

1,230 Kilometres

HARRO ON TOUR >>>

The Big ING-DiBa Check

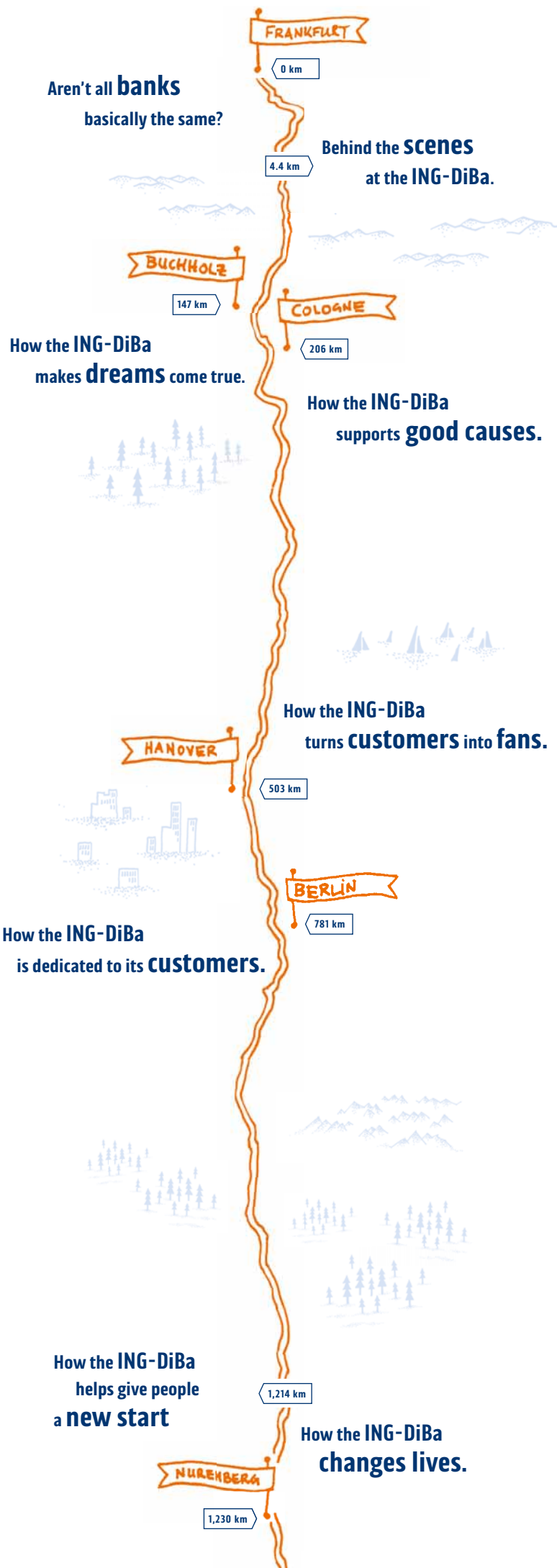


A journey of discovery – what makes ING-DiBa so successful?

What proves that a bank is successful? Being voted “Germany’s most popular bank” and being one of the best employers in Germany is a pretty good indicator. Both honours ING-DiBa has been given every year since 2007. However, what does it actually take to be this successful?

This is precisely what reporter Harro Füllgrabe set out to investigate, in his own rather unique way. He travelled all over Germany to find out, visiting local ING-DiBa branches and the bank’s customers and also some of the initiatives it sponsors. His travel companion was Andrea Hildebrandt who has worked for ING-DiBa for many years. She therefore knows a lot of people at the bank, which opened quite a few doors for Harro!





A journey of discovery what makes ING-DiBa

What proves that a bank is successful? Being a "most popular bank" and being one of the "most successful" are good indicators. Both honours ING-DiBa won in 2007. However, what does it actually mean?

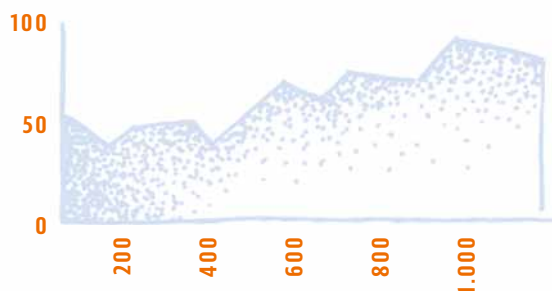
This is precisely what reporter Harro Gröbe discovered on his own rather unique way. He travelled through all 16 local ING-DiBa branches and the bank's various initiatives it sponsors. His travel companion was a car. He has worked for ING-DiBa for many years and has met many people at the bank, which opened c

Tour Facts & Figures

1,230 **KM**

from Frankfurt
to Nuremberg

Average speed in km/h



10

federal states



96 ^{minutes}

in traffic jams



visited **4**

ING-DiBa
locations



65 ^{km/h}

average speed



22 ^{litres}

of mineral water



15

new friends



4.2 ^{litres}

of coffee



23

pretzels

**Why not join them on their tour?
Either here in the magazine or in
more detail online, where you can
also find many videos that show
each leg of their journey.**

Have fun!



Watch the videos
of Harro's tour and
learn more at
ing-diba.de/harro-on-tour



Aren't all banks basically the same?

**Or are there some that follow their own path?
What makes the ING-DiBa so successful?
And if it is so successful, shouldn't it be
Germany's favourite bank?
Is there actually such a thing?**

If you want answers to those questions, Frankfurt, the centre of Germany's banking world, is the best place to start. Not surprising that this is also where the ING-DiBa head office is located, the perfect first port of call for Harro Füllgrabe on his journey of discovery. However, there's no point in just setting off on such a trip with nothing but a few clever thoughts in your mind.

**Fortunately Harro already
has a bright idea...**

01



Do you have a favourite bank?

The ING-DiBa came first in the customer survey "Germany's most popular bank" many years in a row: has this fact stayed in people's minds? Harro decided to simply ask people directly. On Frankfurt's "Zeil", one of Germany's busiest shopping streets. Many of the passers-by were not exactly communicative. However, Harro stuck to his guns. And persisted. And finally, he did get some insightful answers.

Eiserner Steg

Hauptwache

Frankfurter Zeil

"Yes, ING-DiBa. I have been with a few banks already, but I believe that the ING-DiBa simply looks after me better than the others: I can withdraw money anywhere, and the staff are really friendly."



"I know Dirk Nowitzki, he's the forward of the Dallas Mavericks."



"I have already been with the ING-DiBa for a long time. I think they're really friendly to their customers. If I have a problem, they sort it out, and it only takes them around five or ten minutes, at the most. They really know their job."

"The ING-DiBa adverts always stick in your mind."



You can watch the video of this leg of the journey here:
ing-diba.de/harro-on-tour/beliebteste-bank

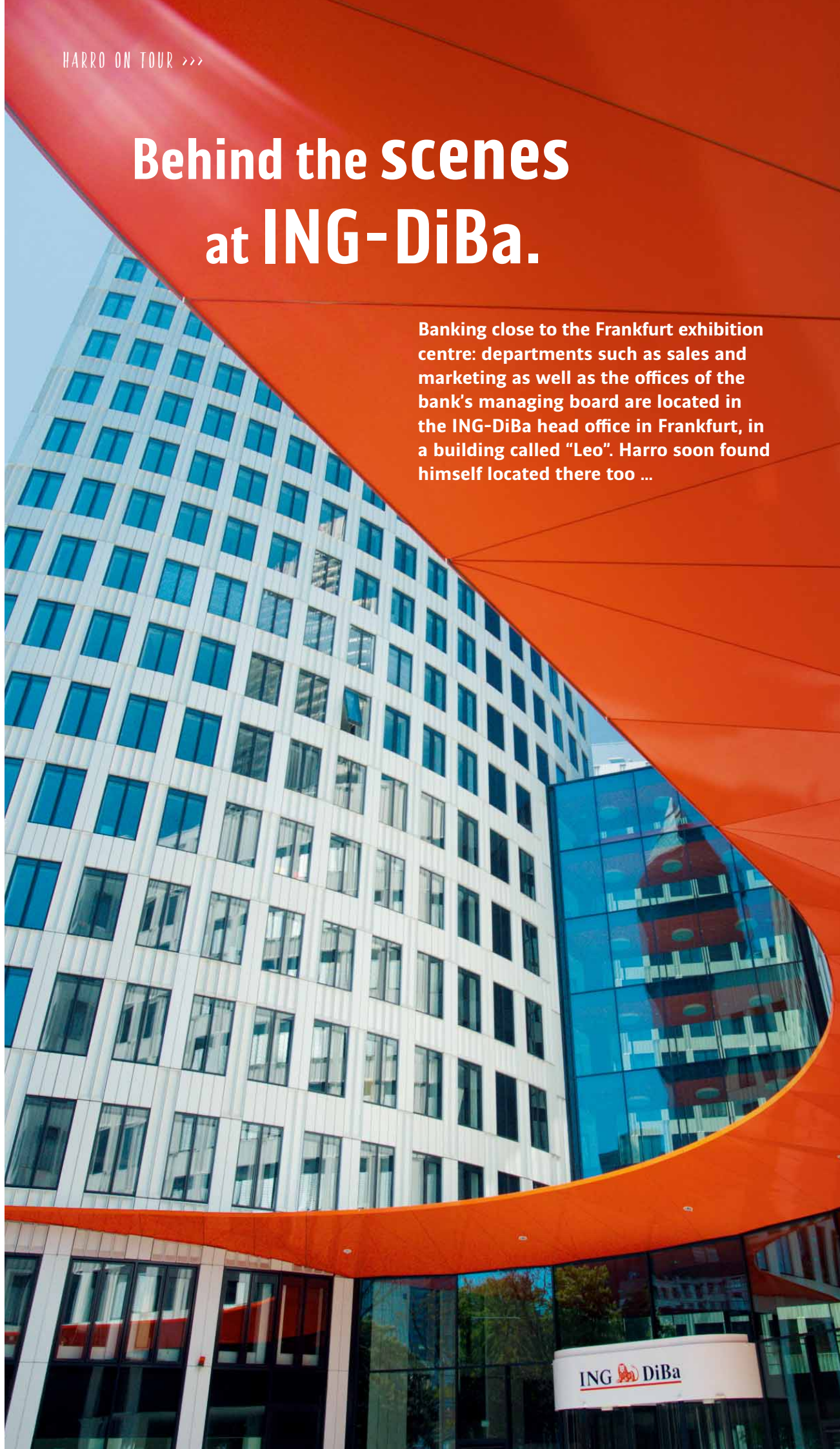


So many positive comments about the ING-DiBa are all well and good. But, Harro asked himself, what exactly makes a bank this successful and popular? It would be helpful to get a glimpse behind the scenes at the ING-DiBa head office here in Frankfurt.

I wonder whether that's possible?
 Harro decided to ring the bank's customer support department ...

Behind the scenes at ING-DiBa.

Banking close to the Frankfurt exhibition centre: departments such as sales and marketing as well as the offices of the bank's managing board are located in the ING-DiBa head office in Frankfurt, in a building called "Leo". Harro soon found himself located there too ...



02

Time:

12:00pm

Location:

Frankfurt am Main

Harro talked to:

Nabi Singh, Nadine Schmidt,
Mark Milders and Sven Möllmann

Organisation:

ING-DiBa

Unusual:

From time to time, you might
come across an employee dressed
up as a lion...

When Harro contacted customer services and told the staff there that he would like to visit the bank's headquarters, they referred him to Andrea Hildebrandt. An unusual request can sometimes produce unexpected results. Andrea suggested that she could accompany Harro on his visit to head office. The head office in Frankfurt is a perfect example of why the ING-DiBa is not only successful but also innovative.

Andrea arranged a visit to the bank's new "Digital Innovations" department for Harro. Unfortunately, as soon as Harro heard the word "roof terrace", he was off, which led to some unexpected encounters...



"Welcome to ING-DiBa!"

Nabi Singh,
Receptionist

2,200

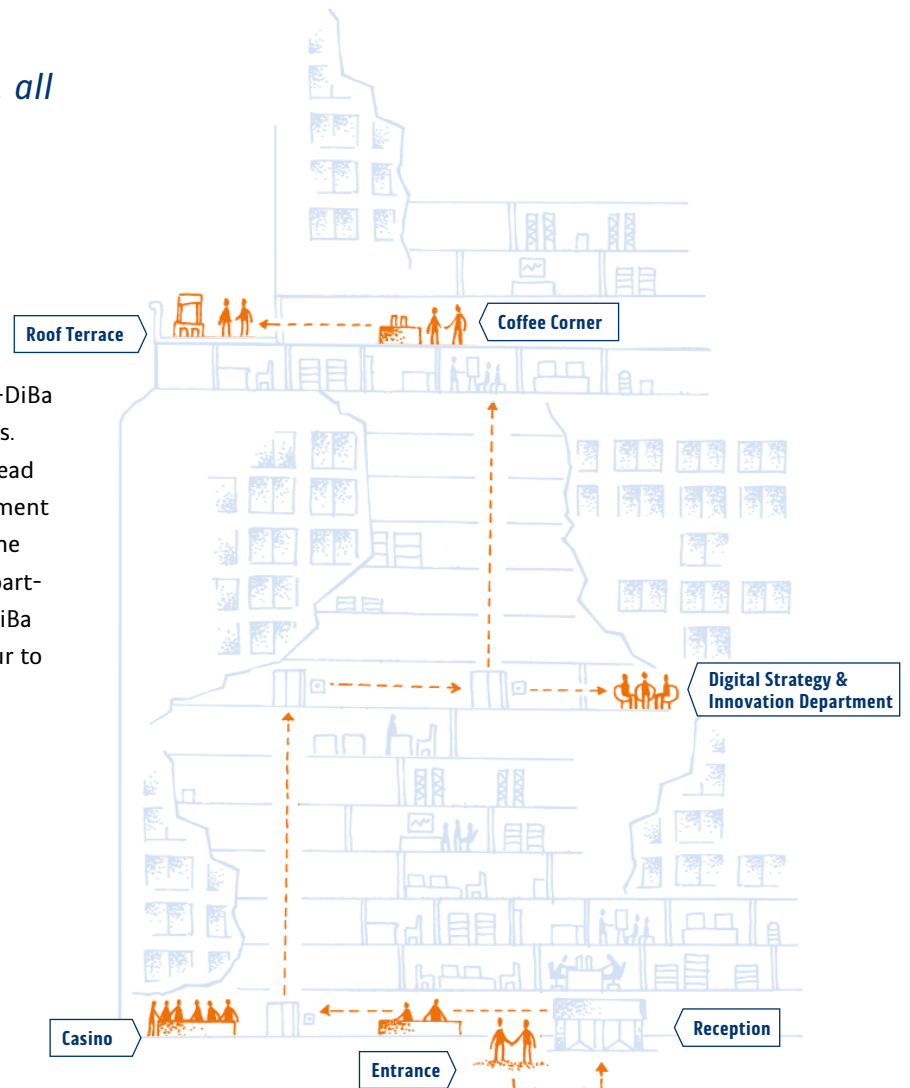
employees work for
the bank's customers
here, as well as in
departments that are
little known outside
the bank.

Harro felt quite at home with popular and
quick-witted receptionist, Nabi Singh.

"If you want to buy a house, all you have to do is call us."

Nadine Schmidt,
Head of the bank's Mortgage
Sales department

Nadine Schmidt has worked for ING-DiBa for ten years and loves what she does. She took over her new position as Head of the bank's Mortgage Sales department a few months ago. In this capacity, she helps customers to buy their own apartment or house. Another thing ING-DiBa offers, as Harro found out on a detour to the "coffee corner".



"In Wholesale Banking, you are usually still expected to wear a suit."

Mark Milders,
Head of Wholesale Banking

Harro met one of the few ING-DiBa employees to wear a typical banker's suit on his excursion to the roof terrace. Mark Milders, Head of Wholesale Banking, looks after the particular banking needs of major international companies and other institutional investors, which is a completely different world to retail banking yet still a part of the ING-DiBa.





"The future of banking is smartphone banking."

Sven Möllmann,
Head of Digital Strategy & Innovation

Since the summer of 2015, ING-DiBa has had an entire department solely dedicated to the future: the "Digital Innovations" department. Andrea finally caught up with Harro and literally steered him in the right direction again. She managed to get him to focus completely on what he was actually here for, an interview with the head of Digital Strategy & Innovation, Sven Möllmann.

Looking further into the future than others

Initially, Harro wasn't sure when this "future" is supposed to be. However, Sven Möllmann soon enlightened him: "Not 2017 or 2018, but rather, what is 'Banking 2020' going to look like? That is the key issue we are addressing." The best of the bank's services are to be made available to all customers in the best possible way on all digital channels.

His department is therefore pursuing an omni-channel approach: desktop PC, tablet and smartphone. The solutions should be as easy and as convenient to use as possible. This is why the solutions are found by working with customers. Good ideas from elsewhere are also always welcome.

Sven Möllmann and his colleagues are currently investigating what might be the easiest and fastest way to open an account with the ING-DiBa in future. Currently, this still has to be done on paper. However, Möllmann is confident: "Our aim is to make it possible in the near future to open an account digitally, and to be able to use it five minutes later."



On their way out, Andrea suggested that she and Harro take a quick detour to the head office "casino". "Sustenance is always a good thing," she said, somewhat mysteriously. And surprise, surprise – that is where they encountered the entire ING-DiBa management board having a relaxed coffee after lunch. Andrea briefly introduced Harro and his mission. And of course, he would have dearly loved to conduct an in-depth interview with the management board members straight away. Andrea just managed to steer him away.



You can watch the video of this leg of the journey here: ing-diba.de/harro-on-tour/innovation

Harro was most impressed by his visit to the bank's headquarters. However, surely an impressive head office isn't the only thing that makes the ING-DiBa so successful. There must be more to discover beyond "Leo". And yes – Andrea has actually organised a VW van for the next leg of their trip.

This is the real start of their journey ...

"We wish you good luck and lots of interesting insights on your ING-DiBa journey of discovery. Whatever you are planning to do next."

Roland Boekhout,
Chairman of the Management Board

From left to right:

- 1 **Željko Kaurin,**
Member of the Management Board
- 2 **Remco Nieland,**
Member of the Management Board
- 3 **Katharina Herrmann,**
Member of the Management Board
- 4 **Roland Boekhout,**
Chairman of the Management Board
- 5 **Dr. Joachim von Schorlemer,**
Member of the Management Board
- 6 **Bernd Geilen,**
Member of the Management Board





How ING-DiBa makes dreams come true.

ING-DiBa also provides mortgages to people who want to buy or build their own home. Not only that: the bank is in fact one of Germany's biggest mortgage providers.



No more living in a caravan on the building site at last: It took the Basner family nine months to build their own home with a lot of DIY – plenty of blisters, blood, sweat and tears.



BUCHHOLZ

3

66

03

Time:
11:20am

Location:
Buchholz

Harro talked to:
The Basner family

Unusual:
Together with his father, Andreas Basner moved each of the approx. 3,000 bricks by hand.

Mortgages: an issue that's been on Harro's mind ever since he met Nadine Schmidt at the bank's head office. On paper, a few signatures; in reality, a lifetime project.

Harro can only find out what's really behind it by talking to someone who has actually built their own home with the help of the ING-DiBa. That is why the first leg of Harro's road trip led him to a family in the Westerwald region Andrea found for him in the bank's customer records. The Basners financed the construction of their traditional brick-built house with an ING-DiBa mortgage, which made a lifetime dream come true.

Andrea and Harro met a happy customer when they met Andreas Basner. During the entire building process, the young home builder always enjoyed the dedicated support of the same customer services representative at the ING-DiBa; Florian. Although they never met in person, Florian always sorted out any problems promptly. It took only four weeks to agree the entire financing package.



"Here is a brief history of how our build progressed during the first six months."

Andreas Basner,
home builder

> 64

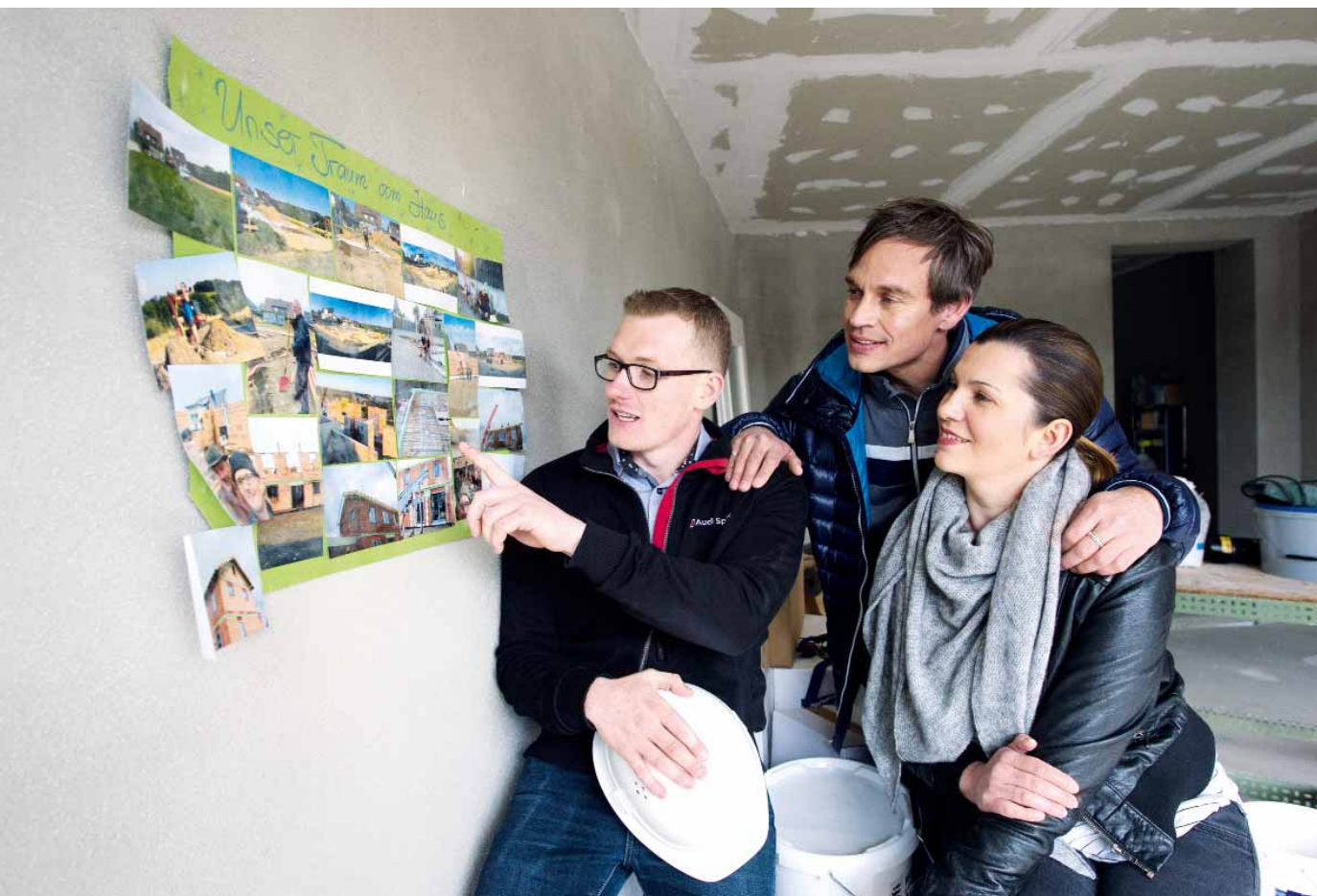
billion euros current
mortgage volume

> 240

billion euros total
business volume

15

days – average time it
takes until the loan
agreement is signed





"I am really looking forward to moving in. Not long to go now!"

Helga Basner,
home builder

Lending customers a helping hand to fulfil their lifetime dreams is actually part of the normal business of a bank. However, it takes more to win your customers' popularity. Such as sharing some of the financial rewards of your success with others. Harro discovered that the ING-DiBa cooperates with the children's charity UNICEF.

Together with Andrea, he wants to have a closer look at what this partnership actually entails ...



You can watch the video of this leg of the journey here:
ing-diba.de/harro-on-tour/baufinanzierung



“Do you actually also make people happy if it’s not part of your business?”

Harro

Harro Füllgrabe (41) is a German journalist and TV presenter. He is best known for his missions as an extreme reporter for a TV show.

“Of course, and we like to start with the youngest members of our society.”

Andrea

Andrea Hildebrandt (40) has worked as a personal loans advisor at the ING-DiBa customer support department in Hanover for the past 13 years. Before that, the qualified bank business management assistant worked for the Landesbausparkasse (LBS) savings bank as a clerk.

3







How the ING-DiBa supports good causes.

For over ten years, the ING-DiBa has maintained a close partnership with UNICEF, the United Nations' children's charity. Harro was impressed. You need patience if you really want to change things long-term. Harro figured that this partnership probably involves more than just making a few regular donations. Andrea organised a meeting with Christian Schneider, the Executive Director of the German National Committee for UNICEF. He is a very busy man, but nonetheless agreed to be interviewed by Harro. In a totally informal setting, a park in Frankfurt, whilst on a stopover.

A very special meeting: Despite his full schedule, the Executive Director of the German National Committee for UNICEF, Christian Schneider, allowed plenty of time for his meeting with Andrea and Harro.

04

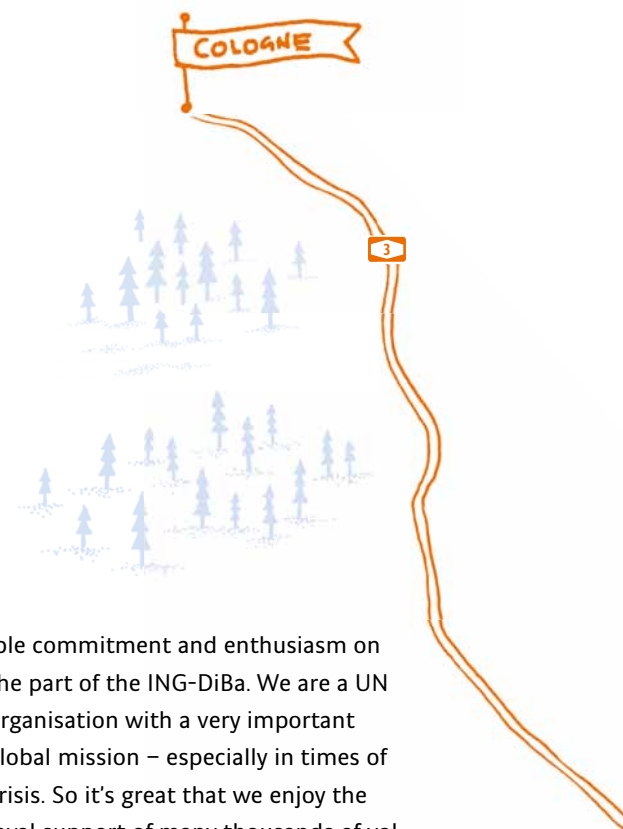
Time:
3:30pm

Location:
Cologne

Harro talked to:
Christian Schneider

Organisation:
UNICEF

Unusual:
108 ING-DiBa employees alone sponsor various UNICEF projects.



Harro: I could tell as soon as we met: working for UNICEF is so much more than just a job for you, right?

Christian Schneider: Yes, you're quite right, I've been totally committed to my job for eighteen years now. I always say, that's as long as it takes for a child to grow up. And I have been the Executive Director of the German National Committee for the past six years, so I am ultimately responsible for all of UNICEF's work in Germany.

Harro: I have been told that UNICEF's partnership with the ING-DiBa is pretty special? Could you briefly explain to me why?

