Minutes of the Annual General Meeting of ING Groep N.V.,
Muziekgebouw aan ’t IJ, Amsterdam

These minutes reflect the business-related content of the meeting and are a translation of the Dutch minutes. In the event of a difference in interpretation, the Dutch minutes shall prevail.

Tuesday, 23 April 2019 from 2:00 pm to 6:00 pm
Agenda
1. Opening remarks and announcements.
   B. Sustainability (discussion item).
   D. Remuneration report (discussion item).
   E. Annual Accounts for 2018 (voting item).
3. A. Profit retention and distribution policy (discussion item).
   B. Dividend for 2018 (voting item).
4. A. Discharge of the members and former members of the Executive Board in respect of their duties performed during the year 2018 (voting item).
   B. Discharge of the members and former members of the Supervisory Board in respect of their duties performed during the year 2018 (voting item).
5. Reappointment of the external auditor (voting item).
6. Composition of the Executive Board:
   appointment of Tanate Phutrakul (voting item).
7. Composition of the Supervisory Board:
   A. Reappointment of Mariana Gheorghe (voting item).
   B. Appointment of Mike Rees (voting item).
   C. Appointment of Herna Verhagen (voting item).
8. A. Authorisation to issue ordinary shares (voting item).
   B. Authorisation to issue ordinary shares with or without pre-emptive rights of existing shareholders (voting item).
9. Authorisation of the Executive Board to acquire ordinary shares in the Company's capital (voting item).
1. Opening remarks and announcements

The chairman opened the meeting and welcomed the shareholders of ING Groep N.V., the external auditor, the representatives of the Central Works Council and the press. The Executive Board and the Supervisory Board were present on the platform and were introduced by the chairman. Ms van Oosten Slingeland, deputy general counsel, and Ms van Eldert-Klep, company secretary, were also present on the platform. Members of the Management Board Banking of ING Bank N.V. were present in the hall and could answer questions relating specifically to the bank. The nominated new members of the Supervisory Board, Mr Mike Rees and Ms Herna Verhagen, were present. Mr Marc Hogeboom and Mr Johannes Pastor were present on behalf of KPMG, the external auditor for the financial year 2018. Finally, the independent civil-law notary, Ms Joyce Leemrijse of Allen & Overy, was introduced.

The chairman explained that the meeting would be held in Dutch. Some members of the Supervisory Board would speak in English and 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 3,892,532,880 shares on the Record Date (26 March 2019). ING Groep N.V. and its subsidiaries had held a total of 929,821 shares on that date, and so a total of 3,891,603,059 votes could be cast. One vote could be cast on each share.

Later in the meeting it was announced that 4,633 shareholders, holding a total of 2,274,760,607 shares, were present or represented at this meeting, permitting the same number of votes to be cast (representing 58.45% of the issued share capital on which votes could be cast). Of these, 2,259,555,971 shares (99.33% 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 2018 had been adopted and signed by the chairman, the secretary and the designated shareholder, Mr H.A.J.C.M. van Unen of Almere. Those minutes had been available on the ING website since 23 October 2018. The draft minutes had also been available for inspection at the company’s offices since 23 July 2018. 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 proposed to designate Ms M.N. Grootfoam (shareholder) of Amsterdam to adopt and sign the minutes of the meeting along with the chairman and the secretary. The meeting decided accordingly by acclamation.

Mr Sluis (Amsterdam) spoke noting that he had written to ING on 5 April 2019, listing a number of points he would like to see addressed during the General Meeting. The chairman said that Mr Sluis would be able to speak later in the meeting on the points that related to today’s agenda.

The chairman explained the order and procedure of the meeting and 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 on them 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 the settlement agreement and the third would be for other matters on agenda items 2A to 2D that would not be raised later under the agenda. Agenda item 2E would then be addressed. Mr Hogeboom of KPMG would comment on the audit work as part of this agenda item. Agenda item 2E would then be put to the vote. The chairman then gave the floor to Ms van Oosten Slingeland, who explained the voting arrangements, including the voting procedure in which ING used an electronic voting platform.

