

Parent company statement of financial position

as at 31 December before appropriation of result

in EUR million	2016	2015
Assets		
Investments in group companies 1	43,711	41,017
Investments in associates and joint ventures 2		2,153
Other assets 3	16,868	17,529
Total assets	60,579	60,699
Equity 4		
Share capital	39	928
Share premium	16,950	16,054
Revaluation reserves		-8
Legal and statutory reserves	5,781	5,717
Other reserves	22,372	21,131
Unappropriated result	4,651	4,010
Total equity	49,793	47,832
Liabilities		
Subordinated loans 5	8,626	8,643
Other liabilities 6	2,160	4,224
Total liabilities	10,786	12,867
Total equity and liabilities	60,579	60,699

References relate to the accompanying notes. These form an integral part of the parent company annual accounts.

Parent company statement of profit or loss

for the years ended 31 December

in EUR million		
	2016	2015
Staff expenses 7	4	10
Other expenses 8	16	8
Total expenses	20	18
Interest and other financial income 9	498	627
Valuation results 10	42	-50
Interest and other financial expenses 11	-574	-720
Net interest and other financial income	-34	-143
Result before tax	-54	-161
Taxation	-19	-41
Result after tax	-35	-120
Result from (disposal of) group companies, associates and joint ventures after taxation 12	4,686	4,130
Net result	4,651	4,010

References relate to the accompanying notes. These form an integral part of the parent company annual accounts.

Parent company statement of changes in equity

in EUR million	Share capital	Share premium	Revaluation reserves	Legal and Statutory reserves	Other reserves	Unap-propriated result	Total
Balance as at 1 January 2016	928	16,054	-8	5,717	21,131	4,010	47,832
Unrealised revaluations available-for-sale investments and other revaluations			-128	208			80
Realised gains/losses transferred to the statement of profit or loss			128	-274			-146
Changes in cash flow hedge reserve			8	103			111
Unrealised revaluations property in own use				5			5
Remeasurement of the net defined benefit asset/liability				-65			-65
Exchange rate differences and other				-232			-232
Total amount recognised directly in equity			8	-255			-247
Net result						4,651	4,651
			8	-255		4,651	4,404
Transfer from Unappropriated result					4,010	-4,010	
Dividends					-2,521		-2,521
Changes in treasury shares					10		10
Employee stock option and share plans	2	5			75		82
Changes in the composition of the group and other changes	-891	891		319	-333		-14
Balance as at 31 December 2016	39	16,950	-	5,781	22,372	4,651	49,793

Changes in individual components are presented in Note 4 'Equity'.

Parent company statement of changes in equity - continued

in EUR million	Share capital	Share premium	Revaluation reserves	Legal and Statutory reserves	Other reserves	Unapropriated result	Total
Balance as at 1 January 2015	925	16,046	39	11,351	21,732	1,251	51,344
Unrealised revaluations available-for-sale investments and other revaluations				-528			-528
Realised gains/losses transferred to the statement of profit or loss			-77	-17			-94
Changes in cash flow hedge reserve			30	-745			-715
Unrealised revaluations property in own use				35			35
Remeasurement of the net defined benefit asset/liability				34			34
Transfer to insurance liabilities/DAC				609			609
Exchange rate differences and other				1,662			1,662
Total amount recognised directly in equity			-47	1,050			1,003
Net result						4,010	4,010
			-47	1,050		4,010	5,013
Impact of partial divestment of NN Group				-1,484	-285		-1,769
Impact of deconsolidation of NN Group				-5,432	87		-5,345
Coupon on Undated subordinated notes					-19		-19
Transfer from Unappropriated result					1,251	-1,251	
Dividends					-1,393		-1,393
Changes in treasury shares					28		28
Employee stock option and share plans	3	8			23		34
Changes in the composition of the group and other changes				232	-293		-61
Balance as at 31 December 2015	928	16,054	-8	5,717	21,131	4,010	47,832

Changes in individual components are presented in Note 4 'Equity'.

