STATEMENT ABOUT NOTARIAL RECORD OF PROCEEDINGS OF A MEETING

The undersigned,

Joyce Johanna Cornelia Aurelia Leemrijse, civil law notary in Amsterdam, the Netherlands,

hereby declares:

the attached document is a fair English translation of the notarial record of proceedings of a meeting of:

<u>ING Groep N.V.</u>,
having its official seat in Amsterdam, the Netherlands,

executed on 29 October 2020, before J.J.C.A. Leemrijse, civil law notary aforementioned.

In preparing the attached document, an attempt has been made to translate as literally as possible without jeopardising the overall continuity of the text. Inevitably, however, differences may occur in translation, and if they do, the Dutch text will by law govern.

In the attached document, Dutch legal concepts are expressed in English terms and not in their original Dutch terms; the concepts concerned may not be identical to concepts described by the English terms as such terms may be understood under the laws of other jurisdictions.

Amsterdam, the Netherlands, 30 October 2020.

mr. J.J.C.A. Leemrijse notaris te Amsterdam

NOTARIAL RECORD OF PROCEEDINGS OF A MEETING

(ING Groep N.V.)

On the twenty-eighth day of April two thousand and twenty, at fourteen hundred (14:00) in the afternoon I, Joyce Johanna Cornelia Aurelia Leemrijse, civil law notary in Amsterdam, the Netherlands was present at the general meeting of shareholders (the **General Meeting**) of ING Groep N.V., a public company under Dutch law (*naamloze vennootschap*), having its official seat in Amsterdam, the Netherlands, its office address at Bijlmerdreef 106, 1102 CT Amsterdam, the Netherlands, and registered in the Dutch Commercial Register under number 33231073 (**ING Groep N.V.** or **ING** or the **Company**), at the request of the Supervisory Board (the **Supervisory Board**) of the Company, held at the head office of ING, Cedar building, Bijlmerdreef 106, 1102 CT Amsterdam, the Netherlands, with the purpose of preparing a notarial record of the proceedings of the meeting.
I, civil law notary, established the following:
In accordance with Article 32.1 of the articles of association of ING (the **Articles of Association**) Mr G.J. Wijers, chairman of the Supervisory Board, acts as chairperson of the General Meeting (the **chairman**).

1. Opening remarks and announcements

The **chairman** opened the meeting and welcomed the shareholders of ING Groep N.V. and the representatives of the Central Works Council, on this occasion in exceptional circumstances as a result of the covid-19 crisis, which he started by addressing. Everyone was going through extraordinary times that required adaptability. Given this, ING had decided to organise its meeting differently, in line with the instructions of the Dutch government and National Institute for Public Health and the Environment, in order to reduce the health risks for everybody as far as possible. As a result, ING had decided to hold the meeting in its Cedar building with only a few of the members of the Supervisory Board and the Executive Board present. The other members were watching the meeting remotely and could contribute as necessary. ING had also limited the number of shareholders who could attend the meeting in person. Those who had decided to attend did so at their own risk. Everyone was emphatically requested to observe social distancing and in that respect to stay 1.5 metres apart. ING had also encouraged the option to follow the meeting via the live webcast and to vote and where possible submit questions in advance. The **chairman** thanked everyone for their understanding and co-operation in holding the meeting in this way.

Some members of the Executive Board and the Supervisory Board were present on the platform and were introduced by the chairman: Hans Wijers (chairman) and Herna Verhagen (chairman of the Remuneration Committee) from the Supervisory Board and Ralph Hamers (chief executive officer and chairman of the Executive Board) and Steven Van Rijswijk (chief risk officer) from the Executive Board. Vroukje Van Oosten Slingeland (general counsel) was also present on the platform.

Mr Marc Hogeboom was present on behalf of KPMG, the external auditor for the financial year 2019. The independent civil-law notary, Ms Joyce Leemrijse, partner at Allen & Overy, was also introduced. To safeguard everyone's health, the following people were attending remotely: the other member of the Executive Board, Tanate Phutrakul (chief financial officer) taking part by audio link, and the other members of the Supervisory Board, with Hermann-Josef Lamberti (chairman of the Audit Committee) and Mike Rees (chairman of the Risk Committee) taking part by audio link. The following were also attending remotely: Waldo Bakker (on behalf of KPMG) and Cindy van Eldert-Klep (the company secretary).

The **chairman** explained that the meeting would be held in Dutch. English would only be used if Dutch was not the speaker's first language. There were headsets for everyone to follow the meeting entirely in Dutch or English. As approved by the Annual General Meeting on 25 April 2006, the meeting was being broadcast live on the ING website (www.ing.com).

The **chairman** stated that the shareholders had been notified of the meeting in conformity with the Company's Articles of Association and the law, enabling the meeting to pass legally-valid resolutions. He also stated that no shareholders had submitted resolutions for discussion at the meeting. The **chairman** went on to announce that the Company's issued capital consisted of 3,900,494,550 shares on the Record Date (31 March 2020). ING Groep N.V. and its subsidiaries had held a total of 1,315,663 shares on that date and so a total of 3,899,178,887 votes could be cast. One vote could be cast on each share. Later in the meeting it was announced that 4,138 shareholders, holding a total of 2,336,359,942 shares, were present or represented at this meeting, permitting the same number of votes to be cast (representing 59.92% of the issued share capital on which votes could be cast). Of these, 2,336,301,325 shares (99.997% of the capital present or represented) were represented by the independent civil-law notary by means of proxy voting through the electronic voting platform.

The **chairman** then announced that the minutes of the Annual General Meeting of 23 April 2019 had been adopted and signed by the chairman, the secretary and the designated shareholder, Ms M.N. Grootfaam of Amsterdam. Those minutes had been available on the ING website since 23 October 2019. The draft minutes had also been available for inspection at the company's offices since 23 July 2019. The minutes of this meeting would be taken by Ms van Eldert-Klep. The entire meeting was being recorded for the purposes of preparing the minutes. The **chairman** explained that on this occasion, in these special circumstances and as permitted by law, a notarial record of the business transacted at the meeting would be prepared. This meant that no shareholder would be designated to co-sign the minutes.

The **chairman** then explained that in the special circumstances, shareholders had been able to submit questions on agenda items digitally up to 48 hours before the start of this meeting. Those questions and the answers to them would be addressed during the meeting and where possible they would be grouped by the agenda items they related to. This would also be recorded in the notarial record of proceedings in the meeting.

If thereafter there were any questions or comments from the floor, they should be brief and concise and relate to the agenda item concerned. There would be no any other business item and so relevant questions and comments should be asked during the related agenda items. Consequently, questions or comments about customer relationships with ING or ING's products or services would not be taken. The **chairman** then explained the process for asking questions from the floor and how this would be facilitated, taking account of the covid-19 measures. Everyone present was asked to switch their mobile phones and other devices to silent and reminded that no photography or video recording was permitted during the meeting in connection with the privacy of other shareholders. As usual, the meeting was being broadcast live on ING's website.

The **chairman** explained the arrangements for agenda item 2. He announced that agenda items 2A to 2D would first be addressed separately, followed by the opportunity to ask questions in three themed rounds: the first round would be for questions on ING's strategy, financial performance and sustainability; the second would be for questions on other matters in agenda items 2A to 2C that would not be addressed later under the agenda. The third themed round was for questions on agenda item 2D, the Remuneration Report for 2019. Agenda item 2D would then be put to an advisory vote. Agenda item 2E would then be taken, when Mr Hogeboom of KPMG would comment on the audit work. There would then be an opportunity for questions on agenda item 2E. Any questions about the comments from KPMG could be put through the chairman. Agenda item 2E would then be put to the vote. The **chairman** then explained the voting arrangements, including the voting procedure in which ING used an electronic voting platform.

Before moving to the substance of the agenda items, the **chairman** briefly commented on some of them: (1) The remuneration policy: this item would be addressed in detail during agenda items 2, 5 and 6. Ms Verhagen, member of the Supervisory Board and chairman of the Remuneration Committee, would shortly say more about the remuneration policy itself, what it involved and what had changed. The **chairman** would not talk about this now. Ahead of her comments, the **chairman** emphasised that (i) the Supervisory Board had committed to stakeholder consultations and had extensively reviewed ING's remuneration policy in talks with advisory bodies and a broad range of stakeholders, including customers, institutional shareholders, the Dutch Central Works Council, trade unions and regulatory and governmental authorities, and (ii) the Supervisory Board much appreciated the co-operation and contributions of all these stakeholders, which had helped to strike a good balance between the various viewpoints in society;

(2) Dividend, agenda item 3: Shareholders had no doubt read that, like a number of other European banks, ING had decided to follow the ECB's recommendations and suspend payment of dividends provisionally until 1 October 2020. This meant that agenda item 3B on the proposed dividend had been withdrawn and would not be put to the vote. ING was doing all it could to support its customers and society during the covid-19 crisis. It was working with local industry and government representatives to safeguard financial flexibility and its role as a bank and to take the appropriate responsibility. Particularly now. Suspending the dividend was an example of this. ING was financially healthy and more than met the buffers required by the regulators, but believed that it was sensible to follow the ECB's recommendations and refrain from paying a dividend for the time being. During his presentation, the CEO would give more examples of how ING was helping stakeholders at this time and there was more about this on the website. This was how everyone was contributing to supporting customers and a society where financial flexibility was now so important. The business today was the 2019 financial year. There might be questions on the potential impact of the covid-19 pandemic on ING. Shareholders would hear more about this when ING published its quarterly results on 8 May; and

(3) Composition of the Supervisory Board, agenda item 8: the Supervisory Board was asking for approval for the proposed appointments of three new members. The Supervisory Board's goal was to ensure that its membership was such that it could carry out its duties properly at all times. The three new proposed members were Juan

Colombás, Herman Hulst and Harold Naus. There would be further information in agenda item 8. Some members were leaving the Supervisory Board: Eric Boyer de la Giroday and Hermann-Josef Lamberti, both for personal reasons. Robert Reibestein had stepped down from his role as a member of the Supervisory Board on 1 January of this year for health reasons. The **chairman** would address this later along with the departure of ING's much valued CEO, Ralph Hamers.

The **chairman** moved to agenda item 2.

2. Report of the Executive Board for 2019 and Sustainability (discussion item)

2A. Report of the Executive Board for 2019 (discussion item)

2B. Sustainability (discussion item)

The **chairman** announced that the Sustainability Report (2B) would be discussed together with the Report of the Executive Board (2A). He referred to pages 3 to 91 of the Annual Report and the Explanatory Notes to agenda item 2B in the notice of meeting. For completeness, the **chairman** also referred to the Risk Management chapter on pages 162 to 249 of the Annual Report. He then gave the floor to Mr Hamers.

Mr **Hamers** welcomed all the shareholders and thanked them for their engagement with the development of ING and for participating today, which he much appreciated.

Mr **Hamers** started by addressing the covid-19 pandemic that had brought about many developments and changes in recent weeks. It was an unprecedented and unknown crisis which would impact current economic developments. He explained how ING was trying to support its stakeholders as well as possible in these difficult times. ING had set three key priorities, in no particular order: (1) how ING was supporting its retail and business customers in these uncertain times, (2) how ING was supporting its staff firstly to stay safe and healthy and then also to continue being able to work, and (3) how ING was supporting the societies it was part of and many countries where it has operations had called upon ING for support. ING's purpose to empower people to stay a step ahead in life and in business offered a good guide for this, for example by considering if a customer needed deferral of loan repayments, if necessary in co-ordination with local authorities and other banks, including if there already was a local guarantee scheme. ING was also expanding opportunities for contactless payments and coaching people who were quickly having to start online banking because they must not or could no longer visit a branch or because not all branches were open all the time. ING had also taken action to protect employees' health and safety, such as facilitating working from home while maintaining adequate reliable communications facilities and considering their home situation and motivation. ING was also working in different ways for the communities it was part of, reflecting local emergency needs. For example, holding collections for charities offering immediate healthcare assistance, making spaces available for emergency hospitals and providing laptops to enable children from poorer families to learn from home. In these ways, ING was trying to recognise its role in society.