The chairman moved to agenda item 2.
2. Report of the Executive Board for 2018 and sustainability (discussion item)

Before opening the discussion of these agenda items, the chairman briefly referred to the Executive Board remuneration policy that would be addressed later and commented on the settlement agreement that ING had reached with the Dutch Public Prosecution Service as these were two significant matters that had put ING in the news last year.

On the Executive Board remuneration policy, the chairman explained that, when speaking on agenda item 2D, Mr Breukink, chairman of the Remuneration Committee, would address the action taken following the withdrawal of the remuneration proposal.

On the settlement agreement, the chairman said the following, also on behalf of the entire Executive Board and Supervisory Board:

- **Background.** Last year, ING Bank N.V. had reached a settlement agreement with the Dutch Public Prosecution Service in connection with serious shortcomings identified in the execution of the policy on preventing financial-economic crime at ING Netherlands in the period of investigation between 2010 and 2016. As a result of those shortcomings, ING had not adequately fulfilled its role as a gatekeeper for the financial system to help combat financial crime. During a round-table discussion at the House of Representatives, Mr van Rijswijk (CRO) had explained the settlement agreement and addressed the action that ING had taken to meet the regulations on the prevention of financial-economic crime. Several initiatives had been started on managing this risk, including an extensive programme of enhancements focusing in part on the management of customer information, so that ING knows its customers better, and on monitoring customer activities. There had also been considerable attention on strengthening internal awareness of compliance. Improving non-financial risk-management is ING’s first priority and this was being impressed on all employees. Here in the Netherlands and internationally. It had become clear that the number of staff working on Know Your Customer (KYC) had to increase. This covered everything related to customer investigation, such as customer acceptance and verification and continuous monitoring. 2,500 full-time employees were now working on KYC. ING was also experimenting with new technology, such as artificial intelligence, which assists employees to distinguish false signals on money laundering from genuine ones. This was important since the volume of transactions could be immense; artificial intelligence could help staff to get better insights.

- **How could a settlement agreement of this size come as a surprise and why had it not been reported earlier in communications?** ING had received these questions ahead of the meeting and the answer was that IFRS accounting rules do not allow an entity to form a provision until it can make a reliable estimate of the amount needed to settle the liability. That was the problem. There were too many uncertain factors for ING to estimate how the criminal investigation would be settled. The uncertainty was only removed on 3 September 2018 when the Minister for Legal Protection gave the Public Prosecution Service permission to enter into the settlement agreement. There would have been no settlement agreement without the minister’s approval. One of the least certain factors was that until then it had not been definite that the minister would agree to an out-of-court settlement of the matter or on what conditions. The settlement agreement between the Dutch State and ING Bank N.V. had only been signed after the minister had given permission to the Public Prosecution Service. Since 2016, ING had disclosed that it was under investigation in its annual reports and offer documents, and had been transparent about the fact that any financial impact could be considerable. Furthermore, at the same time, talks had been ongoing with the SEC, the American stock market supervisor, until it notified ING on 4 September 2018 that it had completed its investigation and, on the basis of the information known at that time, did not intend to impose a penalty. ING was required to publish price-sensitive information which had a direct bearing on it as quickly as possible, unless delay of such publication was permitted. ING was always looking at whether it had price-sensitive information and, if so, whether it had to make a public announcement. ING had a special procedure for this and its Ad Hoc Disclosure Committee was responsible for advising the board on these matters. With respect to the external auditor’s role in this, KPMG had been the auditor since 2016. Before that, EY had been auditor and so KPMG had had no role during the part of the period of investigation between 2010 and 2015.
What more had ING done? ING had taken action against a number of current and former senior members of staff in the Netherlands with broad responsibility for implementing policy on fulfilling the role of gatekeeper. This included the decision not to pay the outstanding part of variable remuneration due to them for previous performance years. In addition, some staff had been suspended, reflecting job profiles that had been revised in line with the skills needed. The identified shortcomings, which arose in the period of investigation between 2010 and 2016, could not be attributed to specific individuals but rather were collective shortcomings at all responsible management levels. In view of the seriousness of the matter and the many reactions from stakeholders, the Supervisory Board took the view that responsibility had to be taken at Board level and that had led to the former CFO, Koos Timmermans, stepping down after consultation with the Supervisory Board. Mr Timmermans had been a member of the Management Board Banking of ING Bank N.V. and had had final responsibility for ING Netherlands for several years, including part of the period investigated by the Dutch authorities. The Supervisory Board, including the chairman personally, would closely monitor the organisation-wide enhancement programme to ensure that ING again performs its gatekeeper role in accordance with the legislation and regulations. ING had set up a separate page on its website that addressed the settlement agreement, the enhancement programme and the follow-up measures.