Christian Schneider: Well, for a start there is the continuity; ten years is quite a long time. And then there is this incred-

ible commitment and enthusiasm on the part of the ING-DiBa. We are a UN organisation with a very important global mission – especially in times of crisis. So it's great that we enjoy the loyal support of many thousands of volunteers, donors and sponsors. The ING-DiBa employees demonstrate precisely this amazing level of commitment.

And not only within the scope of the long-term project supported by the bank, "Schools for Africa", but also through countless smaller projects organised by the employees on their own initiative. For example Christmas raffles, charity runs, selling UNICEF greeting cards and much more. The employees will be able to contribute in many different ways to our new joint initiative, too.



Christian Schneider gives Harro a copy of the United Nations Convention on the Rights of the Child, which UNICEF's work is based on.

Harro: Precisely that would have been my next question. What do you have planned for the future?

Christian Schneider: Quite a lot; we will continue our partnership over the next decade. The school project focused on children; the new initiative is all about teenagers, which is why it is called "Power of Youth". It will help teenagers in the six countries selected – the Philippines, Indonesia, Nepal, Montenegro, Kosovo and Zambia – on their path to becoming adults.

Harro: What is actually the overall aim of the ING-DiBa projects, and the many others?

Christian Schneider: They are basically always most vulnerable about improving the lives of the weakest, meaning children. For over 25 years, the legal basis for this has been the United Nations Convention on the Rights of the Child. It may only be a small, colourful booklet, but its contents are weighty. If you want to make the world a fairer place, you have to start with the rights of children.

The Convention represents the basis for our ongoing commitment to the fact that all children have a basic right to health-care and education, and also for addressing extremely serious issues such as abuse and war. Together with partners such as the ING-DiBa, we have achieved a lot in this respect over the past years.

11

the number of years the ING-DiBa has already been a firm UNICEF partner

6

number of countries that will be supported by the "Power for Youth" programme

335,000

young people will benefit from the programme long-term

"We value the continuity, the outstanding commitment of the employees and the enthusiasm on the part of the ING-DiBa."

Christian Schneider,
Executive Director of the German
National Committee for UNICEF



You can watch the video of this leg of the journey here:
ing-diba.de/harro-on-tour/unicef



"How are you actually enjoying our ING-DiBa tour so far?"

Andrea

"Brilliant. I can't wait to see where we're going next."

Harro

Harro has learnt that some of the most important aspects of corporate social responsibility are continuity and diversity. However, does the ING-DiBa itself also demonstrate this diversity? For example when communicating with its customers? Do the employees also demonstrate above-average commitment in this respect? This makes Andrea think of her own workplace straight away – Hanover.

But first, a little outdoor picnic is called for. More haste, less speed ...





05

Time:
2:00pmLocation:
HanoverHarro talked to:
Björn Reich and
Kerstin StrubeOrganisation:
ING-DiBaUnusual:
Available round
the clock, 365 days
a year.

How the ING-DiBa turns customers into fans.

At the Hanover office, the focus is completely on the customers. Usually on the phone, but sometimes also online. Especially via social media such as Facebook and Instagram. For a bank like the ING-DiBa, communicating fast and efficiently with its customers via many channels is vital. The excellent customer support service is provided by around 500 customer support representatives. Andrea herself is in fact one of these. That is why Harro gains some exclusive insights.

"Hello, you have reached the DiBa. My name is Andrea Hildebrandt."

Andrea Hildebrandt,
Personal Loans Advisor,
customer support



When she's not on tour with Harro, Andrea works as a personal loans advisor in customer support. At her workplace, Harro experiences close up how efficiently the ING-DiBa communicates with its customers. He actually puts on a headset and talks to a customer. Her prompt feedback: "That was super quick!"



You can watch the video of
this leg of the journey here:
[ing-diba.de/harro-on-tour/
kundendialog](http://ing-diba.de/harro-on-tour/kundendialog)

"On Facebook, we sometimes inject a bit of humour into our communication."

Björn Reich,
Facebook specialist, customer support

Björn Reich and his colleague Kerstin Strube are responsible for responding to posts on the ING-DiBa's Facebook profile. The profile is kept up to date with a special online tool, and they have in-depth discussions about all sorts of things with customers and non-customers alike. Neither of them communicate in a way that "smacks of bank". Instead, they rely on a mix of expert knowledge and fun questions. Of course Harro can't stop himself from posting a Facebook comment of his own ...



40,000

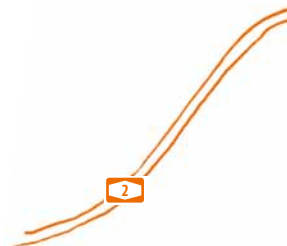
Facebook "likes"

500employees work in
the customer support
department

Like the Hanover office, the Nuremberg ING-DiBa office also deals with the bank's actual business. However, the bank also has a representative office in Germany's capital. How does it contribute to the ING-DiBa's success? Harro has a new idea in his head:

**Hey-ho, hey-ho,
off to Berlin we go...**





How the ING-DiBa is dedicated to its customers.

If you want to successfully represent the interests of your customers, you need to be where the politicians are – in this case, in Berlin. It's called showing presence. Preferably in a prominent location, like at "Unter den Linden", one of the city's most famous streets. That's exactly where Andrea asks Harro to stop: they have arrived at the ING-DiBa's "representative office". No banking business is handled here; instead, there is plenty of networking in the interest of its customers. Harro wants to find out more.

4

representatives work full-time on behalf of the more than 8 million ING-DiBa customers

3,000

visitors attending various party conferences have talked to us about the political challenges

The ING-DiBa networking specialists that work at the representative office are Eva Wüllner and Dr. Martin Boegl, along with two further colleagues. Their job entails liaising with members of the parliament, with various government ministries or with the Association of German Banks. With very specific goals, such as successful loan application processing in only ten minutes. Online. So far, this has been hampered by numerous laws. Sounds like a lot of work; however, it's worth it in the interest of the customers. Or at least, that's Harro's conclusion.



Time:
10:05am

Location:
Berlin

Harro talked to:
Eva Wüllner and
Dr. Martin Boegl

Organisation:
ING-DiBa

Unusual:
Only 1,000 steps separate the representative office from the Reichstag, the German parliament.

The Berlin representative office unlocks opportunities for the customers. However, what about the opportunities enjoyed by the bank's own staff? Presumably, being considered one of the best employers in Germany means that you do some things differently. "Then we should make our way to Nuremberg," says Andrea.

A 440 kilometre drive – Harro is looking forward to hearing some of Andrea's many ING-DiBa anecdotes ...

"In some cases, what has been ordered by Brussels can be difficult to reconcile with the practical realities in Germany. That is when we talk to the politicians."

Dr. Martin Boegl,
ING-DiBa representative office



You can watch the video of this leg of the journey here:
ing-diba.de/harro-on-tour/berlin

KM 781

HARRO ON TOUR >>>



"A meeting with an extremely determined woman should make the drive worthwhile for you, Harro. Erika Sperber is already waiting for us in Nuremberg."

Andrea

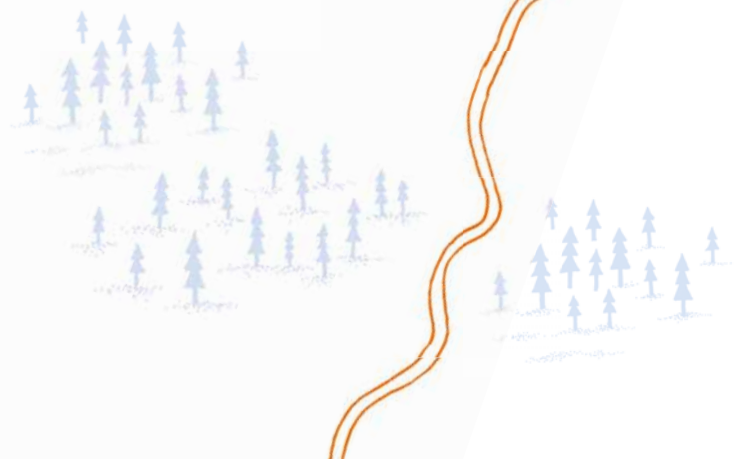
Investigating the ING-DiBa success factors also means many hours on Germany's famous Autobahn for Andrea and Harro. They have already driven around 1,000 kilometres.

However, even the last stop on their tour, Nuremberg, has a few surprises in store for Harro ...

6:35am >>> Berlin

"Andrea, I hope leaving this early will be worth it!"

Harro



How the **ING-DiBa** helps give people a **new start**.

You can help young adults to complete a vocational training course. Or you can help older people wanting to get back to work. The ING-DiBa does both. Erika Sperber explains to Harro how providing vocational training to people who are over 50 years old works. In a totally relaxed atmosphere at her favourite café, because she is currently having her house decorated ...





50

older people trained
and taken on permanently

12

months – that's how
long it takes to become
a qualified bank assistant

*"I always thought
I'd find another job
again."*

Erika Sperber,
bank assistant

In 2013, Erika Sperber saw an advertisement for vocational training courses aimed at the over 50's in a newspaper. She was almost 60 years old when she rejoined the workforce. After a year's training, she gained an IHK (Chamber of Commerce and Industry) recognised qualification as a bank assistant. She has now worked in customer support for around two years already, and advises customers on their current accounts and bank transactions. She likes working for the ING-DiBa, and not only because of the truly friendly working atmosphere. Harro was above all impressed by her boundless energy.

Older people need to be given the opportunity to acquire the skills they need to find work. However, young people often need to acquire the skills they need to be able to cope with life in general. Text books aren't really much help in this respect. The problem should be approached in a playful way. Doesn't the ING-DiBa have a passion for basketball? Harro, too, has seen the bank's commercials featuring famous basketball player Dirk-Nowitzki many times. Is there maybe more to these ING-DiBa commercials than meets the eye?

Andrea sais: Get in ...

*"The vocational training
scheme for the over 50's has
been around since 2006.
This idea was not least put
forward by our customers,
who wanted to be advised
by older people with life
experience."*

Dieter Doetsch,
Recruitment Programme Manager

07

Time:

11:30am

Location:

Nuremberg

Harro talked to:

Erika Sperber

Organisation:

ING-DiBa

Unusual:

Erika started her vocational
training course when she was
almost 60 years old



You can watch the video of
this leg of the journey here:
[ing-diba.de/harro-on-tour/
azubi50plus](https://ing-diba.de/harro-on-tour/azubi50plus)



How the ING-DiBa changes lives.

Corporate social responsibility to helping children and young people can also simply take the form of supporting a particular sport. The ING-DiBa's sports project is called BasKIDball. It is an open youth work project. The project's coordinator Andreas Schiebel wants to explain to Harro how exactly it helps young people in more detail, but Harro, of course, is more interested in the kids on the court and the ball ...

08

Time:

4:47pm

Location:

Nuremberg

Harro talked to:

Andreas Schiebel

Organisation:

BasKIDball

Unusual:

Sixty supervisors, athletes and volunteers are actively involved in the project

"It's all about children having fun together."

Andreas Schiebel,
BasKIDball coordinator

16

BasKIDball facilities
throughout Germany

1,000

number of children and teenagers
that learn to enjoy sport through
this project every year

Andreas Schiebel is passionate about organising the BasKIDball offer at Nuremberg's Sperberschule school. He believes it's a great project that focuses above all on integration and on having fun. And it's available at many other facilities throughout Germany that also cooperate with each other. Every summer, they go on a trip together. Harro could feel the kids' enthusiasm when he joined them on the hard court. They actually gave him quite a run for his money!



The big ING-DiBa Check led Andrea and Harro to six small and not so small German cities. Harro was able to see many of the factors that are responsible for the bank's success for himself.


However, a reporter's inherent curiosity is never satisfied for long ...

NUREMBERG



You can watch the video of this leg of the journey here:
ing-diba.de/harro-on-tour/baskidball



A photograph of the interior of a car. A person's hand is visible, giving a thumbs up gesture. The car's dashboard, steering wheel, and center console are visible. The background shows a blurred view of a city street with buildings and other cars.

*"Andrea, where
are we going
next?"*

Harro

*"Wait and see,
Harro."*

Andrea

The Anniversary Year 2015 in pictures.



Happy Banking to you:

The start of ING-DiBa's anniversary year.



Record Year 2014

At its annual report press conference, the ING-DiBa presents a record result for 2014.

MARCH

For the ninth time running,

the ING-DiBa is voted one of Germany's best employers in the employer competition "Great Place to Work".



AUGUST



Dirk Nowitzki

Dirk Nowitzki and the ING-DiBa will continue their cooperation. The contract is extended until 2017.

New facade lighting

on the ING-DiBa headquarters makes an active contribution to the look of Frankfurt's famous skyline at night.



JUNE



Fast-track mortgage application processing

Thanks to the ING-DiBa's new services, video legitimation and the immediate approval of KfW subsidy loans and grants, as well as additional online services, customers can now secure the finances they need to self-build or buy even faster.

OCTOBER



New Member of the Management Board

The ING-DiBa welcomes new member Željko Kaurin to the management board.

SEPTEMBER

20x

The ING-DiBa awards the Helmut-Schmidt journalism prize for outstanding business and consumer journalism for the twentieth time, this year.



DECEMBER

10 years

"FAIRantwortung Live!" celebrates 10 years of corporate social responsibility.



NOVEMBER

Mobile credit check

ING-DiBa introduces mobile credit check. Smartphone users only have to enter a few details to find out whether the private loan they require will be approved.



MANN+HUMMEL

ING-DiBa Wholesale Banking and LBBW place a Schuldscheindarlehen for MANN+HUMMEL Holding GmbH amounting to 1.1 billion euros.

APRIL

Most popular and best bank

In the big bank comparison run by business magazine "€uro", the ING-DiBa once again manages to repeat its successful performance in previous years and once more successfully defends its title of "most popular bank". At the same time, the ING-DiBa is once again voted "best bank".



MAY

Germany's biggest help-a-group campaign held for 4th time

To mark its 50th anniversary, the ING-DiBa donates 1 million euros to 1,000 clubs and community groups to make their dreams come true.



Legal notes

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60486 Frankfurt am Main, Germany

Customer services:

ING-DiBa customer support,
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The ING-DiBa at a glance.

With more than 8 million customers, the ING-DiBa is Germany's third-largest retail bank. It offers its customers a wide range of products and services. The bank's core business activities are savings accounts, mortgages, brokerage, consumer loans and current accounts.

The bank's business model is based on offering just a few transparent products with low costs and excellent cost efficiency. The business magazine "€uro" voted the ING-DiBa "Germany's most popular bank 2015".

Wholesale Banking offers banking services for large, internationally operating corporate clients. In addition to traditional banking products such as Corporate Lending and Transaction Services ING is a world leading name in structured & project financing concepts complemented by capital market solutions.



8,526,209

total number
of customers



3,749

number of employees



6.05 million euros

total donations
and sponsoring



3,480 hours

number of
volunteering hours



GROUP MANAGEMENT REPORT
AND CONSOLIDATED
FINANCIAL STATEMENTS

2015

ING-DiBa at a glance

		2015	2014	Change Percent
Key customer figures				
Total customers		8,526,209	8,279,202	3
in Germany		8,000,405	7,754,750	3
in Austria		525,804	524,452	0
Retail Customer Assets segment *				
Savings and short-term deposits				
Number of accounts		7,285,420	7,135,310	2
Portfolio volume	€ million	115,978	110,509	5
Securities business				
Number of securities accounts		1,027,868	962,550	7
Total securities account volume	€ million	27,103	23,086	17
of which fund volume	€ million	9,063	7,735	17
Orders executed		9,060,705	7,397,262	22
Current accounts				
Number of accounts		1,395,733	1,199,055	16
Deposit volume	€ million	3,889	2,963	31
Total drawing on credit	€ million	266	250	6
Retail Customer Loans segment *				
Mortgage loans				
Number of accounts		826,732	786,351	5
Portfolio volume	€ million	64,710	63,159	2
Confirmed new business	€ million	10,406	5,752	81
Consumer loans				
Number of accounts		578,823	507,476	14
Portfolio volume	€ million	5,678	4,748	20
Commercial Banking segment *				
Deposits	€ million	607	434	40
Loans	€ million	13,728	7,447	84
Contingent liabilities	€ million	1,124	1,211	-7
Open commitments	€ million	7,631	6,069	26
Business volume *				
		240,714	219,877	9
Results figures				
Net interest income	€ million	1,807	1,632	11
Risk provision	€ million	-77	-64	20
Net commission income	€ million	92	76	21
Other comprehensive income	€ million	93	-20	-565
Other administrative expenses incl. personnel expenses	€ million	-800	-736	9
Profit before tax	€ million	1,115	888	26
Cost-income ratio				
	Percent	40	44	-4 p.p.
Key accounting figures				
Total assets	€ million	143,977	136,667	5
Customer deposits	€ million	121,126	115,264	5
Loans and advances to customers	€ million	97,943	90,252	9
Equity	€ million	7,206	7,021	3
Ratios				
Tier 1 ratio pursuant to Basel III	Percent	14.9	15.8	-0.9 p.p.
Personnel				
Number of employees		3,749	3,526	6
of which trainees		94	90	4

* Segments and Business Volume based on Management Accounting figures

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1. General Basis

Corporate structure, segments, and locations

With almost 8.5 million customers, ING-DiBa is the third largest retail bank in Germany. The bank reinforced this position again in the 50th year of its existence. Characteristics of ING-DiBa 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.

ING-DiBa is managed based on three segments: Retail Customer Assets, Retail Customer Loans and Commercial Banking (as of January 2016 "Wholesale Banking"). The Retail Customer Assets segment includes all of the investment products the Bank offers. The lending business has been bundled in the Retail Customer Loans segment. 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, the Bank 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 2014 the Bank also opened the Berlin Representative office.

ING-DiBa 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 below. 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 Payments Financial markets Structured finance Real estate finance

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. ING-DiBa repeated last year's success in the major test of banks by the business magazine "Euro" in 2015 by defending its title as "Germany's Best Bank" and "Germany's Most Popular Bank". The Bank received the title "Most Popular Bank" for the ninth year in a row. The winner in this category was chosen by a vote of approximately 132,000 banking customers.

The Bank's offering in the retail business 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. Influenced by the digitization of the banking business, the relationships between customers and banks are also likely to change significantly in the coming years. ING-DiBa is well prepared for this process with a number of measures that will be presented in detail in this management report.

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

In 2015 ING-DiBa celebrated the 50th anniversary of its founding under the motto "Happy Banking to you". The parent of today's Bank, "BSV Bank für Sparanlagen und Vermögensbildung", was founded in 1965 in Frankfurt am Main and initially concentrated on the investment of capital contribution benefits.

Management (as of: 01/01/2016)

Responsibilities of the Management Board members	
Roland Boekhout	Chief Strategy Officer 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	Digital Channels Customer Dialog Marketing Product and Target Group Management Mortgage Loan Sales
Željko Kaurin (since 10/01/2015)	CB Operations & IT Mortgage Loans IT Program and Project Management Service Center Securities
Remco Nieland	Management Accounting Procurement Accounting and Taxes Treasury
Dr. Joachim von Schorlemer (since 01/01/2016)	Chief Economist Commercial Banking ING-DiBa Direktbank Austria

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 also 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. In addition, the conditions on the real estate markets and competition with other banks are key factors in driving demand for retail mortgages.

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 their willingness to 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

Development of the German economy in the fiscal year was astonishingly robust and even appeared resistant to external influences. For example, the gross domestic product (GDP) rose by 1.7 percent in 2015 compared to the previous year. With the exception of Greece, the crisis-hit countries in the eurozone also recovered significantly. Eurostat, the EU Commission's statistics office, forecast 2015 GDP growth of 6.0 percent for Ireland for example. The Spanish economy grew by 3.1 percent according to recent forecasts. However, development of the Austrian economy was noticeably weak, adding only 0.6 percent in 2015.

During the fiscal year, the entire European Monetary Union was again challenged by the Greek debt crisis, which came to a head in the first half of the year. For the first time, Greece's exit from the eurozone appeared to be a serious option. The crisis was intensified by the electoral victory of Syriza, the radical left party. The Greek Prime Minister, Alexis Tsipras, negotiated with the European governments and the International Monetary Fund (IMF), to push through an easing of the savings measures and a restructuring of Greek debt. For months the discussions remained fruitless. On June 26, 2015, the Prime Minister had the Greek banks closed in order to avoid a massive outflow of capital. At the same time, he announced a referendum on the proposals of Greece's creditors. After the majority of Greeks (61 percent) rejected additional savings measures, Greece and its creditors were nevertheless able to bring about a compromise solution and reach an agreement on the technical details of a third assistance package in the amount of EUR 85 billion for the next three years. The euro crisis again relaxed significantly in the weeks that followed.

As in previous year, the positive development of Germany's economy was driven in particular by the continuing stable level of private spending. Real salary and wage increases, lower oil and petrol prices, extremely low interest rates as well as a further decline in the unemployment rate stimulated consumer sentiment in Germany. This positive sentiment lasted the entire year and was recently apparent in the Christmas business.

According to information from the Federal Statistical Office, standard German wages increased by 3.1 percent in the second quarter of 2015 compared to same period of the previous year (including special payments stipulated under bargaining agreements). According to the report, pay scales in the civil service, in the insurance and financial industry, as well as in the manufacturing trades increased most significantly. The Institute of Economic and Social Research (Wirtschafts- und Sozialwissenschaftliche Institut, "WSI") of the trade union-related Hans Böckler Foundation forecasts average wage growth of 2.9 percent for all of 2015.

The number of unemployed in Germany declined on average to approximately 2.82 million or 6.5 percent during the fiscal year. It thus reached its lowest level since 1991 (then 2.6 million). In 2014 an average of 2.9 million people were still out of employment.

After the rate of increase in consumer prices had fallen temporarily to almost zero percent at mid-year, prices again rose slightly in the fourth quarter (+ 0.3 percent in October 2015 compared to same period of the previous year). Food prices were the primary decisive factor for the increase. According to the Federal Statistical Office, they increased in October 2015 by 1.6 percent compared to the same month in the previous year. On the other hand, prices for energy and fuel fell significantly. At 1.6 percent, the increase in construction prices at mid-year (August 2015) was also above average. However, the overall rate of inflation remains far removed from the 2.0 percent desired by the European Central Bank (ECB). Market experts therefore continue to expect very low interest rates. The ECB left the key interest rate (interest rate for main refinancing operations) at 0.05 percent during the fiscal year.

In contrast, the situation in the global economy was very different during the fiscal year. A primary driver of this development was the economic slowdown in China, the consequences of which had a stronger impact on the global economy than initially thought. While China – long the engine of global economic growth – likely fell just short of the desired 7 percent growth rate according to forecasts by the IMF, the gross domestic product in other major emerging countries actually declined significantly according to the IMF. According to a forecast from the 4th quarter of 2015, Russian GDP shrank by 3.8 percent during the fiscal year. The consequences of the sanctions against Russia imposed by Western countries due to the Ukraine crisis became apparent there. A decline in GDP of around 3 percent in the fiscal year is forecast for Brazil. In contrast, the gross domestic product of the USA was expected to grow by about 2.8 percent during the fiscal year.

On the aggregate, the IMF forecast growth of 3.1 percent for the global economy in 2015, compared to 3.4 percent in the previous year. Given additional drops in commodity prices and an appreciation of the US dollar, new problems could actually arise for the emerging markets. As a consequence of this slowdown of the global economy, the Ifo business climate index also fell slightly in the fourth quarter of the fiscal year.

While consumer spending in Germany once again proved to be an important economic engine, consumer behavior in Austria was clearly characterized by caution. Neither the decline of energy prices nor the imminent relief for private household incomes from tax reform were able to stimulate consumer spending according to WIFO – the Austrian Institute for Economic Research – in November 2015. On the other hand, the declining volume of exports to emerging markets – above all to Russia – were largely compensated for by increased demand from the USA. In WIFO's opinion the increase in domestic capital spending in the second half of 2015 as well as the reinvigoration of the export business indicate a moderate upswing in the economy. The unemployment rate rose again during the fiscal year and was just under the 9 percent mark on an annual average.

Industry environment

Regardless of the overall positive results of the stress tests conducted by the ECB in 2014 of the 130 biggest banks in the eurozone, the situation for the financial industry remains demanding. The financial institutions are feeling pressure from several sides at once. On the one hand, the continuing policy of low interest rates is increasingly challenging the traditional business model of the banks. And because rising interest rates cannot be expected in the foreseeable future, this may continue to be a challenge for the banks. On the other hand, the banks are facing increasing regulation that comes with additional costs that cannot be underestimated. In addition, digitization of the banking business and the entry of new competitors, some from outside the industry, represent what may be the most important challenges for long-term business success.

This is affecting the banks in Germany during a phase in which the earnings situation has improved slightly in many cases. However, the management consulting firm Bain & Company, in its study presented during the fiscal year, "Germany's banks 2015 — the 25 billion earnings gap", comes to the conclusion that there is a yawning gap between the average return on equity generated in 2014 of 2.1 percent and the 7.7 percent cost of equity. According to this calculation, the banks are missing EUR 25 billion in net income after tax in order to be able to service the claims of their shareholders. However, the study also evidenced that the return on equity of direct banks is the best in comparison between the institution groups.

As a consequence, additional measures by banks in the coming years should lead to a significant reduction in costs. Additional mergers and a thinning of the cost-intensive branch network are therefore to be expected. The announcement in the fourth quarter of the fiscal year of the 2016 merger of DZ Bank and WGZ-Bank caused a stir. The top cooperative institutes want to achieve savings of at least EUR 100 million per year from the merger. The corresponding pronouncements in November 2015 also spoke of a "moderate reduction in jobs". This merger is therefore exemplary of the development to be expected in the banking sector in the coming years: It is expected that the consolidation process will continue and therefore the number of employees in conventional banks will trend downward.

Furthermore, it must be assumed that regulatory costs will increase further for the financial institutions in the eurozone. The costs for the contributions to bank and deposit protection already increased significantly during the fiscal year. A further increase must be assumed here as well. Pressure on the banking sector in the eurozone will therefore increase further – on both the revenue and the cost side.

With the entry into force of the German Deposit Guarantee Act (Einlagensicherungsgesetz, "EinSiG") on July 3, 2015, the previous legal deposit guarantee protection was changed to the effect that banks must pay in "a target level of at least 0.8 percent of covered deposits" by 2024. Covered deposits in this connection are the deposits protected by the Compensation Scheme of German Banks (Entschädigungseinrichtung deutscher Banken GmbH, "EdB") of up

to EUR 100,000 per saver. The objective of this change is to establish a European-wide deposit protection scheme for bank deposits in order to better protect the deposits of savers in the EU. These plans have met with criticism from the federal government and German banks. The background is that in many EU countries no corresponding protection schemes have existed to date, thus bringing the fear that the contributions paid in over years in Germany could be used to settle losses in countries without previous domestic deposit protection schemes.

One important topic unnerving many banking customers in the fiscal year remained the discussion on negative interest rates. On June 5, 2014, the ECB introduced negative interest rates for its deposit facility, i.e., for deposits by European banks at the ECB. However, the concern of small investors appears rather unfounded at this time because no bank has introduced negative interest rates for small and medium-sized deposits to date.

As mentioned, digitization is also confronting the traditional banking world with change processes that are occurring with increasing momentum. New competitors from outside the industry with a large amount of capital and internationally known groups, such as Apple and Google, will be increasing their operations in the financial industry. In addition to this are the large number of so-called FinTechs, such as those currently being founded as startups primarily in the USA and the United Kingdom.

Mobile banking will be only the beginning of continuing digitization, which will revolutionize the entire banking industry in the coming years. This future trend was also discussed intensively in the industry during the fiscal year.

The industry environment in Austria

The Austrian banking industry was characterized by continuing consolidation and savings measures as well as some surprises during the year under review. The issue of Hypo Alpe Adria Bank International, the related legal proceedings, and the operation of Heta Asset Resolution, the wind-down company, continued to dominate the public discussion. The announcement in November by the Italian bank, Unicredit, that they would drastically reduce their retail customer business in Austria, comprising approximately 1.6 million customers, or possibly sell the business and transfer the bank's entire Eastern European business from Vienna to Milan was unexpected.

From an economic perspective, the aggregate profit or loss of the Austrian banks in the first half of 2015 was again positive at EUR 2.6 billion and was hence EUR 3.2 billion above the negative comparative figure from 2014. The material drivers of the improvement included the increase in the net interest income, in spite of the continuing low interest rates, the increase in net commission income, the significant reduction in write-downs and impairment losses, and the decline in credit risk provisions. The fact that the losses from Hypo Alpe Adria Bank International were no longer included also had a positive impact on results.

In view of the continuing low interest rates as well as the flat yield curve, the fiscal year saw a further decrease in the savings rate of private households to approximately 7 percent on average. The financial assets of private households amounted to EUR 583 billion or 177 percent of the Austrian gross domestic product. Private household debt was at 89.7 percent compared to the net household income (Q1 2015).

Summary

ING-DiBa is well-positioned in an overall demanding environment. This concerns both the competition with other direct banks as well as with branch banks, online brokers and mortgage lenders. The Bank's business model, proven over many years, as outlined at the beginning of this report contributed to its competitive position. Additionally, the Bank adapted to the increasing importance of mobile banking in good time. For example, ING-DiBa introduced the video verification of identity as an alternative to the PostIdent method already in September 2014. In November of the same year, the SmartSecure App went live, which allows bank transfers without a TAN. Since April of the fiscal year customers have also been able to use photo transfers. In such transfers, the data is recorded from paper invoices using a smartphone camera and sent to the banking system. This photo transfer was developed by one of the FinTech companies. ING-DiBa assumes that FinTechs and traditional banks will not be primary competitors. Rather, a more symbiotic relationship appears probable. A cooperation from which both will ideally benefit.

Overview of business development

The continuing low interest rate policy represents a challenge for the traditional banking business that cannot be underestimated. Nevertheless, ING-DiBa succeeded again in fiscal year 2015 in generating a record result. The Bank again topped the already high levels of almost all important key figures –despite the increasingly fierce competition for retail customers as well as in commercial banking. Against this backdrop the Bank's business development in 2015 was once again very satisfactory.

In its development, ING-DiBa takes great care to ensure in particular balanced quantitative as well as qualitative growth, which is reflected in the overall result. In fiscal year 2015 ING-DiBa generated net interest income of EUR 1,807 million (previous year: EUR 1,632 million). Net commission income increased in 2015 by EUR 16 million from EUR 76 million to EUR 92 million. Profit before tax amounted to EUR 1,115 million, which was approximately EUR 227 million more than in fiscal year 2014 (EUR 888 million). Contrary to a forecast decline, the profit before tax improved significantly, increasing by around 26 percent in fiscal year 2015, which primarily is attributable to a significant increase in net interest income and improved net income from investment securities. As expected, administrative expenses rose less than proportionally to net interest income and contributed to the positive financial growth.

The pre-tax MA result increased in line with the profit before tax, from EUR 884 million as of December 31, 2014, to EUR 1,091 million as of December 31, 2015, representing an increase of 23 percent or EUR 207 million. This positive forecast variance for 2015 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 24 percent due to the positive earnings development and was thus 5 percentage points over the value forecast for 2015.

The cost-income ratio (CIR) fell by 4 percentage points from 44 percent in fiscal year 2014 to 40 percent in fiscal year 2015. This indicator shows the relationship of administrative expenses to operating income. Compared to a slight improvement of the cost-income ratio forecast for 2015, higher income combined with a concurrent less than proportional rise in expenses resulted in a moderate improvement of the performance indicator.

The development of consolidated total comprehensive income compared with the previous year is mainly impacted by the decrease in the revaluation reserve for Afs financial investments of EUR 278 million compared to an increase of EUR 514 million during the previous period. This decrease was impacted by pull-to-par effects and disposals from the Afs security portfolio as well by a slight increase of the long-term interest rate curve.

Business volume increased during the 2015 fiscal year by 9.5 percent. Growth thus came in somewhat stronger than forecast and was over the previous year's increase of 7.6 percent. At the end of fiscal year 2015 the Bank's business volume had increased to EUR 240.7 billion compared to EUR 219.9 billion as of December 31, 2014. 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.

As of December 31, 2015, ING-DiBa had 8.5 million customers, compared to approximately 8.3 million at the same date the previous year. Of that number, 8.0 million were attributable to Germany (previous year: 7.8 million) and 0.5 million to Austria (previous year: 0.5 million). Despite increasing competition, ING-DiBa's attractive business model succeeded in winning a noteworthy number of additional new customers. The Bank had a total of 3,749 employees as of December 31, 2015 (previous year: 3,526), of which 94 were trainees (previous year: 90). As part of the "Great Place To Work" competition, ING-DiBa achieved an encouraging result in the fiscal year: 82 percent (previous year: 86 percent) of employees indicated that they are satisfied with their job at the Bank. Irrespective of the four percent variance from the previous year's forecast, the Bank continues to rank among the best employers in Germany.

ING-DiBa's retail banking business model relies on informed customers acting on their own and thus is an alternative to commission and fee-based consulting. Customers are offered a deliberately lean product and service portfolio that nevertheless includes everything that banking customers need for their money and savings matters as well as for mortgage loans. Service quality, and ensuring it long term, is another core element. Both are measured and monitored continually on the basis of service levels. This strategy is reflected in the satisfaction of customers, a large number of whom recommend ING-DiBa. A very good Net Promoter Score of 32 percent (previous year: 39 percent) in 2015 underscores this approval and, in spite of a 7 percent negative variance from the previous year's forecast, represents an extremely satisfactory result in comparison to competitors.

Because the Bank deliberately foregoes branches and face-to-face consulting, it contributes in other ways to helping customers make their own critical decisions. In addition to its own, deliberately neutral information offerings, the Bank maintains constructive dialog with independent financial journalists, academics and consumer protection agencies. Prior to the celebration of the 50th anniversary of ING-DiBa on October 10, 2015, in the Old Opera House in Frankfurt am Main, the Bank for the 20th time in a row was presented the Helmut Schmidt Award for Journalism, which is granted for outstanding performance in financial and consumer journalism. Approximately four weeks after receiving this award, Helmut Schmidt died in Hamburg. ING-DiBa Chairman of the Management Board Roland Boekhout paid tribute to the former German Chancellor in an obituary in the "Börsenzeitung" as a

great European and emphasized the close and faithful cooperation, not just in connection with the Helmut Schmidt Award for Journalism.

For the ninth time in a row, the readers of "€uro" magazine voted ING-DiBa as "Germany's Most Popular Bank" and for the eighth time overall as the "Best Bank". ING-DiBa will work with Dirk Nowitzki, its successful champion, in the coming years as well. Both parties extended their contract until 2017. The Bank has used the NBA star in its advertising since 2003.

In August 2015, Martin Krebs, member of the Board of Management of ING-DiBa, announced his departure from the Bank as of December 31, 2015. He was succeeded by Dr. Joachim von Schorlemer on January 1, 2016. The latter had worked at Royal Bank of Scotland as Country Executive for Germany, Austria and Switzerland since September 15, 2013. Dr. von Schorlemer was previously CEO of BNP Paribas Germany.

As of October 1 of the fiscal year, Željko Kaurin became a new member of the Management Board of ING-DiBa. As Chief Operations Officer (COO), he is responsible for the Mortgage Loans, Program and Project Management, Information Technology, Service Center, Commercial Banking Operations & Business Development and Securities organizational units.

The Bank can also look back on a successful fiscal year 2015 in Austria. Its continuing strong positioning as a low-cost direct bank was significantly strengthened by two product focuses: extensive marketing and communications measures helped provide significant growth in the volume of consumer loans. An initial marketing focus in the entirely redesigned and significantly expanded direct fund product area exceeded all expectations and showed that ING-DiBa Direktbank Austria can also position itself well with this possible alternative to the conventional savings business.

There was a change in top management at ING-DiBa Direktbank Austria during the course of the fiscal year: After just under five years, Roel Huisman moved to TMB in Thailand and handed over the post of CEO to Mr. Luc Truyens, who had previously been CEO at ING Russia for three years and has more than 30 years of banking experience in the ING Group. Together with CFO Volker Panreck, Luc Truyens increased the number of employees to 182 (previous year: 152 employees) and thus readied the Bank for future challenges: Ambitious plans for enhancing the product and service range as well as plans for organic growth starting in 2016 have been defined.

As usual, at the foremost of these plans stand customers and their needs, which are changing rapidly above all in the Retail segment and clearly moving toward "mobile banking" and "multi-channel banking", as well as direct, open and transparent communication at eye level. Numerous awards, as well as the active use and transparent presentation of customer feedback via the eKomi rating platform, document that ING-DiBa Direktbank Austria is already very successfully here. This claim of a bank closely supporting the customer in all of life's situations is also taken into account in a completely redesigned

advertising concept that was launched right after Christmas 2015 and clearly points the way to realignment and growth for 2016.

The solid result for fiscal year 2015 is the starting basis for that growth. The number of customers was approximately 526,000 (previous year: 524,000) and business volume totaled EUR 7.9 billion (previous year: EUR 7.8 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 comprise 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 direct 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 European Central Bank (ECB) held firm to its policy of low interest rates during the fiscal year. The main refinancing rate for banks was 0.05 percent during the entire year. At the same time, a negative interest rate applied for the deposit facility for all of 2015. The ECB's pronouncements during the course of the fiscal year do not give reason to expect an end to low interest rate policies soon. The deposit facility allows European banks to invest unneeded money at the ECB short term. The central bank sets an interest rate for these deposits that is currently a negative interest rate.

With normal savings products customers today can hardly earn a noteworthy return, at the bottom line there is actually often a loss of purchasing power. Compared to other financial institutions, ING-DiBa offered an above-average interest rate on savings deposits again in the fiscal year. For call deposits ING-DiBa paid 1 percent interest at the end of the fiscal year on a newly-opened Extra account (call deposit) for the first four months on balances up to EUR 100,000. The variable Extra account interest rate applied subsequently (end of 2015: 0.5 percent per year up to EUR 100,000, 0.25 percent for larger deposits).

Many customers again decided in favor of the Extra call deposit account in the fiscal year. Overall, the portfolio volume of all savings deposits as of December 31, 2015, rose to EUR 116.0 billion (previous year: EUR 110.5 billion). The customer deposits for ING-DiBa Direktbank Austria included in that figure increased to EUR 7.9 billion as of the end of fiscal year (previous year: EUR 7.5 billion).

Securities services business

The Deutsche Aktienindex (DAX) closed at 9,806 points on the last trading day of 2014. Driven by the low interest rate policies of the leading central banks as well as the robust German economy, the DAX experienced a real price rally in the first half of 2015. It actually broke through the 12,000-point mark in the spring and reached a peak just under 12,400 points.

Geopolitical risks and concerns with respect to further economic development in China and other emerging countries then pushed the German exchange barometer to below 9,500 points in early fall, before a renewed rally began in November, which itself was not slowed by the VW emissions scandal and the terrorist attacks in Paris. The DAX ended the last trading day of 2015 at 10,743 points.

In view of very moderate returns in the bonds sector and also low interest rates on conventional savings products, numerous customers of ING-DiBa again bought securities during the fiscal year. The number of orders executed for customers rose to 9.1 million (previous year: 7.4 million). In October 2015 the Bank already managed one million securities accounts for its retail customers. That made ING-DiBa the first online broker in Germany to reach that mark. Within less than ten years the Bank was able to more than double the number of its securities accounts. As of December 31, 2015, ING-DiBa managed more than 1 million securities accounts (previous year: 963 thousand). The securities account volume increased to EUR 27.1 billion (previous year: EUR 23.1 billion). The fund volume included in these accounts at the end of the fiscal year was EUR 9.1 billion (previous year: EUR 7.7 billion).

Current accounts

ING-DiBa again saw an increase in current accounts during the fiscal year. Current accounts at the Bank have no fee and allow account holders to withdraw cash without a fee at more than 90 percent of all ATMs in Germany using the ING-DiBa VISA card (also no-fee). The product portfolio also includes the no-fee "Student current account", for which a student overdraft facility in the amount of EUR 500 can be granted upon request.

As of December 31, 2015, ING-DiBa maintained 1.4 million current accounts for its customers (previous year: 1.2 million). At the same time the deposit volume rose to EUR 3.9 billion (previous year: EUR 3.0 billion). Overdrafts on current accounts totaled EUR 266 million as of the reporting date (previous year: EUR 221 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 ING-DiBa. This includes long-term mortgage loans and short and mid-term consumer loans. ING-DiBa posted additional growth in this segment as well in the fiscal year.

Mortgage loans

The continuing low interest rates again had a very favorable impact on the real estate market in the fiscal year. The boom observed for years actually strengthened further in 2015. According to the Federal Statistical Office approximately 251,000 new housing units were approved in 2014. The number of new housing units increased by 6.7 percent in 2015 to about 268,000; thus it is underscoring this positive trend. Naturally, the demand for mortgage loans grew along with this. Many real estate owners also used the favorable terms for debt rescheduling, that is, they obtained follow-up financing or forward loans and so locked in the low interest rates long term.

ING-DiBa again maintained its position as one of the leading mortgage lenders in Germany in 2015 and further expanded its business. The Bank 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, many customers at ING-DiBa in turn obtained their follow-up financing at favorable terms. 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.

The volume of the mortgage loan portfolio at ING-DiBa was EUR 64.7 billion as of the end of the fiscal year (previous year: EUR 63.5 billion). Committed new business for 2015 was EUR 10.4 billion (previous year: EUR 5.8 billion). As of the December 31, 2015, reporting date, the Bank maintained around 827 thousand mortgage loan accounts (previous year: 786 thousand).

Also during the fiscal year, the Bank introduced new services for even faster processing of mortgage loans. For example, ING-DiBa's integration in the KfW (Kreditanstalt für Wiederaufbau) development bank's "Bankdurchleitung Online 2.0" (online bank pass through) has made it possible to get an immediate commitment since July 2015 even when requesting funds under promotional programs. Within a few seconds KfW's automated review and

decision systems can give the customer a binding commitment on the eligibility of the intended construction under its programs.

Already since 2014 new customers for certain products can identify themselves at home using video identification on their own computer, tablet or smartphone. This option has been offered for mortgage loans as well since July 2015. Video identification is offered as an alternative to the conventional PostIdent method which required a visit to a post retail outlet.

Consumer loans

The positive buying mood continued during the fiscal year, above all in Germany. The low interest rates and favorable development in the labor market contributed to the positive economic outlook.

Low-cost consumer loans were often used for private purchases. The number of consumer loan accounts rose to 579 thousand during the fiscal year (previous year: 507 thousand). The portfolio volume amounted to EUR 5.7 billion as of December 31, 2015 (previous year: EUR 4.7 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 predominantly 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. The segment 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 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, commodity, and interest rate risks through its Financial Markets unit. The sectors in which ING is active for corporate customers in Germany are: Automotive, chemicals & pharmaceutical, consumer, food & retail, industrials, natural resources, power, utilities, renewables & infrastructure, telecom, media & technology, transport & logistics as well as financial institutions.

Global investors

Commercial Banking offers global investors and projects structured finance solutions, which focus on four different sectors: Structured Export Finance primarily supports German business 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 commercial properties, primarily located in Germany, using debt capital. In addition, Structured Acquisition Finance supports investments in strong growth companies and the Structured Solutions Group supports companies with asset-based lending for liquidity management. ING also offers global investors expertise in the following sectors: Metals & energy, natural resources, telecom, media & technology, transportation finance as well as utilities, power & renewables.

During the fiscal year, the Bank 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 loan portfolio developed positively in connection with the general economic environment and by selectively entering into new loan transactions as mentioned. The risk costs were therefore lower than expected.

In spite of an overall stagnating market, the Commercial Banking segment attained encouraging growth figures. The establishment of the global Automotive Platform and construction of the Global Competence Center for transport finance in Frankfurt in the fiscal year contributed to this growth. In addition, a sub-participation in customer receivables of ING Capital LLC, New York, USA, was acquired.

As of December 31, 2015, Commercial Banking's loan volume totaled EUR 15.2 billion (previous year: EUR 8.6 billion). This corresponds to an increase of 77 percent within one year. Guarantees, contingent liabilities and irrevocable loan commitments increased during the fiscal year to EUR 8.6 billion (previous year: EUR 7.4 billion).

Results of operations – Group

Overall results of operations

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

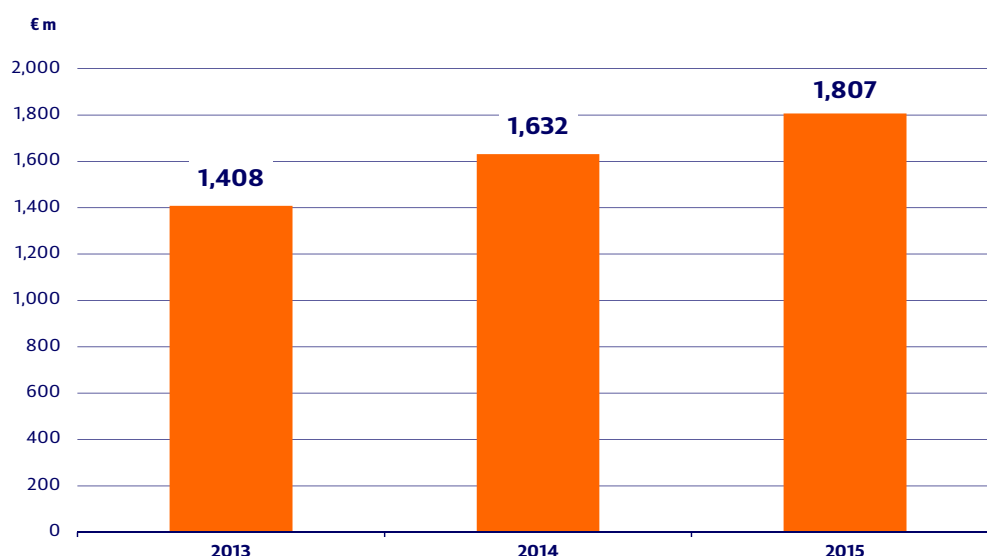
Consolidated income statement	2015 € m	2014 € m	Change € m
Net interest income	1,807	1,632	175
Net commission income	92	76	16
Other net income	93	-20	113
Risk provision	-77	-64	-13
Personnel expenses	-314	-287	-27
Other administrative expenses	-486	-449	-37
Profit before tax	1,115	888	227
Income tax	-360	-289	-71
Profit after tax	755	599	156

In fiscal year 2015 the ING-DiBa Group generated EUR 1,115 million in profit before tax, representing a 26 percent increase as compared to the previous year, despite a challenging industry environment.

Net interest income

	2015 € m	2014 € m
Interest income		
Interest income from lending transactions	3,028	3,120
Total interest income from lending transactions	3,028	3,120
Interest income from available-for-sale securities	620	660
Interest income from held-to-maturity securities	14	0
Other interest income	- 801	-858
Negative interest on liabilities	1	0
Total interest income	2,862	2,922
Interest expenses		
Interest expenses on deposits from banks	248	239
Interest expenses on amounts due to customers	769	1,023
Interest expenses on securitized liabilities	27	27
Other interest expenses	2	1
Negative interest on assets	9	0
Total interest expenses	1,055	1,290
Net interest income	1,807	1,632

Net interest income (year-on-year-comparison)



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 net interest income in the fiscal year as expected by 11 percent, from EUR 1,632 million to EUR 1,807 million. This development was largely driven by a decline in interest expenses on customer deposits. This decrease essentially resulted from interest rate adjustments to match the capital market during the course of the fiscal year. The lower average interest on deposits compensated for the positive growth in deposit volumes.

Interest income from lending transactions declined by EUR 92 million to EUR 3,028 million (2014: EUR 3,120 million) despite higher lending volume. Interest income from securities decreased from EUR 660 million in fiscal year 2014 to EUR 634 million for fiscal year 2015.

Other interest income, which includes net interest income on hedging derivatives, improved to EUR -801 million (2104: EUR -858 million).

Overall, interest income declined by EUR 60 million to EUR 2,862 million, while interest expenses fell by EUR 235 million to EUR 1,055 million.

Net commission income

Net commission income totaled EUR 92 million in fiscal year 2015 (2014: EUR 76 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 4 million in measurement gains on derivatives and hedged items (2014: EUR -32 million), EUR 76 million in other gains on financial investments and investment property (2014: EUR 1 million), and net income from other income and expenses of EUR 13 million (2014: EUR 11 million).

Net gains/losses on measurement of derivatives and hedged items

The net gain/loss on measurement increased from EUR -32 million as of December 31, 2014, to EUR 4 million as of December 31, 2015, in particular due to the first-time application of the IFRS EU "carve-out" rules (bottom layer approach) for portfolio hedge accounting of mortgage loans.

Other net gains/losses on financial investments and investment property

Gains from the optimization of the securities portfolio were the primary contributor to the increase in other net gains on financial investments and investment property.

Risk provision

Risk provisioning expenses increased year on year in 2015 by EUR 13 million to a total of EUR 77 million.

Personnel expenses

Personnel expenses increased by 9 percent year on year, from EUR 287 million to EUR 314 million, in particular as a consequence of the hiring of new employees as well as from salary increases.

Other administrative expenses

Other administrative expenses including depreciation, amortization, and write-downs increased from EUR 449 million to EUR 486 million during the fiscal year. This development is primarily attributable to increased premiums to the bank restructuring funds (bank levies) and higher compulsory contributions for deposit protection.

Income tax

Income tax amounted to EUR 360 million (2014: EUR 289 million) and comprised the current tax expense of EUR 354 million (2014: EUR 320 million) and deferred tax expense of EUR 6 million (2014: deferred tax income of EUR 31 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 32.3 percent, the effective tax rate for 2015 was above the nominal tax rate of 31.5 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 884 million as of December 31, 2014, to EUR 1,091 million as of December 31, 2015. The return on equity increased by 3 percentage points, from 21 percent in the 2014 fiscal year to 24 percent in 2015. There was also improvement in the cost-income ratio (from 44 percent in 2014 to 40 percent in 2015), which is a relative indicator depicting the relationship of administrative expenses to operating earnings.

Results of operations by segment

	2015 Retail Customer Loans € m	2015 Retail Customer Assets € m	2015 Commercial Banking € m	2015 Total MA € m	2015 Reconciliation € m	2015 IFRS € m
Net interest income	726	899	173	1,798	9	1,807
Net commission income	- 96	109	41	54	38	92
Other net income	0	103	10	113	- 20	93
MA income	630	1,111	224	1,965	27	1,992
Risk provision	- 53	- 4	- 20	- 77	0	- 77
Administrative expenses	- 186	- 545	- 66	- 797	- 3	- 800
Result before tax	391	562	138	1,091	24	1,115

	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

Retail Customer Loans segment

The core products of the Retail Customer Loans segment include mortgage and consumer loans. Earnings from the Retail Customer Loans segment rose by EUR 11 million in fiscal year 2015 to EUR 391 million (2014: EUR 380 million). This increase was due primarily to the increase in net interest income from mortgage loans of EUR 3 million and from consumer loans of EUR 20 million.

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

Due to higher brokered transactions, net commission income declined by EUR 36 million to EUR -96 million (2014: EUR -60 million). Administrative expenses were reduced by EUR 8 million to EUR 186 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 162 million to EUR 562 million as of December 31, 2015 (2014: EUR 400 million). The improvement was due in particular to the increase in net interest income from savings deposits, which was up EUR 101 million year-on-year.

Net commission income increased by EUR 16 million year on year. This increase was due primarily to the EUR 23 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 83 million to EUR 545 million as a result of the growth in business and the corresponding increase in the number of employees.

The increase in other net income from EUR -36 million to EUR 103 million is attributable among other items to gains from the optimization of the securities portfolio.

Commercial Banking segment

Earnings from the Commercial Banking segment increased by EUR 34 million to EUR 138 million (2014: EUR 104 million). This increase was due to factors such as the EUR 78 million increase in interest and commission income resulting from the increased volume of lending to customers.

Due to the increase in business volume, additional employees were hired during fiscal year 2015. This is the primary reason for the EUR 14 million increase in administrative expenses in 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, 2015, as compared to the previous year.

Consolidated statement of financial position	12/31/2015 € m	12/31/2014 € m	Change € m	Change Percent
Assets				
Loans and advances to banks	4,904	3,138	1,766	56
Loans and advances to customers	97,943	90,252	7,691	9
Adjustment to portfolio fair value hedges	1,183	1,687	- 504	-30
Financial investments	37,670	38,950	- 1,280	-3
Derivatives with positive fair value	68	32	36	113
Other assets	2,209	2,608	- 399	-15
Total assets	143,977	136,667	7,310	5
Equity and liabilities				
Equity	7,206	7,021	185	3
Securitized liabilities	1,283	1,282	1	0
Deposits from banks	12,941	11,149	1,792	16
Due to customers	121,126	115,264	5,862	5
Derivatives with negative fair value	76	457	- 381	-83
Other liabilities	1,345	1,494	- 149	-10
Total equity and liabilities	143,977	136,667	7,310	5

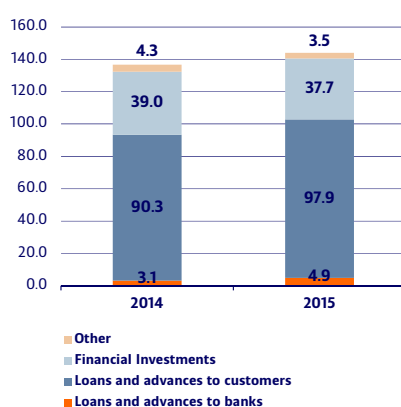
The ING DiBa Group's total assets grew by 5 percent to EUR 144.0 billion in fiscal year 2015 (December 31, 2014: EUR 136.7 billion). Assets are characterized by loans and advances to customers and financial investments. The Group's liquidity position as of December 31, 2015

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.

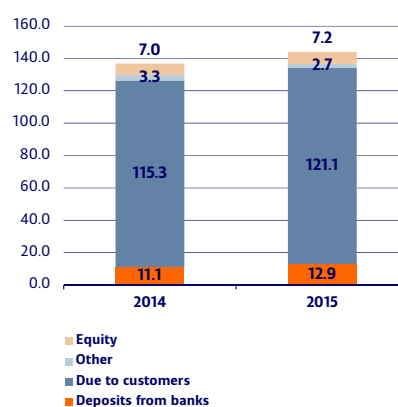
Contingent liabilities increased to EUR 14.0 billion at the end of the fiscal year (December 31, 2014: EUR 9.7 billion). Contingent liabilities included EUR 13.0 billion in irrevocable loan commitments as of December 31, 2015 (December 31, 2014: EUR 8.6 billion).

Structure of the statement of financial position

Assets – in € bln.



Equity and liabilities – in € bln.



Assets

Loans and advances to banks increased by EUR 1.8 billion to EUR 4.9 billion in fiscal year 2015. The change compared to the previous year essentially resulted from an increase in loans and advances to the Group parent ING Bank N.V. for which cash collateral has been provided.

Loans and advances to customers increased from EUR 90.3 billion to EUR 97.9 billion in fiscal year 2015. The EUR 7.6 billion increase in loans and advances compared to December 31, 2014, is attributable primarily to the growth in mortgage financing as well as in the corporate customer business.

The portfolio of financial investments decreased by EUR 1.3 billion to EUR 37.7 billion in fiscal year 2015. The decline resulted from final maturities and sales, in particular of government and corporate bonds that were not entirely replaced by purchases.

Other assets primarily present interest accruals and the cash reserve. The development of other assets is above all attributable to the increase in the cash reserve.

Equity and liabilities

Liabilities to banks posted an increase of 16 percent in fiscal year 2015 to EUR 12.9 billion. The primary reason for this development was the increase in liabilities from time deposits in foreign currency that were concluded for refinancing the corporate customer business.

Despite the generally low market interest rates in fiscal year 2015, ING-DiBa was able to increase the deposit volume once again. Amounts due to customers increased by 5 percent or EUR 5.8 billion to EUR 121.1 billion.

The growth is based in particular on an increase in call deposit accounts. 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 7.3 million (December 31, 2014: 7.1 million) savings accounts at the Bank (time deposit, call deposit and other savings accounts).

Equity increased from EUR 7.0 billion to EUR 7.2 billion in fiscal year 2015. ING-DiBa's share capital was completely held by ING Deutschland GmbH, Frankfurt am Main, as of December 31, 2015.

Overall statement

The largest items in the Bank's statement of financial position continue to consist of the loans and advances to and amounts due to customers and the financial investments. Business volume and the overall result also grew further in fiscal year 2015. The assets, liabilities, financial position, and results of operations were extremely 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 development of employees and their involvement in ING-DiBa's success.

Number of customers

As in previous years, ING-DiBa's customer base again grew significantly in fiscal year 2015. The number of customers rose by about 200 thousand compared to 2014 to almost

8.5 million. 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 customer satisfaction in this connection is the repeat win in the major test of banks as "Germany's Most Popular Bank" by the business magazine "€uro". The Bank has now won this accolade for the ninth time in succession. At the same time, ING-DiBa was also voted "Germany's Best Bank".

The winner in the "Germany's Most Popular Bank" category was determined by almost 132,000 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 "Germany's 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 their willingness to 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 32 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.

Independent studies document the high level of service quality at ING-DiBa. For example, between August and October 2015, the German Institute for Service Quality (Deutsches Institut für Service-Qualität, "DISQ") on behalf of the news channel n-tv surveyed more than 16,000 banking customers, asking how satisfied they are with their bank. ING-DiBa took first place in the direct bank category.

The focus of the analysis was satisfaction with service, terms and conditions as well as transparency and security, the bank's image and reputation and the product range. Customer annoyances and their willingness to recommend were also considered in the overall rating.

"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 means that by offering transparent products, ING-DiBa is a fair partner for its customers and engages in social responsibility, for example, with its volunteer work in Germany. 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 3,700 employees excellent workplace.

Employee satisfaction and culture

Typifying this is a culture that is characterized by open communication, short decision-making processes and recognition of special performance. Our employees confirm this in the regular internal surveys with high overall satisfaction. For example, ING-DiBa was selected as one of the best German employers in the "Great Place To Work" competition for the ninth time in a row. 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. In the survey, 82 percent (previous year: 86 percent) of employees indicated that they are highly satisfied with their job at ING-DiBa. The Bank also received the special "Diversity" prize – an award for special training opportunities that the Bank created for mothers in part-time work, socially disadvantaged young people, as well as older workers and people with disabilities.

Handling diversity

The Bank places great value on a work environment that is characterized by respect, fairness, tolerance and equal opportunity. 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" in 2011, 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. The Diversity Council's work focuses on the topics "Women & Career", "Age mix" and a "Diversity Dashboard", in order to use facts and figures to observe diversity trends in ING-DiBa and derive measures where appropriate. The Bank's "Opportunities through Training" program fosters versatility, self-determination and inclusion in its own organization. As part of its "Education 50+" program, ING-DiBa has been training people on the other side of 50 to be banking assistants since 2006. With an expanded training offering, mothers can now complete training in office management or

dialog marketing part-time. As part of a special development program, socially disadvantaged young people can learn interesting professions such as bank business management assistant or office management assistant. In the same manner, women and men with handicaps can obtain training as a bank business management assistant or IT specialist.

Healthy with "DiBa FIT"

The topic of health is also a fixed component of the Bank's corporate culture. "DiBa FIT" provides employees with offerings on a range of topics, such as nutrition and exercise as well as psychological and preventive healthcare. Additionally, employees can use a preventive health insurance program 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.

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 on topics such as childcare, adult care, health and phased retirement. The forward-looking collective bargaining agreement is a first in the banking industry.

Corporate Governance Declaration

Promotion of women

ING-DiBa supports fixed target quotas for women in management positions and sets ambitious goals for senior management. The development of women in management positions is of high strategic importance to the Bank and is a core component of diversity management. The future viability and innovative ability of ING-DiBa depends significantly on gaining and further developing the most qualified employees for the Company. In order to achieve this objective, women in all phases of life are supported in their career development and the awareness for this subject in the Bank is strengthened by internal communications with managers and upper management.

The following measures are taken specifically for the promotion of women:

- Early identification and promotion of female talent
- Special management programs for women
- Mentoring and coaching
- Targeted promotion with cross-divisional projects, foreign deployments and networking events.

Current status and target quotas for the promotion of women

	Men	Women	Total	Percentage of women 12/31/2015	1. Target quota in percent 06/30/2017	2. Target quota in percent 06/30/2020
Supervisory Board	10	2	12	17	25	33
Management Board	5	1	6	17	20	20
Senior management	36	7	43	16	22	30

The Bank combines the two upper management levels below the Management Board in senior management. As of the closing date, the first management level had 3 women out of a total of 23 employees. The quota of women at this level is thus 13 percent. The percentage of women on the second level was 20 percent at the end of the fiscal year, which corresponds to 4 women out of a total of 20 employees on the second management level.

The target quotas are identical for the first and second management level and they are combined within the goals for senior 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.

- The job guarantee allows the return to their job within twelve months after the birth of a child. The Bank maintains active contact with its employees during parental leave.
- ING-DiBa supports its employees with childcare centers at all locations, a monthly expense allowance for childcare as well as care during vacations and emergencies.
- Employees who care for a family member privately received a care allowance and free consulting as well as support in the search for the appropriate type of care.

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, spread risk and currency risk. 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). Liquidity risks can arise in different currencies.

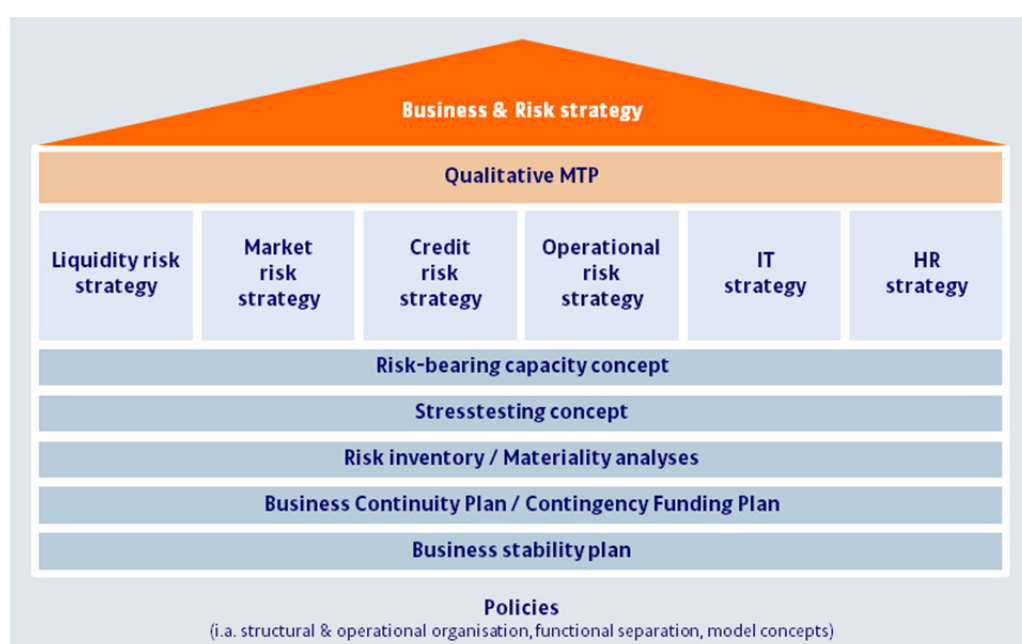
Traditional credit risk is a component of counterparty default risk and represents the risk of a loss due to the default or deterioration in creditworthiness of an external counterparty.

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 respective Risk Management organizational units are responsible for managing ING-DiBa's risks throughout the Group: Market & Integrative Risk Management, Credit Risk Management as well as Non Financial Risk Management & Compliance. All the above units

report directly to the Chief Risk Officer. Corporate 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 Non Financial Risk Committee (NFRC) is, among others, 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 and 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

After deducting a limit buffer, 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 2015 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, 2015, are quantified in the table below.

	12/31/2015 Limits € m	12/31/2015 Limit utilization Percent limit	12/31/2014 Limits € m	12/31/2014 Limit utilization Percent limit
Counterparty default risk	600	69	550	65
Market price risk	900	46	900	85
Operational risk	40	70	40	69
Overall limit and limit utilization	1,540	56	1,490	77
Risk-taking capital and utilization	2,262	38	2,570	45

ING-DiBa's risk-taking capital amounted to EUR 2,262 million as of December 31, 2015, a decrease of EUR 308 million compared with the previous year (EUR 2,570 million). The decrease was caused on the one hand by an increase in the limit buffer. In addition, unrealized gains on securities, which also represent a portion of risk-taking capital, also declined.

The utilization of the overall limit was below the previous year's level and amounted to 56 percent as of December 31, 2015 (previous year's level for 2014: 77 percent). The decline resulted primarily from market price risks after securities holdings impacting the market price risk were reduced.

The adjustments to the Risk-Bearing Capacity Concept made as of January 1, 2015, relate primarily to the changeover of interest rate risks to a value at risk approach (previously: parallel scenarios, only minor impacts as of the changeover date) as well as an extended consideration of other risks. Other risks in this context relate for example to country risks as part of the limit buffer, which have been classified as material since the risk inventory for fiscal year 2015.

The limit buffer was raised compared to the previous year, from EUR 400 million to EUR 500 million as of the reporting date, in particular due to the previously mentioned country risks and the adjusted calculation for business and strategic risks. The risk-taking potential thus amounted to EUR 2,762 million as of December 31, 2015 (previous year: EUR 2,970 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 in conjunction with an increase in interest rates and an expansion of spreads 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, 2015, 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 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 individual 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. These concentrations 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. ING-DiBa's repricing profile is therefore deliberately broken down into varying maturities and is reported regularly.

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 are 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, 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 the organizational units 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 that 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 growth in the loan volume in foreign currency has increased the significance of currency risk (also foreign exchange rate risk), i.e., the risk that changes in one or more foreign currency exchange rates will reduce the value of a position.

Volatility risks currently arise at ING-DiBa from implicit options: the risk of changes in customer behavior (e.g. unscheduled repayments on mortgage loans and installment loans or withdrawal behavior with Extra accounts) due to market fluctuations.

Organization

The Management Board commissioned the Market & Integrative 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 organizational unit 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.

With a view to ensuring the continued existence of the Bank as a going concern, Risk Appetite Statements are defined, from which in turn the limits for operational management are derived:

- ▶ The Bank wants to limit fluctuations in the expected net interest income of the next 12 months as a result of changes in interest rates
 - ▶ The Bank wants to limit fluctuations in the economic value as a result of changes in interest rates
 - ▶ The Bank wants to limit fluctuations in the revaluation reserve (IFRS) as a result of changes in market prices
 - ▶ The Bank's risk-bearing capacity should always be ensured
 - ▶ The Bank wants to limit fluctuations in the IFRS income statement as a result of changes in market prices
 - ▶ The Bank wants to avoid fluctuations in the economic value as a result of changes in foreign exchange rates.
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Operational risk management and risk control

ING-DiBa's market price risk management includes the following core elements for which various organizational units (Market & Integrative Risk Management, Treasury, Trade Settlement, and Accounting) are responsible:

- ▀ To ensure position data is entered correctly
- ▀ To check that limits are complied with, and when necessary, to obtain approval of limit excesses from the authorized decision maker
- ▀ 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.

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, at which the net interest income cannot fall below a specified amount of the baseline scenario under individual scenario simulations.

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.

An interest rate-dependent component was added to the modeling of mortgage loans in 2015 in connection with the statutory termination right pursuant to section 489 German Civil Code (Bürgerliches Gesetzbuch (BGB)). This modeling assumes that, given declining market interest rates, the legal termination right for mortgage loans with a term of more than 10 years will be increasingly used. By contrast, the exercise rate declines given increasing market interest rates. Adjustments to the modeling also had some impact on market risk parameters subject to limits as well as the risk-taking capital.

The "Basel II ratio" serves as the regulatory 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. This limit is supplemented by internal limits in order to curb the fluctuations of the economic value as a result of changes in interest rates.

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	12/31/2015 in %	12/31/2014 in %
+100 bp	-0.05	-1.29
-100 bp	1.82	0.41

As of December 31, 2015, assuming a parallel interest rate increase of 100 basis points, the results of the sensitivity analysis show a 0.05 percent decrease in net interest income compared with the starting point (previous year: decrease of 1.29 percent). Assuming a parallel interest rate decrease of 100 basis points, net interest income would increase by 1.82 percent (previous year: increase of 0.41 percent). Interest rate sensitivity remained at a low level.

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	12/31/2015 in %	12/31/2014 in %
+100 bp	-3.69	-1.20
-100 bp	-7.90	-2.31

Assuming an interest rate shock of +100 basis points, the economic value as of December 31, 2015, would decrease by 3.69 percent (previous year: decrease of 1.20 percent), whereas a decrease of 7.90 percent would result from a decline in the interest rate (previous year: decrease of 2.31 percent). Interest rate sensitivity increased compared to the previous year due to further development of the model and calculation for implicit options of the retail business. As the regulatory floor of zero is considered for an interest rate shock of -100 basis points, this is de facto a tilting scenario (the market interest rates at the short end as of December 31, 2015, are already in negative territory and can no longer move due to the floor in the scenario. Due to the steepness of the market interest rate curve, there is still an interval to the zero line at the long end; the interest rate shock can still have an impact here). The informative value is therefore limited — also as compared to the previous year.

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	12/31/2015 € m	12/31/2014 € m
+100 bp	-720	-750
-100 bp	498	393

Assuming an interest rate shock of +100 basis points, the revaluation reserve as of December 31, 2015 would decrease by EUR 720 million (previous year: decrease of EUR 750 million), whereas a decrease in the interest rate would result in an increase of EUR 498 million (previous year: increase of EUR 393 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	12/31/2015 € m	12/31/2014 € m
+100 bp	-36	-49
-100 bp	52	114

Assuming an interest rate shock of +100 basis points, the profit or loss as of December 31, 2015, would decrease by EUR 36 million (previous year: decrease of EUR 49 million), whereas a decrease in the interest rate would result in an increase of EUR 52 million (previous year: increase of EUR 114 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 that could impact net interest income or the economic value at risk, for example, is an essential element in ING-DiBa's market price risk management organization.

As an independent unit, the Market & Integrative Risk Management organizational unit prepares the relevant reports on a daily, monthly, and quarterly basis. There are reporting lines to the local ALCO, including the full Management Board, as well as to the responsible

functional departments in the parent company. 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 (including in foreign currencies).
- 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.
- The liquidity risk in foreign currency, i.e., the risk that the Bank cannot obtain the necessary currencies on the market.

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 Market & Integrative 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 organizational unit 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. With a view to ensuring the continued existence of the Bank as a going concern, so-called Risk Appetite Statements are defined, from which in turn the limits for operational management are derived:

- ▶ The Bank aims to fulfill the regulatory liquidity requirements even after a mild stress situation.
- ▶ The Bank aims to fulfill its payment obligations in EUR even after a strong stress situation.
- ▶ ING-DiBa aims to comply with the limits allocated to it by ING Bank.
- ▶ The Bank aims to meet its USD payment obligations for three months even if the USD funding market is closed for it.
- ▶ The Bank aims to avoid roll-over-risk on at least 2/3 of its USD loan volume.

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 various organizational units (Market & Integrative Risk Management, Treasury, Trade Settlement and Accounting) are responsible:

- ▀ To ensure position data is entered correctly
 - ▀ To check that limits are complied with, and when necessary to obtain approval of limit excesses from the authorized decision maker
 - ▀ 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 as part of the funds transfer pricing methodology
- To monitor transactions with Group companies from a liquidity perspective
- To develop and implement a contingency plan for liquidity risks including regular monitoring.

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	12/31/2015 in %	12/31/2014 in %
Due to customers	84	84
of which with indefinite terms	75	71
of which with definite terms	9	13
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 5.9 billion in the fiscal year. At 84 percent in fiscal year 2015, the ratio of amounts due to customers to total equity and liabilities remained at the previous year's level. Other liabilities essentially include securitized liabilities in connection with Pfandbrief issues and amounts due to banks and also remained the same in fiscal year 2015 at 11 percent as in 2014. With a share of 5 percent, equity also remains stable at the prior-year level.

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
- ▀ Active acquisition of Commercial Banking deposits.

The following refinancing sources can also be used for liquidity management in USD:

- ▀ Foreign exchange swaps
- ▀ Foreign exchange call and time deposits.

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

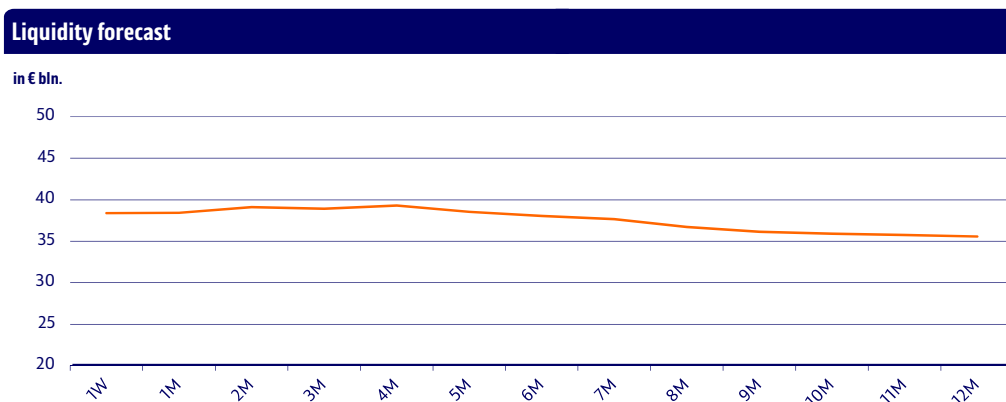
Insolvency risk is regularly monitored by the Market & Integrative Risk Management organizational unit by means of scenario analysis on the basis of a cash flow-based gap calculation. As a part of its daily activities, Treasury monitors the intraday liquidity risk based on intraday simulations. The funding 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, Market & Integrative 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 2015.



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 2015, 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. Solvency in USD is ensured by a prescribed refinancing structure as well as the establishment of liquidity buffers.

Liquidity risk reporting

The Market & Integrative 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 Credit Risk Management organizational unit has been given general responsibility by the Management Board for managing credit risks for ING-DiBa. In addition to the Retail and Institutional Business, this also includes operational management of credit risks arising from Commercial Banking. In addition, a risk unit with specialists was founded specifically for the North American market environment and is responsible for a specified portion of the Commercial Banking portfolio.

The Credit Risk Management organizational unit is also responsible for operational limit monitoring. In so doing, Credit Risk Management works closely with the Market & Integrative Risk Management organizational unit. This unit was given the responsibility for the applied methods and models for identifying, quantifying, and managing the credit risks. In addition, Market & Integrative Risk Management formulates the Bank's credit risk strategy based on the directives from the full Management Board.

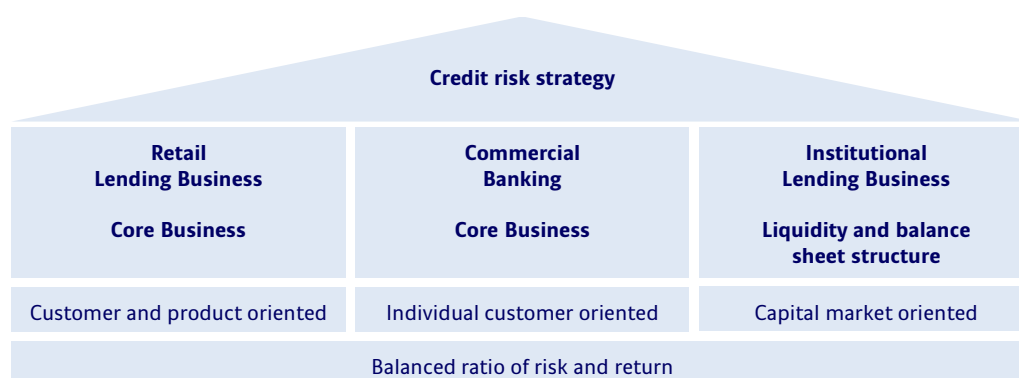
The Risk Management unit in the ING-DiBa Direktbank Austria branch is responsible for the operational management of credit risks.

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 very creditworthy companies, in particular large corporates (revenues > EUR 1 billion). Companies with a revenue volume > EUR 250 million comprise an additional target group. As an additional segment, 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. Domestic and international infrastructure projects are also financed.

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. 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 avoids 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
<ul style="list-style-type: none"> Strategic specifications Product policy Risk appetite & scoring 	<ul style="list-style-type: none"> IRBA-models EL & risk costs (PBIA & SIA) UL, RWA 	<ul style="list-style-type: none"> Credit policies Processes Resources Monitoring / early detection Portfolio based management 	<ul style="list-style-type: none"> 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. 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, Market & Integrative 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 for a portion of the Commercial Banking business. 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 (or for mortgage loans prior to internal termination), 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, Collection Credit Risk Management 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.

Driven by a positive market environment, the new mortgage lending business was sharply expanded during the 2015 fiscal year, thus meeting the Bank's strategic goals. The committed volume was almost doubled to approximately EUR 10.7 billion (previous year: EUR 5.8 billion). The risk profile of this 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 2015. The committed new loan volume strongly increased again by 34.8 percent (previous year: 22.5 percent) to around EUR 2.6 billion at year-end (previous year: EUR 1.9 billion).

There was continued strong demand for current accounts in 2015. In total, 220 thousand new accounts were opened in fiscal year 2015. The number of accounts stood at around 1.4 million at the end of the year (previous year: 1.2 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 corporates in sound financial standing. The expanded target group includes companies with a revenue volume > EUR 250 million. 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 2015. The total loan volume climbed by 63.8 percent to EUR 17.1 billion at the end of 2015 (previous year: EUR 10.5 billion). In addition to strong new business, the

significant increase is also rooted in an acquisition of sub-participations in loans of another Group unit amounting to EUR 2.3 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 2015 to use the attractive investment opportunities within the Group to facilitate asset/liability management and liquidity management. Intra-Group investments on the one hand 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 significant intra-Group investments held include highly secured covered bonds issued by ING and its subsidiaries. In addition, the Bank invests to a small extent in bank bonds of its parent company. In order to refinance the growing Commercial Banking business with foreign currency loans, the Bank also issues loans in euros to the parent company secured in full by foreign currency deposits.

Since 2014, the Bank has also invested in corporate notes and bonds to a limited extent. The reason for doing so is that existing liquidity can be invested favorably and in-house 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 35.9 percent (previous year: 48.0 percent) and the Netherlands at 35.2 percent (previous year: 21.4 percent) still accounting for the largest share. The geographical selection of possible investments is subject to a strict criteria catalog. Fiscal and geopolitical developments are closely monitored at the same time. 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 used only for duration control in the

form of interest rate swaps and are normally entered into via a central counterparty. In addition, since 2015 ING-DiBa has also used foreign currency exchange swaps for controlling foreign currency transactions from Commercial Banking activities.

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 77.7 percent attributable to AAA/AA-rated exposures as of the end of the year (previous year: 79.6 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 1.3 billion as of December 31, 2015 (previous year: EUR 1.4 billion). The disclosures for the retail business are based on the main lending business affecting 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 142.9 million as of December 31, 2015 (previous year: EUR 118.6 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 5.3 billion as of December 31, 2015 (previous year: EUR 2.5 billion). There are also irrevocable loan commitments in the Commercial Banking segment amounting to EUR 7.7 billion as of December 31, 2015 (previous year: EUR 6.1 billion), which were also not included in the following overviews.

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	
	12/31/2015 Percent	12/31/2014 Percent	12/31/2015 Percent	12/31/2014 Percent
Retail customers	100.0	100.0	0.0	0.0
Pfandbriefe/covered securities ⁽¹⁾	0.0	0.0	26.6	27.1
Governments/local authorities	0.0	0.0	33.6	42.3
Banks/financial institutions (unsecured)	0.0	0.0	0.0	0.0
ABS/MBS ⁽²⁾	0.0	0.0	12.9	14.4
Repos	0.0	0.0	2.0	7.1
Corporates/corporate lending	0.0	0.0	2.3	1.3
Structured finance	0.0	0.0	0.0	0.0
Intercompany (ING)	0.0	0.0	22.6	7.8
Total	100.0	100.0	100.0	100.0

	Commercial Banking		Total	
	12/31/2015 Percent	12/31/2014 Percent	12/31/2015 Percent	12/31/2014 Percent
Retail customers	0.0	0.0	50.2	51.8
Pfandbriefe/covered securities ⁽¹⁾	0.0	0.0	10.0	10.9
Governments/local authorities	0.0	0.0	12.6	17.0
Banks/financial institutions (unsecured)	0.0	0.0	0.0	0.0
ABS/MBS ⁽²⁾	0.0	0.0	4.9	5.8
Repos	0.0	0.0	0.8	2.9
Corporates/corporate lending	27.9	34.9	4.2	3.3
Structured finance	70.4	62.7	8.6	5.0
Intercompany (ING)	1.7	2.4	8.7	3.3
Total	100.0	100.0	100.0	100.0

Distribution of the overall portfolio by sector (nominal values)

	Retail		Institutional	
	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m
Retail customers	70,428.3	68,002.7	0.0	0.0
Pfandbriefe/covered securities ⁽¹⁾	0.0	0.0	14,059.3	14,328.3
Governments/local authorities	0.0	0.0	17,738.3	22,333.2
Banks/financial institutions (unsecured)	0.0	0.0	0.0	0.0
ABS/MBS ⁽²⁾	0.0	0.0	6,827.6	7,605.6
Repos	0.0	0.0	1,067.2	3,735.6
Corporates/corporate lending	0.0	0.0	1,189.3	708.1
Structured finance	0.0	0.0	0.0	0.0
Intercompany (ING)	0.0	0.0	11,952.6	4,134.0
Total	70,428.3	68,002.7	52,834.3	52,844.8

	Commercial Banking		Total	
	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m
Retail customers	0.0	0.0	70,428.3	68,002.7
Pfandbriefe/covered securities ⁽¹⁾	0.0	0.0	14,059.3	14,328.3
Governments/local authorities	0.0	0.0	17,738.3	22,333.2
Banks/financial institutions (unsecured)	0.0	0.0	0.0	0.0
ABS/MBS ⁽²⁾	0.0	0.0	6,827.6	7,605.6
Repos	0.0	0.0	1,067.2	3,735.6
Corporates/corporate lending	4,774.6	3,645.4	5,963.9	4,353.5
Structured finance	12,059.4	6,553.5	12,059.4	6,553.5
Intercompany (ING)	298.2	257.4	12,250.8	4,391.4
Total	17,132.2	10,456.3	140,394.8	131,303.8

⁽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 5.9 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 area¹

	12/31/2015 € m	12/31/2015 Percent	12/31/2014 € m	12/31/2014 Percent
Germany	93,460.0	66.6	96,620.4	73.6
EMU	32,769.0	23.3	23,895.2	18.2
Other EU	2,799.9	2.0	3,563.7	2.7
Non-EU	11,365.9	8.1	7,224.5	5.5
Total	140,394.8	100.0	131,303.8	100.0

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

At 66.6 percent, the major portion of the loan portfolio can be attributed to exposures in the German domestic market (previous year: 73.6 percent). Another 23.3 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 2015 (previous year: 18.2 percent). As in the previous year, loans and advances to borrowers in the Netherlands make up the largest share of this loan portfolio at 14.5 percent (previous year: 9.4 percent). The increase compared to the previous year arose essentially from investments in highly secured covered bonds of the parent company.

The share of the overall exposure to borrowers from the peripheral European countries (Portugal, Italy, Ireland, Greece and Spain) remained small, amounting to 1.4 percent (previous year: 0.8 percent). For loans and advances to borrowers outside of the European Union, the USA (2.2 percent of the loan portfolio) and Canada (0.9 percent of the loan portfolio) represent the largest positions.

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 further declined to 0.9 percent for 2015 (previous year: 1.0 percent). In relation to the allocated limit, less than 30 percent (previous year: 40 percent) or EUR 0.4 billion (previous year: 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. Defaulted customers are assigned to risk classes 20 to 22.

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 impaired¹

	Mortgage loans		Other retail loans		Total	
	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m
Low risk	11,700.7	11,306.5	706.4	565.9	12,407.1	11,872.4
Medium risk	49,316.8	48,001.8	4,237.7	3,519.5	53,554.5	51,521.3
High risk	2,670.3	2,717.2	570.9	556.7	3,241.2	3,273.9
Total	63,687.8	62,025.5	5,515.0	4,642.1	69,202.8	66,667.6

⁽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	
	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m
Low risk	17,428.4	23,786.9	18,966.5	14,178.3	6,751.3	7,546.5
Medium risk	289.3	239.0	1,342.8	150.0	76.3	59.1
High risk	0.2	0.4	0.0	0.0	0.0	0.0
Total	17,717.9	24,026.3	20,309.3	14,328.3	6,827.6	7,605.6

	Repos/lending		Short-term lending to municipalities		Cash-collateralized loans		Total	
	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m
Low risk	1,067.2	3,289.0	2,763.7	3,149.0	4,148.6	0.0	51,125.7	51,949.7
Medium risk	0.0	446.6	0.0	0.0	0.0	0.0	1,708.4	894.7
High risk	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.4
Total	1,067.2	3,735.6	2,763.7	3,149.0	4,148.6	0.0	52,834.3	52,844.8

⁽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	
	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m
Low risk	1,267.7	1,319.8	460.9	107.4	1,728.6	1,427.2
Medium risk	3,692.1	2,459.9	10,676.3	5,930.8	14,368.4	8,390.7
High risk	72.9	73.4	901.9	479.7	974.8	553.1
Total	5,032.7	3,853.1	12,039.1	6,517.9	17,071.8	10,371.0

⁽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 2015 and 2014. 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 as well as some cash-collateralized loans. Derivatives are collateralized by up to 99.9 percent.

Collateralization in fiscal year 2015

	12/31/2015 Business volume € m	12/31/2015 Real estate ¹ € m	12/31/2015 Guarantees ² € m	12/31/2015 Other € m	12/31/2015 Total ³ € m
Mortgage loans	64,683.8	100,297.8	0.0	0.0	100,297.8
of which not impaired	64,103.1	99,704.0	0.0	0.0	99,704.0
of which impaired	580.7	593.8	0.0	0.0	593.8
Other retail business	5,744.4	0.0	0.0	0.0	0.0
Commercial Banking	17,132.2	2,494.2	6,746.8	3,211.1	12,452.1
of which not impaired	17,071.8	2,494.2	6,727.9	3,208.8	12,430.9
of which impaired	60.4	0.0	18.9	2.3	21.2
Total	87,560.4	102,792.0	6,746.8	3,211.1	112,749.9

Collateralization in fiscal year 2014

	12/31/2014 Business volume € m	12/31/2014 Real estate € m	12/31/2014 Guarantees € m	12/31/2014 Other € m	12/31/2014 Total € 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

⁽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 116 million (2014: EUR 41 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, 2015, the ABS/MBS portfolio declined year on year by 10.2 percent to 4.9 percent (previous year: 5.8 percent) of the total loan portfolio and 12.9 percent (previous year: 14.4 percent) of the institutional loan portfolio. The large share of AAA/AA-rated investments of around 94.8 percent (previous year: 89.1 percent) reflects a very conservative approach in this segment. Overall, investments in RMBSs provide by far the highest share (around 94.6 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.

While the volume of the securitization portfolio was reduced by approximately EUR 0.8 billion, the risk profile was virtually unchanged in 2015 compared with fiscal year 2014. Intra-Group investments in securitizations were down slightly year on year, decreasing by EUR 0.6 billion to EUR 5.9 billion.

Securitization portfolio broken down by rating

	ABS		MBS		Total	
	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m
Low risk	362.7	391.7	6,388.6	7,154.8	6,751.3	7,546.5
Medium risk	0.0	0.0	76.3	59.1	76.3	59.1
High risk	0.0	0.0	0.0	0.0	0.0	0.0
Total	362.7	391.7	6,464.9	7,213.9	6,827.6	7,605.6

	ABS		MBS		Total	
	12/31/2015 in %	12/31/2014 in %	12/31/2015 in %	12/31/2014 in %	12/31/2015 in %	12/31/2014 in %
Low risk	5.3	5.1	93.6	94.1	98.9	99.2
Medium risk	0.0	0.0	1.1	0.8	1.1	0.8
High risk	0.0	0.0	0.0	0.0	0.0	0.0
Total	5.3	5.1	94.7	94.9	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 94.5 percent (previous year: 94.7 percent). Due to intra-Group investments, the Netherlands account for the most significant share of 86.0 percent (previous year: 85.4 percent).

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

	ABS		MBS		Total	
	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m
Germany	0.0	0.0	0.0	0.0	0.0	0.0
EMU	0.0	0.0	6,341.4	7,044.9	6,341.4	7,044.9
Other EU	0.0	2.4	111.9	153.6	111.9	156.0
Non-EU	362.7	389.3	11.6	15.4	374.3	404.7
Total	362.7	391.7	6,464.9	7,213.9	6,827.6	7,605.6

	ABS		MBS		Total	
	12/31/2015 in %	12/31/2014 in %	12/31/2015 in %	12/31/2014 in %	12/31/2015 in %	12/31/2014 in %
Germany	0.0	0.0	0.0	0.0	0.0	0.0
EMU	0.0	0.0	98.1	97.7	92.9	92.6
Other EU	0.0	0.6	1.7	2.1	1.6	2.1
Non-EU	100.0	99.4	0.2	0.2	5.5	5.3
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 unlikelihood 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	
	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m
Neither delinquent nor impaired	63,687.8	62,025.5	5,515.0	4,642.1	69,202.8	66,667.6
Delinquent but not impaired (1 - 89 days)	415.3	417.0	66.1	46.9	481.4	463.9
Impaired	580.7	711.5	163.4	159.7	744.1	871.2
Total	64,683.8	63,154.0	5,744.5	4,848.7	70,428.3	68,002.7

	Institutional portfolio		Commercial Banking		Total	
	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m
Neither delinquent nor impaired	52,834.3	52,844.8	17,071.8	10,371.0	139,108.9	129,883.4
Delinquent but not impaired (1 - 89 days)	0.0	0.0	0.0	0.0	481.4	463.9
Impaired	0.0	0.0	60.4	85.3	804.5	956.5
Total	52,834.3	52,844.8	17,132.2	10,456.3	140,394.8	131,303.8

⁽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 5.5 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, 2015, amounted to EUR 582.4 million in mortgage loans (previous year: EUR 657.6 million) and EUR 84.9 million in the other retail business (previous year: EUR 73.3 million). Out of these totals, the amount of loans classified as non-performing purely on the basis of the forbearance definition was EUR 39.4 million in mortgage lending (previous year: EUR 126.1 million) and EUR 1.7 million in the other retail business (previous year: EUR 12.4 million). The reduction of cases classified as non-performing purely on the basis of the forbearance definition compared to the previous year resulted from an adjustment to the calculation model due to instructions from the European Banking Authority (EBA).

In Commercial Banking, forborne loans and advances amounted to EUR 33.8 million (previous year: EUR 72.4 million). Of this amount, EUR 20.3 million (previous year: 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 advances¹

	Mortgage loans		Other retail loans		Total	
	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m	12/31/2015 € m	12/31/2014 € m
Delinquent 1 - 30 days	184.5	192.3	10.2	6.3	194.7	198.6
Delinquent 31 - 60 days	174.2	180.2	42.8	33.1	217.0	213.3
Delinquent 61 - 90 days	56.6	44.5	13.1	7.5	69.7	52.0
Total	415.3	417.0	66.1	46.9	481.4	463.9

⁽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 constant at the same level as in the previous year (0.7 percent). 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, specific impairment allowances and provisions for off-balance sheet risks from the lending business. The IRBA models according to Basel III are used to calculate portfolio based specific impairment allowances as well as the portfolio-based provisions. The amount of the portfolio-based risk provisions corresponds to the expected loss (EL). In addition, specific impairment allowances and provisions for contingent liabilities and loan commitments 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

	12/31/2015 € m	12/31/2014 € m
Opening balance	-537	-531
Utilization of existing impairment allowances	61	63
Additions to / disposals from risk provision	-88	-68
Other changes	0	-1
Closing balance	-564	-537

In 2015 risk provisions and the risk costs (annual additions through profit or loss) were within budgeted expectations. Risk provisions for impaired loans and advances and contingent liabilities amounted to EUR 402.7 million as of the end of the fiscal year.

Monitoring and management of operational risks

Risk definition

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

At ING-DiBa, operational risk also includes legal risks that result from contractual arrangements or general legal conditions. Legal risks which may have a negative impact on the Bank's future operating results may arise from an unexpectedly 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 Non Financial Risk Management & Compliance organizational unit is responsible for coordinating all activities with regard to management of the operational risk. Among others, its duties include the methodical specifications for identifying, quantifying, and managing operational risks and adequate risk reporting to the NFRC as well quarterly reports to ING within the framework of the Non-Financial Risk Dashboard (NFRD). In this function, the Non Financial Risk Management & Compliance organizational unit works closely with the functional departments.

Management of operational risks also includes ensuring compliance with requirements of the Sarbanes-Oxley Act (SOX 404) and fraud prevention.

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; 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 (IS) are set forth in detailed IS guidelines. Compliance with these guidelines is continuously monitored by the Non Financial Risk Management & Compliance 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 Non Financial Risk Management & Compliance 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 2015. ING-DiBa's comfortable risk situation is illustrated by an analysis of its risk-bearing capacity, which reveals a 38 percent utilization of the available risk-taking capital on a going-concern basis as of the end of fiscal year 2015 (previous year: 45 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 Supervisory Review and Evaluation Process (SREP) in fiscal year 2015. The objective of the annual assessment for all banks directly supervised by the ECB is to obtain a full overview of the current business situation and the sustainability of the banks' business model based on an analysis of the business model, an assessment of internal governance, and an assessment of capital and liquidity risks. As a result, the banks studied are notified of an individual minimum capital requirement.

With a Tier 1 ratio of 14.9 percent (previous year: 15.8 percent) at the end of 2015, the equity base is significantly above the supervisory minimum ratio applicable in the reporting year and the individual minimum capital requirement determined for the future. Additionally, the multi-year capital planning, which is updated regularly, also ensures that future own funds requirements will be adhered to as well.

As of the end of fiscal year 2015, 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 5.0 billion (previous year: EUR 4.7 billion) was covered by Tier 1 capital amounting to EUR 5.5 billion (previous year: EUR 5.2 billion).

5. Additional Disclosures under IFRS 7

Maximum default risk for each class of financial instrument

	12/31/2015 € m	12/31/2014 € m
Assets from statement of financial position		
Cash reserve	1,497	1,888
Loans and advances to banks		
Payable on demand	256	841
Other loans and advances	4,648	2,297
Loans and advances to customers		
Mortgage loans	65,047	63,458
Consumer loans	5,945	4,999
Public sector loans and other loans and advances	4,752	5,310
Corporate loans	15,183	9,548
Asset-backed securities / mortgage-backed securities	6,731	7,474
Pfandbriefe	829	0
Risk provision	- 544	- 537
Adjustment to portfolio fair value hedges	1,183	1,687
Derivatives with positive fair value		
Hedging derivatives	0	30
Other derivatives	68	2
Financial investments		
Held-to-maturity	1,255	0
Available-for-sale	36,415	38,950
Other assets		
Accrued interest on loans and advances to banks	1	9
Accrued interest on Htm financial investments	14	0
Accrued interest on Afs financial investments	452	496
Accrued interest on loans and advances to customers	64	61
Accrued interest on hedging derivatives	0	5
Accrued interest on other derivatives	1	1
Other	62	43
Maximum default risk for assets in statement of financial position	143,859	136,562
Financial guarantees	399	342
Irrevocable loan commitments	12,999	8,604
Maximum default risk	157,257	145,508

Offsetting in the statement of financial position is required for derivative transactions that are settled through a central counterparty (see Notes to the Consolidated Financial Statements, note 26).

Reconciliation of IFRS carrying amounts to risk report

	Descriptions from risk report	12/31/2015 IFRS carrying amounts € m	12/31/2015 Risk report nominal amounts € m
Assets from statement of financial position			
Cash reserve		1,497	
Payable on demand		256	
	Corporate lending		96
Other loans and advances		4,648	
	Reverse repo		1,067
	Uncovered securities ¹		0
	Covered securities ¹		0
	Collateralized deposit		4,149
	Corporate lending		85
	Structured finance		277
Loans and advances to banks		4,904	5,674
Mortgage loans	Mortgage loans	65,047	64,684
Consumer loans	Other retail loans	5,945	5,744
Public sector loans and other loans and advances		4,752	
	Short-term lending to municipalities		2,764
	Uncovered securities		1,870
	Covered securities ¹		50
	Corporate lending		55
	Structured finance		158
Corporate loans		15,183	
	Corporate lending		3,573
	Structured finance		11,564
Asset-backed securities (ABS) /mortgage-backed securities (MBS)	ABS/MBS	6,731	6,740
Pfandbriefe	Covered securities ¹	829	835
Risk provision		- 564	
Loans and advances to customers		97,923	98,037
Adjustment to portfolio fair value hedges		1,183	
Hedging derivatives		0	
Other derivatives		68	
	Uncovered securities		0
Derivatives with positive fair value		68	0

Continued on next page

Continued	Descriptions from risk report	12/31/2015 IFRS carrying amounts € m	12/31/2015 Risk report nominal amounts € m
Assets from statement of financial position			
Held-to-maturity		1,255	
	Uncovered securities		20
	Covered securities		1,156
Available-for-sale		36,415	
	Uncovered securities		15,828
	Covered securities		18,268
	ABS/MBS		88
Financial investments		37,670	35,360
Accrued interest on loans and advances to banks		1	
Accrued interest on Htm financial investments		14	
Accrued interest on Afs financial investments		452	
Accrued interest on loans and advances to customers		64	
Accrued interest on hedging derivatives		0	
Accrued interest on other derivatives		1	
Other		62	
Other assets		594	
Maximum default risk for assets in statement of financial position		143,839	139,071
Guarantees and letters of credit		0	
	Corporate lending		881
	Structured finance		43
Financial guarantees		399	
	Corporate lending		381
	Structured finance		17
Total		144,238	140,393

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

	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
	Collateralized Deposit		0
	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
Pfandbriefe	Covered securities ¹	0	0
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			
Held-to-maturity		0	
	Uncovered securities		0
	Covered securities		0
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 Htm financial investments		0	
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.

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 discrepancies 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
-

- 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 misstatements in the accounts 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.

The Accounting department is responsible for reporting to the parent, ING Bank N.V., Amsterdam, Netherlands, 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 organizational units:

- Market & Integrative 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.
- Management Accounting 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 organizational unit provides data necessary for calculating provisions for pensions and other personnel-related provisions.

- ▶ The Management Board Secretariat & Legal unit manages pending litigation and determines the claim value for calculating provisions for the statement of financial position.

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. The adherence to accounting standards by employees ensures the proper consideration of 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 department 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 organizational unit 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 2016 from ING-DiBa's perspective:

- ▶ The ECB's low interest rate policies will continue to put pressure on the traditional business models of many banks. Fee increases by competitors are possible in this connection and could have a positive influence on ING-DiBa's new customer business. At the same time, the phase of low interest rates may intensify the search for alternative investments with higher returns and thus increase the popularity of securities, for example. The Bank's securities services business could then expand in this connection.
 - ▶ The continuing pressure on margins at competitors could still lead to branch closures. 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, digitization 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.
 - ▶ The demand for investments should rise in the coming months due to the ECB's loose monetary policy, low interest rates and a refocusing by German companies on their domestic market. Together with the "Juncker Plan", the European plan for more investments, these initiatives will seek to stimulate private investors throughout Europe. 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 the Bank's Commercial Banking activities.

- The German real estate market will probably receive a lot of attention again in 2016. The first increase in the prime rate by the US Federal Reserve shows that every phase of "cheap money" eventually comes to an end. Therefore, while the phase of low interest rates continues in the eurozone, the demand for real estate and mortgage loans should continue at a high level. This will also further support the discussion 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 actually fallen in recent years, they have risen disproportionately sharply in the major cities. Even in the major cities, while there are indications of strains, there are as yet no signs of any conventional bubble with increasing lending and a declining proportion of equity when financing. Since rentals have increased in recent years, affordability in terms of the purchase-to-rental ratio has stayed largely unchanged. However, when measuring purchase prices against income, the question remains whether in major cities in particular, there will be the economic strength (and disposable income) in the coming years to be able to pay for residential real estate. As a result of the continuing high immigration of refugees to Germany, investment initiatives by the public sector in residential properties are conceivable and could therefore contribute at least in part to relief of the housing market in the lower price segment. At the same time, the flow of refugees to the major cities could also turn renters into buyers in slightly higher market segments. 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

At the end of the fiscal year the OECD lowered its worldwide economic forecasts for 2016. The reason was the diminished growth momentum in China and weakened growth in other important emerging markets. The OECD stated that this development could encroach on Germany. While for China the weakest economic growth in two decades is expected in 2016, Russia and Brazil are actually in a recession. These weaknesses will probably be felt by developed countries with strong exports in the form lower demand for commodities and finished products. By contrast, the OECD sees the expansion of the US economy to be on track. It is forecasting GDP growth of 2.5 percent there for 2016. The major question at the beginning of the year is whether the American economy could ultimately also suffer from the low price of oil. The low oil prices are a challenge to the overall economy in the USA because major investments were made there in recent years in fracking, shale gas and other energy deposits.

Despite rather "patchy" general conditions, the German economy grew by 1.7 percent in 2015. For this year, most international institutions expect growth on the same scale (between 1.5 and 1.8 percent). Apart from Greece, economic growth should also increase slightly in the other eurozone countries in 2016. The strongest stimuli will come from the former crisis countries, Spain and Ireland, while countries from the core of the eurozone will continue to struggle with executing structural reforms.

In addition to a renewed crisis in Greece, the UK referendum will likely be one of the greatest European risk factors in 2016. A "yes" by the UK to an EU exit would initially lead to major dislocations in the financial markets with a strong increase in the value of the euro, falling interest rates and turbulence on the stock exchanges. In addition to the short-term shock, uncertainty would negatively impact investments and trading, both in the UK and in the rest of Europe. However, these consequences are almost impossible to quantify.

The healthy domestic economy in Germany should remain an important growth driver. The favorable situation in the labor market, the fallen oil and fuel prices, as well as extremely low interest rates will continue to stimulate consumer confidence.

At the end of the fiscal year, it was assumed that the very low interest rate levels will persist in Europe in 2016; while key interest rates in the United States could continue to rise moderately at most. The probability of these forecasts materializing depends to a critical extent on the further development of the geopolitical crises (above all in Ukraine and Syria). Any appreciable de-escalation could provide additional stimulus for the global economy.

Expected industry environment

The most critical success factors for the banking industry in the coming years 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 digitization. In so doing the banks will have to guard against responding to the continuing implementation of regulatory requirements with increased bureaucracy at the expense of customer focus.

The next few years in the banking industry will be characterized by further intensified competition for retail customers, in which competitors from outside the industry may also be active. Companies such as Google, Apple and PayPal will attempt to gain additional market shares. It remains to be seen what role could be played by the FinTechs in the financial sector. Their primary aim is to offer services at the interface between banks and IT. In turn, mobile banking is gaining increasing importance for the customer. In established markets, such as Scandinavia, the United States, and Germany, around 60 percent of all interaction with financial institutions is already digital, i.e., using online or mobile banking. However, customers do not expect increased complexity of processes and products under the guise of "digitization", but rather greater simplicity and ease of use for their banking transactions, which they increasingly want carry out while on the move.

Against the backdrop of very low interest rates levels, ING-DiBa again expects a demanding environment for the banking industry for 2016, but considers itself well positioned in this competition.

Expected business, earnings and financial situation

The forecasts for 2016 assume continuing low interest rates levels in the eurozone. As a result, the environment for the financial industry will remain demanding as well. For their private reserves, in 2016 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, above all in view of the continuing low interest rates. Should the interest rate level increase in 2016 against expectations, the demand for securities could weaken which could 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 well have a negative effect on profit margins in this segment.

High and stable levels of employment, an only moderate increase in prices, and a sharp drop in commodities 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 external influences worsen the economic situation and thus dent consumer confidence.

ING-DiBa anticipates the positive trend in the Retail Customer Assets segment to continue in fiscal year 2016. Although the competitive situation in this segment remains challenging, the Bank expects the volumes of savings products and current accounts to see solid growth. The current account with direct salary deposit is a particular focus of the Bank in this segment. Against the backdrop of continuing international trouble spots and a volatile stock market environment, short-term planning in the securities services business is subject to uncertainty. Based on the current market situation, the Bank assumes a moderate decrease in its order numbers compared to the high level in fiscal year 2015. In spite of the expected decline in trading activity, the Bank expects solid positive growth in the volume of securities accounts in 2015.

The persistently low interest rates will remain a challenge in the Retail Customer Loans segment. However, the volumes for this segment should increase moderately in 2016, in particular in connection with the Bank's attractive interest terms, and thus contribute to a volume-based increase in net interest income.

The Bank expects positive growth to continue in the Commercial Banking segment in the following year and therefore anticipates strong growth of the business volume, with a noteworthy impact expected from internal transactions within the group. An expansion of business relations with major international companies and global investors is planned using an extensive ING network, which will continue the focused expansion of the corporate customer business. A stable capital market and economic environment also remains a prerequisite basis for future positive development. The Bank sees additional growth potential in the German market in 2016 for this segment.

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 2016 than the low level of fiscal year 2015, the plans are forecasting a moderate reduction in profit before tax in 2016.

The deviation from forecast profit before tax in the 2015 fiscal year is rooted in particular in the lower overall interest rate levels, which resulted in a sharp decrease in interest expenses. A slight decline in the pre-tax MA result is expected for fiscal year 2016.

The forecast pre-tax MA result in 2015 was strongly exceeded in line with the profit before tax due to the unexpected high net interest result.

A moderately lower return on equity is expected for 2016 due to increasing risk-weighted assets in connection with the development of new business and a slight decline in the pre-tax MA result. The forecast ROE was moderately exceeded due to the unexpectedly high pre-tax MA result in the 2015 fiscal year.

A slightly increasing cost-income ratio is forecast. In this connection ING-DiBa sees on the one hand an increase in administrative expenses in connection with the cost-efficient business model, while on the other hand a solid increase in the business volume is to generate a solid upturn in net interest income, albeit at a slower pace than in the previous year.

With respect to 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 also 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 2016, the Bank expects a Net Promoter Score and a Great Place To Work result on the same high level as in the previous year.

The Management Board of ING-DiBa aims to strengthen the Bank's position as an innovative bank with proximity to its customers, despite the tense capital market environment and low interest rates, and use the increasing trend toward digitization to continue to expand this position through robust qualitative as well as quantitative growth in equal measure.

Consolidated Financial Statements

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Consolidated statement of financial position

	Note	12/31/2015 € m	12/31/2014 € m
Assets			
Cash reserve	1	1,497	1,888
Loans and advances to banks	2	4,904	3,138
Loans and advances to customers	3	97,943	90,252
Adjustment to portfolio fair value hedges	4	1,183	1,687
Financial investments	5	37,670	38,950
Derivatives with positive fair value	6	68	32
Investment property	7	12	12
Property and equipment and Group-occupied property	8	54	53
Intangible assets	9	11	9
Income tax assets	10	8	0
Deferred tax assets	11	1	1
Other assets	12	626	645
Total assets		143,977	136,667
Equity and liabilities			
EQUITY			
Subscribed capital		100	100
Reserves		7,106	6,921
Non-controlling interests		0	0
Equity	13	7,206	7,021
LIABILITIES			
Securitized liabilities	14	1,283	1,282
Deposits from banks	15	12,941	11,149
Due to customers	16	121,126	115,264
Derivatives with negative fair value	17	76	457
Income tax liabilities	18	4	1
Deferred tax liabilities	19	161	287
Non-current provisions	20	173	149
Other liabilities	21	1,007	1,057
Total equity and liabilities		143,977	136,667

Consolidated income statement

	Note	2015 € m	2014 € m
Interest income		2,862	2,922
Interest expense		- 1,055	- 1,290
Net interest income	33	1,807	1,632
Commission income		228	190
Commission expense		- 136	- 114
Net commission income	34	92	76
Net gains/losses on measurement of derivatives and hedged items	35	4	- 32
Other net gains/losses on financial investments and investment property	36	76	1
Other income and expenses	37	13	11
Total income		1,992	1,688
Risk provision	38	- 77	- 64
Personnel expenses	39	- 314	- 287
Other administrative expenses	40	- 486	- 449
Total expenses		- 877	- 800
Profit before tax		1,115	888
Income tax	41	- 360	- 289
Profit after tax		755	599
attributable to non-controlling interests		0	0
attributable to owners of the parent		755	599

Consolidated statement of comprehensive income

		2015 Amount before tax € m	2015 Income tax € m	2015 Amount after tax € m
Profit		1,115	360	755
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	9	3	6
Other comprehensive income from items that, in accordance with other IFRSs, will not be reclassified subsequently to profit or loss		9	3	6
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	- 93	- 28	- 65
Remeasurements of available-for-sale financial investments	5, 13	- 319	- 106	- 213
Changes in cash flow hedge reserve	13, 24	- 3	- 1	- 2
Other comprehensive income from items that are, in accordance with other IFRSs, eligible for subsequent reclassification to profit or loss		- 415	- 135	- 280
Consolidated other comprehensive income		- 406	- 132	- 274
Total comprehensive income		709	228	481
attributable to non-controlling interests				0
attributable to owners of the parent				481

	Note	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, 24	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

Consolidated statement of changes in equity

	2015 Subscribed capital € m	2015 Other reserves € m	2015 Total € m
Consolidated equity as of Jan. 1	100	6,921	7,021
Remeasurement of available-for-sale financial investments after tax	0	- 213	- 213
Realized gains/losses transferred to profit or loss	0	- 65	- 65
Changes in the cash flow hedge reserve after tax	0	- 2	- 2
Remeasurement gains/losses related to defined benefit plans	0	6	6
Other remeasurements	0	0	0
Consolidated other comprehensive income	0	- 274	- 274
Subtotal	100	6,647	6,747
Other changes	0	3	3
Profit transfer	0	- 644	- 644
Contribution from tax group (push-down method)	0	345	345
Profit after tax	0	755	755
Consolidated equity as of Dec. 31	100	7,106	7,206

	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

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

Consolidated statement of cash flows

	2015 € m	2014 € m
Profit before tax	1,115	888
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	90	93
Increase/decrease in provisions	38	116
Gains/losses on disposal of financial investments and property and equipment	- 75	- 1
Other non-cash items of total comprehensive income	182	162
Subtotal	1,350	1,258
Cash changes in operating assets and liabilities		
Loans and advances to banks	- 1,846	2,252
Loans and advances to customers	- 7,800	- 4,961
Other operating assets	600	607
Deposits from banks	1,851	1,978
Due to customers	5,860	7,928
Other operating liabilities	- 682	- 696
Cash flows from derivative upfront and closing	- 330	0
Net cash flows from operating activities	- 997	8,366
Investing activities		
Proceeds from		
Disposal of financial investments and other investments	4,401	51
Maturity of financial investments and other investments	2,545	2,597
Proceeds from		
Disposal of property and equipment	0	0
Payments for investments in		
Financial investments and other investments	- 6,220	- 11,921
Property and equipment	- 17	- 23
Intangible assets	- 8	- 7
Net cash flows from investing activities	701	- 9,303

Continued on next page

	2015 € m	2014 € m
Financing activities		
Issuance of securitized liabilities	0	50
Profit transfer	- 621	- 372
Net cash flows from financing activities	- 621	- 322
Net cash flow	- 917	- 1,259
Effects of exchange rate changes	0	1
Cash and cash equivalents at start of period	2,364	3,623
Cash and cash equivalents at end of period	1,447	2,364
The cash flows from operating activities include		
Interest received	3,260	3,131
Interest paid	- 1,336	- 1,302
Cash and cash equivalents include		
Cash reserve	1,497	1,888
Loans and advances to banks, payable on demand	256	841
Deposits from banks, payable on demand	- 306	- 365
Cash and cash equivalents at end of period	1,447	2,364

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, renamed Wholesale Banking as of January 20, 2016).

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, and a representative office in Berlin.

ING-DiBa AG is the parent company of a subgroup; the subgroup is hereinafter referred to as ING-DiBa. 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 (Netherlands).

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

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 Bundesanstalt für Finanzmarktstabilisierung (Federal Agency for Financial Market Stabilization), Frankfurt am Main. In addition, it belongs to the Entschädigungseinrichtung deutscher Banken GmbH (Compensation Scheme of German Banks), 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.

Since 2011, ING-DiBa AG has been issuing mortgage bonds (Hypothekendarlehen, note 14) which are placed on the capital market and has thus acquired the status of a capital-market-oriented company under German commercial law.

The Management Board approved these consolidated financial statements on March 31, 2016, and sent them to the Supervisory Board.

These consolidated financial statements for the fiscal year ended December 31, 2015, 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) of the German Commercial Code (Handelsgesetzbuch (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 cash flows and the consolidated statement of changes in equity. 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 part of the Group management report (see Group management report: Risk report).

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".

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 2014 fiscal year; the comparative reporting date is December 31, 2014.

Significant accounting policies

a) Consolidation

Consolidation methods

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

Irrespective of the nature of shareholding, the Bank fully consolidates 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.

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. This is the case, for example, if the voting rights pertain only to administrative tasks and the relevant activities are governed by contractual agreements.

Structured entities are characterized in particular in that they are founded on and organized to fulfill a narrowly specified and clearly defined purpose and their activities are limited to that 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.

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 and losses between entities included in consolidation are eliminated as part of consolidation accounting.

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 income statement. Distributions received from the investee reduce the carrying amount of the interest.

December 31, 2015, is the reporting date for the financial statements of all entities included in consolidation.

Basis of consolidation

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. There is no need for judgments due to the clear control relationship.

Full consolidation without corporate voting rights arises with regard to one structured entity. 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 ongoing business decisions to be made by the management of the structured entity 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.

The Bank holds a direct interest in an associate of just under 20 percent of the voting rights (19.94 percent), which may be exercised without restriction and are thus formally below the materiality threshold in accordance with IAS 28. Nevertheless, in the Bank's estimate and at its discretion, the Bank exercises significant influence over the company's financial and business decisions as defined in IAS 28.

Note 30 contains detailed disclosures on entities included in consolidation.

b) 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.

c) 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" and "held-to-maturity" category and derivatives are recognized in the statement of financial position on the trade date. Financial instruments in the "loans and receivables" 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 financial asset has expired or substantially all risks and rewards arising from the financial asset have been transferred.

It is also derecognized if the Group no longer has control over the financial asset.

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; note 25).

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 (central counterparty), 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.

ING-DiBa reports on offsetting, master netting agreements 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 takes 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" 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

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.

At ING-DiBa, the "held for trading" subcategory only contains derivatives not accounted for under the special hedge accounting rules of IAS 39.71 et seq. 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 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 investments

Held-to-maturity investments consist entirely of securities with fixed or determinable payments and a fixed term, which the Bank intends and is able to hold to maturity.

In March 2015, the Bank again classified financial instruments as held-to-maturity following the discontinuation of the "tainting rule" under IAS 39.9 as of December 31, 2014. This related to financial instruments which were transferred from the "available-for-sale" category at their fair values at the time of reclassification.

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

These financial assets are presented in the "financial investments" account (note 5).

The interest income is allocated to the period in which it accrues; it is recognized in the Bank's net interest income (note 33).

Loans and receivables

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" category, which is also possible, this is shown in the notes to the individual accounts.

Available-for-sale 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.

These 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).

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 (note 33).

ING-DiBa holds a limited number of equity investments, which are of minor relevance to 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" category. 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 and measured at cost (note 5).

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

On November 2, 2015, VISA Inc. and VISA Europe announced by way of a FORM 8-K filing a definitive agreement on the purchase of VISA Europe. The total price was reported at EUR 21.2 billion. Of that amount, 75% will be in cash and the remainder in the form of shares in Visa. One share was valued at EUR 10. The buy-back is expected to be completed by the end of the first half of 2016.

ING-DiBa reports its share certificates under Afs financial investments, with a EUR 42 million increase in fair value. Please refer to the information provided in note 5 "Financial investments", note 13 "Equity" and note 32 "Fair value reporting".

Reclassifications

In March 2015, due to the sale in 2012 of Spanish government bonds, the Bank again classified financial instruments as held-to-maturity following the discontinuation of the "tainting rule" under IAS 39.9 as of December 31, 2014. This related to financial instruments which were transferred from the "available-for-sale" category at their fair values at the time of reclassification. They are subsequently measured in accordance with the provisions of IAS 39.45 et seq. Changes in fair value recognized in equity prior to reclassification are

amortized as part of the revaluation reserves over the remaining term using the effective interest method.

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.

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.

Please refer to note 32 for commentary 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 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 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 and, since 2015, to short-term money market transactions in foreign currencies and foreign currency derivatives.

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 uniform exchange rates of the ING Group for this.

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 spot 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

An impairment is recognized for a financial asset or group of assets if there are objective indications that the contractual cash flows can no longer be generated in the manner agreed. It must be possible to estimate the future impact sufficiently reliably. By contrast, events expected to occur only in the future are no basis for impairment.

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.

In the lending business, impairment allowances are recognized if events lead to indications of a threat to the future cash flows from the respective financial instruments.

The amount of the impairment allowance is calculated in a two-step process in which any indications of impairment are first identified and then the amount of the risk provision is determined.

In a first step, individually significant loans are tested for objective indications of impairment.

Impairment tests are carried out at the portfolio level for loans which are individually significant but for which no objective indication of impairment was found and for loans which are not individually significant. Only loans featuring similar risk characteristics are combined in portfolios. In this process, the risk profile provides information on the current counterparty default risk, and thus on the probability with which the contractually agreed cash flows will be able to be generated. 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.

The amount of the risk provision for Lar receivables and Htm financial investments is calculated as the difference between the carrying amount and the present value of expected future cash flows, discounted using the original effective interest rate. 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.

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.

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.

Recoveries on loans and advances previously written off are recognized in the income statement under "Risk provision" (note 38).

The allowances for losses on loans and advances to customers are discussed in notes 3 and 38.

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

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 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 2014 and 2015.

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.

The risk provision also includes changes in other provisions for off-balance sheet obligations in the lending business.

Derivative financial instruments

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

The respective derivatives are reported under "derivatives with positive fair value" (note 6) or "derivatives with negative fair value" (note 17). Accrued interest is included in "other assets" (note 12) or "other liabilities" (note 21).

Primarily simply structured OTC interest rate swaps were entered into until the end of 2014.

In addition, new products in the form of foreign currency swaps such as FX swaps and FX forwards were entered into in 2015. The changes in fair value of foreign currency derivatives are reported under "net gains/losses on measurement of derivatives and hedged items" (note 35).

Derivative financial instruments are initially recognized at fair value at the trade date. They are subsequently measured at fair value through profit or loss.

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 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).

The resulting measurement gains or losses are included in the "net gains/losses on measurement of derivatives and hedged items" caption (note 35). The net interest income from derivatives used in effective hedges is reported under "other interest income" (note 33), which also includes changes in fair value arising from the pull-to-par effect of derivatives in effective fair value hedges.

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, both 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).

Since January 1, 2015, ING-DiBa has prospectively applied the provisions of the IFRS EU carve-out (bottom layer approach) for portfolio hedge accounting for mortgage loans.

Changes in fair value of derivatives (hedges) which relate to the interest rate risk (hedged risk) are reported in the income statement under "net gains/losses on measurement of derivatives and hedged items" together with the changes in the market value of the mortgage loans (hedged item).

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 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 portfolio fair value 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. 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 25.

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, with the expense included in profit or loss from "risk provision" (note 38).

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.

d) Other items

Investment property

"Investment property" (note 7) refers to land and buildings leased to third parties. It also includes a bail-out purchase. 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 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 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" (note 7) 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. Depreciation is recognized on a straight-line basis over the expected useful life. The expense is included in "other administrative expenses" in the notes to the consolidated income statement (note 40).

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 recognizes 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 on a straight-line basis. The 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, it 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 is 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 in equity.

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.

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.

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).

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 "Disclosures relating to income tax expenses" (note 41) in the income statement.

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.

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 they fall due in the short term.

The interest in the associate is recognized at amortized cost using the equity method (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 other non-current provisions (note 20).

Provisions for litigation risks are established if they are judged to result in a present obligation, if the possibility of an outflow of economic benefits from them is judged to be probable and if a reliable estimate of the amount is judged to be possible. Litigation risks are generally assumed to be the result of past events.

Other provisions for obligations from the lending business not recognized in the statement of financial position account for the standard level of uncertainties within the industry. The underlying assumptions and estimates include past experience as well as expectations and forecasts with respect to future development.

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.

e) 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.

f) 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.

Negative interest in relation to the investment and borrowing of funds is recognized under net interest income and discussed in note 33. Given the immateriality of the amounts, these are not presented in a separate line item of the income statement.

Net commission income

Fee and commission income is generally recognized at the time the service is provided. Net commission income is explained in note 34.

Fees and commissions are paid for the use of brokerage and other services in connection with the Group's products. They are usually expensed upon receipt of the service.

Brokerage payments similar to interest are allocated over the (minimum) term of the contracts and presented in net interest income (note 33).

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

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.

g) 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 goes 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 obligations.

h) 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 made 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.

The useful lives and method of depreciation for Group-occupied property and property and equipment are subject to estimates and judgments, which may impact the income statement and thus also the operating profit or loss in the event of changes.

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.

i) Disclosures relating to changes in reporting standards

These consolidated financial statements for the fiscal year ended December 31, 2015, 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 following standards, interpretations, and amendments to existing standards are applicable as of fiscal year 2015.

Standard/ Interpre- tation	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 40	rev. 2013	Investment Property	Als Finanzinvestition gehaltene Immobilien	07/01/2014	01/01/2015	12/19/2014
IFRS 3	rev. 2013	Business Combinations	Unternehmenszusam- menschlüsse	07/01/2014	01/01/2015	12/19/2014
IFRS 13	rev. 2013	Fair Value Measurement	Bemessung des beizulegenden Zeitwerts	07/01/2014	01/01/2015	12/19/2014
IFRIC 21	issued 2013	Levies	Abgaben	01/01/2014	06/17/2014	06/14/2014

⁽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/ Interpre- tation	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 19	rev. 2013	Employee Benefits	Leistungen an Arbeitnehmer	07/01/2014	02/01/2015	01/09/2015
IAS 16 & IAS 41	rev. 2013	Property, Plant and Equipment & Agriculture	Sachanlagen & Landwirtschaft	01/01/2016	01/01/2016	11/24/2015
IFRS 11	rev. 2013	Joint Arrangements	Gemeinsame Vereinbarungen	01/01/2016	01/01/2016	11/25/2015
IAS 16 & IAS 38	rev. 2013	Property, Plant and Equipment & Intangible Assets	Sachanlagen & Immaterielle Vermögenswerte	01/01/2016	01/01/2016	12/03/2015
IAS 1	rev. 2013	Presentation of Financial Statements	Darstellung des Abschlusses	01/01/2016	01/01/2016	12/19/2015
IAS 27	rev. 2013	Separate Financial Statements	Einzelabschlüsse	01/01/2016	01/01/2016	12/23/2015

⁽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.

In addition, the Annual Improvements to IFRSs 2010-2012 Cycle and the Annual Improvements to IFRSs 2012-2014 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.

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, accounting for financial instruments 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, retrospectively without 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 (FVTOCI), 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 (FVTOCI) 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.

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 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 (FVTOCI). 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.

In fiscal year 2015 ING Groep N.V. formed a project group to review and assess the potential impacts from the future application of IFRS 9 with respect to the accounting and disclosure of financial information, to develop a uniform interpretation of IFRS 9 and to prepare the implementation process. The IFRS 9 implementation phase begins in 2016 for the processes, models and systems of the entire ING Group. Parallel operation is planned for 2017. A detailed timeline and milestones are in place for the entire project.

ING-DiBa is a part of the IFRS 9 project group and is also on the Technical Board of ING Bank N.V. and the international IFRS 9 network of the ING Group. The objective of the network is to link all countries and units with the central project team in order to ensure uniform implementation, a comparable level of knowledge and uniform training.

Given ING-DiBa's business profile, the implementation of IFRS 9 is expected to materially affect in particular the Bank's equity, profit, other comprehensive income and the scope of the disclosure requirements for financial instruments. The new rules for classification, measurement and impairment of financial instruments must be applied retrospectively by adjusting the opening statement of financial position and equity as at January 1, 2018, without adjustments to the prior-year figures.

With respect to classification and measurement of financial instruments, despite certain differences between IAS 39 and IFRS 9, no major changes are expected for ING-DiBa. The classification and measurement of financial liabilities is expected to remain the same as under IAS 39.

The new rules for recognizing impairments (expected credit loss, ECL model) will be implemented by adopting and refining the existing ING Groep models which have already been used to calculate regulatory capital, economic capital and the risk provision (IBNR/INSFA) within the existing IAS 39 framework. The current stress test models form the basis for the application of macroeconomic parameters within the ECL parameters.

On the basis of central decisions at the Group level, the ING Groep will keep up its hedge accounting in accordance with the existing provisions of IAS 39 until the rules on macro fair value hedge accounting have been fully and finally adopted. The IFRS 7 hedge accounting disclosure requirements are being implemented.

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and according to the IASB is expected to be applicable to reporting periods beginning on or after January 1, 2018. 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.

To date, IFRS 15 has not yet been adopted by the EU. ING-DiBa is currently analyzing the potential implications resulting from the application of IFRS 15 in the future.

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.

j) 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

	12/31/2015 € m	12/31/2014 € m
Cash balance	95	117
Balances with central banks	1,402	1,771
Total	1,497	1,888

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

	12/31/2015 € m	12/31/2014 € m
Payable on demand	256	841
Other loans and advances	4,648	2,297
Total	4,904	3,138

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

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

The year-on-year change resulted from the decrease in cash collateral for derivatives and the decline in reverse repo transactions, offset by an increase in loans and advances to the Group parent ING Bank N.V. amounting to EUR 4,149 million (December 31, 2014: EUR 0 million) for which cash collateral has been provided.

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 112 million (December 31, 2014: EUR 1,795 million). For more information on repo transactions with banks, refer to notes 5 and 15.

(3) Loans and advances to customers

	12/31/2015 € m	12/31/2014 € m
Mortgages	65,047	63,458
Consumer loans	5,945	4,999
Public sector loans	4,752	5,310
Corporate loans	15,183	9,548
Asset-backed securities (ABS)/mortgage-backed securities (MBS)	6,731	7,474
Other	829	0
Loans and advances to customers before risk provision	98,487	90,789
Portfolio-based impairment allowances	- 161	- 154
Specific impairment allowances including those calculated on a portfolio basis	- 383	- 383
Loans and advances to customers after risk provision	97,943	90,252

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

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 2015 fiscal year, they amounted to EUR 74 million (December 31, 2014: EUR 925 million). For more information on repo transactions with customers, refer to notes 5 and 16.

Allowances for losses on loans and advances to customers

	12/31/2015 € m	12/31/2014 € m
Mortgages	- 348	- 361
Consumer loans	- 184	- 169
Corporate loans	- 12	- 7
Asset-backed securities/mortgage-backed securities and other	0	0
Total	- 544	- 537
Loans and advances to customers before risk provision	98,487	90,789
Risk provision	- 544	- 537
Loans and advances to customers after risk provision	97,943	90,252

In addition, provisions for off-balance sheet risks from the lending business amounted to EUR 20 million (December 31, 2014: EUR 0 million). Please refer to non-current provisions

(note 20). As of December 31, 2015, the total risk provision in the lending business amounted to EUR 564 million (December 31, 2014: EUR 537 million).

Changes in allowances for losses on loans and advances to customers

	2015 Portfolio-based impairment allowances € m	2015 Specific impairment allowances including those calculated on a portfolio basis € m	2015 Total € m
Balance on Jan. 1	- 154	- 383	- 537
Utilization of existing impairment allowances	0	61	61
Additions to/reversals of risk provision	- 7	- 61	- 68
Other changes	0	0	0
Balance on Dec. 31	- 161	- 383	- 544

	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

Expenses of EUR 77 million arising from risk provisions were recognized in the income statement (December 31, 2014: EUR 64 million), see note 38.

Subordinated loans and advances

Subordinated loans and advances to customers amounted to EUR 0 million as of December 31, 2015 (December 31, 2014: EUR 29 million).

(4) Adjustment to portfolio fair value hedges

	12/31/2015 € m	12/31/2014 € m
Adjustment to portfolio fair value hedges	1,183	1,687
Total	1,183	1,687

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

	12/31/2015 € m	12/31/2014 € m
Available-for-sale		
Bonds and other fixed-income securities	36,364	38,943
Equity investments	51	7
Afs total	36,415	38,950
Held-to-maturity		
Bonds and other fixed-income securities	1,255	0
Htm total	1,255	0
Total	37,670	38,950

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

	2015 Afs securities € m	2015 Afs equity investments € m	2015 Htm securities € m	2015 Total € m
Balance on Jan. 1	38,943	7	0	38,950
Additions	6,220	0	0	6,220
Amortization	- 143	0	- 22	- 165
Reclassifications	- 1,277	0	1,277	0
Other changes in fair value	- 433	44	0	- 389
Impairments and reversals	0	0	0	0
Disposals	- 4,401	0	0	- 4,401
Maturities	- 2,545	0	0	- 2,545
Balance on Dec. 31	36,364	51	1,255	37,670

	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

In fiscal year 2015 "available-for-sale" securities were reclassified as "held-to-maturity". This related primarily to securities issued by German banks and public institutions.

ING-DiBa continues to hold the securities transferred as part of repo and reverse repo 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

	2015 € m	2014 € m
Reverse repo transactions	186	2,734

Securities accepted as collateral as part of reverse repo transactions are not recognized in the statement of financial position under IFRS. The liquidation options are similar to those of standard international repo transactions. As in the previous year, there were no securities lending transactions as of December 31, 2015. No collateral held had been sold or pledged.

The collateral held is reported at fair value.

(6) Derivatives with positive fair value

	12/31/2015 € m	12/31/2014 € m
Derivatives		
Micro fair value hedges	0	0
Portfolio fair value hedges	0	30
Used in cash flow hedges	0	0
Foreign currency derivatives	68	0
Other derivatives	0	2
Total	68	32

This item includes derivative financial instruments designated as hedges and instruments not designated as hedges with a positive fair value of EUR 68 million (December 31, 2014: EUR 32 million).

ING-DiBa mainly 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. In addition, since fiscal year 2015, foreign currency derivatives have also been concluded, in particular to procure foreign currencies.

Furthermore, other derivatives also include derivatives outside hedge accounting, which serve to hedge interest rate and other market price risks and for duration management. Derivatives in ineffective hedge relationships are also reported under this item.

The carrying amount virtually represents only foreign currency derivatives due to a large number of netting arrangements with a central counterparty. Please refer to note 26 for further information on the volume of derivatives and offsetting.

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.

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.

	12/31/2015 € m	12/31/2014 € 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	
2015	0
2014	0
2013	100
Not appraised by external appraisers	0
Total	100

(8) Property and equipment and Group-occupied properties

	12/31/2015 € m	12/31/2014 € m
IT facilities	21	22
Group-occupied properties	16	17
Other property and equipment	17	14
Total	54	53

Changes in property and equipment and Group-occupied properties

	2015 IT facilities € m	2015 Group-occupied properties € m	2015 Other property and equipment € m	2015 Total € m
Carrying amount on Jan.1	22	17	14	53
Additions	10	0	7	17
Disposals	0	0	0	0
Depreciation	- 11	- 1	- 4	- 16
Changes in fair value due to remeasurement	0	0	0	0
Reclassifications and other changes	0	0	0	0
Carrying amount on Dec. 31	21	16	17	54
Gross carrying amount on Dec. 31	71	17	44	132
Accumulated depreciation as of Dec. 31	- 50	- 4	- 27	- 81
Cumulative changes in fair value as of Dec. 31	0	3	0	3
Carrying amount on Dec. 31	21	16	17	54

	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

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. Depreciation expenses are recognized under "other administrative expenses" (note 40) in the income statement.

The revaluation method is used to measure Group-occupied properties. Further information can be found in section e) of the chapter on "Significant accounting policies" and note 32.

The following depreciation periods have been applied:

Overview of depreciation periods

	Depreciation periods in years
IT facilities	2-6
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 2015 fiscal year (December 31, 2014: EUR 0 million).

	12/31/2015 € m	12/31/2014 € m
Fair value after remeasurement	17	17
Notional carrying amount under cost method	12	12

(9) Intangible assets

	12/31/2015 € m	12/31/2014 € m
Software	11	9
Goodwill	0	0
Total	11	9

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.

Changes in intangible assets

	2015 Purchased software € m	2015 Internally generated software € m	2015 Total € m
Carrying amount on Jan. 1	9	0	9
Additions	8	0	8
Amortization	- 6	0	- 6
Carrying amount on Dec. 31	11	0	11
Gross carrying amount on Dec. 31	60	30	90
Accumulated amortization as of Dec. 31	- 49	- 30	- 79
Carrying amount on Dec. 31	11	0	11

	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

(10) Income tax assets

	12/31/2015 € m	12/31/2014 € m
Income tax assets	8	0

(11) Deferred tax assets

	12/31/2015 € m	12/31/2014 € m
Deferred tax assets	1	1

Deferred taxes are explained further in notes 19 and 41.

(12) Other assets

	12/31/2015 € m	12/31/2014 € m
Accrued interest on loans and advances to banks	1	9
Accrued interest on loans and advances to customers	64	61
Accrued interest on Afs financial investments	452	496
Accrued interest on Htm financial investments	14	0
Accrued interest on hedging derivatives	0	5
Accrued interest on other derivatives	1	1
Prepaid expenses	32	30
Miscellaneous assets	62	43
Total	626	645

The other assets include an immaterial investment in an associate of EUR 2 million, (December 31, 2014: EUR 2 million) (note 30).

Information on offsetting may be found in note 26.

(13) Consolidated equity

	12/31/2015 € m	12/31/2014 € m
Subscribed capital	100	100
Reserves	7,106	6,921
Revaluation reserves	731	1,011
Other reserves	6,375	5,910
Total	7,206	7,021

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.

This item includes non-controlling interests of EUR 25 thousand (December 31, 2014: 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.

"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 2015, determined in accordance with HGB, of EUR 644 million (2014: EUR 621 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

	2015 Revaluation reserve Real Estate € m	2015 Available-for-sale financial investments € m	2015 Cash flow hedge reserve € m	2015 Total € m
Value as of Jan. 1	2	991	18	1,011
Remeasurement of property and equipment and Group-occupied properties after tax	0	0	0	0
Remeasurement of available-for-sale financial investments after tax	0	- 213	0	- 213
Realized gains/losses transferred to profit or loss after tax	0	- 65	0	- 65
Changes in cash flow hedge reserve after tax	0	0	- 2	- 2
Value on Dec. 31	2	713	16	731

	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 after tax	0	0	0	0
Remeasurement of available-for-sale financial investments after tax	0	514	0	514
Realized gains/losses transferred to profit or loss after tax	0	- 1	0	- 1
Changes in cash flow hedge reserve after tax	0	0	17	17
Value on Dec. 31	2	991	18	1,011

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.

Revaluation reserves include EUR 32 million (December 31, 2014: EUR 0 million) resulting from Afs securities which were reclassified as Htm in 2015. This amount is amortized through profit or loss over the remaining term of the Htm securities.

(14) Securitized liabilities

Since 2011, ING-DiBa AG has been issuing mortgage bonds (Hypothekendarlehenbriefe) which are placed on the capital market. Each issue has been given a minimum denomination of EUR 100,000.

As of December 31, 2015, the mortgage bonds were 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

	12/31/2015 € m	12/31/2014 € m
Balance as of Jan. 1	1,282	1,231
Additions	0	50
Amortization	1	1
Balance as of Dec. 31	1,283	1,282

Securitized liabilities by remaining contractual maturity

	12/31/2015 less than 1 year € m	12/31/2015 1 to 2 years € m	12/31/2015 2 to 3 years € m
Variable-interest securitized liabilities	0	50	0
Fixed-interest securitized liabilities	499	0	20
Total	499	50	20

	12/31/2015 3 to 4 years € m	12/31/2015 4 to 5 years € m	12/31/2015 more than 5 years € m	12/31/2015 Total € m
Variable-interest securitized liabilities	0	0	100	150
Fixed-interest securitized liabilities	509	10	95	1,133
Total	509	10	195	1,283

	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

(15) Deposits from banks

	12/31/2015 € m	12/31/2014 € m
Payable on demand	306	365
With an agreed maturity or period of notice	12,635	10,784
Total	12,941	11,149

As of December 31, 2015, there were no open market transactions with the European Central Bank System (December 31, 2014: EUR 0 million).

Further information regarding financial instruments transferred and pledged as collateral is contained in note 25.

The deposits from banks include cash collateral accepted for reverse repo transactions of EUR 0 million (December 31, 2014: EUR 7 million) and for derivatives (note 6) of EUR 21 million (December 31, 2014: EUR 4 million).

In addition, cash collateral for receivables from the Group parent amounted to EUR 4,715 million (December 31, 2014: EUR 0 million).

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

(16) Due to customers

	12/31/2015 € m	12/31/2014 € m
Savings deposits	2,698	2,167
Call money and fixed deposits	111,105	106,221
Current account balances	4,825	3,882
Other deposits	2,498	2,994
Total	121,126	115,264

Note 25 provides information on financial instruments transferred and pledged as collateral.

The deposits from customers include cash collateral accepted for derivatives (note 6) of EUR 13 million (December 31, 2014: EUR 0 million) and cash collateral in connection with guarantee loans assumed of EUR 9 million (December 31, 2014: EUR 0 million).

The accrued interest on amounts due to customers is reported under "other liabilities" (note 21).

(17) Derivatives with negative fair value

	12/31/2015 € m	12/31/2014 € m
Derivatives		
Used in micro fair value hedges	0	91
Used in portfolio fair value hedges	0	348
Used in cash flow hedges	0	0
Foreign currency derivatives	76	0
Other derivatives	0	18
Total	76	457

This item includes derivative financial instruments designated as hedges and instruments not designated as hedges with a negative fair value (after offsetting) of EUR 76 million (December 31, 2014: EUR 457 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. In addition, beginning in fiscal year 2015, foreign currency derivatives have also been concluded, particularly to procure foreign currencies.

Other derivatives include derivatives outside hedge accounting which are used to hedge interest rate and other market price risks and for duration management. Derivatives in ineffective hedge relationships are also reported under this item.

The carrying amount virtually represents only foreign currency derivatives due to a large number of netting arrangements with a central counterparty. Please refer to note 26 for further details on derivatives and offsetting.

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.

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

	12/31/2015 € m	12/31/2014 € m
Income tax liabilities	4	1

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

	12/31/2015 € m	12/31/2014 € m
Deferred tax liabilities	161	287

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

Changes in deferred tax assets and liabilities

	01/01/2015 Net deferred taxes € m	Changes recognized in equity € m	Changes recognized in profit or loss € m	12/31/2015 Net deferred taxes € m
Financial investments	- 755	134	135	- 486
Derivatives with positive and negative fair value	979	0	- 302	677
Loans and advances to banks and customers	- 554	0	168	- 386
Cash flow hedges	- 7	1	- 1	- 7
Pension and personnel provisions	36	- 3	0	33
Tax loss carryforwards	0	0	0	0
Other items	15	0	- 6	9
Subtotal	- 286	132	- 6	- 160
Net deferred taxes	- 286	132	- 6	- 160
Deferred tax assets	1	0	0	1
Deferred tax liabilities	- 287	132	- 6	- 161
Total	- 286	132	- 6	- 160

	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

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 on the measurement of Afs securities of EUR 134 million (December 31, 2014: EUR -241 million) were taken directly to equity, and relate to the total result recognized in the revaluation reserve of EUR -412 million (December 31, 2014: EUR 755 million).

This resulted in net result of EUR -278 million (December 31, 2014: EUR 514 million).

Deferred taxes due to unused tax loss carryforwards

	12/31/2015 € m	12/31/2014 € 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 on 16 percent in fiscal year 2015 (December 31, 2014: 16 percent). As of December 31, 2015, there were no deferred tax assets (December 31, 2014: EUR 0 million).

As of December 31, 2015, 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

	12/31/2015 € m	12/31/2014 € m
Pension provisions	126	132
Other personnel provisions	10	10
Provision for restructuring measures	0	0
Other provisions	37	7
Total	173	149

Other personnel provisions include provisions for transitional benefits, early retirement benefits, anniversary bonuses and similar items.

Other provisions of EUR 15 million (December 31, 2014: EUR 4 million) were recognized in respect of litigation risks and EUR 20 million (December 31, 2014: EUR 0 million) for risk provisions for off-balance-sheet obligations from the lending business.

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

	2015 Pension provisions € m	2015 Other personnel provisions € m	2015 Provision for restructuring measures and other provisions € m	2015 Total € m
Carrying amount as of Jan. 1	132	10	7	149
Additions during the reporting period	- 4	0	35	31
Reversals during the reporting period	0	0	- 3	- 3
Utilizations during the reporting period	- 2	0	- 2	- 4
Other	0	0	0	0
Carrying amount as of Dec. 31	126	10	37	173

	2014 Pension provisions	2014 Other personnel provisions	2014 Provision for restructuring measures and other provisions	2014 Total
	€ m	€ m	€ m	€ 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

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, 2014: EUR 24 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 a small additional contribution to plan assets during the 2015 fiscal year (2014: EUR 0 million).

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 2015. 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

	12/31/2015 € m	12/31/2014 € m
Defined benefit obligation (unfunded plans)	78	82
Defined benefit obligation (funded plans)	145	154
Less fair value of plan assets	97	104
Funding status	126	132
Pension provision	126	132
Other assets	0	0

Change in defined benefit obligation (DBO) – total

	2015 € m	2014 € m
DBO as of Jan. 1	236	199
Current service cost	2	1
Past service cost	0	2
Interest cost	4	6
Changes in fair value: actuarial gains and losses from financial assumptions	– 9	39
Changes in fair value: actuarial gains and losses from experience-based adjustments	0	– 1
Benefits paid	– 10	– 10
DBO as of Dec. 31	223	236

Change in defined benefit obligation (DBO) – unfunded plans

	2015 € m	2014 € m
DBO as of Jan. 1	82	62
Current service cost	2	1
Past service cost	0	2
Interest cost	1	2
Changes in fair value: actuarial gains and losses from financial assumptions	- 4	17
Changes in fair value: actuarial gains and losses from experience-based adjustments	- 1	0
Benefits paid	- 2	- 2
DBO as of Dec. 31	78	82

Change in defined benefit obligation (DBO) – funded plans

	2015 € m	2014 € m
DBO as of Jan. 1	154	137
Current service cost	0	0
Past service cost	0	0
Interest cost	3	4
Changes in fair value: actuarial gains and losses from financial assumptions	- 5	22
Changes in fair value: actuarial gains and losses from experience-based adjustments	1	- 1
Benefits paid	- 8	- 8
DBO as of Dec. 31	145	154

Change in plan assets

	2015 € m	2014 € m
Fair value of plan assets as of Jan. 1	104	107
Interest income from plan assets	2	3
Changes in fair value: actual return on plan assets excluding interest income	- 1	2
Contributions	0	0
Benefits paid	- 8	- 8
Fair value of plan assets as of Dec. 31	97	104

There were no plan surpluses in the periods under review.

Composition of plan assets

The composition of the investment fund assets was as follows:

	12/31/2015 Fair value quoted on an active market € m	Not quoted on an active market € m	12/31/2014 Fair value quoted on an active market € m	Not quoted on an active market € m
Shares	36	0	41	0
of which: eurozone countries	19	0	22	0
of which: non-eurozone countries	17	0	19	0
Bonds and debentures	59	0	55	0
of which: in euros	59	0	55	0
of which: not in euros	0	0	0	0
Investment funds	0	0	1	0
Other securities, options, other assets	0	0	1	0
Bank balances/fixed-term deposits	0	2	0	6
Total	95	2	98	6

Actuarial assumptions

	12/31/2015 Percent	12/31/2014 Percent
Interest rate	2.0	1.7
Salary growth	2.75	2.75
Inflation	1.75	1.75

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 (Germany: Heubeck 2005G; Austria: AVÖ2008-P). 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:

	12/31/2015 Financial impact in case of increase € m	12/31/2015 Financial impact in case of decrease € m	12/31/2014 Financial impact in case of increase € m	12/31/2014 Financial impact in case of decrease € m
Interest rate +/- 1 percent	-27	34	-30	38
Mortality rate +/- 10 percent	-8	9	-8	9
Salary growth +/- 0.25 percent	1	-1	0	-1
Inflation +/- 0.25 percent	6	-6	6	-6

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	11
Year 3	11
Year 4	12
Year 5	11
Next 5 years	52

Other non-current personnel provisions

	12/31/2015 € m	12/31/2014 € m
Anniversaries	4	4
Partial retirement (liability)	6	6
Total	10	10

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

	12/31/2015 € m	12/31/2014 € m
Accrued interest on deposits from banks	2	6
Accrued interest on amounts due to customers	32	55
Accrued interest on securitized liabilities	17	17
Accrued interest on hedging derivatives	0	63
Accrued interest on other derivatives	0	10
Miscellaneous liabilities	956	906
Total	1,007	1,057

"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

	12/31/2015 on demand € m	12/31/2015 less than 1 month € m	12/31/2015 1 to 3 months € m	12/31/2015 3 to 12 months € m
Cash reserve	1,497	0	0	0
Loans and advances to banks	256	161	25	816
Loans and advances to customers	2,540	3,297	9,030	8,493
Financial investments				
- Available-for-sale	51	340	569	2,932
- Held-to-maturity	0	1	3	23
Derivatives with positive fair value	0	13	3	49
Other assets	0	227	164	242
Total	4,344	4,039	9,794	12,555

	12/31/2015 1 to 5 years € m	12/31/2015 more than 5 years € m	12/31/2015 indefinite € m	12/31/2015 Total € m
Cash reserve	0	0	0	1,497
Loans and advances to banks	2,789	928	0	4,975
Loans and advances to customers	41,198	43,203	0	107,761
Financial investments				
- Available-for-sale	16,016	17,412	0	37,320
- Held-to-maturity	1,027	205	0	1,259
Derivatives with positive fair value	0	0	0	65
Other assets	0	2	12	647
Total	61,030	61,750	12	153,524

	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
- Held-to-maturity	0	0	0	0
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
- Held-to-maturity	0	0	0	0
Derivatives with positive fair value	25	6	0	42
Other assets	2	5	12	658
Total	58,634	63,804	12	148,753

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

	12/31/2015 on demand € m	12/31/2015 less than 1 month € m	12/31/2015 1 to 3 months € m
Securitized liabilities	0	0	11
Deposits from banks	118	22	187
Due to customers	107,749	1,802	2,881
Derivatives with negative fair value	0	9	24
Other liabilities	20	702	51
Subtotal	107,887	2,535	3,154
Financial guarantees	198	6	38
Irrevocable loan commitments	34	3,824	204
Total	108,119	6,365	3,396

	12/31/2015 3 to 12 months € m	12/31/2015 1 to 5 years € m	12/31/2015 more than 5 years € m	12/31/2015 Total € m
Securitized liabilities	515	629	200	1,355
Deposits from banks	1,716	6,741	5,299	14,083
Due to customers	5,700	4,270	82	122,484
Derivatives with negative fair value	55	0	0	88
Other liabilities	270	5	297	1,345
Subtotal	8,256	11,645	5,878	139,355
Financial guarantees	73	78	6	399
Irrevocable loan commitments	1,142	7,406	389	12,999
Total	9,471	19,129	6,273	152,753

	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

(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.

	12/31/2015 Current € m	12/31/2015 Non-current € m	12/31/2015 Total € m
Assets			
Cash reserve	1,497	0	1,497
Loans and advances to banks	1,247	3,657	4,904
Loans and advances to customers	22,054	75,889	97,943
Adjustment to portfolio fair value hedges	69	1,114	1,183
Financial investments	3,257	34,413	37,670
Derivatives with positive fair value	68	0	68
Investment property	0	12	12
Property and equipment	0	54	54
Intangible assets	0	11	11
Income tax assets	8	0	8
Deferred tax assets	1	0	1
Other assets	624	2	626
Total assets	28,825	115,152	143,977
Liabilities			
Securitized liabilities	499	784	1,283
Deposits from banks	1,853	11,088	12,941
Due to customers	116,896	4,230	121,126
Derivatives with negative fair value	76	0	76
Income tax liabilities	4	0	4
Deferred tax liabilities	0	161	161
Non-current provisions	22	151	173
Other liabilities	1,007	0	1,007
Total liabilities	120,357	16,414	136,771

	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

IAS 1.60 et seq. in conjunction with IFRS 7.39 results in a worst-case analysis for the item "amounts due to customers". Customer deposits payable on demand are classified 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.

	12/31/2015 Assets € m	12/31/2015 Equity and liabilities € m	12/31/2014 Assets € m	12/31/2014 Equity and liabilities € m
Derivatives used as fair value hedges	0	0	30	439

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 0 million as of December 31, 2015, on the assets side (December 31, 2014: EUR 34 million) and to EUR 0 million as of December 31, 2015, on the liabilities side (December 31, 2014: EUR 502 million).

In 2015 all derivatives designated as fair value hedges, including collateral provided, were offset due to the clearing of the derivatives via a CCP. Please refer to note 26 "Offsetting, master netting and similar agreements" for further information.

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.

	12/31/2015 Assets € m	12/31/2015 Equity and liabilities € m	12/31/2014 Assets € m	12/31/2014 Equity and liabilities € m
Derivatives used as cash flow hedges	0	0	0	0

The full fair value of derivatives, including accrued interest, amounted to EUR 0 million as of December 31, 2015, on the assets side (December 31, 2014: EUR 1 million) and to 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.

	2015 less than 1 month € m	2015 1 to 3 months € m	2015 3 to 12 months € m	2015 1 to 2 years € m
Inflow	4	4	2	10
Outflow	0	0	0	0
Net cash flow	4	4	2	10

	2015 2 to 3 years € m	2015 3 to 4 years € m	2015 4 to 5 years € m	2015 more than 5 years € m
Inflow	9	9	8	10
Outflow	0	0	0	0
Net cash flow	9	9	8	10

	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

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.

	12/31/2015 € m	12/31/2014 € m
Cash flow hedge reserve in equity	16	17

In fiscal year 2015 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:

	12/31/2015 € m	12/31/2014 € m
Cash flow hedge ineffectiveness	0	0

(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.

	12/31/2015 Fair value € m	12/31/2015 Carrying amount € m
Repo transactions		
- Assets transferred (available-for-sale)	938	938
- Assets transferred (other assets – Afs financial investments) ⁽¹⁾	20	20
- Corresponding deposits from banks	657	657
- Corresponding amounts due to customers	301	301
Available-for-sale⁽²⁾	0	0
- Assets transferred (held-to-maturity)	21	20
- Assets transferred (other assets – Htm financial investments) ⁽¹⁾	1	1
- Corresponding deposits from banks	21	21
- Corresponding amounts due to customers	0	0
Held-to-maturity⁽²⁾	1	0
Total assets transferred	980	979
Total corresponding liabilities	979	979

⁽¹⁾ Relates to accrued interest reported separately under other assets.

⁽²⁾ The totals are shown on a net basis.

	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 assets – 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
- Assets transferred (held-to-maturity)	0	0
- Assets transferred (other assets – Htm financial investments) ⁽¹⁾	0	0
- Corresponding deposits from banks	0	0
- Corresponding amounts due to customers	0	0
Held-to-maturity⁽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.

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

As in the previous year, there were no securities lending transactions as of December 31, 2015.

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, 2014: EUR 70 million), resulting in a continuing involvement of EUR 0 million (December 31, 2014: EUR 2 million), which continues to be recognized under "loans and advances to customers" (note 3). This is offset by EUR 0 million (December 31, 2014: EUR 2 million), which is reported under "deposits from banks" (note 15).

Financial instruments pledged as collateral

	12/31/2015 Carrying amount € m	12/31/2014 Carrying amount € m
Total Afs financial investments	36,415	38,950
of which pledged as collateral	5,326	3,486
Total other assets - Afs financial investments	452	496
of which pledged as collateral	106	64
Total Htm financial investments	1,255	0
of which pledged as collateral	90	0
Total other assets - Htm financial investments	14	0
of which pledged as collateral	2	0
Loans and advances to banks	4,904	3,138
of which pledged as collateral	56	574
Loans and advances to customers	97,943	90,252
of which pledged as collateral	12,601	13,018
Total transferred	18,181	17,142

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" (note 2) include pledged cash collateral for derivatives in the amount of EUR 24 million (December 31, 2014: EUR 513 million). In addition, cash collateral provided for repo transactions amounted to EUR 0 million (December 31, 2014: EUR 0 million). EUR 32 million in cash collateral was provided in the context of transactions settled via central counterparties (December 31, 2014: EUR 61 million).

The "loans and advances to customers" (note 3) included a volume of EUR 7,172 million (December 31, 2014: EUR 7,118 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, 2014: 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 mortgage bonds (Hypothekendarlehen) issued. The carrying amount of the private mortgage loans entered into the funding register was EUR 5,229 million as of December 31, 2015 (December 31, 2014: EUR 5,629 million).

The loans of the cover pool comprise part of the "loans and advances to customers" item (note 3). In addition, EUR 582 million in Afs and Htm financial instruments (December 31, 2014: EUR 71 million) were provided 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 and reverse repo transactions are master netting agreements (MNA) 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. MNAs 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", and note 17 "Derivatives with negative fair value".

		12/31/2015	12/31/2015	12/31/2015	12/31/2015		12/31/2015
		Gross amounts of financial assets before offsetting m €	Amounts offset in the statement of financial position m €	Net amounts of financial assets after offsetting m €	Amounts subject to a legally enforceable MNA or similar agreement		Net amount m €
Statement of financial position item	Financial assets				Financial instruments m €	Financial instruments pledged as collateral including cash m €	
Loans and advances to banks	Reverse repo and similar contracts	112	0	112	0	112	0
Loans and advances to banks	Cash collateral ¹	2,519	2,517	2	0	0	2
Loans and advances to customers	Reverse repo and similar contracts	74	0	74	74	0	0
Derivatives with positive fair value	Derivatives	442	373	69	30	7	32
	Accrued interest on loans and advances to banks	0	0	0	0	0	0
Other assets	Accrued interest on derivatives	47	46	1	0	0	1
Total		3,194	2,936	258	104	119	35

⁽¹⁾ The cash collateral reported here relates in full to the transactions settled via a central counterparty (CCP).

		12/31/2014	12/31/2014	12/31/2014	12/31/2014		12/31/2014
		Gross amounts of financial assets before offsetting m €	Amounts offset in the statement of financial position m €	Net amounts of financial assets after offsetting m €	Amounts subject to a legally enforceable MNA or similar agreement		Net amount
					Financial instruments m €	Financial instruments pledged as collateral including cash m €	m €
Statement of financial position item							
	Financial assets						
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
	Accrued interest on loans and advances to banks						
Other assets		0	0	0	0	0	0
	Accrued interest on derivatives						
Other assets		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 full to the transactions settled via a central counterparty (CCP).

		12/31/2015	12/31/2015	12/31/2015	12/31/2015		12/31/2015
		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 €	Amounts subject to a legally enforceable MNA or similar agreement		Net amount
Statement of financial position item	Financial liabilities				Financial instruments m €	Financial instruments pledged as collateral including cash m €	m €
Deposits from banks	Repo transactions	678	0	678	0	677	1
Due to customers	Repo transactions	301	0	301	74	227	0
Derivatives with negative fair value	Derivatives	2,591	2,515	76	30	24	22
Other liabilities	Accrued interest on derivatives	421	421	0	0	0	0
Total		3,991	2,936	1,055	104	928	23

		12/31/2014	12/31/2014	12/31/2014	12/31/2014		12/31/2014
		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 €	Amounts subject to a legally enforceable MNA or similar agreement		Net amount
Statement of financial position item	Financial liabilities				Financial instruments m €	Financial instruments pledged as collateral including cash m €	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

(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 and letters of credit are presented below. These correspond to the contractually stipulated maximum amounts. For guarantees, the maximum amount that can be drawn down is shown.

As part of the spin-off (August 31, 2011) the Frankfurt branch of ING Bank N.V. from ING Bank N.V., Amsterdam, to Conifer B.V., Amsterdam, 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.

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

	12/31/2015 on demand € m	12/31/2015 less than 1 month € m	12/31/2015 1 to 3 months € m
Irrevocable loan commitments	34	3,824	204
Guarantees and letters of credit	368	30	44
Total	402	3,854	248

	12/31/2015 3 to 12 months € m	12/31/2015 1 to 5 years € m	12/31/2015 more than 5 years € m	12/31/2015 Total € m
Irrevocable loan commitments	1,142	7,406	389	12,999
Guarantees and letters of credit	141	145	255	983
Total	1,283	7,551	644	13,982

	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

(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 d) and e)).

(29) Future lease obligations

	Future minimum lease payments € m
2016	20
2017	19
2018	18
2019	17
2020	16
in years following 2020	75

Total lease expenses amounted to EUR 25 million in fiscal year 2015 (December 31, 2014: EUR 18 million). Of that amount, EUR 22 million (December 31, 2014: EUR 15 million) was attributable to minimum lease payments and EUR 3 million (December 31, 2014: EUR 3 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 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

All subsidiaries and the structured entity included in the consolidated financial statements were fully consolidated.

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

Restrictions on the ability to obtain access to assets or to use them may arise from statutory or regulatory requirements. 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:

	12/31/2015 Equity interest held directly Percent	12/31/2015 Equity interest held indirectly Percent	12/31/2014 Equity interest held directly Percent	12/31/2014 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
Rahmhof Grundbesitz GmbH i.L., Frankfurt am Main	100	0	100	0

Control on the basis of voting rights

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

Control without voting rights

On December 1, 2008, 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, the entity is controlled by the Bank, 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 alone, the long-term equity investments in question are reported by the Group as associates using the equity method. During the 2015 fiscal year this was the case for paydirekt Beteiligungsgesellschaft privater Banken mbH (prior to November 19, 2015: BV-BGPB Beteiligungsgesellschaft privater Banken für Internet- und mobile Bezahlungen mbH). The interest in the sole associate is insignificant in relation to the Group's business volume. The investment is presented under other assets (note 12) at a carrying amount of EUR 2 million (December 31, 2014: EUR 2 million).

The income and expenses generated in the past and previous years by the company were immaterial.

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)

	12/31/2015 € m	12/31/2014 € m
Current compensation	4	4
Pensions	0	0
Other long-term remuneration	2	1
Severance packages	0	0
Share-based payments	1	1
Total	7	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 6.5 million in fiscal year 2015 (2014: EUR 6.2 million).

EUR 4.9 million of the total compensation paid related to the executive activities of Management Board members (2014: EUR 5 million) and EUR 0.8 million related to the executive activities of Supervisory Board members (2014: EUR 0.9 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

	2015 Amount	2015 Fair value at grant date €	2014 Amount	2014 Fair value at grant date €
Performance shares, deferred shares	34,111	432,409	36,862	359,159

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 1.9 million in fiscal year 2015 (2014: EUR 0.9 million). A provision of EUR 19.4 million (December 31, 2014: EUR 19.1 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.

Other related party disclosures

The total amount of loans granted to members of the Management Board and Supervisory Board amounted to EUR 1.0 million for members of the Management Board as of December 31, 2015 (2014: EUR 1.2 million); loans granted to members of the Supervisory Board amounted to EUR 109 thousand as of the same date (2014: 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, 2015, 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 (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

	12/31/2015 € m	12/31/2014 € m
ING Groep N.V.		
ING Bank N.V.		
Loans and advances	11,270	3,720
Deposits and amounts due	5,160	401
Loan commitments	0	0
Income	60	44
Expenses	10	10
ING Holding Deutschland GmbH		
Loans and advances	0	0
Deposits and amounts due	195	397
Loan commitments	0	0
Income	0	0
Expenses	0	0
ING Deutschland GmbH		
Loans and advances	0	0
Deposits and amounts due	688	664
Loan commitments	0	0
Income	0	0
Expenses	0	0

In fiscal year 2015 EUR 261 million (2014: EUR 325 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 d) of "Significant accounting policies".

Associates

The business dealings with paydirekt Beteiligungsgesellschaft privater Banken 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, Amsterdam (Netherlands)
- ▶ ING Capital LLC, New York (United States of America)
- ▶ ING Bank Treasury, Amsterdam (Netherlands)
- ▶ ING Spain, Madrid (Spain)
- ▶ Interhyp AG, Munich
- ▶ ING Belgium, Brussels (Belgium)
- ▶ ING Domestic Bank Nederland, Amsterdam (Netherlands)
- ▶ ING Lease Germany, Norderstedt

	12/31/2015 € m	12/31/2014 € m
Loans and advances ¹	6,796	7,186
Deposits and amounts due	333	3,097
Loan commitments	199	144
Income ¹	175	164
Expenses	109	82

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

Transactions with Stichting Orange Lion RMBS in fiscal year 2015 resulted in receivables of EUR 5,870 million (December 31, 2014: EUR 6,460 million) and accrued interest of EUR 8 million (December 31, 2014: EUR 10 million). EUR 115 million (2014: EUR 143 million) was recognized in net interest income on the income statement.

In 2015, ING-DiBa acquired risk sub-participations resulting from structured finance amounting to approximately EUR 2,310 million from ING Capital LLC, New York. They were acquired at current market conditions.

Most of the remaining volume is attributable to transactions with ING Belgium, ING Spain, ING Bank Treasury, and Interhyp AG. Money market transactions were entered into with these companies.

A significant proportion of transactions with Interhyp AG, consists of commission expenses for brokering mortgage loans and installment 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). A small amount of additional funding was contributed to plan assets via the multi-employer trustee during the 2015 fiscal year (2014: EUR 0 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.

	12/31/2015 Fair value € m	12/31/2015 Carrying amount € m
Financial assets		
Available-for-sale financial investments	36,415	36,415
of which equity investments	51	51
Other assets - Afs financial investments ¹	452	452
Available-for-sale	36,867	36,867
Held-to-maturity financial investments	1,255	1,255
Other assets - Htm financial investments ¹	14	14
Held-to-maturity	1,269	1,269
Other derivatives with positive fair value	68	68
Other assets - other derivatives ¹	1	1
Fair value through profit or loss	69	69
Cash balance	95	95
Hedging derivatives	0	0
Other assets - hedging derivatives ¹	0	0
Adjustment to portfolio fair value hedges	0	1,183
Financial instruments not categorized under IAS 39	95	1,278
Balances with central banks	1,402	1,402
Loans and advances to banks	4,905	4,904
Other assets - loans and advances to banks ¹	1	1
Loans and advances to customers	103,504	97,943
Other assets- loans and advances to customers ¹	64	64
Loans and receivables	109,876	104,314
Total financial assets	148,176	143,797
Financial liabilities		
Other derivatives with negative fair value	76	76
Other liabilities - other derivatives ¹	0	0
Fair value through profit or loss	76	76
Hedging derivatives	0	0
Other liabilities - hedging derivatives ¹	0	0
Financial instruments not categorized under IAS 39	0	0
Securitized liabilities	1,336	1,283
Other liabilities - securitized liabilities ¹	17	17
Deposits from banks	13,485	12,941
Other liabilities - deposits from banks ¹	2	2
Due to customers	121,366	121,126
Other liabilities - due to customers ¹	32	32
Financial liabilities	136,238	135,401
Total financial liabilities	136,314	135,477

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

	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 assets - Afs financial investments ¹	496	496
Available-for-sale	39,446	39,446
Held-to-maturity financial investments	0	0
Other assets - Htm financial investments ¹	0	0
Held-to-maturity	0	0
Other derivatives with positive fair value	2	2
Other assets - other derivatives ¹	1	1
Fair value through profit or loss	3	3
Cash balance	117	117
Hedging derivatives	30	30
Other assets - hedging derivatives 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 assets - loans and advances to banks ¹	9	9
Loans and advances to customers	96,384	90,252
Other assets - loans and advances to 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 liabilities - other derivatives ¹	10	10
Fair value through profit or loss	28	28
Hedging derivatives	439	439
Other liabilities - hedging derivatives ¹	63	63
Financial instruments not categorized under IAS 39	502	502
Securitized liabilities	1,356	1,282
Other liabilities - securitized liabilities ¹	17	17
Deposits from banks	11,833	11,149
Other liabilities - deposits from banks ¹	6	6
Due to customers	115,523	115,264
Other liabilities - due 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.

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.

	12/31/2015 Level 1 € m	12/31/2015 Level 2 € m	12/31/2015 Level 3 € m	12/31/2015 Total € m
Assets				
Other derivatives with positive fair value	0	68	0	68
Other assets – other derivatives ⁽¹⁾	0	1	0	1
Hedging derivatives	0	0	0	0
Other assets - hedging derivatives ⁽¹⁾	0	0	0	0
Afs financial investments	26,944	9,354	117	36,415
of which equity instruments	9	0	42	51
Other assets - Afs financial investments ⁽¹⁾	393	59	0	452
Investment property	0	0	12	12
Group-occupied properties	0	0	16	16
Total	27,337	9,482	145	36,964
Liabilities				
Other derivatives with negative fair value	0	76	0	76
Other liabilities – other derivatives ⁽¹⁾	0	0	0	0
Hedging derivatives	0	0	0	0
Other liabilities - hedging derivatives ⁽¹⁾	0	0	0	0
Total	0	76	0	76

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

	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 assets – other derivatives ¹	0	1	0	1
Hedging derivatives	0	30	0	30
Other assets – hedging derivatives hedging ¹	0	5	0	5
Afs financial investments	33,045	5,823	82	38,950
of which equity instruments	7	0	0	7
Other assets – 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
Liabilities				
Other derivatives with negative fair value	0	18	0	18
Other liabilities – other derivatives ¹	0	10	0	10
Hedging derivatives	0	439	0	439
Other liabilities – hedging derivatives ¹	0	63	0	63
Total	0	530	0	530

⁽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 2015 changes in market conditions or observable parameters caused the following shifts in the fair value measurement of Afs financial investments:

- There were 0 (2014: 9) reclassifications from level 2 to level 1 amounting to EUR 0 million (December 31, 2014: EUR 392 million). Accordingly, accrued interest recognized under other assets amounting to EUR 0 million (December 31, 2014: EUR 1 million) was reclassified from level 2 to level 1.

- There were 3 (2014: 0) shifts from level 1 to level 2, with a total volume of EUR 56 million (fiscal year 2014: EUR 0 million) and the related accrued interest in the amount of EUR 1 million (2014: EUR 0 million).
- In addition, 0 (2014: 1) Afs financial instrument in the amount of EUR 0 million (2014: EUR 82 million) and the related accrued interest in the amount of EUR 0 million (December 31, 2014: EUR 0 million) was shifted from level 2 to level 3.

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.

	12/31/2015 Level 1 € m	12/31/2015 Level 2 € m	12/31/2015 Level 3 € m	12/31/2015 Total € m
Assets				
Cash balance	95	0	0	95
Balances with central banks	0	1,402	0	1,402
Loans and advances to banks	0	4,905	0	4,905
Other assets – loans and advances to banks ¹	0	1	0	1
Loans and advances to customers	0	4,538	98,966	103,504
Other assets – loans and advances to customers ¹	0	31	33	64
Htm financial investments	1,255	0	0	1,255
Other assets – Htm financial investments ¹	14	0	0	14
Total	1,364	10,877	98,999	111,240
Liabilities				
Securitized liabilities	1,040	296	0	1,336
Other liabilities – securitized liabilities ¹	15	2	0	17
Deposits from banks	0	5,938	7,547	13,485
Other liabilities – deposits from banks ¹	0	2	0	2
Due to customers	0	116,558	4,808	121,366
Other liabilities – due to customers ¹	0	32	0	32
Total	1,055	122,828	12,355	136,238

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

	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 assets – loans and advances to banks ¹	0	9	0	9
Loans and advances to customers	0	4,093	92,291	96,384
Other assets – loans and advances to customers ¹	0	36	25	61
Htm financial investments	0	0	0	0
Other assets - Htm financial investments ¹	0	0	0	0
Total	117	9,047	92,316	101,480
Liabilities				
Securitized liabilities	1,060	296	0	1,356
Other liabilities - securitized liabilities ¹	15	2	0	17
Deposits from banks	0	4,200	7,633	11,833
Other liabilities – deposits from banks ¹	0	6	0	6
Due to customers	0	111,501	4,022	115,523
Other liabilities - due 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.

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	12/31/2015 Fair value € m
Assets				
Available-for-sale financial investments				36,415
based on unadjusted observable prices	1	1)		26,944
based on valuation models with observable inputs	2	1)		9,354
based on valuation models with unobservable inputs	3	2)	2)	117
Other assets – Afs financial investments ¹				452
based on unadjusted observable prices	1	1)		393
based on valuation models with observable inputs	2	1)		59
based on valuation models with unobservable inputs	3	2)	2)	0
Available-for-sale				36,867
Other derivatives with positive fair value	2	3)		68
Other assets – other derivatives ¹	2	3)		1
Fair value through profit or loss				69
Hedging derivatives	2	3)		0
Other assets – hedging derivatives ¹	2	3)		0
Financial instruments not categorized under IAS 39				0
Investment property	3	4)	4)	12
Group-occupied properties	3	4)	4)	16
Non-financial assets				28
Total assets				36,964
Liabilities				
Other derivatives with negative fair value	2	3)		76
Other liabilities – other derivatives ¹	2	3)		0
Fair value through profit or loss				76
Hedging derivatives	2	3)		0
Other liabilities – hedging derivatives ¹	2	3)		0
Financial instruments not categorized under IAS 39				0
Total liabilities				76

⁽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	12/31/2014 Fair value € m
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), 2)		5,823
based on valuation models with unobservable inputs	3	2)	2)	82
Other assets - Afs financial investments ¹⁾				496
based on unadjusted observable prices	1	1)		449
based on valuation models with observable inputs	2	1), 2)		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 assets – other derivatives ¹⁾	2	3)		1
Fair value through profit or loss				3
Hedging derivatives	2	3)		30
Other assets – hedging derivatives 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
Liabilities				
Other derivatives with negative fair value	2	3)		18
Other liabilities- other derivatives ¹⁾	2	3)		10
Fair value through profit or loss				28
Hedging derivatives	2	3)		439
Other liabilities - hedging derivatives 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.

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). 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).

The value of the VISA Europe share certificates was derived from the purchase price offering issued by VISA Inc. on November 2, 2015 (8-K filing) (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, 2015, would have been up to EUR 0 thousand higher or lower (December 31, 2014: 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:

	2015 Available-for-sale investments € m	2015 Investment property € m	2015 Group-occupied properties € m	2015 Total € m
Balance on Jan. 1	82	12	17	111
Gains or losses recognized in profit or loss during the period	0	0	-1	-1
thereof unrealized gains or losses	0	0	0	0
Gains or losses recognized in other comprehensive income during the period	35	0	0	35
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	117	12	16	145

	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

The increase in gains from Afs financial investments reported in other comprehensive income resulted primarily from the VISA Europe shares. Please refer to section c) in "Significant accounting policies".

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.

	12/31/2015 Fair value hierarchy level	12/31/2015 Valuation techniques and significant inputs	12/31/2015 Fair value € m
Assets			
Cash balance	1	9)	95
Balances with central banks	2	9)	1,402
Loans and advances to banks	2	5), 8), 9)	4,905
Other assets – loans and advances to banks ¹	2	5), 8), 9)	1
Loans and advances to customers			103,504
Loans and other receivables	2, 3	5), 7), 9)	95,988
Asset-backed securities (ABS)/mortgage-backed securities (MBS) and other	2, 3	6)	7,516
Other assets – loans and advances to customers ¹			64
Loans and other receivables from customers	2, 3	5), 7), 9)	56
Asset-backed securities (ABS)/mortgage-backed securities (MBS) and other	2, 3	6)	8
Held-to-maturity financial investments	1	10)	1,255
Other assets – Htm financial investments ¹	1	10)	14
Total			111,240
Liabilities			
Securitized liabilities			1,336
based on unadjusted observable prices	1	11)	1,040
based on valuation models with observable inputs	1	11)	296
Other liabilities – securitized liabilities ¹			17
based on unadjusted observable prices	1	11)	15
based on valuation models with observable inputs	2	11)	2
Deposits from banks			13,485
based on valuation models with observable inputs	2	9), 13)	5,938
based on valuation models with unobservable inputs	3	13)	7,547
Other liabilities – deposits from banks ¹			2
based on valuation models with observable inputs	2	9), 13)	2
based on valuation models with unobservable inputs	3	13)	0
Due to customers			121,366
based on valuation models with observable inputs	2	9)	116,558
based on valuation models with unobservable inputs	3	12)	4,808
Other liabilities – due to customers ¹			32
based on valuation models with observable inputs	2	9)	32
based on valuation models with unobservable inputs	3	12)	0
Total			136,238

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

	12/31/2014 Fair value hierarchy level	12/31/2014 Valuation techniques and significant inputs	12/31/2014 Fair value € m
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 assets – loans and advances to 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) and other	3	6)	7,538
Other assets – loans and advances to customers ¹			61
Loans and other receivables from customers	2, 3	5), 7), 9)	50
Asset-backed securities (ABS)/mortgage-backed securities (MBS) and other	3	6)	11
Held-to-maturity financial investments	1		0
Other assets – Htm financial investments ¹	1		0
Total			101,480
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 liabilities – 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 liabilities – 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 – due 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.

- 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 and MBS allocated to the available-for-sale category. ABS and MBS are allocated to level 3. In addition to ABS and MBS, this item also includes covered bond securities allocated to the loans and receivables category. These securities are not quoted on an active market and were acquired exclusively by companies of ING Bank N.V. Covered bond securities classified as loans and receivables are allocated to level 2. The valuation technique is the same as the one described in the section on fixed-income securities allocated to the available-for-sale category.
- 7) To determine the fair values of retail and corporate loans, the expected cash flows are discounted using product or customer-specific spreads. The underlying parameter is the six-month euro swap curve. In addition, Company-internal assumptions relating to risks and administrative expenses are also incorporated into the measurement systems (level 3).
- 8) The fair value of loans and advances to banks is determined by applying a discounted cash flow method, taking into consideration the issuer-specific sector curves. If the sector curve spread is not suitable, a spread is derived from observable market inputs (level 2).
- 9) The carrying amount for current financial instruments represents an appropriate estimate of fair value. If prices for identical assets or liabilities are quoted on active markets, these are used for valuation purposes (level 1). Otherwise, the instruments are usually transferred at their repayment amounts if the prices for identical or similar assets and liabilities are quoted on inactive markets; these are therefore classified under level 2.
- 10) For financial instruments listed on active markets, the fair values for Htm financial investments were used directly as the unadjusted price at the defined principal market or the most advantageous market (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).

No prices are quoted on active markets for asset-backed securities (ABS) and mortgage-backed securities (MBS) allocated to the held-to-maturity category. Either indicative quotes or estimates from market makers are used to determine the fair values (level 3). In that event ING-DiBa does not generate any quantitative, non-observable inputs. 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 a 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).

- 11) 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).
 - 12) 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).
 - 13) 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.
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Notes to the consolidated income statement

(33) Net interest income

	2015 € m	2014 € m
Interest income		
Interest income from lending transactions	3,028	3,120
Interest income from available-for-sale securities	620	660
Interest income from held-to-maturity securities	14	0
Other interest income	- 801	- 858
Negative interest on liabilities	1	0
Total interest income	2,862	2,922
Interest expenses		
Interest expenses on deposits from banks	248	239
Interest expenses on amounts due to customers	769	1,023
Interest expenses on securitized liabilities	27	27
Other interest expenses	2	1
Negative interest on assets	9	0
Total interest expenses	1,055	1,290
Net interest income	1,807	1,632

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 3,663 million (2014: EUR 3,780 million). To the extent total interest expenses related to financial liabilities subsequently measured at amortized cost, this amounted to EUR 1,055 million (2014: EUR 1,290 million).

In fiscal year 2015, interest income from loans on which allowances have been recognized was below half a million euro, as in the previous year.

"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.

(34) Net commission income

	2015 € m	2014 € m
Commission income		
Payment transactions	38	41
Securities business	143	116
Other fees and commissions	47	33
Fee and commission income	228	190
Commission expense		
Payment transactions	42	39
Securities business	25	21
Other fees and commissions	69	54
Fee and commission expense	136	114
Net commission income	92	76

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

	2015 € m	2014 € m
Changes in fair value of		
derivatives in fair value hedges (excl. pull-to-par)	- 153	- 1,339
derivatives in cash flow hedges (ineffective portion)	0	0
other derivatives	- 17	- 11
Changes in fair value, net	- 170	- 1,350
Changes in the fair values of the hedged items that relate to the hedged risk	174	1,318
Total	4	- 32

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.

The changes in fair value of derivatives and hedged items in hedge relationships were attributable in particular to the further fall in the yield curve during the measurement period, while interest rates persisted at historically low levels.

In addition, since January 1, 2015, ING-DiBa has been prospectively applying the rules of the IFRS EU carve-out (bottom layer approach) for portfolio hedge accounting for mortgage loans.

Other derivatives that do not qualify for hedge accounting under IFRS resulted in a EUR -17 million impact on earnings in 2015, which included EUR -8 million from foreign currency derivatives.

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

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

	2015 € m	2014 € m
Balance from income and expenses from investment property	0	0
Net gain/loss on investment property	0	0
Net gain/loss on disposal of available-for-sale financial investments	76	1
Net gain/loss on available-for-sale financial investments	76	1
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	76	1

The direct operating expenses in relation to investment property are immaterial.

(37) Other income and expenses

	2015 € m	2014 € m
Net income/loss from receivables	0	- 2
Profit from currency translation	5	1
Other	8	12
Total	13	11

Currency translation gains and losses were included in the item "other" in the previous year.

(38) Risk provision

Risk expenses can be broken down as follows:

	2015 Portfolio impairment allowance € m	2015 Specific impairment allowance including specific impair-ment allowances calculated on a portfolio basis € m	2015 Total € m
Additions to/reversals of risk provision	7	81 ¹⁾	88
Direct write-downs	1	0	1
Receipts from loans written off	0	- 12	- 12
Total	8	69	77

⁽¹⁾ Also includes additions to provisions for off-balance sheet obligations from the lending business.

	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

Only immaterial allowances on loans and advances to banks had to be recognized in the fiscal years under review.

Risk provision with respect to the customer lending business

	2015 € m	2014 € m
Mortgage loans	21	38
Consumer loans	36	34
Corporate loans	20	- 8
Public sector loans and other receivables	0	0
Asset-backed securities/mortgage-backed securities	0	0
Total	77	64

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

	2015 € m	2014 € m
Salaries	219	201
Bonuses	13	11
Expenses for pensions and other post-employment benefits	12	14
Social insurance contributions	35	32
Share-based payments	3	2
Expenses for external employees	15	12
Training and continuing education	4	5
Other personnel costs	13	10
Total	314	287

Average number of employees

	2015			2014		
	Total	Germany	Austria	Total	Germany	Austria
Average number of employees	3,281	3,121	160	3,106	2,968	138

Share-based payments

The programs from the perspective of the Group as a whole

The ING Groep 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 at the ING-DiBa Group level.

In the year under review share-based payments totaled EUR 3 million (2014: 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 2014 and 2015.

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 2015 fiscal year, the following parameters were included: risk-free interest rate in a range of 2.0 to 4.6 percent (2014: from 2.0 to 4.6 percent), expected holding period of the options of 5 to 9 years (2014: from 5 to 9 years), the strike prices, the current market price of the share between EUR 2.90 and EUR 26.05 (2014: 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 (2014: between 25 and 84 percent), and the expected dividends at 0.94 to

8.99 percent (2014: 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 (2014: EUR 0).

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

Outstanding options – 2015

	2015 Outstanding options Number	2015 Weighted strike price €
Outstanding options as of Jan. 1	763,345	14.69
Options granted during the reporting period	0	0.00
Net additions and disposals - new and departing Group employees	27,647	16.60
Exercised during the reporting period	16,148	6.17
Forfeited during the reporting period	14,363	10.90
Lapsed after expiration of exercise period	107,777	17.88
Outstanding options as of Dec. 31	652,704	14.53
Exercisable options as of Dec. 31	605,510	14.29

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 – 2015

Range of strike prices	12/31/2015 Outstanding options	12/31/2015 Weighted avg. remaining term of the agreement	12/31/2015 Weighted avg. strike price	12/31/2015 Options exercisable	12/31/2015 Weighted avg. remaining term of the agreement	12/31/2015 Weighted avg. strike price
€ per share	Number	Years	€	Number	Years	€
0.00 – 15.00	258,685	3.82	5.86	249,425	3.82	5.86
15.01 – 20.00	196,819	2.20	16.66	177,450	2.20	16.66
20.01 – 25.00	102,778	1.22	24.72	93,989	1.23	24.72
25.01 – 30.00	94,422	0.23	25.16	84,135	0.23	25.16
	652,704	2.41	14.88	604,999	2.44	14.64

Outstanding options – 2014

Range of strike prices	12/31/2014 Outstanding options	12/31/2014 Weighted avg. remaining term of the agreement	12/31/2014 Weighted avg. strike price	12/31/2014 Options exercisable	12/31/2014 Weighted avg. remaining term of the agreement	12/31/2014 Weighted avg. strike price
€ per share	Number	Years	€	Number	Years	€
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

Earnings and performance-based (free) shares

The plan for compensation in shares of ING Groep 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 Groep 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. Since 2015 ING Groep N.V.'s stock option program has no longer stipulated any capital market-related performance conditions. To calculate the extrapolated fair value of stock grants until fiscal year 2014 on the basis of capital market-related performance conditions, ING Groep N.V. uses a Monte Carlo simulation which includes the risk-free base interest rate, current stock market prices and expected volatilities and current dividends of peer companies.

In relation to the group of ING Group N.V. as a whole, the previously unallocated expenses from free shares were EUR 45 million as of December 31, 2015 (December 31, 2014: EUR 31 million). An allocation period of 1.4 years is forecast for fiscal year 2015 (2014: 1.3 years).

Group-wide, the volume of free shares as of December 31, 2015, was 8,737,014 shares (December 31, 2014: 12,706,264 shares). The weighted average fair value was EUR 10.04 (2014: EUR 7.37).

The ING-DiBa Group held out a prospective total of 203,964 free shares to its executives during fiscal year 2015 (2014: 210,374).

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, 2015, which is published online at www.ing.com.

(40) Other administrative expenses

	2015 € m	2014 € m
IT	76	64
Telecommunications, office and operating expenses	67	62
Marketing and public relations	83	88
Travel expenses and corporate hospitality expenses	8	7
Legal and consulting expenses	30	36
Deposit protection	86	73
Shipping costs	18	16
Depreciation of buildings and office equipment	16	15
Amortization of software	6	9
Bank levy	14	2
Other administrative costs	82	77
Total	486	449

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

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". Such expenses were not incurred during the 2015 fiscal year (December 31, 2014: EUR 0 million).

The mandatory contributions to the bank restructuring fund (bank levy) were expensed in full.

Auditors' fees

	2015 € m	2014 € m
Audit services	2	2
Audit-related services	0	0
Tax services	0	0
Other services	0	0
Total	2	2

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

(41) Disclosures relating to income tax expenses

	2015 € m	2014 € m
Current income tax expense	354	320
of which: adjustments for income taxes related to other accounting periods	- 2	2
of which: subsequent payments due to tax audits	2	4
Deferred tax expense	6	- 31
of which: adjustments for deferred taxes related to other accounting periods	3	0
from temporary differences	6	0
of which: resulting from items charged or credited directly to equity	0	0
Total	360	289

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

	2015 € m	2014 € m
Profit before tax	1,115	888
Applicable tax rate in %	31.5	31.4
Expected income tax expense	351	279
Tax-free income	0	0
Non-tax deductible expenses	6	4
Effects of as yet unrecognized amounts on deferred taxes	3	0
Effects of as yet unrecognized amounts on current income taxes	0	6
Other tax effects	0	0
Effective income tax expenses	360	289
Effective tax rate in %	32.3	32.5

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.

The income tax reported in accordance with the push-down method (see note 41) is not allocated to individual segments.

Segment results

	2015 Retail Customer Loans € m	2015 Retail Customer Assets € m	2015 Commercial Banking € m	2015 MA total € m	2015 Reconci- liation € m	2015 IFRS € m
Net interest income	726	899	173	1,798	9	1,807
Net commission income	- 96	109	41	54	38	92
Other net income	0	103	10	113	- 20	93
MA income	630	1,111	224	1,965	27	1,992
Risk provision	- 53	- 4	- 20	- 77	0	- 77
Administrative expenses	- 186	- 545	- 66	- 797	- 3	- 800
Pre-tax result	391	562	138	1,091	24	1,115

	2014 Retail Customer Loans € m	2014 Retail Customer Assets € m	2014 Commercial Banking € m	2014 MA total € m	2014 Reconci- liation € 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

Information on geographical areas

ING-DiBa generated total income of EUR 1,992 million during the 2015 fiscal year (2014: EUR 1,688 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 -42 million (2014: EUR -63 million). ING-DiBa generated total net interest income of EUR 1,807 million during the 2015 fiscal year (2014: EUR 1,632 million). Of that amount, EUR -43 million from external customers was attributable to ING-DiBa Direktbank Austria (2014: EUR -64 million). ING-DiBa Direktbank Austria's net commission income from external customers was EUR 1 million in fiscal year 2015 (2014: 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, 2015, and December 31, 2014. 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

	2015 Retail Customer Loans € billion	2015 Retail Customer Assets € billion	2015 Commercial Banking € billion	2015 MA total € billion	2015 Reconci- liation € billion	2015 IFRS € billion
Business volume	71	147	23	241	- 34	207

	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

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 profit transfers.

ING-DiBa has opted not to report cash flows from income tax payments since it is part of a tax group for corporate income and trade tax purposes due to a profit transfer agreement with ING Deutschland GmbH.

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

	12/31/2015 € m	12/31/2014 € m
Cash reserve	1,497	1,888
Loans and advances to banks included in cash and cash equivalents	256	841
thereof not freely disposable	0	513
Loans and advances to banks not included in cash and cash equivalents	4,648	2,297
Loans and advances to banks	4,904	3,138
	12/31/2015 € m	12/31/2014 € m
Deposits from banks included in cash and cash equivalents	306	365
Deposits from banks not included in cash and cash equivalents	12,635	10,784
Deposits from banks	12,941	11,149

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.

ING-DiBa's Asset and Liability Committee (ALCO) and Management Board are responsible for setting the target capital ratios and for decisions on capital management. The members of the Management Board are kept informed of the status and development of the capital base in regular ALCO meetings (as well as at ad-hoc meetings if necessary). The necessary decisions and management measures are prepared by the capital working group consisting of members from various departments.

Regular monitoring of compliance with the capital requirement 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 2015 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 0.65 percent as of the reporting date (December 31, 2014: 0.66 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 and the German Solvency Regulation. The following table shows the quantitative composition of own funds:

Composition of ING-DiBa AG's own funds

	12/31/2015 € m	12/31/2014 € m
Common Equity Tier I Capital after regulatory adjustments	5,517	5,197
Additional Tier I Capital	0	0
Tier I Capital	5,517	5,197
Tier II Capital	0	0
Own Funds	5,517	5,197

As of the end of the reporting period (December 31, 2015), eligible equity amounted to EUR 5,517 million (December 31, 2014: EUR 5,197 million).

The table below presents ING-DiBa's core Tier I ratio as compared to the internal target ratio and the statutory minimum ratio.

Common Equity Tier 1 capital ratio of ING-DiBa AG

	12/31/2015 Percent	12/31/2014 Percent
Tier 1 ratio	14.9	15.8
Regulatory minimum requirement – Common Equity Tier 1 capital ratio	4.5	4.0
Goal for Common Equity Tier 1 capital ratio	11.8	10.0

Beginning in fiscal year 2015 planning is undertaken on the basis of the Common Equity Tier 1 capital ratio. The prior-year figures were adjusted in accordance with the requirements of Regulation (EU) No. 575/2013 (articles 465 (1) and 92 (1) in conjunction with section 23 SolvV. German Solvency Regulation (Solvabilitätsverordnung, "SolvV").

As of the end of the reporting period (December 31, 2015), risk-weighted assets amounted to EUR 36,971 million (December 31, 2014: EUR 32,879 million).

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, 2016

The Management Board



Roland Boekhout



Bernd Geilen



Katharina Herrmann



Željko Kaurin



Remco Nieland



Dr. Joachim von Schorlemer

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, 2015. 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 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 8, 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Wagner
Wirtschaftsprüfer
[German Public Auditor]

Reinert
Wirtschaftsprüferin
[German Public Auditor]

Supervisory Board report

In fiscal year 2015, 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 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 2015 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. various announced and conducted audits since the takeover of banking regulations by the European Central Bank. Another covered area was the impact of the ECB's Supervisory Review and Evaluation Process (SREP) and its effect on the bank's capital requirements. 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 marketing position in mortgage loans, the expansion of the consumer loan business and current account segments, and the maintenance of a leading market position in the areas securities, demand loan and fixed deposit account. The Supervisory Board also discussed the targeted growth in the Commercial Banking segment, in particular via increasing asset diversification through asset transfers from the United States on the bank's books. In addition, the Supervisory Board also continued its education on regulatory developments as part of an internal training course (Knowledge Day).

Committees:

The Supervisory Board had three committees in 2015. The bank 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 authorized 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 as well as the revision and approval of lending authorities in Wholesale Banking. 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 five times. It concerned itself primarily with the appointment of two new members of the Management Board, 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 twice, 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 asset diversification through asset transfers from the United States on the bank's books, the effects of the Russia/Ukraine crisis, and the collapse of oil prices. In addition, the members of the Risk and Credit Committee were also continuously informed about the current situation.

2015 annual financial statements:

As the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn, Germany, audited the 2015 HGB annual financial statements and the management report and the 2015 IFRS group consolidated financial statements and the management report 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 group consolidated financial statements and management report prepared by the Management Board for the 2015 fiscal year, which are thereby adopted.

Personnel changes in the Supervisory Board and Management Board:

There were some changes to the Supervisory Board in 2015. Eli Leenaars resigned from the Supervisory Board with effect from May 12, 2015. His successor Diederik Constantijn Baron van Wassenauer was elected to the Supervisory Board at the Annual General Meeting on May 12, 2015 for the period ending at the close of the General Meeting resolving on the ratification of actions by the members of the supervisory board for the fiscal year 2015.

Dick Harryvan resigned from the Supervisory Board with effect from December 10, 2015. His successor Aris Bogdaneris was elected to the Supervisory Board at the Annual General Meeting on December 11, 2015 for the period ending at the close of the General Meeting resolving on the ratification of actions by the members of the supervisory board for the fiscal year 2015.

The following Management Board changes took place in 2015: Effective October 1, 2015, the Supervisory Board appointed Željko Kaurin as a member of the Management Board for a period of five years.

Martin Krebs stepped down from the Management Board on December 31, 2015. He was replaced by Dr. Joachim Freiherr von Schorlemer, who was appointed to the Bank's Management Board effective January 1, 2016 for a period of five years.

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 2015.

Frankfurt am Main, May 13, 2016

For the Supervisory Board

A handwritten signature in blue ink, appearing to read 'Ben Tellings', enclosed within a large, stylized blue oval stroke.

Ben Tellings
Chairman of the Supervisory Board of ING-DiBa AG



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