Having addressed how ING was trying to contribute to health and safety, which are so important to everybody, Mr **Hamers** looked back at ING's operations and performance in 2019. He explained that ING's main priority in 2019 had been the further implementation of its Know Your Customer (KYC) enhancement programme. This programme had been introduced in 2017 and ING wanted it to bring about a structural improvement in its gatekeeper function in customer due diligence and to raise its anti-money-laundering activities to a permanently higher level. In 2019, ING had more than 4,000 FTEs working to ensure its customer files were in order, implemented additional IT support tools and performed systematic risk analyses to identify the risks in each activity and country. Particular attention was also being given, for example, to the situation in Italy where ING was talking to the regulator on local KYC requirements.

ING was also talking to various authorities on continuing the proper performance of the gatekeeper's role to examine how far co-operation was possible, for example on exchanging information with other banks and the use of new technology to identify and report suspicious conduct.

Mr **Hamers** continued his comments by emphasising the importance of ING's Think Forward strategy in relation to KYC and non-financial risk management. Since banking, like so much else, was increasingly digital (an 'icon on a smartphone') it was important that ING's banking services and systems were available, accessible, transparent and reliable, in part to safeguard ING's reputation. Advancing global digitalisation was demonstrated well in ING's application of its Think Forward strategy: 37% of ING's customers only had contact with ING by mobile devices and 82% of all interactions used this channel. An advantage of this was that ING was better able to respond to its customers' needs as expressed through ING's mobile channels which led to increased sales of ING's services and a range of supplementary services such as Google Pay and Apple Pay. The added value from ING's acceleration of its strategy, as already announced and implemented, to support 'platformising' of the world was further underlined by the current covid-19 crisis: there had been a huge increase in online shopping, communications, consultations and banking. Mr **Hamers** explained the three options that ING was using to create a platform for its customers and to enhance digitalisation and the use of technology: (1) in-house development of an ING platform that customers would choose for global services and banking because of their confidence in the bank. To do this, ING was increasingly standardising across countries, for example by offering a cross-border mobile banking app; (2) offering platforms meeting very specific requirements, such as financial management via Yolt or trade and commodity finance via initiatives like Komgo and Contour; and (3) linking ING's banking services to another large existing platform, such as Amazon. None of this was possible without innovation. ING did some of this internally, in 'labs', and some collaboratively, with more than 200 fintechs. This ensured a continuous review of what could be improved to make things easier for customers. Examples in this connection were Katana (a spin-out from an artificial intelligence centre developed by ING to support pricing for commercial transactions) and ING's new Cedar office as part of the Cumulus Park in Amsterdam (offering space to work on innovation with universities and start-ups).

Mr **Hamers** referred to the launch of ING's Think Forward strategy seven years earlier, in which ING focused on changing from being a mainly digital savings bank for its customers to becoming a digital full-service or primary bank. He showed that currently over 13 million of ING's total of some 40 million customers around the world regarded ING as their primary bank. This global trend ensured that ING could make more loans using the resources they had entrusted to it and so play a greater role in the economies where it operated.

On sustainability, Mr **Hamers** referred to ING's purpose, which was about people (not just customers) and empowering them to stay a step ahead in life and in business (not just financial services). This represented ING's sustainability goals, which were an integral part of everything it did, and which had been translated into specific objectives inside and outside ING. Within the organisation, ING aimed, for example, to purchase 100% renewable energy for its own use and to reduce water consumption. Outside the organisation, ING tried to have a worldwide impact on and through its customers and society. ING did this by aiming for a self-reliant society and a low carbon society. In a self-reliant society, people are in control of their own finances and so ING makes it possible for them to continue feeling the value of digital money, supported, for example, by technology for digital learning and budgeting. ING had already reached more than 25 million people in Europe with this. In a low carbon society, the global CO2-footprint is reduced in line with the Paris Climate Agreement to keep global warming to less than two degrees Celsius. ING had also committed to this agreement and, in support of this, ING tried to exercise indirect influence on climate change by reducing the indirect emissions of its lending portfolio to keep global warming well below two degrees Celsius. ING was doing this using the innovative Terra approach and methodology it had developed and launched with think-tank 2 Degrees Investing Initiative (2DII) in 2018 and which over 40 other banks had now joined. As a leading bank, ING had also signed the Principles for Responsible Banking drawn up by the United Nations Environment Programme in consultation with the financial sector. Over 130 banks around the world, representing more than 35% of international lending, had now signed the Principles. Mr **Hamers** explained that sustainability initiatives were also benefitting ING's commercial opportunities in, for example, sustainable finance and climate finance, and ING was in the top five in the world for this.

He emphasised that everything ING did, and the way it did it, had to be in the interests of its customers, society and other stakeholders; he believed that this was what in the end drove the financial result.

Mr **Hamers** explained that the result in 2019 had been good. Despite the pressure on the interest margin because of low or even negative interest rates that ING faced, income had increased in 2019, mainly as a result of an increase in the number of customers. At the same time costs rose, in part because of the increase in FTEs for KYC, as explained earlier, and to support local growth and better employment conditions in various countries. The result in 2019 was slightly lower than in 2018 because costs had risen relatively more than income. Nevertheless this had led to a return on equity of 9.4% and a core Tier-1 ratio of 14.6% at the end of 2019. Consequently, ING was still a healthy, safe bank which had reinforced its buffers so they could be used to support its customers in the uncertain times that were affecting everyone.

Mr **Hamers** concluded his comments. As this was his seventh and last ING Shareholders' meeting as CEO, he looked back briefly at the most striking and challenging subjects he had dealt with in that period. As far as he was concerned, the continuing confidence and engagement of shareholders and employees, with their resilience and flexibility, had been a common thread and he was very proud of this. He took the opportunity to offer his considerable thanks to them and then handed back to the chairman. The **chairman** thanked Mr Hamers for his comments, closed this agenda item and moved to agenda item 2C.

2C. Report of the Supervisory Board for 2019 (discussion item)

The **chairman** moved to the Report of the Supervisory Board, referring to pages 96 to 108 of the Annual Report. The Supervisory Board had held ten meetings in 2019. As part of its standard responsibilities, the Supervisory Board and its committees focused on supervising and 'challenging' the Executive Board's efforts on implementing the Think Forward strategy. A very prominent focus for the Supervisory Board in 2019 was ING's Anti-Money Laundering (AML), or Know Your Customer (KYC) programme, the ING-wide enhancement programme addressing the management of customer information. As part of this, the Supervisory Board, in small groups, had also visited local ING entities in various countries, including Poland, Belgium, France and the Netherlands, in order to gain a better understanding of the local challenges and to emphasise the importance of AML/KYC throughout the organisation. Furthermore, in addition to a range of standard subjects, the Supervisory Board had also discussed a wide range of other developments such as the anticipated impact of low interest rates, model risk, Basel IV, IFRS 16, SRD II and several topical regulatory themes with a global reach for ING, such as ICLAAP, compliance, IT, sourcing and suitability requirements for boards and key office holders. Furthermore, the Supervisory Board had focused on the financing of the Company, taking account of capital and liquidity requirements and ongoing regulatory developments. The Supervisory Board's committees had also discussed a wide range of issues. As well as the KYC programme already mentioned and the proposed remuneration policies of the Executive Board and the Supervisory Board, the main subjects included new candidates for the Supervisory Board, the quarterly results, corporate governance, risk management and the culture at ING.

The **chairman** closed this agenda item and moved to the following agenda item.

2D. Remuneration report (advisory voting item)

The **chairman** moved to the Remuneration Report for 2019, referring to pages 136 to 151 of the Annual Report, and gave the floor to Ms Herna Verhagen, chairman of the Remuneration Committee.

Ms **Verhagen** referred to the chairman's earlier comments that ING's remuneration policy was intended to attract, motivate and retain highly qualified staff and managers. Accordingly, ING aimed to offer well-balanced remuneration within its risk appetite and promote effective risk management. ING also took into account its responsibilities to its customers, society and other stakeholders whose trust was its reason to exist. ING's remuneration policy was important in achieving its strategy and purpose ('to empower people to stay a step ahead in life and in business' as just explained by Mr Hamers), taking account of its risk profile. These principles applied to all employees, including members of the Executive Board. There had to be a proper balance between creating short- and long-term value for all stakeholders and being responsible and fair.

In line with the Banking Code, the remuneration policy ensured that remuneration was below the median of the chosen benchmark; this policy had been adopted by the Annual General Meeting in 2010. As previously promised and just announced by the chairman, ING had conducted an extensive review of its remuneration policy in 2019 and this had led to a remuneration policy that had been amended in some aspects, including to reflect the introduction of new legislation and regulations. This would be addressed later in today's meeting. The changes did not affect remuneration in 2019.

Ms **Verhagen** then explained that the Remuneration Report looked back at 2019, reporting on ING's performance and how events in 2019 had affected remuneration. It outlined the current remuneration policies for the Executive Board and Supervisory Board and provided details of remuneration awarded to the Executive Board, including variable remuneration, and to the Supervisory Board in 2019. ING's 2019 Remuneration Report complied with new requirements in amended Dutch legislation to implement the revised Shareholder Rights Directive. Where practically possible, the report also anticipated the European Commission's non-binding draft guidelines for the content and structure of remuneration reports. One reason why ING's 2019 Remuneration Report was not yet fully in line with the guidelines was that they had not yet been finalised. The disclosure of variable remuneration in the Remuneration Report was also not yet in line with the format for the new remuneration policy since that format had not yet been agreed with the members of the Executive Board for the performance year 2019. ING did not think it was appropriate to use the format retrospectively and in a more or less artificial way. The year 2019 should be viewed as a transitional year for reporting.

ING intended to revise the Remuneration Report for 2020 to reflect the final, non-binding guidelines which are expected to have been published by then, and taking account of shareholders' comments today on the 2019 Remuneration Report.

Ms **Verhagen** then explained that the Supervisory Board (assisted by its advisory bodies) performed an ex-ante and ex-post risk assessment when setting variable remuneration. This could result in a reduction of the variable remuneration. The ex-ante risk assessment was in line with existing legislation and regulations. The starting point was that the members of the Executive Board would only be eligible for variable remuneration if specific, pre-defined risk objectives were met. ING used the core Tier-1 ratio and the IFRS Return on Equity as ex-ante risk measures. In addition, other potential financial and non-financial risks were assessed and could also lead to a reduction in variable remuneration. ING's Non-Financial Risk Dashboard was used for non-financial risks. Progress on ING's KYC enhancement programme was one of the indicators.

Taking this into account, the Supervisory Board had concluded that the Executive Board members had made a good contribution towards delivering ING's results in 2019. Although the underlying result before taxation and the underlying return on equity had decreased compared to 2018, good progress had been made on implementing the Think Forward strategy. Evidence for this included the continued growth in primary customers (vital to the future of the bank), the implementation of the KYC enhancement programme with strong governance by senior management and further progress on sustainability.

In summary, the variable remuneration for the performance year 2019 had been awarded on the basis of the performance of ING Groep N.V. and on the individual financial, non-financial and risk objectives of the members of the Executive Board. As just explained, a risk assessment had also been performed. For the members of the Executive Board, this resulted in variable remuneration at or close to the target percentage of 16%. Ms **Verhagen** referred to the 2019 Remuneration Report for further details.

On fixed remuneration, there had been no increase in fixed salaries in 2019. The Supervisory Board has decided on a different proposal for 2020 and this would be addressed in detail in agenda item 5.

Ms **Verhagen** handed back to the chairman, who closed this agenda item and moved to the question round on agenda items 2A to 2D.

As already explained, today's question rounds were organised into three themes: (1) ING's strategy, financial performance and sustainability, including specific significant subjects such as the KYC enhancement programme, (2) other matters in agenda items 2A to 2C that would not be addressed later under the agenda, and (3) agenda item 2D, the 2019 Remuneration Report. The **chairman** explained that questions submitted before the Annual General Meeting by shareholders who were unable to be present would be answered first. There would then be time for further questions from shareholders present in the room. Where necessary, the chairman would give the floor to the participating members of the Executive Board and the Supervisory Board.

<u>First round: ING's strategy, financial performance and sustainability</u>

The **chairman** moved to reading out and answering questions submitted before the

Annual General Meeting:

(1) Mr **Schmets** (VEB) had asked, "In its 2019 Annual Report, ING states that it carries out regular stress tests and scenario analyses, looking at severe, but plausible stress scenarios. The coronavirus pandemic has brought about a material systemic risk. **(a)** Can ING comment further on what stress tests have been performed further to the outbreak of the coronavirus pandemic? **(b)** What macro-economic input variables have been used in that coronavirus pandemic scenario with respect to correlated factors such as unemployment, gross domestic product, the house price index, oil prices and pressure on margins? **(c)** What is the relationship between the input variables in the coronavirus pandemic scenario and the values in near-default scenarios? **(d)** What mitigating measures can ING take to manage downward pressure on results? **(e)** At what CET1 ratio percentage will ING have to suspend lending? **(f)** After how many months does the probability of default (PD) reach a peak for both the 'point in time' and 'through the cycle' estimates? **(g)** How many years would it take after suspending lending to recover to the current SREP ratio? Please also say whether and when dividends can again be paid." Mr **Van Rijswijk** replied to the questions by stating that stress tests and scenario planning were a standard part of ING's risk management. This was done in various ways: overall stress tests for the business as a whole, stress tests for specific segments or countries and 'reverse stress tests' (a type of stress test which analyses how much capital is required, how much capital is available and how far certain variables can fall to reach a minimum level). Significant variables included gross national product, the house price index and unemployment and to a slightly lesser extent, interest rates. These stress tests were currently being performed more frequently in order to gain new insights further to forecasts on economic growth or contraction. Maximising the variables would lead to more customers moving into default and, as a result, additional capital would have to be held or extra risk charges would be incurred. He then explained that capital models use various averaged variables ('through the cycle') and that risk charges are based on a number of variables at a specific moment ('point in time'). Consequently, the capital requirement was calculated differently from the risk charges. He said that it was still too early to estimate when the probability of default (PD) would peak. With respect to ING's capital position, Mr **Van Rijswijk** noted that ING was strongly capitalised with a CET1 ratio of 14.6% at year-end 2019 and so amply met the SREP ratio set by the ECB. It was not yet possible to estimate how this would develop. ING's capital buffer had been reinforced further as a result of the recent relaxation of capital requirements by the ECB (currently just over 10.5%). Furthermore, part of the capital could in future be reinforced by subordinated debt instead of share capital alone. Proper diversification of the portfolio was also important. ING was a large bank with operations in several countries and good diversification led to spreading risks. This was a matter of continuous attention at ING. It was also important to make prompt contact with customers if there were indications of a possible future default. In addition to models, ING also had a lot of contact with its customers on this and, in that context, he referred to what Mr Hamers had said and presented earlier. It was still too early to say how the covid-19 pandemic would eventually affect ING's customers but ING was helping them where possible. Mr **Van Rijswijk** concluded by referring to ING's announcement earlier in the year on temporarily suspending any payment of dividend to at least 1 October 2020 in line with the ECB's recommendations. ING would, therefore, review later in the year what will be done in this respect.

(2) Mr **Akrouh** (Amsterdam) had asked, "Firstly, thank you for organising the General Meeting. This is not an easy task in these times but I value the transparency with which ING has organised the General Meeting. I am, therefore, proud of the directors and employees who have worked so that the General Meeting can go ahead. It shows that, in difficult times, creativity and resourcefulness increase and that agile operation is in the bank's DNA. In any event, the covid-19 crisis has temporarily or permanently drastically changed the world. Many businesses currently have liquidity problems and demand has dropped to zero at many of them. This of course affects the bank's balance sheet and income statement and I would like to ask some questions on this. I will separate them by subject to make this easier. ING Groep N.V. has decided to defer the dividend for 2019. You are, therefore, retaining a lot of money and my question is what does ING Groep N.V. plan to do with it? Will you improve your own liquidity position? Will provisions be formed? Will equity be reinforced? I would like to know what the updated dividend policy is." Mr **Hamers** said that on the dividend policy, ING had already stated that it had followed the ECB's recommendations on suspending the 2019 dividend policy and so it was holding the dividend for 2019 in reserve. It would not be added to the capital but remain reserved as part of equity and in principle would not be used. Later this year, ING wanted to review whether, and to what extent it could be paid out or whether it should be added to capital. As explained, ING anticipates making further dividend announcements after 1 October 2020. Consequently, ING does not expect to pay an interim dividend this year from its earnings in 2020.

(3) Mr **Schmets** (VEB) had asked, "As part of its package of interventions, the government has asked banks to accept their responsibility and be flexible in lending to the private sector. The government is presenting this as a temporary measure although it is expected it will affect ING's results for a longer time. How long does ING think it will be affected by the fact that the bank is being used as an instrument to rescue the real economy? Is it not uneconomic that ING, like other banks, is currently being asked to provide more financing to businesses precisely when there is an economic downturn which is unclear in both duration and depth? What conditions will apply to decisions on which businesses receive financial support and which will not be eligible? Given the exceptional circumstances, the ECB has suggested that the capital buffer requirement under Pillar 2 Guidance (P2G) can be temporarily suspended. A similar relaxation could be possible for the cyclical buffer. Do you think this proposal is in fact desirable and does it contribute to the stability of your bank?" Mr **Hamers** said that it was difficult to assess the answer to the first question, which is exactly why the government was working hard with very many facilities to support businesses. There were two types of lending: existing lending and new lending. For existing lending, ING was looking at how it could help its customers through this covid-19 phase, in part with repayment holidays and sometimes suspending interest payments, depending on which country it was operating in. The landscape for new lending was very uncertain. It was unclear to both businesses and banks how sales would develop and whether debts could be repaid. There were different support measures in different countries, including full or partial government guarantees. ING and its customers were looking at the opportunities offered by these measures to make additional lending possible. A generic condition was that the customer in question had to have been healthy before the covid-19 crisis. If at that time a customer had been able to meet its payment and repayment obligations in full, that customer would in principle be eligible for such a scheme. On relaxation of the capital buffer by regulators, Mr **Hamers** said that banking involved taking considered risks and being able to do what was best for the bank and its customers throughout the economic cycle. In times when banks recorded good results, they had to create strong capital buffers which could then be used during an economic downturn. The relaxation of the capital buffer requirement was a good way of supporting banks in the crisis so that they could actually continue supporting their customers.

(4) Mr **Schmets** (VEB) had asked, "Does ING believe that the bank has sufficient capital buffers to absorb the economic and financial shocks of the coronavirus pandemic? If so, why? Is there a credible scenario in which ING would be forced to call for new share capital to ensure its continuity?" Mr **Van Rijswijk** referred to previous answers on this and the large difference between ING's CET1 ratio of 14.6% and the new capital requirement under CRD V of 10.51%. He again referred to the importance of diversification across industries, countries and operations. In addition, he said that ING often requires collateral for financing and often provided finance at the top of a credit structure with rights that were usually better than those of other financing parties. These were all reasons for ING's strong capital position. He concluded by stating that ING did not currently intend to issue shares.

(5) Mr **Akrouh** (Amsterdam) had asked, "Last year the bank had relatively few Non-Performing Loans (NPLs). Will the impact be different following this crisis? What is the current status of the number of NPLs? How many customers have requested payment and repayment holidays? How are you resolving the current situation with customers (what are the possibilities)? What is the forecast impact of this for this year?" Mr **Van Rijswijk** replied that a NPL is a loan default. This was the case when customers were unable to meet their payment obligations for 90 days or longer. In 2019, this involved 1.4% of ING's total value of loans. The percentage for the first quarter of 2020 would be shown in the financial report for the first quarter which would be published on Friday, 8 May 2020. He said that up to now some thousands of customers had requested deferral of payments and repayments. The extent differed between countries, customer groups and products.

(6) Mr **Akrouh** (Amsterdam) had asked, "The European Commission has recently announced it wants to raise €1,000 billion on the market to combat the crisis. It is not clear if this will be in the form of 'eurobonds' or another type of bond but in any event it is of course an opportunity for the market to 'put money aside'. Does the bank intend to participate? If so, for how much and on what terms?" Mr **Van Rijswijk** said that, as a bank, ING initially wanted to use money to help its customers. This was part of ING's purpose as a bank. It was also important for ING to keep its liquidity in order, which it did by holding certain investment portfolios. He explained that when ING needed liquidity, high quality bonds could be cashed in quickly. This was why ING held bonds. It was not yet clear how far the eurobonds could meet this. ING intended to look at this in due course as part of its normal investment policy.

The **chairman** announced that questions had also been submitted before the Annual General Meeting on the Know Your Customer (KYC) enhancement programme:

(1) Ms **Goorse** (on behalf of APG, PGGM, MN and EOS at Federated Hermes) had asked, "Recent years have been difficult for ING, partly because of the AML events and improving the ability to combat financial economic crime. The Report of the Executive Board states that having a strong compliance culture and promoting integrity-led behaviour are key to reducing potential risks. Given the vacancy for the CEO role from 1 July 2020 and possible changes in the duties within the Executive Board, we ask ING to continue properly safeguarding compliance and risk management in the Executive Board. Can you comment on how you expect to do this? And is it possible that you will appoint a chief compliance officer to the Executive Board?" The **chairman** replied to this question by stating that a vacancy on the Executive Board did not automatically mean that its composition had to change. The Supervisory Board saw no reason for this at the moment. He emphasised that monitoring and implementing the KYC enhancement programme were duties of the CRO, who had done this very extensively and fully satisfactorily in recent years, and continued to do so.

(2) Ms **Goorse** (on behalf of APG, PGGM, MN and EOS at Federated Hermes) had asked, "ING currently has various ongoing initiatives to strengthen compliance risk management further, including compliance risk culture monitoring, global data ethics and the 'I for integrity' programme. A Behavioural Risk Team was also set up in 2018 to assess supplementary behavioural risks, develop interventions to support management and improve behaviour risk management at ING. Can you say how far the culture at ING has changed? Can you comment on the Behavioural Risk Team's main findings on assessing supplementary behavioural risks and what interventions or mitigation measures have been or will be taken?" Mr **Van Rijswijk** responded that a good risk culture was a combination of standards, values and conduct, and was essential to being a secure, successful and compliant bank. General risk management was initially the responsibility of the entire organisation. Partly as a result, risk culture had been added to ING's existing Orange Code through a Code of Conduct. The Orange Code set out the key behaviour that was aimed for: you take it on and make it happen, you help others to be successful and you are always a step ahead. The Code of Conduct added to it included ten risk principles that all ING employees around the world had to adhere to in their conduct. Those principles were an integral part of the performance appraisal cycle for ING employees, as was the Orange Code. This means that there was continuous evaluation and assessment of how people behaved compared with the desired conduct and risk principles. Mr **Van Rijswijk** then spoke about the Behavioural Risk Team that ING had set up and that included people with a background in psychology. This specialist team looked at both formal and informal drivers of behaviour in the organisation that could raise or lower the risks for the bank. Formal drivers included governance, corporate and decision-making processes, official communication lines and the way assessments and decisions were made. Informal drivers arose from people's motivation: were they adequately familiar with risk processes such as KYC and non-financial risk, were they influenced by group-think, did people have the right knowledge and was it possible to carry out the formal processes? As an example he referred to the way in which the KYC process was set up at ING: it consisted of a number of sub-processes, meaning that it could be difficult for some groups to understand exactly what other units did and how, what their objectives were and what they wanted to achieve. The Behavioural Risk Team could bring those groups together to talk so that they had a wider and better understanding of the overall process. This was then formalised in better governance. Other examples of Behavioural Risk Team actions (or 'interventions') were rotating people between departments (so that they could better understand the work and objectives of other departments) and setting up committees to more rapidly improve the lead times and quality of processes.

(3) Mr **Schmets** (VEB) had asked, "How far are KYC investigations actually suited to further automation? What experiences can you share to show that the investment in Ascent and the Isabel Group will be repaid in due course, for example in the form of lower staff costs for KYC?" Mr **Hamers** said that in principle process-based work is suitable for automation and anything that has to be delivered on paper is suitable for digitalisation. This combination of automation and digitalisation was important to making the KYC process more efficient and effective. Referring to the various KYC sub-processes and their interrelationships (as listed by Mr Van Rijswijk), he emphasised that it was important to get a process stable before automating it. In general, ING tried to automate and digitalise as much as possible so that some of the capacity that was released could then be used to make processes even more effective. There was, for example, investment in automation of the KYC process with respect to reviewing, storing and accessing customer files. There was also investment in systems that support the detection of suspicious transactions or conduct with respect to several transactions. In this way, ING could play its gatekeeper role more efficiently and effectively.

(4) Mr **Schmets** (VEB) had asked, "What is the current position on the four major banks sharing transaction data? In what circumstances, within the limits of the GDPR, can information be shared?" Mr **Van Rijswijk** said that in 2019 the banks had announced that they were willing to investigate the feasibility of joint action on analysing and monitoring payment transactions. The first step was a small experiment with a limited number of transactions to assess whether this added value and met the requirements of the Anti-Money Laundering and Anti-Terrorist Financing Act (Wwft) and whether it offered benefits compared with banks' individual solutions. Privacy aspects also had to be taken into account, and considering how any privacy risks could be limited. Talks were underway with the Dutch Data Protection Authority on this.

(5) Mr **Schmets** (VEB) had asked, "Have regulators in the countries where ING operates set deadlines for getting KYC processes in order? Are there penalties if ING fails to meet the deadlines?" Mr **Hamers** said that ING's settlement with the Dutch Public Prosecution Service in 2018 had attracted the attention of foreign regulators. At the time, ING had already started and implemented its KYC enhancement programme in some countries. Nevertheless local authorities had been interested in a further explanation of the settlement and related issues. Some authorities had also carried out their own inspections. Both ING's own actions and KYC inspections by local authorities had identified improvements. Where this had led to penalties that ING believed were material, they had been announced as had been the case with ING in Italy.

The **chairman** then called for questions from the shareholders present:

Mr **Coolbergen** (Middelharnis) said he was disappointed with ING. He had counted on a dividend for 2019 that he had wanted to use for his pension. He thought it would be fairer if, besides the shareholders, other stakeholders (such as employees and companies sponsored by ING) also contributed to keeping the bank safe so that it could continue to serve customers following the covid-19 crisis. The **chairman** expressed his appreciation for Mr Coolbergen's attendance and gave the floor to Mr Hamers. Mr **Hamers** responded by saying that in August 2019 ING had paid an interim dividend for 2019 that Mr Coolbergen would already have received. As explained earlier ING had suspended payment of the final dividend for 2019 to at least October 2020 following the ECB's recommendations and a decision on whether and how much of it could be distributed would be taken later.

Mr **Van Rij** (Duivendrecht) was grateful for the clear presentation of the 2019 result, especially in respect of sustainability. He said he admired ING's policies on sustainability and combatting financial economic fraud and crime. He did, however, have concerns about the security of payments, in particular internet scams. He, therefore, called for extra measures to be taken, for example by introducing an additional code for access to savings and talking to victims of internet scams rather than taking them to court. Mr **Hamers** thanked Mr Van Rij for his contribution and acknowledged that the damage from internet scams could be considerable. He explained that three facets were considered when safeguarding digital payment solutions against new types of fraud: (1) Prevention: in part by the correct security of ING systems so that fraudsters could not access them. ING was, however, dependent on the security of the digital environment that customers used for communications. ING gave a lot of information on this to try and raise customers' awareness in this area, for example the 'Secure banking' page on the website of ING in the Netherlands (www.ing.nl) explains what customers can do to secure their banking. There were also regular campaigns with the Dutch Banking Association (NVB) to alert customers to phishing or other matters including the dangers of sharing a code or clicking on links in emails; (2) Combatting fraud: ING benefited hugely if customers reported fraud immediately to it and the police. ING could then investigate and so better understand criminal behaviour to further protect its customers; and (3) Liability: in some cases, ING did compensate customers for losses, as it had done for example for the QR fraud. ING's decision on paying compensation also depended on the degree of culpability, taking into account the customer's actions. Mr **Hamers** pointed out the significance of this subject in an increasingly digital society and the importance of banks and their customers co-operating.

Mr **Vreeken** (WeConnectYou) said that ING was no longer the most sustainable bank in the world. He asked where ING now ranked in the Dow Jones Sustainability Index (DJSI) and how it wanted to regain its position as the most sustainable bank in the world. Mr **Hamers** explained that there were several indexes, including the DJSI and the Sustainalytics indices. He also referred to the Carbon Disclosure Project (CDP) that identified the companies around the world with the best disclosures on their action to combat climate change. There were only three Dutch companies on the CDP's A-list, including ING. ING's aim was not to be the most sustainable with the highest possible sustainability index score but to aim for both a self-reliant and a low-carbon society as a comprehensive part of its policy, as had been explained earlier.

The **chairman** continued the meeting by reading and answering more questions, including some on sustainability, submitted before the Annual General Meeting:

(1) Mr **Van Kuijk** (VBDO) had asked, "VBDO would like to congratulate ING on publishing the Terra Progress Report and subscribing to the Collective Commitment to Climate Action of the United Nations Environment Programme Finance Initiative (UNEP FI). VBDO wants to emphasise that the physical consequences of climate change for financial institutions but also for the economy and wider society cannot be underestimated. In 2019 ING developed transition and physical climate risk models along with UNEP FI and other financial institutions and in 2020 will start identifying physical climate risks in its lending portfolio. When does ING expect to present the first results? Will the information from the models lead to a strategy focusing on climate adaptation and, in addition to limiting the financial impact of physical risks, will it also focus on limiting their real impact on society?" Mr **Hamers** said that in this connection ING had set up a Climate Change Committee (CCC). The members of this committee included the CRO (Mr Van Rijswijk) and the head of Wholesale Banking (Ms Fernandez). The CCC was looking at the development of the physical risks from climate change and arrangements had been made on the way in which banks would report on these in line with the methodology of the Task Force on Climate-related Financial Disclosures. The physical risks themselves, and so the possible risks for ING's lending portfolio, were also thoroughly reviewed. For example, in case of floods, storms or tornados, those risks then mainly related to the inhabited environment and the food & agri sector; they were the first sectors ING would report on.

(2) Mr **Van Kuijk** (VBDO) had asked, "VBDO would like to compliment ING on the update of the Human Rights Report in 2019 and the pilot it ran in the same year. It clearly describes the lessons ING has drawn from this and subsequent steps. A start has also been made on describing the most serious breaches of human rights related to working conditions in its customers' supply chains, such as child and forced labour. VBDO wonders if ING's commercial customers have to report on themes related to employment conditions in the chain and, if so, what information they have to show. Can ING report details of measurable results on this theme in 2020?" Mr **Hamers** said that ING talked to customers about their businesses and business models in order to get a better understanding of the conditions in which profits are made, including the risk of possible violations of human rights. Instead of asking companies to report on this (which often led to disputes about interpretation), ING was developing a tool that, for example, links data from Sustainalytics to specific companies in order to hold the right discussions. ING aimed to provide more details in its next Human Rights Report to be published in the fourth quarter of 2020.

(3) Mr **Van Kuijk** (VBDO) had asked, "VBDO welcomes innovative initiatives on increasing diversity and inclusion within the organisation and is interested in the 70% principle that ING has used since 2018 to create diverse and well-mixed teams. ING says that there must be a 30% difference in people within teams, based on suitable dimensions of diversity. These include gender, nationality and age. ING says that it worked further on setting up dashboards to monitor progress in 2019. Can ING give a picture of the first results of the 70% principle in 2020? What lessons has ING learned in the past year? Where will the focus be in future years?" Mr **Hamers** said that ING had set up a range of activities, including the use of special diversity ambassadors, to achieve the diversity policy set in 2018 that included the up to 70% principle. ING also measured the position in this area. He emphasised that every manager was responsible for diversity; every manager had to incorporate this aspect into decisions on team membership.

(4) Mr **Van Kuijk** (VBDO) had asked, "ING says that it has formulated a policy to ensure that men and women earn the same pay for the same work. On average, women in the Netherlands earn 15% less than men in similar jobs. Is ING prepared to report its gender pay gap at three levels (workforce, senior management and executives) for all regions where it operates?" Mr **Hamers** acknowledged this and emphasised the importance and complexity of this issue, which ING was taking seriously and in which it continuously tried to improve. People filling the same positions should not be paid differently but in many cultures there was still, for example, a length of service principle in which older people are paid more than younger people. The more rapid promotion of, say, women as part of ING's diversity policy would not completely resolve this. He said that ING had a lot of experience of reporting in the United Kingdom. Those reports helped understanding of the rationale of any differences.

(5) Mr **Wesselink** (PAX) had asked, "ING finances various companies that operate or have operated in former areas of conflict, such as Lundin in Sudan and Glencore in Colombia. Given the public evidence of connections between these companies and the harm caused by war crimes and other human rights violations, we would like a better understanding of what responsibility ING sees for itself, including in the light of the recommendations from the IRBC agreements working group on enabling remediation so that the victims of serious breaches of human rights that have been linked with those two companies can have a right of recovery and return." Mr **Hamers** said this was a 'legacy' question that did not involve ING. What ING could and would do was to perform proper due diligence and talk to such companies on how they would avoid or deal with this type of issue in the future.

(6) Mr **Wesselink** (PAX) had asked, "There are considerable regulatory and human rights risks throughout the value chain from companies working on emerging technologies such as artificial intelligence. These cover labour rights, privacy and freedom of expression but also the military use of artificial intelligence, specifically in autonomous weapons systems. The international community is already discussing how lethal autonomous weapons systems should be regulated but companies in the arms industry and the technology sector are currently developing products that raise serious safety and ethical questions. How does ING ensure that it is not contributing to adverse consequences related to emerging technologies such as artificial intelligence, specifically its military use, and how does it deal with companies it might be investing in?" Mr **Hamers** emphasised that ING did not invest in such companies but could provide financing. He said that artificial intelligence offered society many benefits, such as faster and better understanding of subjects and being able to act more quickly and avoid issues. It was important for every industry, and so not only the defence industry, that there was discussion in society on the question of the ethical limits with respect to artificial intelligence and accountability. ING shared Mr Wesselink's concern that the use of autonomous thinking and action systems in the defence industry could lead to inhumane situations. The benefits of artificial intelligence, but also concerns about its possible adverse consequences, had also been raised during a meeting with the United Nations High Commissioner for Human Rights. ING already had a fairly restrictive financing policy for the defence industry. As a result, companies considering such weapons systems and already active in other controversial weapons were simply not part of ING's customer base. Mr **Hamers** ended his answer by noting that where ING saw benefits from artificial intelligence, ethical boundaries certainly had to be set and obeyed.

The **chairman** closed the first themed round and moved to the second.

<u>Second round: other matters in agenda items 2A to 2C that would not be addressed later under the agenda</u>

The **chairman** moved to reading out and answering questions submitted before the Annual General Meeting which related to ING's lending portfolio and IFRS and other matters:

(1) Mr **Akrouh** (Amsterdam) had asked, "According to the Annual Report, 5.5% of the bank's total lending portfolio is outstanding to oil and gas companies. The oil industry is currently in an unprecedented crisis, even with negative short-term contracts as a result of the fall in demand and increased supply. How far is this crisis impacting ING's lending portfolio? Do you already see certain trends? There is currently a debate about write-downs from banks' lending portfolios under the rules in IFRS 9. While American institutions immediately make sharp write-downs for expected credit losses, in Europe it is possible to spread these. Can you give an update on the impact of the coronavirus crisis in relation to IFRS 9? How many arrears, repayment holidays and emergency loans are there currently?" Mr **Van Rijswijk** explained that there was an issue of definition and he referred to ING's oil and gas related activities as set out in the Annual Report. The total Wholesale Banking oil and gas sector lending portfolio was some €39 billion, which was about 5.5% of ING's overall lending portfolio. It covered various financing activities (such as pipelines or ships carrying oil or oil traders) where ING does not face a direct risk in respect of the oil or gas price. At year-end 2019, ING was financing about €4.3-4.4 billion at companies with a direct risk from fluctuations in the oil or gas price, including about €3 billion at companies that ING categorised as 'reserve-based lending' and which develop oil reserves, drill for oil or service the offshore industry. In relative terms, it was, therefore, a small percentage of the total portfolio. Mr **Van Rijswijk** continued by saying that ING had long experience of financing this industry and in general was relatively good in taking measures to mitigate its risk, for example by selling loans to limit any losses as far as possible or restructuring companies if this proved necessary.

(2) Mr **Schmets** (VEB) had asked, "The Stage 3 ratio for the oil and gas (1.6%) and maritime and ports (3.7%) industries had already been increased at the end of 2019. Both were now being particularly badly affected as a result of the coronavirus pandemic. According to your own figures, this concerns a lending portfolio of some €55 billion at year-end 2019. What is your strategy to limit losses in these badly affected industries? How far do you think it is sensible from a capital perspective to dispose of these loans early, even at a loss, and how much discretion do you have to spread out any losses over time, taking into account the current discussion on the details of IFRS 9 and the extent to which banks make their own decisions on this?" Mr **Van Rijswijk** explained that, based on IFRS 9, consideration was being given to wider macro-economic scenarios to determine how healthy the companies in its lending portfolio were from a financial perspective. As part of these scenarios, ING also took account of oil and gas prices. If a company's credit risk increased significantly, it would be classified in accountancy terms as 'stage 2' and a larger provision would be formed at that time despite it still being able to meet its financial obligations. He referred to ING's press release of 8 May 2020 on the quarterly figures which would address this subject.

The **chairman** then called for questions from the shareholders present:

Mr **Hendrikse** (De Goorn, representing himself and his two sons (also shareholders)) said that he had found the discussion up to now and the details of how ING operated, dealt with strategy and a range of issues very interesting. Being a small shareholder, he was particularly interested in the return for shareholders. He wondered what the Executive Board was doing in the current situation to ensure a reasonable return in due course from the share price and dividend. Before the **chairman** gave the floor to Mr Hamers, he noted that this was an interesting question which illustrated what was currently happening in society. In the social debate on sharing the pain of the current crisis, proper account had to be taken of all parties, including large and less large shareholders, who, as part of society as a whole, would have to bear the consequences of the crisis. Mr **Hamers** agreed and recognised that the suspension of the dividend policy had hurt. He then explained the action that the Executive Board was taking: in 2019, ING had made a good return of 9.4% on equity. In recent years, ING had done its best to make a return on equity of between 10% and 12%, but that was before very low or negative interest rates had arrived. ING had also always said in its dividend policy that the dividend should grow. ING's cost/income ratio also played a role: on the income side there was a headwind from negative interest rates. To offset this, ING had been forced to tap other sources of income, by increasing the number of customers (preferably primary ones as part of its digital strategy) and offering them supplementary products and services. On costs, three components were important: (1) ING's own investment in, for example, employees and systems. To limit or reduce these operating expenses as far as possible, there was a continuous review of how far things could be automated or digitalised. Mr **Hamers** gave some examples of countries where these costs had actually fallen or, if they had risen, had been offset by an increase in activity, resulting in a better profit profile; (2) Regulatory expenses: these were costs that ING had to incur under new legislation and regulations and which it was thought that banks should pay. Examples were the contributions to (a) the deposit guarantee scheme (which ING endorsed) as ING wanted to be sure that savers could recover the money they had deposited at a bank if something happened to ING or another bank, and (b) the European Single Resolution Fund that was being topped up to some €55 billion, or 1% of deposits it covered in the euro area. There were also additional bank taxes that arose from the earlier credit crisis that various governments, including the Dutch government, had introduced as they believed that banks should pay extra tax. The level of this cost component moved with the growth or contraction of a bank's activities; and (3) risk charges: when the economy was performing well, these costs usually fell and banks made a better return on equity and vice versa. With the current economic problems, these costs were rising. This was to do with the risk represented by ING's customers and the extent to which they had their private and commercial affairs in order. The Executive Board, and in particular the chief risk officer, was busy assessing such risks and, if necessary, formed provisions. Mr **Hamers** said that where possible the Executive Board tried to manage in line with all these facets to meet the aim of a return on equity of 10% to 12% and the progressive dividend referred to earlier.

Referring to compliance risk and conduct risk management, Mr **Visser** (Bovenkarspel) addressed a personal matter in the flower bulb industry that he had raised during ING's Annual General Meeting last year and which he said involved suspected money laundering and a danger of terrorism in connection with the use of hazardous materials. He said that his specific points had not been included in the minutes and that the requests he had made to the chairman, including a meeting with the directors to explain this personal matter, had not been granted. He took both matters very seriously. He also reflected on an article in Het Financieele Dagblad which said that the Netherlands Authority for the Financial Markets (AFM) would more strictly check the reporting of unusual transactions and that reporting them was mandatory. If this was not done, the AFM could take enforcement measures and the Public Prosecution Service could take criminal steps. He believed that, as a spokesman for the AFM had said, this had not happened to date. The **chairman** reminded Mr Visser that individual cases would not be addressed during general meetings. He asked Ms Van Oosten Slingeland to explain how ING prepared the minutes of the meeting and the related principles. Ms **Van Oosten Slingeland** explained that the minutes reflected the business-related content of the General Meeting and the resolutions. This had been done last year and in earlier years. The minutes were not a verbatim record of everything said. Mr Visser's comments during this meeting would also be recorded and summarised, as had happened in last year's minutes. The minutes were published and open to inspection by everyone. Mr Visser's comments had been considered as part of the adoption process by the chairman, the company secretary and the shareholder who had signed them. This meant that six months after the meeting the minutes on this point had been adopted as published in draft three months after the meeting. Ms **Van Oosten Slingeland** also explained that insofar as Mr Visser's individual matter was concerned, the correspondence with ING was through a lawyer. Mr Visser reiterated the seriousness of the matter. The **chairman** said he understood the seriousness and that a huge number of transactions were reported to the public authorities and far from all of them were investigated, but this was not ING's responsibility.

The **chairman** moved to reading out and answering the final questions for this themed round submitted before the Annual General Meeting:

(1) Mr **Van den Bos** (Stede Broec, West-Friesland) had asked, "Is it correct that ING is subject to double taxation on the result and the size of its balance sheet." Mr **Hamers** explained that ING simply paid profits tax, like every business in the Netherlands. ING, like all banks in the Netherlands, paid an extra tax, the bank tax, on top of this. This was double tax in that it was paid on the size of ING's balance sheet, including, therefore, its activities in other countries, where local authorities also levied bank taxes. Talks were underway between the banks and the various authorities on whether the double taxation could be relieved, or even that no bank tax should be levied.

Only limited progress had been made up to now. Mr **Hamers** continued his comments by referring to the 'thin cap rule', a new rule that had come into force covering all businesses, including banks, which capped the deduction of interest on debt above a certain percentage under a generic minimum capital rule, and this means that banks will pay a higher than average profits tax.

(2) Mr **Schmets** (VEB) had asked, "Do you expect setbacks in Wholesale Banking activities and do you still see Turkey as a growth market where ING wants to operate?" Mr **Van Rijswijk** said that ING had retail and wholesale banking activities in Turkey and that the wholesale banking activities were closely linked with activities elsewhere in the world, in particular in Europe. There were also large Dutch companies doing business in Turkey and vice versa. In that respect Turkey was simply part of ING's footprint. As in other countries where ING operated, every portfolio had inherent risks and that also applied to Turkey.

(3) Mr **Schmets** (VEB) had asked, "Can you state when the response from the ECB on the definitive TRIM results is expected? To what extent is there an additional capital requirement if the RWA impact of TRIM comes on top of the extra capital requirement in Basel IV? Do you expect that the impact from the TRIM of €13.2 billion in additional RWAs that has already been provided for is in line with the view of the ECB? Do you expect that there will be additional expenses as a result of the TRIM decision, for example for improvements in model governance and the quality of data in IT systems? How much will those costs be and can you confirm that they will be non-recurring?" Mr **Van Rijswijk** explained TRIM, the ECB's Targeted Review of Internal Models at banks. Some years ago, the ECB had set a goal to review and assess models used by banks in Europe and also to carry out horizontal supervision in order to improve those models where necessary. A number of investigations (known as 'on sites') had been carried out in recent years and at a given point the bank was given the results and this could lead to an increase in the capital that has to be held for certain models. In the fourth quarter of 2019, ING reinforced its required capital by €13.2 billion in risk-weighted assets. This was driven by expected TRIM results and model improvements ING itself had identified. As a result of the current covid-19 crisis, the ECB had, however, chosen to share and determine the TRIM results at a later date. Consequently, ING could not yet estimate how much would be involved. Based on TRIM and all other new requirements, including CRR and Basel IV, the currently expected total impact on ING's capital was between 15% and 18%.

The **chairman** closed the second themed round and moved to the third and final one.

<u>Third round: the 2019 Remuneration Report (agenda item 2D)</u>

The **chairman** moved to reading out and answering questions submitted before the

Annual General Meeting:

(1) Mr **Van den Bos** (Stede Broec, West-Friesland) had asked, "Dear Ms Verhagen, have you enjoyed being a member of ING's Supervisory Board? Remuneration was challenging this year: Supervisory Board members who stood down and a CEO who is leaving. I look forward to your response." Ms **Verhagen** replied that she had enjoyed herself. She had felt very welcome since joining ING on 1 October 2019, and a lot of attention had been given to the induction programme for new Supervisory Board members. She had also learned a lot from many talks with all the stakeholders in preparation for the proposed new remuneration policy of the Executive Board and the Supervisory Board. They had given a lot of input to the proposals that would be addressed later today in agenda items 5 and 6.

(2) Ms **Goorse** (on behalf of APG, PGGM, MN and EOS at Federated Hermes) had asked, "Firstly, we would like to compliment you on the new remuneration policy of the Executive Board. As Ms Verhagen, chairman of the Remuneration Committee, notes in the Remuneration Report, remuneration is an important topic for many stakeholder groups, with varying viewpoints. ING has undertaken a wide-ranging stakeholder consultation on the remuneration policy. We, therefore, appreciate Ms Verhagen's efforts, and those of the Supervisory Board, to ensure appropriate remuneration schemes for now and the future. The remuneration policy is designed in part to provide greater clarity on the performance measures for awarding variable remuneration, the way targets are set and how performance is measured. We would, therefore, have liked to have seen the same degree of transparency in the remuneration report for 2019." Ms **Verhagen** said she understood Ms Goorse's reaction and explained that the 2019 Remuneration Report included more detail than in the past on the targets for 2019 and how they had been achieved. This had been done from the viewpoint of greater transparency. The way ING intended to apply variable remuneration for the Executive Board from 2020 had been added to the 2019 Remuneration Report, listing the areas that would determine variable remuneration and their weighting. This required the approach to be used right from the start for the entire process. That would be the case from 2020 and meant that in the next Remuneration Report ING could report with that degree of transparency on 2020. As this was not yet the case for 2019, ING had as far as possible provided greater transparency on the areas of variable remuneration and their achievement.

(3) Ms **Goorse** (on behalf of APG, PGGM, MN and EOS at Federated Hermes) had asked, "On 30 March 2020, ING announced it would follow the European Central Bank's recommendations on dividend distributions and its decision to defer payment of the dividend for 2019. Also, ING does not expect to pay an interim dividend for 2020 and will review possible further dividend announcements after 1 October 2020. In light of the dividend deferral and the 'fair' sharing of pain between shareholders and directors, how far have you considered not awarding variable remuneration to directors for 2019? And are you considering moderating the 2020 variable remuneration?" Further to what she had explained on the 2019 Remuneration Report, Ms **Verhagen** added that the variable remuneration for 2019 was entirely in shares, with the number being based on the share price on 6 February: €10.34. This meant that the result for the members of the Executive Board rose or fell with the share price, as was the case for other shareholders. In addition, 60% of the shares could only be awarded and distributed to the Executive Board at a later date, depending on achievements. In respect of variable remuneration for 2020, the Supervisory Board would be very careful to consider the exceptional circumstances of this year. The proposed new remuneration policy offered every possibility for this: there was a 'pre- and post-award risk assessment' that allowed the Supervisory Board to adjust any proposed variable remuneration if circumstances required. This would be reported in the Remuneration Report 2020.

The **chairman** then called for questions from the shareholders present.

Mr **Vreeken** (WeConnectYou) asked the only question and stated that he had a significant addition to the Remuneration Report. In the context of pay, he emphasised the significance to ING of not only training talent but also retaining it and he offered as an illustration the relationship between the commercial profit and total remuneration of the Executive Board at ING and another financial institution (established outside the Netherlands).

The **chairman** thanked everyone for their contributions, closed the question round for agenda items 2A to 2D and moved to the advisory vote on agenda item 2D, the 2019 Remuneration Report.

2D. 2019 Remuneration Report (advisory voting item)

The **chairman** explained that the proposal was for a non-binding advisory vote in favour of the Remuneration Report for 2019. After Ms **Van Oosten Slingeland** had explained the voting arrangements, the **chairman** moved to the vote on agenda item 2D. Following the electronic voting, the **chairman** announced that there was a favourable advisory vote of 93.42% in favour and 6.58% against (2,143,973,875 votes in favour, 150,888,608 votes against and 41,457,449 abstentions).

The **chairman** closed this agenda item and moved to the following agenda item.

2E. Annual Accounts for 2019 (voting item)

The **chairman** announced that the Executive Board had prepared the Annual Accounts presented on pages 250 to 399 of the Annual Report in English on 2 March 2020 and that they had been available on ING's website, www.ing.com, since 5 March 2020. The Annual Accounts had also been available for inspection at ING's head office, where they were available free of charge to shareholders. On the instructions of the Annual General Meeting (resolution of 11 May 2015), the Annual

Accounts had been examined by the external auditor, who had issued an unqualified report on them as presented on pages 400 to 406 of the Annual Report. The Supervisory Board recommended adoption of the Annual Accounts as presented. The auditor would give a commentary on how he had performed his work.

The **chairman** gave the floor to the auditor, represented by Mr Hogeboom of KPMG.

Mr **Hogeboom** (KPMG) thanked the chairman for this opportunity and explained that ING had given him written exemption from his duty of confidentiality for the purposes of this Annual General Meeting. He said he thought it was important to address shareholders from the auditor's perspective on KPMG's audit work and findings and referred to the presentation on the screen and the Annual Report during his comments, after which there would be the opportunity to ask questions.

KPMG had audited the parent company and consolidated financial statements of ING Groep N.V. for 2019 and had issued an unqualified report on them. KPMG had also issued an assurance report on selected non-financial information presented by ING in its Annual Report. The assurance report was unqualified. As ING Group also had a listing in the United States, KPMG had also issued a report on the financial statements submitted to the SEC (Form 20-F) and a report on the effectiveness of the internal controls on financial reporting by ING Group. Both of these reports were unqualified.

Mr **Hogeboom** used the audit report on pages 400 to 406 of the Annual Report as a guide to explaining KPMG's work. He briefly summarised its key elements and explained that, based on its work, KPMG had concluded that the financial statements gave a true and fair view of the financial position at 31 December 2019 and of the result and the cash flows for the year then ended in accordance with IFRS-EU. The financial statements had been prepared on the assumption of continuity of business operations. Based on its work, KPMG had concluded that this assessment by management was appropriate. He then explained that KPMG was independent of ING Group and its subsidiaries worldwide and that KPMG reported on its independence to the Audit Committee and the Supervisory Board of ING at least twice a year.

The main points of the audit were (1) materiality: KPMG used a materiality level of €300 million for the audit of ING Group's annual accounts. This was similar to last year and approximately 4.4% of the net profit before tax. Materiality determines the degree of detail to which KPMG audits the figures. All audit differences in excess of €15 million identified by KPMG were reported in writing to the Audit Committee and the Supervisory Board; and (2) the scope of the audit: KPMG was not only ING's auditor in the Netherlands but also in almost every other country where ING operates. KPMG decided where audits for group purposes were performed and to what depth. KPMG assessed the results of the local audits and discussed them locally with the KPMG teams. KPMG collated the findings centrally and used them to reach its final opinion. In addition, KPMG had itself visited several countries and reviewed the local audit files. About 90% of the assets and 84% of the profit before tax were the subject of audits by local auditors. The remainder was covered by KPMG's procedures at ING Group level.

ING had to comply with much legislation and regulations in the Netherlands and in other countries where it operated. Some laws and rules, such as the reporting standards under Part 9 of Book 2 of the Dutch Civil Code and IFRS, had a direct effect on the financial statements. KPMG had established compliance with this legislation and regulation as part of its audit work on the financial statements. In addition, there were many laws and rules where failure to comply could have an indirect effect on items in the financial statements and/or the disclosures, for example as a consequence of penalties or claims. This related, for example to the Anti-money Laundering and Anti-Terrorist Financing Act, but also GDPR, MiFID II, CRD IV, etc. Audit standards limited KPMG's work in relation to identifying non-compliance with these indirect laws and regulations to questioning management and inspecting correspondence with regulatory bodies and legal correspondence. If there were indications of non-compliance with laws and rules with an indirect effect, KPMG ascertained whether this impacted the financial statements, for example in the form of additional provisions or disclosures. If applicable, KPMG also reported its findings on indications of non-compliance to the directors, supervisory directors and regulators. In this context KPMG also looked at the bank-wide Know Your Customer enhancement programme. The Executive Board had explained how ING implemented this in the Annual Report. This programme was aimed at improving governance systems and resources for investigating customers and monitoring transactions. Under audit standard 250, KPMG's work in this connection consisted of critically questioning management, the general counsel, the chief compliance officer and the head of the Internal Audit department of ING Group and examining progress reports and reports of the internal auditor on the enhancement programme. Given the scope, duration and complexity of the enhancement programme, KPMG expected that it would continue to require a significant amount of time and attention from ING's Executive Board and Supervisory Board. The work carried out in relation to addressing the risk of non-compliance with legislation and regulation had not led to identifying a key matter in KPMG's audit report.

Mr **Hogeboom** then addressed the two Key Audit Matters (matters of most significance in the audit of the financial statements) in its report:

(1) Information technology: ING Group's IT environment, in particular whether access to the IT systems to safeguard the segregation of duties was adequately guaranteed, was vital for the reliability and continuity of its operations and financial reporting. Given the importance of this, KPMG considered this topic as a Key Audit Matter for the purposes of the audit. KPMG tested the design and operational effectiveness of logical access security and change management. Based on the combination of procedures performed and findings that had been followed up by management, KPMG concluded that there was sufficient evidence to enable it to rely on the adequate and continued operation of the IT systems for the purposes of its audit of the financial statements.

(2) Provision for loan losses: Mr **Hogeboom** explained this Key Audit Matter relating

to estimation uncertainty in the provision for credit losses. KPMG cited this as a Key Audit Matter given the high degree of estimation uncertainty as a result of the complexity of the models, input, assumptions and judgement required to measure the provision for credit losses. ING had approximately €612 billion in loans and advances to customers and €35 billion in loans and advances to banks. These portfolios were measured at amortised cost and there was a provision of some €4.6 billion should loans prove uncollectible. The provision was made up of general and specific provisions. Estimating the provision required management judgement, such as an estimate of macro-economic scenarios, estimates of the solvency of debtors and manual adjustment to the provision where necessary. In view of the complexity of the models underlying the provisions, KPMG worked with various specialists to assess their level. Overall the assumptions, methodology, cash flows and collateral values were covered by the audit. As part of its work, KPMG had tested internal controls to ascertain expected credit losses, including controls relating to monitoring expected credit losses, ascertaining risk categories and estimating future recovery cash flows. KPMG also tested internal controls relating to specific assumptions in the credit risk models to ascertain the general provisions. KPMG also independently examined loan files around the world to audit the specific provisions. Based on that work, KPMG could concur with the valuation of ING's loan portfolio at the end of 2019.

In conclusion, Mr **Hogeboom** addressed current events. When preparing the financial statements for 2019, management had had to take account of the potential impact of events after the reporting date. ING had reflected on covid-19 developments on 2 March 2020 in the section on risk management. As management had explained today, those events do not provide more information on the actual situation at the reporting date and so the financial impact of covid-19 had not been incorporated in the financial statements for 2019. KPMG had completed its audit of the financial statements on 2 March 2020 and supported this analysis by the management.

Mr **Hogeboom** concluded his comments and handed back to the chairman.

The **chairman** thanked Mr Hogeboom and moved to reading out and answering a question on this agenda item submitted before the Annual General Meeting by Mr **Schmets** (VEB), who had asked, "One of the key audit matters relates to the provisions for expected credit losses on loans and advances to customers and banks. In its report, KPMG states: "*We identified the assessment of ECL on loans and advances to customers and banks as a Key Audit Matter because there was a high degree of estimation uncertainty as a result of complexity of the models, inputs, assumptions and judgements in measuring the ECL.*" **(a)** Can KPMG give substantive comments on where this uncertainty arises, given that internal models generally have a high degree of complexity compared with the standard model. How much greater is the observed complexity than normal?; **(b)** Has KPMG, in view of the TRIM, also looked at contents of the models or included it as a risk in the final assessment of the results of the computed ECLs?; and **(c)** Was ING's provision for individual loans adjusted further to KPMG's audit work and conclusions?"

With respect to **(a)** Mr **Hogeboom** replied that management had explained the way the loan provision was determined in the financial statements. Internal models were used to determine these provisions. The uncertainty came from the complexity of those models, the assumptions used and management's estimates. These concerned, for example, the use of forward-looking macro-economic scenarios, estimates of the probability of various scenarios: a base scenario, a positive scenario and an adverse scenario. The criteria for a significant increase in credit risk and in addition the probability of default, losses from defaults and the size of the position expressly required management estimates. Returning to the core of VEB's question, Mr **Hogeboom** said that the complexity that KPMG had seen in the use of internal models was normal at large banks like ING. On **(b)** relating to TRIM, the 'Targeted Review of Internal Models' performed by the ECB, Mr **Hogeboom** explained that ECB examined whether the internal models used by banks to report to the regulator met requirements. Reports to the regulator were different from the financial statements based on the IFRS-EU reporting standards. As the external auditor, KPMG audited the financial statements based on IFRS. KPMG had specialists in models and financial risks test the internal controls for the provisions process, including controls on the governance and supervision of provisions, and controls relating to the assessment of the assumptions in the models. KPMG had also reviewed the assumptions in credit risk models. KPMG had examined internal and external investigations of the models and tested the internal controls on model validation. Based on that combination of audit procedures, KPMG believed that the results for the ECLs was acceptable for the audit of ING's financial statements for 2019.

On **(c)**, Mr **Hogeboom** said that KPMG reported audit differences in excess of €15 million to the Audit Committee and the Supervisory Board. Further to its audit work, KPMG had concluded that the level of the provisions at 31 December 2019 was within the acceptable range. Mr **Hogeboom** added that he believed that the level of the provision could be classified as 'neutral' to 'mildly cautious'.

The **chairman** called for questions from the shareholders present. Mr **Pepping** (Peize) wanted to understand better why the financial statements did not include a note on the possible implications of the covid-19 pandemic since he thought that it was already clear when the financial statements had been prepared that a pandemic was coming, with the possibility of considerable credit risks. Mr **Hogeboom** replied that KPMG's role was to establish whether the financial statements met the requirements. In this context he explicitly addressed the reporting standard on how events after the reporting date should be treated. The size and impact of covid-19 was not known at the end of 2019. Its impact had developed during March and April 2020. When KPMG completed the audit of the financial statements in close consultation with the Executive Board and the Supervisory Board on 2 March 2020, both Boards decided to include a specific note on covid-19 in the Annual Report, and this had, therefore, been done. In the context of ING's Know Your Customer enhancement programme, Mr **Vreeken** (WeConnectYou) wanted to know from KPMG how many unusual transactions ING had reported and how many of them had been followed up. The **chairman** said this had already been addressed earlier in the meeting and that this question was unconnected with the comments on and adoption of the Annual Accounts.

The **chairman** thanked everyone for their contributions and moved to the vote on agenda item 2E.

Following the electronic voting, the **chairman** announced that the Annual Accounts for 2019 had been adopted by 99.99% in favour and 0.01% against (2,316,234,873 votes in favour, 258,058 votes against and 19,826,641 abstentions).

The **chairman** closed this agenda item and moved to the following agenda item.

3A. Profit retention and distribution policy (discussion item)

The **chairman** referred to pages 380 to 383 of the Annual Report and explained that ING aimed to maintain a healthy core Tier-1 ratio above the requirement for a fully-loaded ratio. ING also applied a comfortable management buffer that also incorporated the Pillar 2 Guidance. With a core Tier-1 ratio of 14.6% at 31 December 2019, ING met this requirement. The **chairman** also referred to the press release of 30 March 2020 and what he had briefly explained at the start of the meeting: ING had decided to follow the ECB's recommendations and suspend payment of dividends until 1 October 2020. This meant that agenda item 3B on the dividend proposal had been withdrawn from the agenda and would not be put to the vote. The **chairman** stated that no questions had been submitted on this agenda item before the Annual General Meeting. He called for questions from the shareholders present, noted that there were none and moved to agenda item 3B.

3B. Dividend for 2019 (withdrawn, no voting)

The **chairman** announced that, as explained earlier, this agenda item would not be addressed further. He closed this agenda item and moved to the following agenda item.

4A. Discharge of the members and former members of the Executive Board in respect of their duties performed during the year 2019 (voting item)

The **chairman** first explained that agenda items 4A and 4B, granting discharge to the members and former members of the Executive Board and the Supervisory Board, would be addressed together, followed by separate votes. He explained that granting discharge was releasing a director or supervisory director from liability for the fulfilment of his or her duties. By granting discharge, the company waived its right of action against a director or supervisory director. Granting discharge released a director or supervisory director from liability towards the company. A majority of the shareholders had decided against granting discharge during the Annual General Meeting in 2019. The Supervisory Board and the Executive Board had regarded the rejection of discharge as a clear signal and firm encouragement to continue the Know Your Customer (KYC) enhancement programme that had been introduced in 2017. As explained earlier, ING designed this programme to ensure that it structurally improved its gatekeeper role in the area of customer due diligence and anti-money laundering by taking this to a sustainably higher level. The **chairman** concluded his comments and called on the shareholders present to raise questions.

Mr **Vreeken** (WeConnectYou) said that he had been surprised that discharge had not been granted last year and was curious about its impact. He found it difficult to understand the added value of the settlement in the broader Dutch context. He, therefore, returned to his earlier question in the context of the KYC enhancement programme about the number of unusual transactions that ING had reported and what other parties had done with them, as he believed they also had a responsibility. In response to Mr Vreeken's question, the **chairman** reiterated that the Executive Board and the Supervisory Board regarded the rejection of discharge as a clear signal of shareholders' dissatisfaction on the way ING had performed its gatekeeper's role. ING had taken it as further encouragement to continue the KYC enhancement programme that had been introduced in 2017 with full conviction and effort. The fact that ING was taking this very seriously had been emphasised several times today, including by Messrs Hamers and Van Rijswijk. ING would not address what other banks were doing on this nor on the way the Dutch Public Prosecution Service dealt with reports or complaints. ING knew its responsibility and had committed to the KYC enhancement programme so that it could contribute to combatting money laundering in society. That was what last year's discharge had been about and ING hoped that shareholders would grant discharge to the Executive Board and the Supervisory Board for 2019.

As there were no further questions or comments on agenda items 4A and 4B, the **chairman** referred to the commentary on agenda item 4A in the Explanatory Notes to the Agenda in the notice of meeting. He proposed granting members and former members of the Executive Board discharge in respect of their duties performed during the year 2019 as set out in the Annual Accounts for 2019, the Report of the Executive Board, the Corporate Governance chapter, the chapter on Section 404 of the Sarbanes-Oxley Act, the Remuneration Report, the Risk Management chapter and the statements made during the Annual General Meeting. The **chairman** moved to the vote on agenda item 4A.

Following the electronic voting, the **chairman** announced that the proposal in agenda item 4A had been carried by 95.37% in favour and 4.63% against (2,213,976,612 votes in favour, 107,503,609 votes against and 14,839,351 abstentions).

The **chairman** closed this agenda item and moved to the following agenda item.

4B. Discharge of the members and former members of the Supervisory Board in respect of their duties performed during the year 2019 (voting item)

The **chairman** referred to the commentary on agenda item 4B in the Explanatory Notes to the Agenda in the notice of meeting. He proposed granting the members and former members of the Supervisory Board discharge in respect of their duties performed during the financial year 2019 as set out in the Annual Accounts for 2019, the Report of the Supervisory Board, the Corporate Governance chapter, the Remuneration Report, the Risk Management chapter and the statements made during the Annual General Meeting. The **chairman** moved to the vote on agenda item 4B. Following the electronic voting, the **chairman** announced that the proposal in agenda item 4B had been carried by 95.37% in favour and 4.63% against (2,213,997,988 votes in favour, 107,507,335 votes against and 14,814,249 abstentions).

The **chairman** closed this agenda item and moved to the following agenda item.

5. Remuneration policy of the Executive Board (voting item)

The **chairman** first explained that agenda items 5 and 6, the remuneration policies of the Executive Board and of the Supervisory Board, would be discussed together and then voted on separately. He referred to the statement earlier in the meeting that the discussions with stakeholders last year had proved that remuneration was an important topic for many stakeholder groups and they held a range of viewpoints on it. The Supervisory Board was fully committed to ensuring the right approach to remuneration now and in the future and wanted to achieve a balance that was right for ING, customers, shareholders, other stakeholders and society at large. The **chairman** then gave the floor to Ms Herna Verhagen, chairman of the Remuneration Committee.

Ms **Verhagen** thanked him for this opportunity and supported her comments on agenda items 5 and 6 with a presentation on the screen, summarised below:

<u>We conducted a broad stakeholder consultation</u>

It was up to the shareholders to decide on the policy but the Supervisory Board had to consider all stakeholders when designing a new remuneration policy. Consequently, there had been the widest possible consultation with many stakeholders during the process. There had been over 40 meetings and discussions with holders of over 24% of the share capital. The Supervisory Board had been assisted by an independent agency that conducted interviews to gauge the views of the general public in the widest sense. Based on the feedback, the Supervisory Board had finalised the proposed remuneration policy that would be put to the vote today.

<u>Framework for a remuneration policy in a Dutch context</u>

ING was governed by many Dutch and European laws and regulations (including on bank remuneration) and its remuneration policy complied with them. Significant elements were the EBA guidelines and the Shareholder Rights Directive II (SRD II). In the Netherlands, for example, there was a 20% cap on variable remuneration and a requirement that at least 50% of the variable remuneration was based on non-financial performance criteria.

<u>ING was a global financial institution with a strong European base and stakeholders all over the world</u>

When designing the remuneration policy, the Supervisory Board took into account ING's values and where it operated and how this affected remuneration. Where possible, the Supervisory Board took account of what was necessary to actually manage a business with worldwide operations with a sound digital strategy and to being an attractive employer. Minor changes were being proposed to the current remuneration policy of the Executive Board. Ms **Verhagen** addressed some of these specifically, after noting that the full remuneration policy had been provided as part of the notice of the meeting: (1) Changing the peer group; (2) Base salary and variable remuneration; and (3) The method for determining variable remuneration and way it will be reported from 2021 (for 2020).

(1) New benchmark: Proposed compensation peer group

Under the Dutch Banking Code, overall remuneration should be below the median of a relevant group of comparable companies. ING had to date used the Euro Stoxx 50. The Supervisory Board was proposing a new peer group ('benchmark') that was more appropriate for a business like ING: 50% Dutch and 50% western European companies and 75% banks and 25% non-financial companies of a similar size, specifically excluding Switzerland and the United Kingdom because of significantly different remuneration structures in those countries. The peer group would be set annually in accordance with the underlying principles set by the Supervisory Board and the way the peer group is compiled. Consequently, the Supervisory Board expected to be able to keep it stable as far as possible unless major changes occurred at those companies.

(2a) Executive Board: Base salary

The Supervisory Board would set the remuneration of the Executive Board annually, taking into account the level of competences required to lead a bank, ING's performance, market conditions, internal pay ratios and events inside and outside the financial industry. These factors were set out in the remuneration policy. The Supervisory Board proposed to increase the fixed salaries of the members of the Executive Board by 1.5% from 1 January 2020. This increase was based in part on reliable indexation reference points. The Supervisory Board had also considered the forecast Consumer Prices Index 2020. This increase was in line with the proposed Remuneration Policy of the Executive Board from 2020.

(2b) Executive Board: Variable remuneration

Variable remuneration was capped at no more than 20% of the base salary and at ING had the nature of a long-term incentive plan, partly to be in line with the interests of long-term investors: 40% of the variable remuneration was paid in year one and the remaining 60% was deferred and paid in 12% instalments over the five subsequent years ('holding period'). It was paid entirely in shares and with the ability to withhold ('holdback') or recover ('clawback') previously awarded variable remuneration. This showed that there were several points in the variable remuneration process when the Supervisory Board could review the payment of variable remuneration.

With respect to (2) Ms **Verhagen** noted that if in the future the Supervisory Board wanted to propose a significant increase in total remuneration (in other words the total of the fixed base salary and the variable remuneration excluding supplementary items such as pensions and other supplements), it would once again consult stakeholders before submitting the proposal to the General Meeting.

(3) Overview of the performance assessment cycle

A key point was that pay is linked to the overall performance cycle with generic goals set in advance of the financial year (ex-ante). The assessment and weightings of the goals were presented retroactively (ex-post) in the Remuneration Report. There was a minimum performance requirement before any variable remuneration could even be considered. Following the assessment, the variable remuneration could subsequently be adjusted downwards based on non-financial risk scores and the findings of the Risk Committee. Except for strategic non-financial goals, all targets were quantitatively measurable. The Supervisory Board could, exceptionally, make alterations which would then, of course, be disclosed in the Remuneration Report.

CEO & CFO: Example of scorecard and VR outcomes

Ms **Verhagen** explained this with a notional example of the matrix that ING would be reporting from 2021 on the performance year 2020, offering greater transparency on the goals and the criteria for measuring performance. The goals for the CEO and CFO were based 100% on group performance and for the CRO, in line with regulations, 75% on functional key performance indicators (KPIs) and 25% on group performance. The Supervisory Board was responsible for assessing the performance of the Executive Board. She explained the methodology used by the Supervisory Board, which she had set out earlier in the meeting when commenting on agenda item 2D.

Supervisory Board: 2020-2023 remuneration structure remains unchanged from the previous policy

The remuneration and the remuneration policy of the Supervisory Board was unchanged except for the benchmark referred to earlier. This policy had now been set out in a separate document.

Ms **Verhagen** concluded her comments and handed back to the chairman.

The **chairman** thanked Ms Verhagen and moved to reading out and answering questions on this agenda item submitted before the Annual General Meeting:

(1) Mr **Schmets** (VEB) had asked, "What is the substantive reason for not publishing the peer group for the variable remuneration in advance but only afterwards?" Ms Verhagen replied that there was no specific reason for this. It was in any event the Supervisory Board's intention to keep the peer group reasonably stable. There could be reasons why the peer group could occasionally change, for example if a company was delisted. What would not change were the underlying principles and the way the peer group was compiled.

(2) Mr **Schmets** (VEB) had asked, "You state that under the remuneration system variable remuneration can only be awarded after passing two hurdles. To what extent does it do justice to the nature of the SREP ratio to use it for remuneration? Remember that the SREP ratio is what the regulator uses to determine whether a bank is sufficiently safe. It is set by negotiation between the bank and the regulator and both parties influence its level. Do you think it is in fact appropriate to base directors' pay on the SREP ratio, given this setting process and its relevance to public trust in banks?" Ms **Verhagen** explained that the SREP process was an ECB process that applied to all the European banks it regulated. It was not, therefore, a dialogue between the bank and regulator. As the regulator set the SREP and other ratios, in ING's opinion it was a suitable way to look at risk. It was important to note that this was a risk hurdle that had to be passed before any assessment was made of performance and ranking and any percentage of variable remuneration to be paid. And even if the risk hurdle was passed, there was still a risk assessment weighing financial and non-financial risks; the level of any variable remuneration would still not be definite at that time.

The **chairman** then called for questions from the shareholders present, noted that there were none and closed the question round on agenda items 5 and 6.

The **chairman** referred to agenda item 5, the remuneration policy of the Executive Board as set out in the Explanatory Notes to agenda item 5 in the notice of meeting. He explained that pursuant to amended legislation implementing the revised Shareholder Rights Directive, the Annual General Meeting was in any event required to adopt this policy every four years and earlier if any changes are made. Once the proposed policy had been adopted by the Annual General Meeting, it would take effect retrospectively from 1 January 2020 for a period of no more than four years. Any changes proposed in the intervening period would be put to the General Meeting for approval. The **chairman** proposed that the remuneration policy for the Executive Board should be adopted and moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal in agenda item 5 had been carried by 94.42% in favour and 5.58% against (2,167,473,761 votes in favour, 128,201,571 votes against and 40,643,940 abstentions).

The **chairman** closed this agenda item and moved to the following agenda item.

6. Remuneration policy of the Supervisory Board (voting item)

The **chairman** moved to the remuneration policy of the Supervisory Board and referred to the proposal in the Explanatory Notes to agenda item 6 in the notice of meeting. He explained that pursuant to amended legislation on implementing the revised Shareholder Rights Directive, the Annual General Meeting was in any event required to adopt this policy every four years and earlier if any changes are made. Once the proposed policy had been adopted by the Annual General Meeting, it would take effect retrospectively from 1 January 2020 for a period of no more than four years. Any changes proposed in the intervening period would be put to the General Meeting for approval. The **chairman** proposed that the remuneration policy for the Supervisory Board should be adopted and moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal in agenda item 6 had been carried by 98.55% in favour and 1.45% against (2,301,594,506 votes in favour, 33,777,537 votes against and 947,229 abstentions).

The **chairman** closed this agenda item and moved to the following agenda item.

7. Amendment of the Articles of Association (voting item)

The **chairman** moved to the amendment of the Articles of Association and referred to the proposal in the Explanatory Notes to agenda item 7 in the notice of meeting. It concerned (1) the amendment of legislation regarding the appointment of the statutory auditor. Pursuant to an amendment to the Dutch Civil Code, the statutory auditor could no longer be appointed by the executive board if a company had a supervisory board. It was therefore proposed to align Article 36.2 of the Articles of Association with the Dutch Civil Code; and (2) the discontinuation of EONIA as a reference interest rate: EONIA, a European interest rate, was currently used as a benchmark to calculate the dividend paid on the cumulative preference shares in the Company's share capital. The European reference interest rate would be changed from EONIA to €STR. The Explanatory Notes to the Agenda also showed that this meant that the proposed percentage was €STR including a spread of 0.085%, increased by the margin of 2.5% that already applied under the current Articles of Association. Furthermore, it was proposed to provide for fall-back benchmark rates in the event that €STR was no longer available. In addition, it was proposed to introduce a floor to ensure that a margin of at least 2.5% was paid on the cumulative preference shares as dividend at all times.

The **chairman** announced that no questions on this agenda item had been submitted ahead of the meeting. He called for questions from the shareholders present, noted that there were none and moved to the vote on the proposal to, with the approval of the Supervisory Board:

1. amend the Articles of Association of the Company in accordance with the proposal prepared by De Brauw Blackstone Westbroek N.V. that had been provided as a meeting document;

and

2. authorise each member of the Executive Board and each of Vroukje Van Oosten Slingeland, Marieke van der Kooi and Jet Rutgers, with the power of substitution, to execute the notarial deed of amendment of the Articles of Association and furthermore to do everything that might be necessary or desirable in connection herewith.

Following the electronic voting, the **chairman** noted that the proposal in agenda item 7 had been carried by 99.95% in favour to 0.05% against (2,334,033,401 votes in favour, 1,190,803 votes against and 1,095,068 abstentions).

8. Composition of the Supervisory Board

The **chairman** explained that the Supervisory Board proposed to appoint three new members. The goal was to ensure that the Supervisory Board's membership was such that it could carry out its duties properly at all times. After taking account of the members retiring, the proposed appointments in agenda items 8A, 8B and 8C meant that the proportion of women on the Supervisory Board would be one-third or 33.33%. ING was convinced that with the proposed appointments, the composition of the Supervisory Board would be such that it could carry out its duties properly.

The screen would display a photo and profile of each candidate.

8A. Appointment of Juan Colombás (voting item)

The **chairman** moved the proposal to appoint Juan Colombás as a member of the Supervisory Board with effect from 1 October 2020 to the end of the Annual General Meeting to be held in 2024 and referred to the proposal in agenda item 8A in the Explanatory Notes to the Agenda in the notice of meeting. This included the binding nomination made by the Supervisory Board pursuant to Article 24.2 of the Articles of Association and information on the nominated candidate.

Juan Colombás was being nominated for appointment as he was considered a very knowledgeable and experienced candidate. With his strong international banking background and his specialised knowledge of IT, transformation and digital strategy, his past experience as chief risk officer and his current experience as chief operating officer of Lloyds Banking Group, he would certainly add considerable value to ING's Supervisory Board and would be complementary to the other Supervisory Board members.

The **chairman** announced that no questions on this agenda item had been submitted ahead of the meeting. He called for questions from the shareholders present, noted that there were none and moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal in agenda item 8A had been carried by 98.22% in favour to 1.78% against (2,279,427,413 votes in favour, 41,253,655 votes against and 15,638,204 abstentions).

The **chairman** congratulated Mr Colombás, closed this agenda item and moved to agenda item 8B.

8B. Appointment of Herman Hulst (voting item)

The **chairman** moved the proposal to appoint Herman Hulst as a member of the Supervisory Board with effect from the end of this Annual General Meeting to the end of the Annual General Meeting to be held in 2024 and referred to the proposal in agenda item 8B in the Explanatory Notes to the Agenda in the notice of meeting. This included the binding nomination made by the Supervisory Board pursuant to Article 24.2 of the Articles of Association and information on the nominated candidate.

Herman Hulst had been nominated for appointment based on his successful career at EY in different professional, expert and leadership roles. He was a seasoned auditor with a focus on the financial services sector. With his wealth of knowledge and experience in the field of accounting and leadership in a global professional services firm, Herman Hulst would make a valuable contribution to the Supervisory Board and would be complementary to the other Supervisory Board members.

The **chairman** announced that no questions on this agenda item had been submitted ahead of the meeting. He called for questions from the shareholders present and gave the floor to Mr Vreeken.

Mr **Vreeken** (WeConnectYou) did not have a question but a general comment. He said that there were several people available who could be a valuable addition to ING, globally on sustainability and also on finance within the government, in the

Netherlands and in Europe. He argued that ING should consider those people for subsequent appointments. The **chairman** thanked Mr Vreeken for his suggestions, noted that there were no further questions or comments and moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal in agenda item 8B had been carried by 98.88% in favour to 1.12% against (2,294,769,233 votes in favour, 25,921,222 votes against and 15,628,817 abstentions).

The **chairman** congratulated Mr Hulst, closed this agenda item and moved to agenda item 8C.

8C. Appointment of Harold Naus (voting item)

The **chairman** moved the proposal to appoint Harold Naus as a member of the Supervisory Board with effect from the end of this Annual General Meeting to the end of the Annual General Meeting to be held in 2024 and referred to the proposal in agenda item 8C in the Explanatory Notes to the Agenda in the notice of meeting. This included the binding nomination made by the Supervisory Board pursuant to Article 24.2 of the Articles of Association and information on the nominated candidate.

Mr Naus was being nominated for appointment based on his experience in risk management and financial services. Having previously worked at ING, including as global head of one of ING's financial risk management areas, He would not only bring to the table his wide-ranging risk management experience from an outside perspective, but also a familiarity with ING and an inside understanding of its business, culture and challenges. He would add value to ING's Supervisory Board and would be complementary to the other Supervisory Board members.

The **chairman** announced that no questions on this agenda item had been submitted ahead of the meeting. He called for questions from the shareholders present, noted that there were none and moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal in agenda item 8C had been carried by 98.23% in favour to 1.77% against (2,279,542,015 votes in favour, 41,147,296 votes against and 15,629,961 abstentions).

The **chairman** congratulated Mr Naus, closed this agenda item and moved to the following agenda item.

9A. Authorisation to issue ordinary shares (voting item)

The **chairman** explained that agenda items 9A and 9B related to the authority of the Executive Board to issue new shares. The proposals to be discussed at this meeting were in line with those agreed to by the Annual General Meetings of 2016, 2017, 2018 and 2019, being authorisation to issue 40% of the issued capital plus authorisation to issue 10% of the issued capital.

The **chairman** first moved the proposal to authorise the issue of ordinary shares and referred to the literal wording of the proposal in agenda item 9A in the Explanatory Notes to the Agenda in the notice of meeting, which stated that the authorisation to issue 40% of the issued share capital represented a nominal value of €15,586,937.10 and superseded the authorisation granted in agenda item 8A at the previous Annual General Meeting.

The **chairman** moved to reading out and answering a question on this agenda item submitted ahead of the meeting by Mr **Schmets** (VEB), who had asked, "What is the benefit of this authorisation for the shareholders?". Mr **Hamers** explained that the authorisation allowed the Executive Board to respond quickly to developments on financial markets if circumstances so required. The Supervisory Board and the Executive Board believed that it was in ING's interests to have the flexibility that was being requested to ensure the continuity of operations, and that was also in the interests of the shareholders.

The **chairman** called for questions on this agenda item from the shareholders present, noted that there were none and moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 95.86% in favour to 4.14% against (2,238,989,415 votes in favour, 96,712,501 votes against and 617,356 abstentions).

The **chairman** closed agenda item 9A and moved to agenda item 9B.

9B. Authorisation to issue ordinary shares with or without pre-emptive rights of existing shareholders (voting item)

The **chairman** moved the proposal to authorise the issue of ordinary shares with or without pre-emptive rights of existing shareholders and referred to the literal wording of the proposal in agenda item 9B in the Explanatory Notes to the Agenda in the notice of meeting. This second authorisation to issue was for 10% of the issued capital, which represented a nominal value of €3,896,734.27.

The **chairman** announced that no questions on this agenda item had been submitted ahead of the meeting. He called for questions from the shareholders present, noted that there were none and moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 97.56% in favour to 2.44% against (2,278,743,120 votes in favour, 56,953,120 votes against and 623,032 abstentions).

The **chairman** closed agenda item 9B and moved to the following agenda item.

10. Authorisation to acquire ordinary shares in the Company's capital (voting item)

The **chairman** moved the proposal to authorise the Executive Board, with the approval of the Supervisory Board, to acquire fully paid-up ordinary shares in ING Groep N.V. and referred to the proposal and notes set out in agenda item 10 in the Explanatory Notes to the Agenda in the notice of meeting. He explained that the authorisation applied for a maximum of 10% of the issued share capital and for a period of eighteen months. The purchase price should not be less than €0.01 and not higher than the highest price at which the company's ordinary shares were traded on Euronext Amsterdam on the date on which the purchase contract was concluded or on the preceding day of stock market trading. This authorisation would be used for trading and investment purposes in the normal course of banking business.

The **chairman** announced that no questions on this agenda item had been submitted ahead of the meeting. He called for questions from the shareholders present, noted

that there were none and moved to the vote.
Following the electronic voting, the **chairman** announced that the proposal had been carried by 96.43% in favour to 3.57% against (2,249,258,670 votes in favour, 83,282,939 votes against and 3,777,663 abstentions).
The **chairman** closed agenda item 10.
Closure
Before the **chairman** moved to closing the meeting, he explained that although Mr Breukink had been thanked extensively elsewhere, this had not been done during last year's Annual General Meeting because of the particular circumstances of that meeting. He then addressed a few words of thanks on behalf of the shareholders, the members of the Supervisory Board and himself to Messrs Reibestein, Boyer de la Giroday and Lamberti in connection with their recent or impending departures as announced earlier by ING. The **chairman** announced that ING was extremely sorry to see them go but of course respected their decisions. ING was also pleased to have found excellent successors.
The **chairman** then read two notes of thanks to Mr Hamers from shareholders, Mr **Akrouh** (Amsterdam) and Mr **Van den Bos** (Stede Broec, West-Friesland), in connection with his departure. Finally, the **chairman** addressed a few words of his own to Mr Hamers.
Before closing the meeting, the **chairman** gave the floor to Mr **Vreeken** (WeConnectYou) once again. Mr Vreeken would like the any other business item to return. The **chairman** said he was not in favour of this as it was not a requirement or standard protocol for general meetings. Looking to the coming departure of the CEO, Mr **Vreeken** ended his contribution by regarding ING as a model breeding ground for talent and thanked and complimented Mr Hamers for what he had done for ING, its customers and employees, and for the way he had done it. He hoped that Mr Hamers' commercial and personal qualities would be better appreciated by all stakeholders in his new role. The **chairman** thanked Mr Vreeken for his positive contribution.
The **chairman** made some closing announcements. He said that the definitive voting figures would be placed on ING's website in a few days and that a copy of the notarial record would be sent on request in due course. The **chairman** asked the shareholders to hand in the voting machines and chipcards when leaving the room and noted that no personal information was held on the chipcards.
After thanking everyone for attending and for their contributions, the **chairman** closed the meeting by saying "Stay safe, maintain distance and thank you for your support of ING". The meeting ended at approximately 6:00 pm.
Close.
This record of proceedings is executed by me, civil law notary, in Amsterdam, the Netherlands, on the twenty-ninth day of October two thousand and twenty.