The chairman said he understood that 2018 had been a disappointing year in many respects for ING's shareholders. Although much that was good had been achieved, 2018 had also been a disappointing year for the Executive Board and the Supervisory Board, mainly as a result of the settlement agreement that ING had reached in the Netherlands in connection with serious shortcomings in the execution of its policy on preventing financial-economic crime in the period 2010 to 2016. In the recent past, ING had had pointed contacts with a large number of institutional shareholders, on its Investor Day on 25 March 2019 and in direct meetings. These had also demonstrated the disappointment with the situation in 2018. ING had received a clear message from this to keep its full attention on continuing the enhancement programme it had instituted in 2017 to make structural improvements in these matters. ING's contacts with shareholders had confirmed that insight. The chairman concluded his comments by expressing full confidence that ING was expert in managing financial risks and would also be expert in managing non-financial risks. The fact that almost 40% of the net inflow of customer deposits had taken place during the fourth quarter was an indication that people trusted ING despite the blow to its reputation in September when the settlement agreement had been announced.

2A. Report of the Executive Board for 2018 (discussion item)
2B. Sustainability (discussion item)

The chairman announced that the Sustainability Report (2B) would be discussed with the Report of the Executive Board (2A). He referred to pages 3 to 87 of the Annual Report and the Explanatory Notes to agenda item 2B in the notice of meeting and gave the floor to Mr Hamers (CEO).

Mr Hamers welcomed all the shareholders and thanked them for their continued confidence, critical eye and participation. He referred to what the chairman had just said: 2018 had been marked mainly by the settlement agreement that ING had reached with the Dutch Public Prosecution Service brought about by shortcomings in the execution of the policy on preventing financial-economic crime at ING Netherlands. ING's number one priority was and remained safeguarding the bank and meeting legislation and regulations in the broadest sense. ING had started its own investigation immediately the Public Prosecution Service had approached it in 2016 in connection with the shortcomings that had been identified. It had shared a great many of the findings from its investigation with the Public Prosecution Service since ING took this matter just as seriously and in order to find out exactly what was going on as quickly as possible. ING's own investigation had identified the same shortcomings and, separately from and ahead of the results of the Public Prosecution Service, ING had set up an enhancement programme that had started in 2017. The programme was ING-wide and so it was also being implemented outside the Netherlands, covering all customers and all countries where ING operates. The programme would run to the end of 2020 and had two main aims: firstly, Know Your Customer (KYC): how ING could ensure it had sufficient information on its customers in order to analyse it and reach the right decisions on
whether ING wanted to do business with them and, if so, what. This was a very complicated process as it required a huge amount of information, often from different countries and different entities. Mr Hamers explained this with the example of ING’s Wholesale Banking customers who on average operate with, for example, 100 different legal entities and many different products in fifteen countries. In other words, ING first had to collect correct and complete information on all those legal entities in all those countries and then assess it in accordance with the standards of relevant Dutch and local legislation and regulations in this area. This also meant that customers had to provide a lot of information. ING tried to facilitate this, via a single portal, so that the information needed could also be kept up to date.

Secondly, structural improvements to the way ING operated in an ever-changing environment, thus providing continuous accountability on its role of gatekeeper in the financial world. The five key pillars that ING’s approach rested on were: (1) Updating its policy, processes and procedures: ING had already done this, for example, for the fourth EU anti-money laundering directive that had come into force halfway through the previous year and it would also do so for the future fifth directive; (2) Setting up a central KYC organisation that draws up guidelines and assists in their implementation and also finds structural solutions to support keeping KYC-related information up to date; (3) Setting up locally chaired KYC committees in each country to ensure that local business units comply with the KYC guidelines and also setting up customer integrity committees that use available information to continually assess whether and to what extent ING wants to continue the customer relationship from a compliance viewpoint. In 2018 this had led to 2,700 customer relationships being terminated in the Netherlands compared with 1,700 in 2017; (4) Developing appropriate IT solutions that allow ING to properly monitor customers’ payment transactions. Where possible, ING was working on this with other banks and public bodies since any one bank sees only part of a transaction and banks are restricted in the information they can exchange. Currently 2,500 employees were working on these matters at ING and hundreds of millions of euros were being invested to ensure that systems were in order and that ING’s know-how and skill in this area could develop further; and (5) Promoting and embedding the intended mentality so that non-financial risk management is as much part of everyone’s DNA at ING as financial risk-management, along with the need for even better internal co-operation so that everyone is clear about who does what, when and how. Mr Hamers then referred to the screen showing the KYC lifecycle to give an idea of how ING handled customer acceptance and constantly monitored the extent to which, once accepted, customers may actually remain as customers from the integrity viewpoint and how, if necessary, ING ended the customer relationship. Before moving on to his comments on other key matters for ING relating to 2018, he re-emphasised how important this all was for ING.

Mr Hamers first addressed strategy. He explained that during 2018 ING had continued implementing the strategy it had launched in 2014 as it was just as relevant now as then: he referred to the trends the strategy had responded to at the time, such as the increase in regulation, low interest margins, the increasingly important role of technology and rising customer expectations on digital interaction with a significant role for other players and the platform economy. The strategy was founded on ING’s ‘purpose’: empowering people to stay a step ahead in life and in business.

A key role had been forged for the trend towards digitalisation so that ING could be distinctive in its service in part by using a different, digital, route in dealings and interaction with customers. As an illustration, ING had about three billion interactions with its customers each year, 99% of which were digital. ING had 38.5 million customers, of whom 26% now only do business with ING by mobile banking (compared with 12% in 2016). In order to continue offering this distinctive customer experience, ING was renewing itself constantly, by innovating on its own or in co-operation with other parties, in terms of new products and services and platform initiatives. Twyp and Yolt were examples of initiatives developed by ING; Cobase and Axyon had been developed by third parties that ING was investing in. The focus on distinctive service combined with appropriate innovation meant that ING was still number one in the Net Promoter Score (NPS) in 7 of its 13 countries. This was ING’s compass providing customer feedback on how it could improve or do things differently, so that customers become promoters or recommend others to become ING customers. This not only generated more customers but also more primary customers, who had risen from 11.4 million in 2017 to 12.5 million in 2018, and this then led to
the provision of more services. In 2018, ING had received an additional €19 billion in savings and granted €36 billion in new loans.

In addition, there was a significant role as part of ING’s purpose for an environment in which people felt supported. ING was contributing to this with its sustainability policy. Separately from what ING was doing internally in respect of its purchases of renewable energy, it was also focusing on what it could do externally by aiming for a self-reliant and low-carbon society. ING’s aim was that customers would feel self-reliant, in other words they retained a feeling for the value of money even in an increasingly digital world, and that they understood and knew what they were doing with their finances. ING was also aiming for a low-carbon society, mainly through its financing activities. ING itself had an active financing portfolio of €16.5 billion for climate change that it wanted to increase to €29 billion by 2022. ING was also trying to influence climate change by reducing the indirect emissions from its loan portfolio of over €600 billion by supporting the Paris Climate Agreement to keep global warming to well under two degrees Celsius. ING was doing this with the innovative Terra approach and methods which it had developed and launched with a third party and which a number of other institutions and banks had now joined. This clarified which types of customer in which sectors were leading the transition to a low-carbon society. This was demonstrated by some examples, such as the way in which ING was trying to make its residential mortgage portfolio energy positive, financing projects and technologies that contribute to a positive environmental, economic or social impact, and involvement in creating and investing in green bonds.

Mr Hamers then went more deeply into the continuously changing environment in which large financial technology companies such as Apple, Alibaba, WeChat, Amazon and Facebook were developing very rapidly into a single global digital system, a platform with which they could work and approach and serve their customers in a uniform way. To keep up, therefore, ING would have to focus increasingly on attracting and serving customers in the digital world. As ING had reported some years ago, this required it to transform itself from a traditional bank into a platform that is open to its customers and other providers and that allows interaction with customers that goes further than just financial services. At the time, ING had announced that it wanted to integrate its operating activities in the Netherlands and Belgium and also those in the Czech Republic, France, Italy and Spain so that it could work with a single set of systems, a single set of procedures and a single approach. ING was currently about half way towards achieving this. ING’s efforts, including the emphasis on the Net Promoter Score and the transformation, had led to an improvement in ING’s underlying net result in 2018 to almost €5.4 billion and in the underlying return on equity from 10.2% to 11.2%. In the past year, ING had also improved its CET-1 ratio to 14.5%, against a target of some 13.5%. The results for the past year, therefore, allowed ING to pay a full-year dividend of €0.68 per share for 2018.

It was possible to conclude that the main influence on ING’s share price and that of other European banks had been the state of the economy and economic forecasts. ING’s transformation and the strength of its capital position gave it a very good starting position for taking the next step on the way to a digital or ‘go-to’ financial platform. The fact that, in terms of daily usage, ING’s app came tenth among all apps downloaded in the Netherlands and was the first non-big-tech app beaten only by apps from Facebook or Google, showed how much customers valued ING and how far it had moved on the way towards its intended platform. This all showed that ING’s strategy and transformation are still fully relevant.

As customer interaction was increasingly digital, with customers more often only seeing ING’s logo digitally, managing ING’s reputation is absolutely vital to retaining customers’ trust. It was, therefore, even more important than in the past to ensure that ING’s app and its underlying systems were fully available at all times, that data and IT were secure and also that ING complied with legislation and regulations. In short, in order to achieve ING’s ambition of becoming a digital bank and the go-to financial platform, it was not only desirable but also necessary for non-financial risk management to be part of ING’s DNA.
Mr Hamers again thanked those present and all its loyal customers. He also specifically thanked all ING employees, who had once again worked very hard during the past year in an environment that was not always stimulating, 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 2018 (discussion item)

The chairman moved to the Report of the Supervisory Board, referring to pages 91 to 100 of the Annual Report. The Supervisory Board had held ten meetings in 2018. It had also met on several other occasions, sometimes in person and sometimes by conference call, on the Executive Board remuneration policy and on the ongoing investigation by the Dutch Public Prosecution Service that had led in September 2018 to the settlement agreement that ING had reached on shortcomings in the execution of the policy on preventing financial-economic crime at ING Netherlands. As part of its standard responsibilities, the Supervisory Board focused on supervising and ‘challenging’ ING’s Executive Board’s efforts on accelerating the Think Forward strategy, on activities that go beyond banking services and on developing a platform approach. Another key area of attention in 2018 was the implementation of the new EBA Guidelines on Internal Governance. Other significant items on the agenda included the appointment of the new CFO, the various transformation initiatives and collaboration with fintechs, the expected impact of Basel IV and Brexit, updates on IFRS 9, the financing of the Company in accordance with ING’s capital and liquidity adequacy, dividend capacity, thematic reviews in connection with several regulatory requests and updates on supervisory developments. The Supervisory Board’s committees had also discussed a wide range of subjects, the main ones being the organisation-wide Know Your Customer enhancement programme, new candidates for the Supervisory Board, the quarterly results, corporate governance, risk management and Human Resources matters, such as the culture at ING.

The chairman closed this agenda item and continued to the next agenda item.

2D. Remuneration report (discussion item)

The chairman moved to the Remuneration Report for 2018, referring to pages 124 to 139 of the Annual Report, and gave the floor to Mr Breukink, chairman of the Remuneration Committee.

Mr Breukink referred to the chairman’s earlier introduction on the Executive Board remuneration policy that had been withdrawn from the agenda of last year’s General Meeting. He explained the steps the Supervisory Board had taken after withdrawing the agenda item. The Supervisory Board had withdrawn the proposal further to the many reactions from ING’s stakeholders. This had also been discussed extensively during the General Meeting in 2018. One of the criticisms expressed since them was in connection with the settlement agreement that ING had reached with the Dutch Public Prosecution Service in September. A point that was frequently raised was how could you make such a remuneration proposal when you knew that a settlement agreement involving a high fine was coming. The Supervisory Board understood why this question was being asked but the full consequences of the investigation were not yet known at the time the salary proposal was made. They only became clear later in the year. As already explained, ING had admitted during last year’s General Meeting and also during a hearing in the House of Representatives that the Supervisory Board had underestimated the sentiment on the remuneration proposal. The Supervisory Board had promised that it would start extensive internal and external consultations on evaluating the decision-making process. One result of this evaluation was that the Supervisory Board’s approach to any future changes in the remuneration policy would, taking account of the legal requirements, incorporate the views of a wide group of stakeholders. On how to proceed now, Mr Breukink said that the Supervisory Board was currently performing an extensive analysis of the remuneration policy, in consultation with its advisory committees, and would incorporate the interests and views of the widest possible group of stakeholders.

On the remuneration for 2018, Mr Breukink said that in view of the settlement agreement with the Dutch Public Prosecution Service, all the members of the Executive Board and the Management Board Banking of ING Bank N.V. had decided to forego their variable remuneration for the 2018 performance
year. The remuneration and emoluments paid to the Executive Board for 2018 were set out in the Remuneration Report for 2018, which, for the second time, included the CEO Pay Ratio as recommended by the Dutch Corporate Governance Code. This was 1 to 29 for 2018, compared with 1 to 33 in 2017. There were various factors behind the difference, including the limited pay rise, foregone variable remuneration and the lower bonus pool for other ING employees, and these made comparison difficult. Partly to demonstrate collective responsibility further to the settlement agreement, it had been decided to considerably reduce the total amount available for variable remuneration for 2018 compared with 2017 from some €403 million to €303 million. The impact of this was greatest on employees at senior manager level and that group’s average variable remuneration had fallen 60% compared with 2017. The effect on staff lower down in the organisation had been smaller.

As the chairman had already explained, at the individual level the settlement agreement had led to ING taking action against a number of current and former senior employees at ING Netherlands. These were staff with broad responsibility for implementing policy and procedures on fulfilling the role of gatekeeper, specifically in order to prevent financial-economic offences. One measure was the decision not to pay part of these employees’ deferred variable remuneration still due for earlier performance years, known as ‘holdback’. Employees had also been suspended, taking account of job profiles that had been revised in line with the skills needed. Given the seriousness of the shortcomings identified and the settlement agreement, the Supervisory Board had also taken the view that responsibility had to be accepted at board level. This led to Koos Timmermans stepping down from the Executive Board after consultation with the Supervisory Board. In accordance with legislation and regulations and his employment contract, the Supervisory Board decided to grant Mr Timmermans severance pay of 50% of his fixed annual salary. This amount would be paid to him at the end of his contractual notice period, which expired on 31 August 2019. Mr Timmermans had worked for ING for many years: he had started at ING in 1996 and had joined the Executive Board in 2006. He would be providing advice and arranging the hand-over of work until 31 August 2019.

The chairman closed this agenda item and called for questions and comments on agenda items 2A to 2D. As explained earlier today, this time the questions would be arranged in three themes: (1) ING’s strategy, financial performance and sustainability, (2) the settlement agreement, and (3) other matters on agenda items 2A to 2D that would not be raised later under the agenda. He explained that the aim would generally be to group three or so questions for reply. Where necessary he would ask members of the Executive Board or the Supervisory Board to speak.

The chairman returned to the earlier comment by Mr Sluis on matters he wanted to see addressed during this meeting. If this involved the submission of agenda items proposed for discussion during the meeting, this could only be done by those representing at least 1% of the share capital. Such proposals also had to be submitted for consideration at least 60 days before the General Meeting. It later turned out that Mr Sluis had not submitted proposals for agenda items in line with these requirements but had merely raised some points he wanted to draw attention to during the meeting.

First round: ING’s strategy, financial performance and sustainability

Mr Vreeken (WeConnectYou) suggested that ING should appoint a chief communications officer (CCO) to implement a proactive communications and media policy. As an example, he cited Citigroup, which thought ING was the best prepared for the digital future. A CCO could have ensured that ING had reported this at the start of its meeting. Mr Vreeken also thought it was not right that Mr Hamers was being held responsible for money laundering incidents at ING that had occurred before he became CEO. He also thought it would be sensible if the Supervisory Board from now on refrained from commenting on variable remuneration in general and the remuneration of the CEO in particular as he believed this only led to adverse reactions. