. 1, 2014	Feb. 1, 2015	Jan. 9, 2015
IAS 40	rev. 2013	Investment Property	Als Finanzinvestitio n gehaltene Immobilien	Jul. 1, 2014	Jan. 1, 2015	Dec. 19, .2014
IFRS 2	rev. 2013	Share-based payment	Anteilsbasierte Vergütung	Jul. 1, 2014	Feb. 1, 2015	Jan. 9, 2015
IFRS 3	rev. 2013	Business combinations	Unternehmensz usammenschlüs se	Jul. 1, 2014	Jan. 1, 2015	Dec. 19, .2014
IFRS 3	rev. 2013	Business combinations	Unternehmensz usammenschlüs se	Jul. 1, 2014	Feb. 1, 2015	Jan. 9, 2015
IFRS 8	rev. 2013	Operating segments	Geschäftssegme nte	Jul. 1, 2014	Feb. 1, 2015	Jan. 9, 2015
IFRS 13	rev. 2013	Fair Value Measurement	Bemessung des beizulegenden Zeitwerts	Jul. 1, 2014	Jan. 1, 2015	Dec. 19, .2014
IFRIC 21	issued 2013	Levies	Abgaben	Jan. 1, 2014	Jun. 17, 2014	Jun. 14, 2014

(1) For fiscal years beginning on or after this date.

In connection with the amendments to IAS 19 "Employee Benefits", employee contributions may be recognized as a reduction of the service cost in the period in which the corresponding service was rendered if the total contributions are not dependent on the number of years of service. Otherwise, i.e., if there is a dependency on the number of years of service, the contributions must be attributed to the service periods using the same method as used for the gross benefit.

IFRIC 21 "Levies" offers guidelines on when a liability for a levy imposed by a government must be recognized. The interpretation applies to both levies that are recognized pursuant to IAS 37 as well as to levies for which the time and amount are known. The adoption of the interpretation into EU law has no effect on the accounting treatment of levies at ING-DiBa.

In addition, the Annual Improvements to IFRSs 2010-2012 Cycle and the Annual Improvements to IFRSs 2011-2013 Cycle, with largely editorial revisions and clarifications, have been taken over into European law.

No standards have been applied voluntarily prior to the mandatory effective date for the EU.

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.

The International Accounting Standards Board (IASB) issued the final version of IFRS 9 "Financial Instruments" on July 24, 2014. The standard includes requirements for the classification and measurement, impairment and hedge accounting and replaces the accounting treatment under IAS 39 "Financial Instruments: Recognition and Measurement". On the part of the IASB, IFRS 9 is effective for reporting periods beginning on or after January 1, 2018. When IFRS 9 is adopted into EU law, it will be applicable starting from the then relevant date of initial application, with adjustment of prior period amounts.

IFRS 9 divides the number of subsequent measurement methods into two classifications those measured at amortized cost, and those measured at fair value. Where financial assets are measured at fair value, gains and losses may be either recognized entirely in profit or loss for the period (at fair value through profit or loss, "FVTPL") or recognized in other comprehensive income (at fair value through other comprehensive income, "FVTOCI").

The classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. In certain cases, a subsequent reclassification of financial assets may be necessary.

The starting point of classification in the published standard is the "at amortized cost" classification criteria. Debt instruments may only be measured at amortized cost if the objective of the entity's business model is to hold financial assets to collect the contractual cash flows (subjective condition). 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 amount outstanding (objective condition). The interest must reflect the time value of money and the credit risk.

However, if the objective of the business model is also to sell financial assets, they must be measured at fair value through other comprehensive income (FVTOCI) taking into account possible impairment charges.

All other debt instruments which do not satisfy the two conditions mentioned must be measured at fair value through profit or loss (FVTPL).

IFRS 9 does not change the basic accounting model for financial liabilities under IAS 39. Financial liabilities held for trading are measured at fair value through profit and loss. All other financial liabilities are measured at amortized cost unless an entity exercises the fair value option.

IFRS 9 requires that gains and losses on financial liabilities designated as at FVTPL be split into the amount of changes in fair value attributable to changes in the credit risk of the liability, which is recognized in other comprehensive income (OCI), and the remaining amount of the changes in fair value, which is presented in profit or loss for the period. Amounts recognized in other comprehensive income (OCI) may not later be reclassified to profit or loss for the period, however, reclassifications may be made within equity.

Derivatives must be measured at fair value. Changes in value are recognized in profit or loss, unless the company designates the derivative as a hedging instrument pursuant to IFRS 9. In that event the special provisions on hedge accounting apply.

The derecognition provisions for financial assets and financial liabilities were carried over unchanged from IAS 39 to IFRS 9.

The impairment model in IFRS 9 is rooted in the premise of providing for expected (credit) losses.

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

With the exception of financial assets which are credit-impaired at inception, expected credit losses must be recognized through a loss allowance at an amount equal to the 12-

month expected credit losses (present value of the expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date). However, if the credit risk of financial instruments has increased significantly since initial recognition, the full lifetime expected credit losses must be recognized, i.e., the present value of the expected payment defaults as a result of all possible default events over the residual term of the financial instrument.

Financial assets that already objectively exhibit impairment at inception are treated differently. For these assets, only changes in the losses expected upon initial recognition are recognized in the loss allowance through profit or loss over the residual term. Accordingly, such assets give rise to an impairment gain if the future cash flows of the asset exceed the estimated cash flows upon initial recognition.

Pursuant to IFRS 9, the expected losses reflect an unbiased and probability-weighted amount that is determined by evaluating possible scenarios as well as incorporating the time value of money. In addition, all available information about past events and current conditions, as well as forecasts of future economic conditions should be considered when measuring expected losses.

As before, under IFRS 9 there are three types of hedging relationships: fair value hedges, cash flow hedges, and hedges of a net investment in a foreign operation. Under certain circumstances, future hedge accounting will allow a greater convergence with risk management activities of an entity as compared to the provisions pursuant to IAS 39.

However, IFRS 9 does not replace the requirements for portfolio fair value hedge accounting for interest rate risk pursuant to IAS 39. The part of the IFRS 9 project originally related to this topic was pursued further as a separate project on the IASB agenda entitled "Macro Hedges" and a discussion paper was issued: "Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging." Accordingly, it is still possible to exercise the option to apply the requirements for a portfolio fair value hedge of interest rate risk or even to present hedging relationships pursuant to the general regulations of IAS 39.

In order to satisfy the requirements for hedge accounting, the hedging relationship must be effective at the beginning of each hedged period. Effectiveness requires that there is an economic relationship between the hedged item and the hedging instrument, the effect of credit risk does not dominate the value changes that result from that economic relationship, and the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. IFRS 9 does away with the rigid limits under IAS 39, pursuant to which the retrospective effectiveness was required to be within a certain range.

If a hedging relationship no longer meets the hedge effectiveness requirements relating to the hedge ratio but the risk management objectives remain the same, the hedge ratio of the hedging relationship must be adjusted (rebalanced) so that it again meets the qualifying criteria.

In addition to derivative financial instruments, cash instruments measured at fair value through profit and loss (FVTPL) may also be used as hedging instruments, but not financial liabilities for which the fair value option was exercised and whose credit risk-related changes in fair value are recognized in other comprehensive income (OCI). If foreign currency risks are hedged, then non-derivative financial instruments, with the exception of equity instruments for which the FVOCI option was exercised, may be designated as a hedging instrument with respect to the foreign currency risk component. Under IFRS 9 it is possible to designate a certain portion of a hedging instrument. Only agreements with parties external to the reporting entity may be designated as hedging instruments.

ING-DiBa is currently examining possible impacts with respect to the accounting treatment and disclosure of financial information resulting from the future application of IFRS 9.

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and according to the IASB is applicable to reporting periods beginning on or after January 1, 2017. The objective of IFRS 15 is to establish principles for the reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new standard applies to all contracts with customers with the exception of leases within the scope of IAS 17 "Leases", financial instruments and other contractual rights or obligations within the scope of IFRS 9 "Financial Instruments", IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures", insurance contracts within the scope of IFRS 4 and non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers. In addition to the assessment of contracts, the disclosure requirements regarding revenues have been expanded.

Furthermore, the IASB has issued new accounting standards or made revisions to already existing standards which are not relevant to ING-DiBa, however. The possible impacts from the implementation of relevant standards expected in the future are continually investigated.

k) 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

	12/31/2014 € m	12/31/2013 € m
Cash balance	117	104
Balances with central banks	1,771	827
Total	1,888	931

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

	12/31/2014 € m	12/31/2013 € m
Payable on demand	841	3,845
Other loans and advances	2,297	6,251
Total	3,138	10,096

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

The decline in loans and advances to banks essentially resulted from the full repayment of the receivable from Deutsche Bundesbank in the amount of EUR 3,500 million and from the decline in reverse repo transactions in the amount of EUR 1,908 million.

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

Loans and advances to banks include cash collateral provided for derivatives (notes 6 and 17) of EUR 513 million (December 31, 2013: EUR 1,645 million). In addition, cash collateral provided for repo transactions amounted to EUR 0 million (December 31, 2013: EUR 25 million).

Note 25 provides a summary of the collateral provided.

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

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. At the end of the fiscal year, they amounted to EUR 1,795 million (December 31, 2013: EUR 3,703 million). For more information on repo transactions, refer to notes 5 and 15.

(3) Loans and advances to customers

	12/31/2014 € m	12/31/2013 € m
Mortgages	63,458	62,203
Consumer loans	4,999	4,415
Public sector loans	5,310	5,928
Corporate loans	9,548	5,270
Asset-backed securities (ABS)/ mortgage-backed securities (MBS)	7,474	8,111
Loans and advances to customers before risk provision	90,789	85,927
Portfolio-based impairment allowances	– 154	– 147
Specific impairment allowances including those calculated on a portfolio basis	– 383	– 384
Loans and advances to customers after risk provision	90,252	85,396

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

For the total volume of Pfandbriefe (mortgage bonds) on issue as of December 31, 2014, EUR 5,629 million in real estate loans was allocated to the cover pool for Pfandbrief issues (December 31, 2013: EUR 5,357 million) (note 14).

The loans and advances to customers included a volume of EUR 7,118 million (December 31, 2013: EUR 7,438 million) pledged as collateral as part of transactions with the KfW development bank (Kreditanstalt für Wiederaufbau).

As in the prior year, no cash collateral was pledged for derivatives (notes 6 and 17) included in loans and advances to customers. 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.

Note 25 provides a summary of the collateral provided.

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

Receivables from reverse repo transactions

Receivables from reverse repo transactions are presented under loans to corporate customers. They are in each case related to securities accepted as collateral. At the end of the 2014 fiscal year they amounted to EUR 925 million. For more information on repo transactions, refer to notes 5 and 16.

Allowances for losses on loans and advances to customers

	12/31/2014 € m	12/31/2013 € m
Mortgages	– 361	– 363
Consumer loans	– 169	– 152
Corporate loans	– 7	– 15
Asset-backed securities/ mortgage-backed securities	0	– 1
Total	– 537	– 531
	0	
Loans and advances to customers before risk provision	90,789	85,927
Risk provision	– 537	– 531
Loans and advances to customers after risk provision	90,252	85,396

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

	2014 Portfolio-based impairment allowances € m	2014 Specific impairment allowances including those calculated on a portfolio basis € m	2014 Total € m
Balance on Jan. 1	– 147	– 384	– 531
Utilization of existing impairment allowances	0	63	63
Additions to/ reversals of risk provision	– 6	– 62	– 68
Other changes	– 1	0	– 1
Balance on Dec. 31	– 154	– 383	– 537

	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

Expenses of EUR 64 million arising from risk provisions were recognized in the income statement (December 31, 2013: EUR 89 million), see note 38.

Subordinated loans and advances

During the fiscal year, ING-DiBa acquired a portfolio of subordinated loans and advances to customers with a carrying amount of EUR 29 million. There were no subordinated loans and advances in the previous year.

(4) Adjustment to portfolio fair value hedges

	12/31/2014 € m	12/31/2013 € m
Adjustment to portfolio fair value hedges	1,687	1,991
Total	1,687	1,991

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

	12/31/2014 € m	12/31/2013 € m
Available for sale		
Bonds and other fixed-income securities	38,943	28,165
Equity investments	7	5
Total	38,950	28,170

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

	2014 AfS securities € m	2014 AfS equity investments € m	2014 HtM securities € m	2014 Total € m
Balance on Jan. 1	28,165	5	0	28,170
Additions	11,920	0	0	11,920
Amortization	– 141	0	0	– 141
Reclassifications	0	0	0	0
Other changes in fair value	1,647	2	0	1,649
Impairments and reversals	0	0	0	0
Disposals	– 51	0	0	– 51
Maturities	– 2,597	0	0	– 2,597
Balance on Dec. 31	38,943	7	0	38,950

	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

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 did not allocate any instruments to the "held-to-maturity" category up to and including December 31, 2014.

No reclassifications were made in fiscal year 2014.

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

	2014 € m	2013 € m
Reverse repo transactions	2,734	3,693
Securities lending transactions	0	113

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. The existing securities lending transactions expired as of December 31, 2014. No collateral held had been sold or pledged.

The collateral held is reported here at fair value.

(6) Derivatives with positive fair value

	12/31/2014 € m	12/31/2013 € m
Derivatives		
Micro fair value hedges	0	2
Portfolio fair value hedges	30	21
Used in cash flow hedges	0	1
Other derivatives	2	34
Total	32	58

This item includes derivative financial instruments designated as hedges and instruments not designated as hedges with a positive fair value of EUR 32 million (December 31, 2013: EUR 58 million).

ING-DiBa generally only 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.

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.

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. Derivatives in ineffective hedge relationships are also reported under "other derivatives".

Information on offsetting may be found in note 26.

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 gains/losses on 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.

	12/31/2014 € m	12/31/2013 € m
Balance on Jan. 1	12	12
Additions	0	0
Changes in fair value	0	0
Disposal	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	
2014	0
2013	100
2012	0
Not appraised by external appraisers	0
Total	100

(8) Property and equipment and Group-occupied properties

	12/31/2014 € m	12/31/2013 € m
IT facilities	22	15
Owner-occupied properties	17	17
Other property and equipment	14	13
Total	53	45

Changes in property and equipment and Group-occupied properties

	2014 IT facilities € m	2014 Group-occupied properties € m	2014 Other property and equipment € m	2014 Total € m
Carrying amount on Jan.1	15	17	13	45
Additions	17	0	6	23
Disposals	0	0	0	0
Depreciation	– 10	0	– 5	– 15
Changes in fair value due to remeasurement	0	0	0	0
Reclassifications and other changes	0	0	0	0
Carrying amount on Dec. 31	22	17	14	53
Gross carrying amount on Dec. 31	62	17	39	118
Accumulated depreciation as of Dec. 31	– 40	– 3	– 25	– 68
Cumulative changes in fair value as of Dec. 31	0	3	0	3
Carrying amount on Dec. 31	22	17	14	53

	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

IT facilities and other property and equipment are measured using the cost method under IAS 16.30. The assets are depreciated pro rata temporis on a straight-line basis. The depreciation periods applied correspond to the expected useful lives for the subgroup.

Previously leased ATMs were acquired during the 2014 fiscal year. This resulted in an increase in IT equipment of EUR 3 million.

The revaluation method is used to measure Group-occupied properties. Additional information may be found in the section on "Significant accounting policies“, section e) "Other items" as well as in note 32.

The following depreciation periods have been applied:

Overview of depreciation periods

	Depreciation periods in years
IT facilities	3-5
Group-occupied properties	50
Other property and equipment	3-23

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. Therefore there were no adjustments due to remeasurement in the 2014 fiscal year (December 31, 2013: addition of EUR 3 million).

	12/31/2014 € m	12/31/2013 € m
Fair value after remeasurement	17	17
Notional carrying amount under cost method	12	12

(9) Intangible assets

	12/31/2014 € m	12/31/2013 € m
Software	9	11
Goodwill	0	0
Total	9	11

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). Such expenses were not incurred during the 2014 fiscal year (December 31, 2013: EUR 1 million).

Changes in intangible assets

	2014 Purchased software € m	2014 Internally generated software € m	2014 Total € m
Carrying amount on Jan. 1	9	2	11
Additions	7	0	7
Amortization	– 7	– 2	– 9
Carrying amount on Dec. 31	9	0	9
Gross carrying amount on Dec. 31	54	30	84
Accumulated amortization as of Dec. 31	– 45	– 30	– 75
Carrying amount on Dec. 31	9	0	9

	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

(10) Income tax assets

	12/31/2014 € m	12/31/2013 € m
Income tax assets	0	0

(11) Deferred tax assets

	12/31/2014 € m	12/31/2013 € m
Deferred tax assets	1	1

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

	12/31/2014 € m	12/31/2013 € m
Accrued interest on loans and advances to banks	9	32
Accrued interest on loans and advances to customers	61	62
Accrued interest on AfS financial investments	496	413
Accrued interest on hedging derivatives	5	11
Accrued interest on other derivatives	1	29
Prepaid expenses	30	23
Miscellaneous assets	43	57
Total	645	627

The other assets include an immaterial investment in an associate of EUR 2 million, which was added in the fiscal year just ended (note 30).

Information on offsetting may be found in note 26.

(13) Consolidated equity

	12/31/2014 € m	12/31/2013 € m
Subscribed capital	100	100
Reserves	6,921	6,128
Revaluation reserves	1,011	481
Other reserves	5,910	5,647
Total	7,021	6,228

ING-DiBa'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 have been issued. No subordinated liabilities have been entered into.

This item includes non-controlling interests of EUR 25 thousand (December 31, 2013: EUR 25 thousand). These are related to the fully consolidated structured 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. There were no remeasurement gains or losses on the real estate recognizable in the revaluation reserve (December 31, 2013: EUR 2 million).

"Other reserves" contains the legal reserve, retained earnings, capital contributions from the parent, and the share-based payments granted by ING Groep N.V. with settlement using equity instruments. In addition, the remeasurement of defined benefit pension plans is a component of other reserves. Note 20 contains disclosures on pension provisions.

The profit after tax for 2014, determined in accordance with HGB, of EUR 621 million (2013: EUR 372 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

	2014 Revaluation reserve Real Estate € m	2014 Available for sale financial investments € m	2014 Cash flow hedge reserve € m	2014 Total € m
Value as of Jan. 1	2	478	1	481
Remeasurement of property and equipment and Group-occupied properties	0	0	0	0
Remeasurement of available for sale financial investments	0	514	0	514
Realized gains/ losses transferred to profit or loss	0	– 1	0	– 1
Changes in cash flow hedge reserve	0	0	17	17
Value on Dec. 31	2	991	18	1,011

	2013 Revaluation reserve 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
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

Available-for-sale financial investments are explained under note 5 and the fair value measurement method is described under note 32.

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, 2014, 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

	12/31/2014 € m	12/31/2013 € m
Balance as of Jan. 1	1,231	1,195
Additions	50	35
Amortization	1	1
Balance as of Dec. 31	1,282	1,231

Securitized liabilities by remaining contractual maturity

	12/31/2014 less than 1 year € m	12/31/2014 1 to 2 years € m	12/31/2014 2 to 3 years € m
Variable-interest securitized liabilities	0	0	50
Fixed-interest securitized liabilities	0	499	0
Total	0	499	50

	12/31/2014 3 to 4 years € m	12/31/2014 4 to 5 years € m	12/31/2014 more than 5 years € m	12/31/2014 Total € m
Variable-interest securitized liabilities	0	0	100	150
Fixed-interest securitized liabilities	20	508	105	1,132
Total	20	508	205	1,282

	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 € m	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

(15) Deposits from banks

	12/31/2014 € m	12/31/2013 € m
Payable on demand	365	1,153
With an agreed maturity or period of notice	10,784	8,805
Total	11,149	9,958

As of December 31, 2014, there were no open market transactions with the European Central Bank System (December 31, 2013: EUR 0 million).

The liabilities reported here include repo and securities lending transactions of EUR 676 million (December 31, 2013: EUR 1,085 million). Further information regarding financial instruments transferred and given as collateral is contained in notes 2 and 25.

The deposits from banks include cash collateral accepted for reverse repo transactions of EUR 7 million (December 31, 2013: EUR 9 million) and for derivatives (note 6) of EUR 4 million (December 31, 2013: EUR 1 million).

The accrued interest on deposits from banks is reported under "other liabilities" (note 21).

(16) Due to customers

	12/31/2014 € m	12/31/2013 € m
Savings deposits	2,167	1,760
Call money and fixed deposits	106,221	100,244
Current account balances	3,882	3,560
Other deposits	2,994	1,768
Total	115,264	107,332

The liabilities presented here include repo and securities lending transactions in the amount of EUR 326 million (December 31, 2013: EUR 13 million). Note 25 provides information on financial instruments transferred and pledged as collateral.

The amounts due to customers do not include any cash collateral received for derivatives (December 31, 2013: less than EUR 1 million) (note 6).

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

	12/31/2014 € m	12/31/2013 € m
Derivatives		
Micro fair value hedges	91	204
Portfolio fair value hedges	348	1,046
Used in cash flow hedges	0	0
Other derivatives	18	176
Total	457	1,426

This item includes derivative financial instruments designated as hedges and instruments not designated as hedges with a negative fair value of EUR 457 million (December 31, 2013: EUR 1,426 million) (after offsetting).

ING-DiBa generally only 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.

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.

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. Derivatives in ineffective hedge relationships are also reported under "other derivatives".

Information on offsetting may be found in note 26.

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) and under "other liabilities" (note 21).

(18) Income tax liabilities

	12/31/2014 € m	12/31/2013 € m
Income tax liabilities	1	0

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

	12/31/2014 € m	12/31/2013 € m
Deferred tax liabilities	287	81

The tax reconciliation and explanations of income tax expense can be found in note 41.

Changes in deferred tax assets and liabilities

	01/01/2014 Net deferred taxes € m	Changes recognized in equity € m	Changes recognized in profit or loss € m	12/31/2014 Net deferred taxes € m
Financial investments	– 259	– 241	– 255	– 755
Derivatives with positive and negative fair value	780	0	199	979
Loans and advances to banks and customers	– 644	0	90	– 554
Cash flow hedges	– 1	– 8	2	– 7
Pension and personnel provisions	26	11	– 1	36
Tax loss carryforwards	0	0	0	0
Other items	18	0	– 3	15
Subtotal	– 80	– 238	32	– 286
Net deferred taxes	– 80	– 238	32	– 286
Deferred tax assets	1	0	0	1
Deferred tax liabilities	– 81	– 238	32	– 287
Total	– 80	– 238	32	– 286

	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	– 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

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 -241 million (December 31, 2013: EUR 89 million) in particular were taken directly to equity, compared with total gains recognized in the revaluation reserve of EUR 755 million (December 31, 2013: EUR -278 million). This resulted in net gains of EUR 514 million (December 31, 2013: EUR -189 million).

Deferred taxes due to unused tax loss carryforwards

	12/31/2014 € m	12/31/2013 € 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 16 percent in fiscal year 2014 (December 31, 2013: 31 percent). As of December 31, 2014, there were no deferred tax assets (December 31, 2013: 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, 2014 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

	12/31/2014 € m	12/31/2013 € m
Pension provisions	132	92
Other personnel provisions	10	8
Provision for restructuring measures	0	1
Other provisions	7	8
Total	149	109

An amount of EUR 4 million of the other provisions relates to litigation risks (December 31, 2013: EUR 3 million). There is uncertainty with regard to the amount and timing of utilization. Accordingly, the amount of provisions entails judgment.

The likelihood of a utilization and thus an outflow of economic resources is continually reviewed (see section e) in "Significant accounting policies").

Changes in non-current provisions

	2014 Pension provisions € m	2014 Other personnel provisions € m	2014 Provision for restructuring measures and other provisions € m	2014 Total € m
Carrying amount as of Jan. 1	92	8	9	109
Additions during the reporting period	42	2	4	48
Reversals during the reporting period	0	0	– 2	– 2
Utilizations during the reporting period	– 2	0	– 1	– 3
Other	0	0	– 3	– 3
Carrying amount as of Dec. 31	132	10	7	149

	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

Pension provisions

Pension plans

ING-DiBa 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 24 million (December 31, 2013: EUR 21 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. ING-DiBa has an obligation to make additional payments to this fund in defined circumstances of insufficient cover. There was no additional contribution to plan assets during the 2014 fiscal year (2013: EUR 20 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 existing plans in fiscal year 2014. One plan was newly established. There were no curtailments and plan settlements in the periods under review.

Note 31 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

	12/31/2014 € m	12/31/2013 € m
Defined benefit obligation (unfunded plans)	82	62
Defined benefit obligation (funded plans)	154	137
Less fair value of plan assets	104	107
Funding status	132	92
Pension provision	132	92
Other assets	0	0

Change in defined benefit obligation (DBO) – total

	2014 € m	2013 € m
DBO as of Jan. 1	199	207
Current service cost	1	1
Past service cost	2	0
Interest cost	6	6
Changes in fair value: actuarial gains and losses from financial assumptions	39	– 9
Changes in fair value: actuarial gains and losses from experience-based adjustments	– 1	4
Benefits paid	– 10	– 10
DBO as of Dec. 31	236	199

Change in defined benefit obligation (DBO) – unfunded plans

	2014 € m	2013 € m
DBO as of Jan. 1	62	64
Current service cost	1	1
Past service cost	2	0
Interest cost	2	2
Changes in fair value: actuarial gains and losses from financial assumptions	17	– 4
Changes in fair value: actuarial gains and losses from experience-based adjustments	0	1
Benefits paid	– 2	– 2
DBO as of Dec. 31	82	62

Change in defined benefit obligation (DBO) – funded plans

	2014 € m	2013 € m
DBO as of Jan. 1	137	143
Current service cost	0	0
Past service cost	0	0
Interest cost	4	4
Changes in fair value: actuarial gains and losses from financial assumptions	22	– 5
Changes in fair value: actuarial gains and losses from experience-based adjustments	– 1	3
Benefits paid	– 8	– 8
DBO as of Dec. 31	154	137

Change in plan assets

	2014 € m	2013 € m
Fair value of plan assets as of Jan. 1	107	91
Interest income from plan assets	3	3
Changes in fair value: actual return on plan assets excluding interest income	2	1
Contributions	0	20
Benefits paid	– 8	– 8
Fair value of plan assets as of Dec. 31	104	107

There were no plan surpluses in the periods under review.

Composition of plan assets

The composition of the investment fund assets was as follows:

	12/31/2014 Fair value Quoted on an active market € m	Not quoted on an active market € m	12/31/2013 Fair value Quoted on an active market € m	Not quoted on an active market € m
Shares	41	0	32	0
of which: eurozone countries	22	0	23	0
of which: non-eurozone countries	19	0	9	0
Bonds and debentures	55	0	62	0
of which: in euros	55	0	62	0
of which: not in euros	0	0	0	0
Investment funds	1	0	6	0
Other securities, options, other assets	1	0	0	0
Bank balances/ fixed-term deposits	0	6	0	7
Total	98	6	100	7

Actuarial assumptions

	12/31/2014 Percent	12/31/2013 Percent
Interest rate	1.7	3.3
Salary growth	2.75	3.0
Inflation	1.75	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:

	12/31/2014 Financial impact in case of increase € m	12/31/2014 Financial impact in case of decrease € m	12/31/2013 Financial impact in case of increase € m	12/31/2013 Financial impact in case of decrease € m
Interest rate +/- 1 percent	-30	38	-23	28
Mortality rate +/- 10 percent	-8	9	-6	7
Salary growth +/- 0.25 percent	0	-1	0	0
Inflation +/- 0.25 percent	6	-6	5	-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	14

Pension benefits to be paid in the future

	Pension benefits € m
Within the next year	12
Year 2	10
Year 3	11
Year 4	11
Year 5	12
Next 5 years	53

Other non-current personnel provisions

	12/31/2014 € m	12/31/2013 € m
Anniversaries	4	3
Partial retirement (liability)	6	5
Total	10	8

Partial retirement provisions are accounted for in accordance with the first-in, first-out method (please refer to sections e) and j) contained in the section entitled "Significant accounting policies").

(21) Other liabilities

	12/31/2014 € m	12/31/2013 € m
Accrued interest on deposits from banks	6	4
Accrued interest on amounts due to customers	55	71
Accrued interest on securitized liabilities	17	17
Accrued interest on hedging derivatives	63	207
Accrued interest on other derivatives	10	37
Miscellaneous liabilities	906	637
Total	1,057	973

The 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 the parent, ING Deutschland GmbH.

Information on offsetting may be found in note 26.

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

	12/31/2014 on demand € m	12/31/2014 less than 1 month € m	12/31/2014 1 to 3 months € m	12/31/2014 3 to 12 months € m
Cash reserve	1,888	0	0	0
Loans and advances to banks	841	649	1,123	461
Loans and advances to customers	2,491	3,912	3,547	8,432
Financial investments				
- Available for sale	7	213	204	1,885
Derivatives with positive fair value	0	4	1	6
Other assets	0	598	2	39
Total	5,227	5,376	4,877	10,823

	12/31/2014 1 to 5 years € m	12/31/2014 more than 5 years € m	12/31/2014 indefinite € m	12/31/2014 Total € m
Cash reserve	0	0	0	1,888
Loans and advances to banks	0	72	0	3,146
Loans and advances to customers	40,980	43,766	0	103,128
Financial investments				
- Available for sale	17,627	19,955	0	39,891
Derivatives with positive fair value	25	6	0	42
Other assets	2	5	12	658
Total	58,634	63,804	12	148,753

	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
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
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

Liabilities and items not recognized in the consolidated statement of financial position by remaining contractual maturity on the basis of undiscounted cash flows

	12/31/2014 on demand € m	12/31/2014 less than 1 month € m	12/31/2014 1 to 3 months € m
Securitized liabilities	0	0	0
Deposits from banks	365	1,542	1,228
Due to customers	97,120	2,920	4,421
Derivatives with negative fair value	0	8	16
Other liabilities	0	45	44
Subtotal	97,485	4,515	5,709
Financial guarantees	124	0	40
Irrevocable loan commitments	0	1,625	565
Total	97,609	6,140	6,314

	12/31/2014 3 to 12 months € m	12/31/2014 1 to 5 years € m	12/31/2014 more than 5 years € m	12/31/2014 Total € m
Securitized liabilities	26	1,144	213	1,383
Deposits from banks	1,394	3,565	4,233	12,327
Due to customers	8,441	3,751	86	116,739
Derivatives with negative fair value	145	323	50	542
Other liabilities	921	41	160	1,211
Subtotal	10,927	8,824	4,742	132,202
Financial guarantees	131	19	28	342
Irrevocable loan commitments	1,032	4,957	425	8,604
Total	12,090	13,800	5,195	141,148

	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

(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 are classified as current items. This includes the "cash reserve" and "income tax assets/liabilities" line items in the statement of financial position. The following line items in the statement of financial position are classified as non-current: investment property, property and equipment, intangible assets and deferred tax assets and liabilities. "Other assets" and "other liabilities" are classified on the basis of estimates for the significant items contained therein.

	12/31/2014 Current € m	12/31/2014 Non-current € m	12/31/2014 Total € m
Assets			
Cash reserve	1,888	0	1,888
Loans and advances to banks	3,079	59	3,138
Loans and advances to customers	17,559	72,693	90,252
Adjustment to portfolio fair value hedges	82	1,605	1,687
Financial investments	2,306	36,644	38,950
Derivatives with positive fair value	1	31	32
Investment property	0	12	12
Property and equipment	0	53	53
Intangible assets	0	9	9
Income tax assets	0	0	0
Deferred tax assets	0	1	1
Other assets	605	40	645
Total assets	25,520	111,147	136,667
Liabilities			
Securitized liabilities	0	1,282	1,282
Deposits from banks	4,332	6,817	11,149
Due to customers	111,567	3,697	115,264
Derivatives with negative fair value	24	433	457
Income tax liabilities	1	0	1
Deferred tax liabilities	0	287	287
Non-current provisions	2	147	149
Other liabilities	1,057	0	1,057
Total liabilities	116,983	12,663	129,646

	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
Total 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

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.

Information on offsetting may be found in note 26.

(24) Hedge accounting

Hedge accounting is discussed in section d) of the section entitled "Significant accounting policies".

The accrued interest on hedging derivatives is reported under "other assets" (note 12) or under "other liabilities" (note 21).

Fair value hedges

The following table shows the fair values of derivatives held as part of fair value hedges.

	12/31/2014 Assets € m	12/31/2014 Equity and liabilities € m	12/31/2013 Assets € m	12/31/2013 Equity and liabilities € m
Derivatives used as fair value hedges	30	439	23	1,250

Net gains/losses on measurement of derivatives and hedged items are described in note 35.

The full fair value of derivatives, including accrued interest, amounted to EUR 34 million as of December 31, 2014 on the assets side (December 31, 2013: EUR 25 million) and to EUR 502 million as of December 31, 2014 on the liabilities side (December 31, 2013: EUR 1,449 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.

	12/31/2014 Assets € m	12/31/2014 Equity and liabilities € m	12/31/2013 Assets € m	12/31/2013 Equity and liabilities € m
Derivatives used as cash flow hedges	0	0	1	0

The full fair value of derivatives, including accrued interest, as of December 31, 2014 amounted to EUR 1 million on the assets side (December 31, 2013: EUR 1 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.

	2014 less than 1 month € m	2014 1 to 3 months € m	2014 3 to 12 months € m	2014 1 to 2 years € m
Inflow	3	5	0	7
Outflow	0	0	0	0
Net cash flow	3	5	0	7

	2014 2 to 3 years € m	2014 3 to 4 years € m	2014 4 to 5 years € m	2014 more than 5 years € m
Inflow	7	7	7	12
Outflow	0	0	0	0
Net cash flow	7	7	7	12

	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

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.

	12/31/2014 € m	12/31/2013 € m
Cash flow hedge reserve in equity	17	1

In fiscal year 2014, no securities were disposed of that had an impact on the cash flow hedge reserve and led to the early termination of hedges.

Cash flow hedge ineffectiveness

Cash flow hedge ineffectiveness impacted profit or loss as follows:

	12/31/2014 € m	12/31/2013 € m
Cash flow hedge ineffectiveness	0	– 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.

	12/31/2014 Fair value € m	12/31/2014 Carrying amount € m
Repo transactions		
- Assets transferred (available for sale)	1,001	1,001
- Assets transferred (other AfS financial investments)[1]	9	9
- Corresponding deposits from banks	676	676
- Corresponding amounts due to customers	326	326
Available for sale[2]	8	8
Securities lending		
- Assets transferred (available for sale)	0	0
- Assets transferred (other AfS financial investments)[1]	0	0
- Corresponding deposits from banks	0	0
- Corresponding amounts due to customers	0	0
Available for sale[2]	0	0
Total assets transferred	1,010	1,010
Total corresponding liabilities	1,002	1,002

(1) Relates to accrued interest reported separately under other assets.
(2) The totals are shown on a net basis.

	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)[1]	18	18
- Corresponding deposits from banks	1,085	1,085
- Corresponding amounts due to customers	13	13
Available for sale[2]	– 26	– 26
Securities lending		
- Assets transferred (available for sale)	92	92
- Assets transferred (other AfS financial investments)[1]	1	1
- Corresponding deposits from banks	0	0
- Corresponding amounts due to customers	0	0
Available for sale[2]	93	93
Total assets transferred	1,165	1,165
Total corresponding liabilities	1,098	1,098

(1) Relates to accrued interest reported separately under other assets.
(2) The totals are shown on a net basis.

The AfS instruments reported here are recognized under "financial investments" in the statement of financial position (note 5).

The existing securities lending transactions expired as of December 31 2014. Securities lending transactions were exclusively entered into with companies of ING Groep N.V.

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 sub-participation agreement relating to the Commercial Banking business, the Bank transferred EUR 70 million in receivables (December 31, 2013: EUR 70 million), resulting in a continuing involvement of EUR 2 million (December 31, 2013: 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, 2013: EUR 2 million), which is reported in "deposits from banks" (note 15).

Financial instruments pledged as collateral

	12/31/2014 Carrying amount € m	12/31/2013 Carrying amount € m
Total AfS financial investments	38,950	28,170
of which pledged as collateral	3,486	3,245
Other assets - AfS financial investments total	496	413
of which pledged as collateral	64	64
Loans to banks	3,138	10,096
of which pledged as collateral	574	1,687
Loans and advances to customers	90,252	85,396
of which pledged as collateral	13,018	13,066
Total transferred	17,142	18,062

Presentation was adjusted from the previous year

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.

The "loans and advances to banks" (Category "loans and receivables", note 2) include pledged cash collateral for derivatives in the amount of EUR 513 million (December 31, 2013: EUR 1,645 million). In addition, cash collateral provided for repo transactions amounted to EUR 0 million (December 31, 2013: EUR 25 million). EUR 61 million in cash collateral was provided in the context of transactions settled via central counterparties (December 31, 2013: EUR 17 million).

The "loans and advances to customers" ("Loans and receivables" category, note 3) included a volume of EUR 7,118 million (December 31, 2013: EUR 7,438 million) pledged as collateral as part of transactions with the KfW development bank (Kreditanstalt für Wiederaufbau).

Residential mortgage-backed securities (RMBS) in the amount of EUR 200 million (December 31, 2013: 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.

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 5,629 million as of December 31, 2014 (December 31, 2013: EUR 5,357 million). 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, 2013: EUR 71 million) were transferred as collateral.

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.

Statement of financial position item	Financial assets	12/31/2014 Gross amounts of financial assets before offsetting m €	12/31/2014 Amounts offset in the statement of financial position m €	12/31/2014 Net amounts of financial assets after offsetting m €	12/31/2014 Amounts subject to a legally enforceable MNA or similar agreement Financial instruments m €	12/31/2014 Amounts subject to a legally enforceable MNA or similar agreement Financial instruments pledged as collateral including cash m €	12/31/2014 Net amount m €
Loans and advances to banks	Reverse repo and similar contracts	1,795	0	1,795	313	1,476	6
Loans and advances to banks	Cash collateral[1]	3,022	3,015	7	0	0	7
Loans and advances to customers	Reverse repo and similar contracts	925	0	925	300	625	0
Derivatives with positive fair value	Derivatives	436	405	31	26	4	1
Other assets	Accrued interest on loans and advances to banks	0	0	0	0	0	0
Other assets	Accrued interest on derivatives	66	60	6	4	0	2
Total		6,244	3,480	2,764	643	2,105	16

(1) The cash collateral reported here relates in its entirety to transactions settled with a central counterparty (CCP). Compared to the prior year, this item is no longer reported under "Loans and advances to customers", but rather under "Loans and advances to banks". The figures reported in the previous year were adjusted accordingly.

		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	Amounts offset in the statement of financial position	Net amounts of financial assets after offsetting	Financial instruments	Financial instruments pledged as collateral including cash	Net amount
		m €	m €	m €	m €	m €	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
Loans and advances to banks	Cash collateral[1]	1,320	1,315	5	0	0	5
Derivatives with positive fair value	Derivatives	145	87	58	30	0	28
Other assets	Accrued interest on loans and advances to banks	1	0	1	0	0	1
Other assets	Accrued interest on derivatives	88	48	40	20	0	20
Total		5,257	1,450	3,807	71	3,664	72

Statement of financial position item	Financial liabilities	12/31/2014 Gross amounts of financial liabilities before offsetting m €	12/31/2014 Amounts offset in the statement of financial position m €	12/31/2014 Net amounts of financial liabilities after offsetting m €	12/31/2014 Amounts subject to a legally enforceable MNA or similar agreement Financial instruments m €	Financial instruments pledged as collateral including cash m €	12/31/2014 Net amount m €
Deposits from banks	Repo transactions	676	0	676	313	363	0
Due to customers	Repo transactions	326	0	326	300	26	0
Derivatives with negative fair value	Derivatives	3,509	3,052	457	26	431	0
Other liabilities	Accrued interest on derivatives	501	428	73	4	63	6
Total		5,012	3,480	1,532	643	883	6

(1) The cash collateral reported here relates in its entirety to transactions settled with a central counterparty (CCP).

		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 liabilities before offsetting m €	Amounts offset in the statement of financial position m €	Net amounts of financial liabilities after offsetting m €	Financial instruments m €	Financial instruments pledged as collateral including cash m €	Net amount m €
Statement of financial position item	**Financial liabilities**						
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

(27) Contingent liabilities

Contingent liabilities are items not recognized in the statement of financial position, as specified in IAS 37 (see section f) of "Significant accounting policies").

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.

Provisions have been made for legal risks from an unexpectedly customer-friendly court ruling. There are also risks if the number of customers citing such ruling deviates significantly from the forecast number.

Contingent liabilities

	12/31/2014 on demand € m	12/31/2014 less than 1 month € m	12/31/2014 1 to 3 months € m
Irrevocable loan commitments	0	1,625	565
Guarantees and letters of credit	326	25	139
Total	326	1,650	704

	12/31/2014 3 to 12 months € m	12/31/2014 1 to 5 years € m	12/31/2014 more than 5 years € m	12/31/2014 Total € m
Irrevocable loan commitments	1,032	4,957	425	8,604
Guarantees and letters of credit	270	254	35	1,049
Total	1,302	5,211	460	9,653

	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

(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 (see "Significant accounting policies", sections e) and f)).

(29) Future lease obligations

	Future minimum lease payments € m
2015	21
2016	18
2017	17
2018	16
2019	16
in years following 2019	87

Total rental and lease expenses amounted to EUR 18 million in fiscal year 2014 (December 31, 2013: EUR 18 million). Of that amount, EUR 15 million (December 31, 2013: EUR 16 million) was attributable to minimum lease payments and EUR 3 million (December 31, 2013: EUR 2 million) was attributable to contingent lease payments.

Operationally, material are lease agreements 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.

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.

The building leases do not impose restrictions that could impact the capital structure, profit or loss, or other lease agreements of the Company.

(30) Disclosures relating to equity investments

Irrespective of the nature of shareholding, the Bank includes all companies that it controls in the consolidated financial statements. Control exists if the investor is exposed to variable returns from the investee and can use its power to affect those returns. Control can arise with or without corporate voting rights.

Investees that are controlled in this sense are fully consolidated. In the year under review, this applied to all subsidiaries as well as to a structured entity included in the consolidated financial statements.

As before, there were no equity investments that involved joint control in the fiscal year just ended.

Significant restrictions in the ability to obtain access to assets or to use them arise in particular from German corporate law. There are no recognizable significant restrictions on the ability to satisfy liabilities of consolidated companies.

The basis of consolidation in the reporting and comparison period was as follows:

	12/31/2014 Equity interest held directly Percent	12/31/2014 Equity interest held indirectly Percent	12/31/2013 Equity interest held directly Percent	12/31/2013 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	0	0	100
Helophant Portfolio II GmbH, Frankfurt am Main	0	0	0	100
Rahmhof Grundbesitz GmbH i.L., Frankfurt am Main	100	0	100	0

Control on the basis of voting rights

ING-DiBa AG is the sole direct shareholder of four 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 AG holds all of the shares in GGV Gesellschaft für Grundstücks- und Vermögensverwaltung GmbH, ING-DiBa Service GmbH, Ingredit Verwaltungs-GmbH and Rahmhof Grundbesitz GmbH i.L. The active operating activities are primarily related to property and asset management.

Rahmhof Grundbesitz GmbH i.L. is in liquidation.

Helophant Portfolio GmbH and Helophant Portfolio II GmbH were merged into ING-DiBa Service GmbH during the 2014 fiscal year.

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 structured entity, Pure German Lion RMBS 2008 GmbH, Frankfurt am Main, to let this entity securitize them in the form of residential mortgage-backed securities (RMBS).

The structured entity is fully consolidated based on IFRS 10. ING-DiBa does not hold any equity interest in the entity. Nevertheless, control of the entity by the Bank is ensured, in particular through its limited purpose and the special economic relationships against the backdrop of corresponding contractual provisions.

All securities under this securitization transaction are held by ING-DiBa and fully eliminated in consolidation.

The full consolidation results in the presentation of non-controlling interests in ING-DiBa's equity in the amount of EUR 25 thousand. The non-controlling interest does not represent any influence on the Group's activities or cash flows.

ING-DiBa granted a liquidity facility to Pure German Lion RMBS 2008 GmbH; however this does not represent either a guarantee or an additional payment obligation.

Associates

To the extent there is significant influence only insofar as there is the power to participate in financial and operating policy decision-making processes, but without the ability to control these decision-making processes, the long-term equity investments in question are reported by the Group as associates using the equity method. During the 2014 fiscal year this was the case for a newly-added investment, BV-BGPB Beteiligungsgesellschaft privater Banken für Internet- und mobile Bezahlungen mbH. The interest in the associate is insignificant in relation to the subgroup's business volume. The investment is presented under other assets at a carrying amount of EUR 2 million (note 12).

The newly-founded company generated the following amounts pursuant to IFRS in the fiscal year just ended. There were no other investments in associates.

	12/31/2014 € m	12/31/2013 € m
Income statement	0	-
Other comprehensive income	0	-
Total comprehensive income	**0**	**-**

Other equity investments

Other equity investments that are insignificant to the Group's economic position are presented under financial investments. 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).

Disclosures on non-consolidated structured entities

ING-DiBa did not maintain any connections to structured entities in the reporting periods under review which are not included in the consolidated financial statements.

(31) Related parties

Related persons

Total compensation paid to members of executive bodies active during the reporting period (key management personnel)

	12/31/2014 € m	12/31/2013 € m
Current compensation	4	4
Pensions	0	0
Other long-term remuneration	1	1
Severance packages	0	0
Share-based payments	1	1
Total compensation	6	6

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 6.2 million in fiscal year 2014 (2013: EUR 6.4 million).

EUR 5 million of the total compensation paid related to the executive activities of Management Board members (2013: EUR 5.2 million) and EUR 0.9 million related to the executive activities of Supervisory Board members (2013: 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

	2014 Amount	2014 Fair value at grant date €	2013 Amount	2013 Fair value at grant date €
Performance shares, deferred shares	36,862	359,159	88,733	506,960

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 0.9 million in fiscal year 2014 (2013: EUR 0.8 million). A provision of EUR 19.1 million (December 31, 2013: EUR 15.0 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 1.2 million for members of the Management Board as of December 31, 2014 (2013: EUR 1.5 million); loans granted to members of the Supervisory Board amounted to EUR 109 thousand as of the same date (2013: EUR 109 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, 2014 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 of ING Groep N.V..

ING-DiBa'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:

- ING Bank N.V., Amsterdam (Netherlands)

- ING Holding Deutschland GmbH, Frankfurt am Main (Germany)

	12/31/2014 € m	12/31/2013 € m
ING Groep N.V.		
ING Bank N.V.		
Loans and advances	3,720	2,015
Deposits and amounts due	401	0
Loan commitments	0	0
Income	44	23
Expenses	10	0
ING Direct N.V.		
Loans and advances	0	0
Deposits and amounts due	0	0
Loan commitments	0	0
Income	0	6
Expenses	0	13
ING Holding Deutschland GmbH		
Loans and advances	0	0
Deposits and amounts due	397	164
Loan commitments	0	0
Income	0	0
Expenses	0	0
ING Deutschland GmbH		
Loans and advances	0	0
Deposits and amounts due	664	811
Loan commitments	0	0
Income	0	0
Expenses	0	1

In fiscal year 2014, EUR 325 million (2013: EUR 1,483 million) in existing loan transactions were acquired from ING Bank N.V. They relate exclusively to corporate customers.

The amounts due to ING Deutschland GmbH relate primarily to the profit transfer to be made. The profit transfer of the profit determined under German commercial law is explained in section e) of "Significant accounting policies".

Associates

The business dealings with BV-BGPB Beteiligungsgesellschaft privater Banken für Internet- und mobile Bezahlungen mbH, an associate, were not significant.

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.:

- Stichting Orange Lion RMBS
- ING Spain, Madrid
- ING Italy, Milan
- ING Bank Treasury, Amsterdam
- Interhyp AG, Munich
- ING Belgium, Brussels
- ING Domestic Bank Nederland, Amsterdam
- ING Lease Germany, Norderstedt

	12/31/2014 € m	12/31/2013 € m
Loans and advances[1]	7,186	7,519
Deposits and amounts due	3,097	2,086
Loan commitments	144	139
Income[1]	164	162
Expenses	82	58

(1) Presentation of Stichting Orange Lion RMBS under other companies

In the 2014 fiscal year, EUR 6,460 million (2013: EUR 6,926 million) is presented under loans and advances and EUR 143 million (2013: EUR 150 million) is presented under income from transactions with Stichting Orange Lion RMBS. Most of the remaining volume is attributable to transactions with ING Spain, Madrid, ING Direct EICC Italy, Milan, ING Belgium, Brussels, ING Bank Treasury, Amsterdam, and Interhyp AG, Munich. 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). No additional funding was contributed to plan assets via the multi-employer trustee during the 2014 fiscal year (2013: EUR 20 million).

(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.

	12/31/2014 Fair value € m	12/31/2014 Carrying amount € m
Financial assets		
Available for sale financial investments	38,950	38,950
of which equity investments	7	7
Other available for sale financial investments[1]	496	496
Available for sale	39,446	39,446
Other derivatives with positive fair value	2	2
Other derivative assets[1]	1	1
Fair value through profit or loss	3	3
Cash balance	117	117
Hedging derivatives	30	30
Other derivative hedging assets[1]	5	5
Adjustment to portfolio fair value hedges	0	1,687
Financial instruments not categorized under IAS 39	152	1,839
Balances with central banks	1,771	1,771
Loans and advances to banks	3,138	3,138
Other receivables from banks[1]	9	9
Loans and advances to customers	96,384	90,252
Other receivables from customers[1]	61	61
Loans and receivables	101,363	95,231
Total financial assets	140,964	136,519
Financial liabilities		
Other derivatives with negative fair value	18	18
Other derivative liabilities[1]	10	10
Fair value through profit or loss	28	28
Hedging derivatives	439	439
Other hedging derivative liabilities[1]	63	63
Financial instruments not categorized under IAS 39	502	502
Securitized liabilities	1,356	1,282
Other securitized liabilities[1]	17	17
Deposits from banks	11,833	11,149
Other liabilities to banks[1]	6	6
Due to customers	115,523	115,264
Other liabilities to customers[1]	55	55
Financial liabilities	128,790	127,773
Total financial liabilities	129,320	128,303

(1) Relates to accrued interest disclosed separately under other assets or other liabilities.

	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	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.

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.

	12/31/2014 Level 1 € m	12/31/2014 Level 2 € m	12/31/2014 Level 3 € m	12/31/2014 Total € m
Assets				
Other derivatives with positive fair value	0	2	0	2
Other derivative assets[1]	0	1	0	1
Hedging derivatives	0	30	0	30
Other derivative hedging assets[1]	0	5	0	5
AfS financial investments	33,045	5,823	82	38,950
of which equity instruments	7	0	0	7
Other AfS financial investments[1]	449	47	0	496
Investment property	0	0	12	12
Group-occupied properties	0	0	17	17
Total	33,494	5,908	111	39,513
Equity and liabilities				
Other derivatives with negative fair value	0	18	0	18
Other derivative liabilities[1]	0	10	0	10
Hedging derivatives	0	439	0	439
Other hedging derivative liabilities[1]	0	63	0	63
Total	0	530	0	530

[(1)] Relates to accrued interest disclosed separately under other assets or other liabilities.

	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.

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 allocation is therefore applied, the instruments have to be transferred to level 2 if the quality of the prices quoted on the respective principal or most advantageous market deteriorates. If the market activity falls below a specified threshold, measurement is made based on observable parameters as defined for level 2. Accordingly, instruments are transferred from level 2 to level 1 if market activity increases. An assignment is made to level 3 if a significant amount of inputs that are not observable flow into the models for the fair value measurement. Consequently, transfers are made into or out of level 3 if significant inputs are no longer observable or are again observable.

In fiscal year 2014, changes in market conditions caused a total of 9 shifts (fiscal year 2013: 12) in the fair value measurement of available for sale financial investments from level 2 to level 1 amounting to a total of EUR 392 million (December 31, 2013: EUR 616 million). As a result, accrued interest amounting to EUR 1 million (December 31, 2013: EUR 5 million) included in other assets was transferred from level 2 to level 1. There were 0 (fiscal year 2013: 4) shifts from level 1 to level 2, whereas in 2013 financial instruments with a total volume of EUR 155 million and the related accrued interest in the amount of EUR 0 million were shifted from level 1 to level 2.

In addition, 1 available for sale instrument in the amount of EUR 82 million and the related accrued interest in the amount of EUR 0 million was shifted from level 2 to level 3 in the 2014 fiscal year (fiscal year 2013: 0 reclassifications). This reclassification resulted from a new estimate of the objectivity of the significant inputs used in measurements for the financial instrument in question provided by third parties.

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 has to be disclosed.

	12/31/2014 Level 1 € m	12/31/2014 Level 2 € m	12/31/2014 Level 3 € m	12/31/2014 Total € m
Assets				
Cash balance	117	0	0	117
Balances with central banks	0	1,771	0	1,771
Loans and advances to banks	0	3,138	0	3,138
Other receivables from banks[1]	0	9	0	9
Loans and advances to customers	0	4,093	92,291	96,384
Other receivables from customers[1]	0	36	25	61
Total	117	9,047	92,316	101,480
Equity and liabilities				
Securitized liabilities	1,060	296	0	1,356
Other securitized liabilities[1]	15	2	0	17
Deposits from banks	0	4,200	7,633	11,833
Other liabilities to banks[1]	0	6	0	6
Due to customers	0	111,501	4,022	115,523
Other liabilities to customers[1]	0	40	15	55
Total	1,075	116,045	11,670	128,790

(1) Relates to accrued interest disclosed separately under other assets or other liabilities.

	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.

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	12/31/2014 Fair value € m
Financial assets				
Available for sale financial investments				38,950
based on unadjusted observable prices	1	1)		33,045
based on valuation models with observable inputs	2	1)		5,823
based on valuation models with unobservable inputs	3	2)	2)	82
Other available for sale financial investments[1]				496
based on unadjusted observable prices	1	1)		449
based on valuation models with observable inputs	2	1)		47
based on valuation models with unobservable inputs	3	2)	2)	0
Available for sale				39,446
Other derivatives with positive fair value	2	3)		2
Other derivative assets[1]	2	3)		1
Fair value through profit or loss				3
Hedging derivatives	2	3)		30
Other derivative hedging assets[1]	2	3)		5
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				39,513
Financial liabilities				
Other derivatives with negative fair value	2	3)		18
Other derivative liabilities[1]	2	3)		10
Fair value through profit or loss				28
Hedging derivatives	2	3)		439
Other hedging derivative liabilities[1]	2	3)		63
Financial instruments not categorized under IAS 39				502
Total liabilities				530

(1) Relates to accrued interest disclosed separately under other assets or other liabilities.

	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 with observable inputs	2	1), 2)		4,823
based on valuation models with unobservable inputs	3	2)	2)	0
Other available for sale financial investments[1]				413
based on unadjusted observable prices	1	1)		382
based on valuation models with observable inputs	2	1), 2)		31
based on valuation models with unobservable inputs	3	2)	2)	0
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 at the defined principal market or the most advantageous market is

used for measurement (level 1). If market activity is insufficient, either existing prices for similar instruments are used instead or the future cash flows expected to be derived from the respective financial instruments 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 indicative quotes or estimates from market makers are used to determine the fair values (level 3; previous year: level 2). In that event ING-DiBa does not generate any quantitative, non-observable input factors. If no plausible fair values can be derived from the estimated values provided by third parties, 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. A value based on non-observable market inputs is modeled for the spread (level 3).

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, 2014 would have been up to EUR 331 thousand higher or lower (December 31, 2013: up to EUR 331 thousand).

Reconciliation to Level 3

The table below shows a reconciliation of the financial instruments and property normally measured within level 3:

	2014 Available for sale investments € m	2014 Investment property € m	2014 Group-occupied properties € m	2014 Total € m
Balance on Jan. 1	0	12	17	29
Gains or losses recognized in profit or loss during the period	0	0	0	0
thereof unrealized gains or losses	0	0	0	0
Gains or losses recognized in other comprehensive income during the period	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Maturity/settlement	0	0	0	0
Transfers into level 3	82	0	0	82
Transfers out of level 3	0	0	0	0
Exchange rate differences	0	0	0	0
Balance on Dec. 31	82	12	17	111

	2013 Available for sale investments € m	2013 Investment property € m	2013 Group-occupied properties € m	2013 Total € m
Balance on Jan. 1	0	12	14	26
Gains or losses recognized in profit or loss during the period	0	0	0	0
thereof unrealized gains or losses	0	0	0	0
Gains or losses recognized in other comprehensive income during the period	0	0	3	3
Additions	0	0	0	0
Disposals	0	0	0	0
Maturity/settlement	0	0	0	0
Transfers into level 3	0	0	0	0
Transfers out of level 3	0	0	0	0
Exchange rate differences	0	0	0	0
Balance on Dec. 31	0	12	17	29

The unrealized gains or losses due to changes of the fair value of investment properties are presented in "other net gains/losses on financial investments and investment properties" (note 36).

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.

	12/31/2014 Fair value hierarchy level	12/31/2014 Valuation techniques and significant inputs	12/31/2014 Fair value € m
Financial assets			
Cash balance	1	9)	117
Balances with central banks	2	9)	1,771
Loans and advances to banks	2	5), 8), 9)	3,138
Other receivables from banks[1]	2	5), 8), 9)	9
Loans and advances to customers			96,384
Loans and other receivables	2, 3	5), 7), 9)	88,846
Asset-backed securities (ABS)/mortgage-backed securities (MBS)	3	6)	7,538
Other receivables from customers[1]			61
Loans and other receivables from customers	2, 3	5), 7), 9)	50
Other ABS/MBS	3	6)	11
Total			101,480
Financial liabilities			
Securitized liabilities			1,356
based on unadjusted observable prices	1	10)	1,060
based on valuation models with observable inputs	2	10)	296
Other securitized liabilities[1]			17
based on unadjusted observable prices	1	10)	15
based on valuation models with observable inputs	2	10)	2
Deposits from banks			11,833
based on valuation models with observable inputs	2	9), 12)	4,200
based on valuation models with unobservable inputs	3	12)	7,633
Other deposits from banks[1]			6
based on valuation models with observable inputs	2	9), 12)	6
based on valuation models with unobservable inputs	3	12)	0
Due to customers			115,523
based on valuation models with observable inputs	2	9)	111,501
based on valuation models with unobservable inputs	3	11)	4,022
Other liabilities to customers[1]			55
based on valuation models with observable inputs	2	9)	40
based on valuation models with unobservable inputs	3	11)	15
Total			128,790

(1) Relates to accrued interest disclosed separately under other assets or other liabilities.

	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 quotes prices	1	10)	1,048
based on valuation models	2	10)	237
Other securitized liabilities[1]			17
based on unadjusted quotes prices	1	10)	15
based on valuation models	2	10)	2
Deposits from banks			10,459
based on valuation models with observable inputs	2	9), 12)	10,459
based on valuation models with unobservable inputs	3	12)	0
Other deposits from banks[1]			4
based on valuation models with observable inputs	2	9), 12)	4
based on valuation models with unobservable inputs	3	12)	0
Due to customers			107,788
based on valuation models with significant observable inputs	2	9)	100,186
based on valuation models with significant unobservable inputs	3	11)	7,602
Other liabilities to customers[1]			71
based on valuation models with significant observable inputs	2	9)	58
based on valuation models with significant unobservable inputs	3	11)	13
			119,624

(1) Relates to accrued interest disclosed separately under other assets or other liabilities.

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 (ABSs) and mortgage-backed securities (MBSs) 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. ABS and MBS are allocated to level 3.

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 usually observable on the market (level 2). The fair values of liabilities from pass-through development loans are allocated to level 3 because significant non-observable inputs are used in the measurement.

Notes to the consolidated income statement

(33) Net interest income

	2014 € m	2013 € m
Interest income		
Interest income from lending transactions	3,120	3,134
Interest income from available for sale securities	660	569
Interest income from held to maturity securities	0	0
Other interest income	– 858	– 853
Total interest income	2,922	2,850
Interest expenses		
Interest expenses on deposits from banks	239	230
Interest expenses on amounts due to customers	1,023	1,182
Interest expenses on securitized liabilities	27	27
Other interest expenses	1	3
Total interest expenses	1,290	1,442
Net interest income	1,632	1,408

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 3,780 million (previous year: EUR 3,703 million). To the extent total interest expenses related to financial liabilities subsequently measured at amortized cost, this amounted to EUR 1,290 million (previous year: EUR 1,442 million).

"Other interest income" includes net interest income from derivatives used in effective hedges. Since the hedging derivatives serve to hedge against interest risks, 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

	2014 € m	2013 € m
Commission income		
Payment transactions	41	41
Securities business	116	107
Other fees and commissions	33	33
Fee and commission income	190	181
Commission expense		
Payment transactions	39	34
Securities business	21	20
Other fees and commissions	54	57
Fee and commission expense	114	111
Net commission income	76	70

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

	2014 € m	2013 € m
Changes in fair value of		
derivatives in fair value hedges (excl. pull-to-par)	– 1,339	405
derivatives in cash flow hedges (ineffective portion)	0	– 1
other derivatives	– 11	0
Changes in fair value, net	– 1,350	404
Changes in the fair values of the hedged items that relate to the hedged risk	1,318	– 448
Total	– 32	– 44

The sustained high level of changes in the fair values of derivatives and hedged items is attributable to the fall in the yield curve during the measurement period, while interest rates persisted at historically low levels. Compared to the fiscal year 2013, in 2014 there were net losses of EUR -11 million from the remeasurement of derivatives that do not qualify for hedge accounting under IFRS.

For more information on hedge accounting, refer to note 24.

(36) Other net gains/losses on financial investments and investment property

	2014 € m	2013 € m
Balance from income and expenses from investment property	0	− 1
Net gain/loss on investment property	0	− 1
Net gain/loss on disposal of available for sale financial investments	1	2
Net gain/loss on available for sale financial investments	1	2
Net gain/loss on disposal of held to maturity financial investments	0	0
Net gain/loss from held to maturity financial investments	0	0
Net gains/losses on financial investments	1	1

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

	2014 € m	2013 € m
Net income/loss from receivables	− 2	0
Other income and expenses	13	9
Total	11	9

"Other" contains currency translation gains of EUR 1 million (2013: EUR 1 million).

(38) Risk provision

Risk expenses can be broken down as follows:

	2014 Portfolio impairment allowance € m	2014 Specific impairment allowance including specific impair-ment allowances calculated on a portfolio basis € m	2014 Total € m
Additions to/reversals of risk provision	6	62	68
Direct write-downs	1	0	1
Receipts from loans written off	0	– 5	– 5
Total	7	57	64

	2013 Portfolio impairment allowance € m	2013 Specific impairment allowance including 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

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

	2014 € m	2013 € m
Mortgage loans	38	51
Consumer loans	34	31
Corporate loans	– 8	7
Public sector loans and other receivables	0	0
Asset-backed securities/mortgage-backed securities	0	0
Total	64	89

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

	2014 € m	2013 € m
Salaries	201	184
Bonuses	11	10
Expenses for pensions and other post-employment benefits	14	13
Social insurance contributions	32	30
Share-based payments	2	2
Expenses for external employees	12	13
Training and continuing education	5	4
Other personnel costs	10	9
Total	287	265

Average number of employees

	2014			2013		
	Total	Germany	Austria	Total	Germany	Austria
Average number of employees	3,106	2,968	138	2,947	2,813	134

Share-based payments

The programs from the perspective of the Group as a whole

The ING Group N.V. 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 ING-DiBa Group level.

In the year under review share-based payments totaled EUR 2 million (2013: EUR 2 million), which is included in the "personnel expenses" account.

ING Groep N.V. 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 2013 and 2014.

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.

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 one 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 entire ING Group using Monte Carlo simulation. In the 2014 fiscal year, the following parameters were included: risk-free interest rate in a range of 2.0 to 4.6 percent (2013: from 2.0 to 4.6 percent), expected holding period of the options of 5.0 to 9.0 years (2013: 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 (2013: between EUR 2.90 and EUR 26.05), the expected volatility of the shares of ING Groep N.V. of between 25 and 84 percent (2013: between 25 and 84 percent), and the expected dividends at 0.94 to 8.99 percent (2013: 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 (2013: EUR 0.00).

The assumptions regarding volatility came from the ING trading systems and are therefore not based on historical, but rather current market data.

Outstanding options – 2014

	2014 Outstanding options Number	2014 Weighted strike price €
Outstanding options as of Jan. 1	954,381	13.79
Options granted during the reporting period	0	0.00
Net additions and disposals - new and departing Group employees	12,846	11.83
Exercised during the reporting period	110,101	7.60
Forfeited during the reporting period	44,347	12.95
Lapsed after expiration of exercise period	49,434	14.37
Outstanding options as of Dec. 31	763,345	14.66
Exercisable options as of Dec. 31	704,042	14.54

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	950,391	13.77

Outstanding options – 2014

Range of strike prices € per share	12/31/2014 Outstanding options Number	12/31/2014 Weighted avg. remaining term of the agreement Years	12/31/2014 Weighted avg. strike price €	12/31/2014 Options exercisable Number	12/31/2014 Weighted avg. remaining term of the agreement Years	12/31/2014 Weighted avg. strike price €
0.00-15.00	276,732	4.81	5.81	262,105	4.80	5.79
15.01-20.00	296,267	2.13	17.10	267,504	2.13	17.10
20.01-25.00	99,535	2.23	24.72	92,184	2.23	24.72
25.01-30.00	90,811	1.23	25.16	82,249	1.23	25.16
	763,345	3.01	14.96	704,042	3.03	14.83

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
	954,381	4.04	14.00	950,391	4.04	13.99

Earnings and performance-based (free) shares

The plan for compensation in shares of ING Group N.V. in place since 2011 consists of two components: In the first component, a contingent right to the allocation of a number of free shares is granted, which is linked to the employee's continued affiliation with the Company (holding period). One-third of the shares are allocated on a specified calendar day on each of the next three years. The number of allocated shares as of the relevant expiry date is based on the degree to which predefined corporate targets have been achieved. The value of the shares on the actual strike date is determined in accordance with the opening share price on NYSE Euronext. The second component is granted in the form a deferred share model. Bonus claims in excess of a stipulated base amount are not paid out fully in cash, but instead a tiered percentage is paid in the form of shares to the extent the holding period has been satisfied. The bonus amount provided for share compensation on this basis is divided by an average price of the BDR (Bearer Depositary Receipts) on NYSE Euronext on the day ING Group N.V. publishes results for the fourth quarter of the fiscal year and rounded up if necessary. Analogously to the first component, one third of the resulting number of shares is allocated in the three subsequent years after expiry of each holding period. The shares are issued at the current opening share price on NYSE Euronext.

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 of ING Group N.V. as a whole, the previously unallocated expenses from free shares were EUR 31 million as of December 31, 2014 (December 31, 2013: EUR 53 million). An allocation period of 1.3 years is forecast for fiscal year 2014 (2013: 1.5 years).

Group-wide, the volume of free shares as of December 31, 2014 was 12,706,264 shares (December 31, 2013: 25,059,992 shares). The weighted average fair value was EUR 7.37 (2013: EUR 7.23).

The ING-DiBa Group held out a prospective total of 210,374 free shares to its executives during fiscal year 2014 (2013: 297,952).

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, 2014, which is published online at www.ing.com.

(40) Other administrative expenses

	2014 € m	2013 € m
IT	64	55
Telecommunications, office and operating expenses	62	57
Marketing and public relations	88	81
Travel expenses and corporate hospitality expenses	7	6
Legal and consulting expenses	36	21
Deposit protection	75	68
Shipping costs	16	20
Depreciation of buildings and office equipment	15	14
Amortization of software	9	15
Other administrative costs	77	62
Total	449	399

Other administrative expenses did not include any write-downs in the fiscal year.

Auditors' fees

	2014 € m	2013 € m
Audit services	1.7	1.6
Audit-related services	0.3	0.3
Tax services	0.0	0.0
Other services	0.0	0.0
Total	2.0	1.9

Auditors' fees are a component of the legal and consulting expenses.

(41) Disclosures relating to income tax expenses

	2014 € m	2013 € m
Current income tax expense	320	256
of which: adjustments for income taxes related to other accounting periods	2	1
of which: subsequent payments due to tax audits	4	0
Deferred tax expense	– 31	– 39
of which: adjustments for deferred taxes related to other accounting periods	0	3
from temporary differences	0	0
of which: resulting from items charged or credited directly to equity	0	0
Total	289	217

ING-DiBa 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 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. 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

	2014 € m	2013 € m
Profit before tax	888	691
Applicable tax rate in %	31.4	31.2
Expected income tax expense	279	215
Tax-free income	0	0
Non-tax deductible expenses	4	1
Effects of as yet unrecognized amounts on deferred taxes	0	1
Effects of as yet unrecognized amounts on current income taxes	6	0
Other tax effects	0	0
Effective income tax expenses	289	217
Effective tax rate in %	32.5	31.5

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, 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.

"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 ING Groep N.V..

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

	2014 Retail Customer Loans € m	2014 Retail Customer Assets € m	2014 Commercial Banking € m	2014 MA total € m	2014 Reconciliation € m	2014 IFRS € m
Net interest income	701	810	108	1,619	13	1,632
Net commission income	– 60	93	28	61	15	76
Other net income	0	– 36	12	– 24	4	– 20
MA income	641	867	148	1,656	32	1,688
Risk provision	– 67	– 5	8	– 64	0	– 64
Administrative expenses	– 194	– 462	– 52	– 708	– 28	– 736
Pre tax result	380	400	104	884	4	888

	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 net 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
Pre tax result	351	258	67	676	15	691

Information on geographical areas

ING-DiBa generated total income of EUR 1,688 million during the 2014 fiscal year (2013: EUR 1,444 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 -63 million (2013: EUR -78 million). ING-DiBa generated total net interest income of EUR 1,632 million during the 2014 fiscal year (2013: EUR 1,408 million). Of that amount, EUR -64 million from external customers was attributable to ING-DiBa Direktbank Austria (2013: EUR -79 million). ING-DiBa Direktbank Austria's net commission income from external customers was EUR 1 million in fiscal year 2014 (2013: EUR 1 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, 2014 and December 31, 2013. 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

	2014 Retail Customer Loans € billion	2014 Retail Customer Assets € billion	2014 Commercial Banking € billion	2014 MA total € billion	2014 Reconci-liation € billion	2014 IFRS € billion
Business volume	68	137	15	220	– 30	190

	2013 Retail Customer Loans € billion	2013 Retail Customer Assets € billion	2013 Commercial Banking € billion	2013 MA total € billion	2013 Reconci-liation € billion	2013 IFRS € billion
Business volume	66	127	11	204	– 27	177

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

	12/31/2014 € m	12/31/2013 € m
Cash reserve	1,888	931
Loans and advances to banks included in cash and cash equivalents	841	3,845
thereof not freely disposable	513	1,671
Loans and advances to banks not included in cash and cash equivalents	2,297	6,251
Loans and advances to banks	3,138	10,096

	12/31/2014 € m	12/31/2013 € m
Deposits from banks included in cash and cash equivalents	365	1,153
Deposits from banks not included in cash and cash equivalents	10,784	8,805
Deposits from banks	11,149	9,958

Capital management

(44) Regulatory capital and risk-weighted assets

ING-DiBa's capital management serves to ensure compliance with the statutory minimum capital requirements and to provide a sufficient buffer to ensure the Bank's ability to act at all times. Responsibility for ensuring target achievement rests with the Accounting department of ING-DiBa, in coordination with the Management Board and the corresponding boards. Decisive here are the requirements of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, and in addition, the German Banking Act (Kreditwesengesetz, "KWG") including the German Solvency Regulation (Solvabilitätsverordnung, "SolvV").

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. As in the preceding fiscal year, the statutory minimum capital requirements were satisfied at all times during the 2014 fiscal year.

ING-DiBa's return on capital pursuant to section 26a (1) KWG, calculated as the quotient of the net profit and total liabilities & equity, as per German financial reporting requirements, was 0.66 percent as of the reporting date (previous year: 0.55 percent).

The eligible capital is calculated based on the provisions of Regulation (EU) No. 575/2013 including the technical implementation and regulatory standards issued by the Commission and additional specifications as well as the supplemental requirements of the German Banking Act. The following table shows the quantitative composition of own funds:

Composition of ING-DiBa AG's own funds

	12/31/2014 € m	12/31/2013 € m
Common Equity Tier I Capital	5,197	-
Additional Tier I Capital	0	-
Tier I Capital	5,197	4,893
Tier II Capital after regulatory adjustments	0	319
Own Funds	**5,197**	**5,212**

(1) As defined in Basel III
(2) As defined in Basel II

As of the end of the reporting period (December 31, 2014), eligible equity amounted to EUR 5,197 million (December 31, 2013: EUR 5,212 million).

Tier 1 ratio of ING-DiBa AG

	12/31/2014 Percent	12/31/2013 Percent
Tier 1 ratio	15.8	16.7
Regulatory requirement - Tier 1 ratio	5.5	4.0
Goal for Tier 1 ratio	11.0	10.0

As of the end of the reporting period (December 31, 2014), risk-weighted assets amounted to EUR 32,879 million (December 31, 2013: EUR 29,359 million).

BIS ratios of ING-DiBa AG

	12/31/2014 Percent	12/31/2013 Percent
Regulatory requirement - BIS ratio	8.0	8.0
BIS ratio after floor*	9.9	12.2

(1) Floor within the meaning of article 500 (1) of Regulation (EU) 575/2013

Further information on economic capital management can be found in the risk report in the section entitled "Principles of risk management".

Frankfurt am Main, March 31, 2015

The Management Board

Roland Boekhout Bernd Geilen Katharina Herrmann

Martin Krebs Remco Nieland

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, 2014. 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 10, 2015

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Binder	Reinert
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Supervisory Board report

In fiscal year 2014, 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 four Supervisory Board meetings and in regular discussions with the 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 bank's strategic orientation. 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 2014 fiscal year.

Focus of the meetings:

Particular focus was placed on the following items during the discussions and resolutions of the full Supervisory Board: the continued implementation of the "One Bank" strategy in Germany and Austria, the continued integration and expansion of the corporate customer business and the bank's investment strategy. Similar to previous years, the Supervisory Board was also concerned with numerous statutory and regulatory requirements, such as e.g. the takeover of banking regulations by the European Central Bank, the asset quality review, the increased requirements for Supervisory Board members and Management Board members, and the efficiency audit of the Supervisory Board; in addition, the Supervisory Board also continued its education as part of an internal training course (Knowledge Day). The meetings discussed the effects of the uncertainty in financial markets on the bank – including the management approaches in the bank's investment portfolio – and the effects of the low-interest rate environment and continued strong competition for savings deposits and retail customers. In addition – and similar to previous years – the Supervisory Board also used the fiscal year to address the further development of the growth strategy, particularly the bank's ability to maintain its leading market position in mortgage loans, the expansion of the consumer loans business and current account segments, and the maintenance of a leading market position in the areas securities, demand loan and fixed deposit account.

Committees:

The Supervisory Board had three committees in 2014. During the 2014 fiscal year, the committees prescribed according to CRD IV were constituted – insofar as they did not already exist. The bank now has an Audit Committee, a Risk and Credit Committee and a Nomination, Mediation and Compensation Monitoring Committee. The purpose of these committees is to prepare imminent issues and resolutions for the Supervisory Board meeting. They are also sometimes authorised to make decisions on matters that were referred to them by the Supervisory Board meeting. The chairpersons of the committees regularly informed the Supervisory Board about their work.

The Audit Committee convened twice. It 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 Nomination, Mediation and Compensation Monitoring Committee met three times. It concerned itself primarily with the remuneration levels of the Management Board, the execution of new executive employment agreements and the remuneration system, and the implementation of the German Regulation Governing Remuneration at Institutions and the new statutory requirements.

The Risk and Credit Committee met once, and adopted most of its resolutions, which primarily related to loan approvals for executives and corporate customers, by way of circulation. Other topics of discussion at the meetings included the effects of the Russia/Ukraine crisis; in addition, the members of the Risk and Credit Committee were also continuously informed about the current situation.

2014 annual financial statements:

As the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn, Germany, audited the 2014 HGB annual financial statements and management report and the 2014 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 2014 fiscal year, which are thereby adopted.

Personnel changes in the Supervisory Board and Management Board:

There were no changes to the Supervisory Board in 2014.

The following Management Board changes took place in 2014: Herbert Willius left the Management Board and resigned his mandate as Deputy Chairman of the Management Board effective September 30, 2014. A successor has not been appointed to the Management Board at this time.

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 2014.

Frankfurt am Main, May 12, 2015

For 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.
2014	ING-DiBa is the first large bank to waive overdraft interest for current accounts, and introduces video authentication.

JANUARY

FANFOCUS DEUTSCHLAND

According to the benchmarks of the study "Fanfocus" by Forum Marktforschung, ING-DiBa has the most "fans" of all banks.

FEBRUARY

ING-DiBa is the first large bank to waive overdraft interest for current accounts.

MARCH

GREAT PLACE TO WORK® DEUTSCHLANDS BESTE ARBEITGEBER 2014

At the employer competition Great Place to Work, ING-DiBa was voted the best employer in Germany for the eighth time in a row.

APRIL

Deutschlands Beliebteste Bank
Kundensieger 2007-2014
€uro
Quelle: Bankentest €uro 05/2007-2014

During the large bank test conducted by "€uro" business magazine, ING-DiBa was able to repeat its successful ranking from previous years and again defended its title "Most popular bank". At the same time, the bank was also awarded the title "Best Bank".

MAY

Retail balances surpass the EUR 200 billion mark.

JUNE

DiBaDu und Dein Verein

With "DiBaDu and Dein Verein", ING-DiBa has supported the German club and associations segment with donations totalling EUR 1 million for the third time.

JULY

Dirk Nowitzki presents his film “Der perfekte Wurf” (The perfect throw) at a press conference in front of the LEO.

AUGUST

Management Board member Katharina Herrmann joins a good cause and participates in the “Ice Bucket Challenge”.

SEPTEMBER

ING-DiBa is the first large bank to introduce video authentication.

OCTOBER

Management Board member Herbert Willius announces his retirement after 25 years.

NOVEMBER

ING-DiBa introduces the SmartSecure app. With this app, customers can now do their mobile banking from just one terminal.

DECEMBER

ING-DiBa makes transfers even easier and quicker. Instead of the cumbersome entry process, customers can now simply take a photograph of their transfer form or invoice using their Smartphone. The Mobile Banking app takes care of the rest.

Editorial information

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Customer relations: ING-DiBa Customer Dialog, Tel. 069 – 50 50 90 69, info@ing-diba.de, www.ing-diba.de

Media Relations: Dr. Ulrich Ott, Head of ING-DiBa Corporate Communications, Tel. 069 – 27 222 66233, u.ott@ing-diba.de, www.ing-diba.de/presse

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Die Bank und Du

ING-DiBa AG
Theodor-Heuss-Allee 2
60486 Frankfurt am Main
Tel. 069 – 50 50 90 69
www.ing-diba.de