Accounting policies for the parent company annual accounts

for the years ended 31 December

Basis of presentation

ING Groep N.V. is a company domiciled in Amsterdam, the Netherlands and is registered at the Commercial Register of Amsterdam under number 33231073.

The parent company annual accounts of ING Groep N.V. are prepared in accordance with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Dutch Civil Code, the recognition and measurement principles applied in these Parent company annual accounts are the same as those applied in the Consolidated annual accounts, reference is made to Note 1 'Accounting policies' of the Consolidated annual accounts. Investments in group companies are accounted for in the Parent company accounts according to the equity method.

A list containing the information referred to in Section 379 (1), Book 2 of the Dutch Civil Code has been filed with the office of the Commercial Register of Amsterdam, in accordance with Section 379 (5), Book 2 of the Dutch Civil Code.

Changes in presentation of the parent company annual accounts and related notes

Previously, ING Groep N.V. applied the option per Section 402, Book 2 of the Dutch Civil Code and presented an abbreviated statement of profit or loss. As of 2016, this option is no longer available for public interest entities, therefore ING Groep N.V. now presents a full statement of profit or loss together with the relevant note disclosures. Reference is made to the Parent company statement of profit or loss and related notes, being Notes 7 'Staff expenses' up to Note 12 'Result from group companies, associates and joint ventures after taxation'.

Parent company equity and related reserves

The total amount of equity in the parent company annual accounts equals Shareholders' equity (parent) in the consolidated annual accounts. Certain components within equity are different as a result of the following presentation differences between the parent company accounts and consolidated accounts:

- Unrealised revaluations within consolidated group companies, presented in Other reserves - Revaluation reserve in the consolidated accounts, are presented in the Share of associates and joint ventures reserve in the parent company accounts;
- The reserve for cash flow hedges within consolidated group companies, presented in Other reserves - Revaluation reserve in the consolidated accounts is included in the Share of associates and joint ventures reserve, in the parent company accounts on a net basis.
- Foreign currency translation on consolidated group companies, presented in Other reserves - Currency translation reserve in the consolidated accounts, is presented in the Share of associates and joint ventures reserve in the parent company accounts; and
- Revaluations on investment property and certain participations recognised in income and consequently presented in Retained earnings in the consolidated accounts, is presented in the Share of associates and joint ventures reserve in the parent company accounts.

A legal reserve is carried at an amount equal to the share in the results of associates and joint ventures since their first inclusion at net asset value less the amount of profit distributions to which rights have accrued in the interim. Profit distributions which can be repatriated to the Netherlands without restriction are likewise deducted from the Share of associates and joint ventures reserve.

Notes to the parent company annual accounts

amounts in millions of euros, unless stated otherwise

Notes to the parent company statement of financial position

1 Investments in group companies

Investments in group companies

	2016		2015	
	Interest held (%)	Statement of financial position value	Interest held (%)	Statement of financial position value
ING Bank	100%	43,540	100%	40,857
Other		171		160
		43,711		41,017

Changes in investments in group companies

	2016	2015
Opening balance	41,017	51,735
Disposals		-14,493
Revaluations	-179	818
Results	4,237	5,185
Capital contributions		82
Dividends	-1,354	-2,282
	43,721	41,045
Changes in ING Groep N.V. shares held by group companies	-10	-28
Closing balance	43,711	41,017

In 2015, Disposal of group companies included the further divestment of ING's stake in NN Group, resulting in loss of control and deconsolidation of NN Group at the end of May 2015. As at 31 December 2015, the remaining interest in NN Group was 25.75% and was included in 'Investments in associates and joint ventures'. Reference is made to Note 2 'Investments in associates and joint ventures'.

2 Investments in associates and joint ventures

Changes in investments in associates and joint ventures

	2016	2015
Opening balance	2,153	-
Additions		3,612
Transfer to and from Investments	-1,315	
Revaluations	178	
Disposals	-1,016	-1,459
Closing balance	-	2,153

During 2016, ING sold its remaining shares in NN Group. As at 31 December 2015, Investments in associates and joint ventures comprised ING's investment, of 25.75%, amounting to EUR 2,153 million in NN Group.

In 2015, Additions represented the fair value of the investment retained in NN Group at deconsolidation. Further divestments of ING Group's shareholding in NN Group, subsequent to deconsolidation, was included in Disposals. As at 31 December 2015, Investments in associates and joint ventures represented the remaining interest in NN Group of 25.75%. The investment was measured at the lower of the carrying value and the fair value less cost to sell. Reference is made to the Consolidated annual accounts, Note 51 'Other events'.

Notes to the parent company annual accounts - continued

3 Other assets**Other assets**

	2016	2015
Receivables from group companies	15,633	16,116
Other receivables, prepayments and accruals	1,235	1,413
	16,868	17,529

Receivables from group companies include EUR 6,603 million subordinated loans provided by ING Group N.V. to ING Bank N.V. (2015: EUR 7,253 million)

As at 31 December 2016 an amount of EUR 8,566 million (2015: EUR 9,495 million) is expected to be settled after more than one year from the balance sheet date.

4 Equity**Equity**

	2016	2015
Share capital	39	928
Share premium	16,950	16,054
Revaluation reserves		-8
Legal and statutory reserves	5,781	5,717
Other reserves	22,372	21,131
Unappropriated result	4,651	4,010
Total equity	49,793	47,832

Share capital**Share capital**

	Ordinary shares (par value EUR 0.01)			
	Number x 1,000		Amount	
	2016	2015	2016	2015
Authorised share capital	14,729,000	14,500,000	147	3,480
Unissued share capital	10,850,516	10,629,817	108	2,552
Issued share capital	3,878,484	3,870,183	39	928

Changes in issued share capital

	Ordinary shares (par value EUR 0.01)	
	Number x 1,000	Amount
Issued share capital as at 1 January 2015	3,858,862	925
Issue of shares	11,321	3
Issued share capital as at 31 December 2015	3,870,183	928
Issue of shares	8,301	2
Transfer to share premium		-891
Issued share capital as at 31 December 2016	3,878,484	39

In 2016, ING Groep N.V. issued 8.3 million depositary receipts for ordinary shares (converted into ordinary shares per 26 July 2016) (2015: 11.3 million depositary receipts for ordinary shares). These issues were made in order to fund obligations arising from share-based employee incentive programmes.

Notes to the parent company annual accounts - continued

During the Annual General Meeting of Shareholders, held on 25 April 2016, it was decided to reduce the par value per ordinary share from EUR 0.24 to EUR 0.01. As a result of this, EUR 891 million is attributed to the Share premium. Reference is made to the ING Group Consolidated annual accounts, Note 19 'Equity' - Depository receipts for ordinary shares.

Share premium**Changes in share premium**

	2016	2015
Opening balance	16,054	16,046
Issue of shares	5	8
Transfer from issued share capital	891	
Closing balance	16,950	16,054

Revaluation reserves**Changes in revaluation reserves**

	Available- for-sale reserve	Cash flow hedge reserve	Total
2016			
Opening balance		-8	-8
Unrealised revaluations	-128		-128
Realised gains/losses transferred to the statement of profit or loss	128		128
Changes in cash flow hedge reserve		8	8
Closing balance	-	-	-

In the course of 2016 the NN Group shares were included in available-for-sale investments and were sold in April 2016. The EUR 128 million reflects unrealised and subsequently realised loss on the sale.

Changes in revaluation reserves

	Available- for-sale reserve	Cash flow hedge reserve	Total
2015			
Opening balance	77	-38	39
Realised gains/losses transferred to the statement of profit or loss	-77		-77
Changes in cash flow hedge reserve		30	30
Closing balance	-	-8	-8

The decrease in the Available-for-sale reserve related to the divestment of Voya in March 2015. Reference is made to the ING Group Consolidated annual accounts, Note 51 'Other events'.

Notes to the parent company annual accounts - continued

Legal and statutory reserves**Changes in legal and statutory reserves**

	Share of associates and joint ventures reserve	Currency translation reserve	Total
2016			
Opening balance	5,715	2	5,717
Unrealised revaluations property in own use	5		5
Unrealised revaluations available-for-sale investments and other	208		208
Realised gains/losses transferred to the statement of profit or loss	-274		-274
Changes in cash flow hedge reserve	103		103
Changes in net defined benefit asset/liability remeasurement reserve	-65		-65
Exchange rate differences and other	-232		-232
Changes in composition of the group and other changes	321	-2	319
Closing balance	5,781	-	5,781

Changes in legal and statutory reserves

	Share of associates and joint ventures reserve	Currency translation reserve	Total
2015			
Opening balance	11,348	3	11,351
Unrealised revaluations property in own use	38		38
Unrealised revaluations available-for-sale investments and other	1,190		1,190
Realised gains/losses transferred to the statement of profit or loss	-17		-17
Changes in cash flow hedge reserve	-95		-95
Transfer to insurance liabilities/DAC	-254		-254
Changes in net defined benefit asset/liability remeasurement reserve	18		18
Impact of partial divestment of NN Group	-1,484		-1,484
Impact of deconsolidation of NN Group	-5,432		-5,432
Exchange rate differences and other	177	-1	176
Changes in composition of the group and other changes	226		226
Closing balance	5,715	2	5,717

The Share of associates and joint ventures reserve includes the following components: Reserve for non-distributable retained earnings of associates and joint ventures of EUR 2,235 million (2015: EUR 1,733 million), Revaluation reserve of associates and joint ventures of EUR 3,917 million (2015: EUR 4,288 million) and Net defined benefit asset/liability remeasurement reserve of EUR -371 million (2015: EUR -306 million).

As at 31 December 2016, the Share of associates and joint ventures reserve includes an amount of EUR 1,325 million (2015: EUR 1,201 million) related to the former Stichting Regio Bank and the former Stichting Vakbondsspaarbank SPN that cannot be freely distributed.

Changes in the value of hedging instruments that are designated as net investment hedges, are included in the line Exchange rate differences and other.

Notes to the parent company annual accounts - continued

Other reserves**Changes in other reserves**

	Retained earnings	Treasury shares	Total
2016			
Opening balance	21,149	-18	21,131
Changes in treasury shares		10	10
Transfer from Unappropriated result	4,010		4,010
Employee stock option and share plans	75		75
Dividends	-2,521		-2,521
Changes in the composition of the group and other changes	-333		-333
Closing balance	22,380	-8	22,372

Changes in other reserves

	Retained earnings	Treasury shares	Total
2015			
Opening balance	21,778	-46	21,732
Changes in treasury shares		28	28
Transfer from Unappropriated result	1,251		1,251
Employee stock option and share plans	23		23
Impact of partial divestments of NN Group	-285		-285
Dividends	-1,393		-1,393
Coupon on Undated subordinated notes	-19		-19
Changes in the composition of the group and other changes	-206		-206
Closing balance	21,149	-18	21,131

The Revaluation reserve, Share of associates and joint ventures reserve and Currency translation reserve cannot be freely distributed. Retained earnings can be freely distributed, except for an amount equal to the negative balance in each of the components of the Revaluation reserve, Share of associates and joint ventures reserve and the Currency translation reserve. Unrealised gains and losses on derivatives, other than those used in cash flow hedges, are presented in the statement of profit or loss and are therefore part of Retained earnings and are not included in Share of associates and joint ventures reserve.

The total amount of non-distributable reserves, in accordance with the financial reporting requirements per Part 9 of Book 2 of the Dutch Civil Code, is EUR 7,379 million (2015: EUR 6,832 million).

Reference is made to Note 19 'Equity' and the Capital Management section in the Consolidated annual accounts for additional information, including restrictions with respect to dividend and repayment of capital

Change in treasury shares

	Amount		Number	
	2016	2015	2016	2015
Opening balance	-18	-46	1,464,025	4,302,122
Purchased/sold	10	28	-863,391	-2,810,775
Share-based payments				-27,322
Closing balance	-8	-18	600,634	1,464,025

Notes to the parent company annual accounts - continued

5 Subordinated loans

Subordinated loans

				Statement of financial position value	
Interest rate	Year of issue	Due date	Notional amount in original currency	2016	2015
6.875%	2016	Perpetual	USD 1,000	948	
6.500%	2015	Perpetual	USD 1,250	1,177	1,139
6.000%	2015	Perpetual	USD 1,000	943	912
4.000%	2014	Anchor investors ¹	EUR 1,125		338
9.000%	2008	Perpetual	EUR 10	10	10
6.375%	2007	Perpetual	USD 1,045	975	960
5.140%	2006	Perpetual	GBP 66		90
6.125%	2005	Perpetual	USD 700	662	635
Variable	2004	Perpetual	EUR 555	551	568
6.200%	2003	Perpetual	USD 500	470	454
Variable	2003	Perpetual	EUR 430	427	428
7.200%	2002	Perpetual	USD 1,100	1,041	1,004
7.050%	2002	Perpetual	USD 800		727
Variable	2000	31 December 2030	USD 1,500	1,422	1,378
				8,626	8,643

1 Reference is made to the ING Group Consolidated annual accounts, Note 18 'Subordinated loans - Subordinated notes - Anchor investors'.

In November 2016, ING Groep N.V. issued USD 1,000 million securities that qualify as Additional Tier 1 capital under CRR/CRD IV. The issuance was in the form of 5 Year Callable USD denominated Perpetual Additional Tier 1 Contingent Convertible Securities, with coupon 6.875%. The securities are subject to full conversion into ordinary shares of ING Groep N.V. in the event that ING's phased-in CET1 ratio would fall below 7%.

In February, March and September 2016 respectively, ING Groep N.V. redeemed the final tranche of subordinated loans from the Anchor investors (EUR 338 million), GBP 66 million 5.14% Bond and the USD 800 million 7.05% ING Perpetual Debt Securities. Reference is made to the ING Group Consolidated annual accounts, Note 18 'Subordinated loans' and Note 19 'Equity'.

The Subordinated loans rank subordinated to the Other liabilities in a winding-up of ING Group.

6 Other liabilities

Other liabilities by type

	2016	2015
Debenture loans	1,902	3,733
Amounts owed to group companies	35	85
Other amounts owed and accrued liabilities	162	186
Derivatives from group companies	61	220
	2,160	4,224

Debenture loans

Interest rate	Year of issue	Due date	2016	2015
4.699%	2007	1 June 2035	153	151
4.750%	2007	31 May 2017	1,749	1,833
Variable	2006	11 April 2016		1,000
4.125%	2006	11 April 2016		749
			1,902	3,733

Notes to the parent company annual accounts - continued

The number of debentures held by group companies as at 31 December 2016 is 0 with a statement of financial position value of nil (2015: nil with a statement of financial position value of nil).

Amounts owed to group companies by remaining term

	2016	2015
Within 1 year	35	85
	35	85

The interest rate on the Amounts owed to group companies as at 31 December 2016 is 0.0% (2015: 0.0%).

Other amounts owed and accrued liabilities are payable within one year.

Derivatives from group companies by remaining term

	2016	2015
Within 1 year	4	12
More than 5 years	57	208
	61	220

Notes to the parent company statement of profit or loss**7 Staff expenses****Staff expenses**

	2016	2015
Pension costs and other staff related benefit costs	4	10
	4	10

Remuneration of Senior Management, Executive Board and Supervisory Board

The information on share-based payment plans and remuneration of the members of the Executive Board and the Supervisory Board is included in the Consolidated annual accounts. Reference is made to Note 49 'Related parties' (page 237 up to and including page 241).

8 Other expenses**Other expenses**

	2016	2015
External advisory fees	1	5
Other	15	3
	16	8

9 Interest and other financial income**Interest and other financial income**

	2016	2015
Interest income	498	568
Other financial income		59
	498	627

Included in Interest and other financial income is EUR 478 million (2015: EUR 552 million) related to group companies.

10 Valuation results

Included in Valuations results, are valuation results on non-trading derivatives related to warrants on the shares of Voya and NN Group amounting to EUR 33 million (2015: EUR -19 million).

Notes to the parent company annual accounts - continued

11 Interest and other financial expenses

Interest and other financial expenses		
	2016	2015
Interest expenses	-574	-720
	-574	-720

Included in Interest and other financial expenses is EUR -80 million (2015: EUR -117 million) related to group companies.

12 Result from group companies, associates and joint ventures after taxation

Result from group companies, associates and joint ventures after taxation		
	2016	2015
Result of group companies	4,237	5,185
Result on disposal of associates and joint ventures		
- NN Group	449	-1,055
	4,686	4,130

Additional information**13 Other****Fees for audit and non-audit services**

Reference is made to the ING Group Consolidated annual accounts, Note 27 'Other operating expenses' for disclosures related to fees for audit and non-audit services.

Guarantees

ING Group has issued certain guarantees as participant in collective arrangements of national banking funds and as a participant in required collective guarantee schemes. For example, ING Groep N.V. provided a guarantee to the German Deposit Guarantee Fund ('Einlagensicherungsfonds' or ESF) under section 5 (10) of the by-laws of this fund, where ING Groep N.V. indemnifies the Association of German Banks Berlin against any losses it might incur as result of actions taken with respect to ING Germany. The ESF is a voluntary collective guarantee scheme for retail savings and deposits in excess of EUR 100,000.

As at 31 December 2016, ING Groep N.V. guarantees various US dollar debentures (that mature between 2023 and 2036) which were issued by a subsidiary of Voya Financial Inc. In the Shareholder's agreement between ING Groep N.V. and Voya Financial Inc. it is agreed that the aggregate outstanding principal amount of the debentures will be reduced from EUR 404 million as at 31 December 2016 (2015: EUR 436 million; 2014: EUR 417 million) to no more than EUR 190 million as at 31 December 2017, no more than EUR 85 million at 31 December 2018 and nil at 31 December 2019.

Per the Shareholder's agreement, the decrease in the aggregate outstanding principal shall be deemed to have been reduced to the extent of collateral deposited by Voya Financial Inc. As at 31 December 2016, USD 129 million (2015: USD 77 million) was pledged to ING Groep N.V. as collateral.

Fiscal unity

ING Groep N.V. forms a fiscal unity with several Dutch banking entities for corporation tax purposes. ING Groep N.V. and its banking subsidiaries that form part of the fiscal unity are jointly and severally liable for taxation payable by the fiscal unity.

14 Proposed appropriation of results

For 2016, the Executive Board, with the approval of the Supervisory Board, has proposed a cash dividend of EUR 0.66 per ordinary share of EUR 0.01. In August 2016, an interim dividend of EUR 0.24 per ordinary share was paid. Therefore, a final dividend of EUR 0.42 per ordinary share remains. The final dividend will be paid entirely in cash after ratification of the proposal by the General Meeting of Shareholders.

Notes to the parent company annual accounts - continued

Proposed appropriation of result**2016**

Net result	4,651
Addition to reserves pursuant to Article 37 (4) of the Articles of Association	2,091
At the disposal of the General Meeting of Shareholders pursuant to Article 37 (5) of the Articles of Association	2,560
Dividend of EUR 0.66 per ordinary share	

15 Subsequent events

There are no subsequent events to report.

Authorisation of Parent company annual accounts

Amsterdam, 13 March 2017

The Supervisory Board

J. (Jeroen) van der Veer, *chairman*
H.J.M. (Hermann-Josef) Lamberti, *vice-chairman*
E.F.C.B. (Eric) Boyer de la Giroday
H.W. (Henk) Breukink
I. (Isabel) Martín Castellá
M. (Mariana) Gheorghe
R.W.P. (Robert) Reibestein
A.C. (Ann) Sherry

The Executive Board

R.A.J.G. (Ralph) Hamers, *CEO and chairman*
P.G. (Patrick) Flynn, *CFO*
W.F. (Wilfred) Nagel, *CRO*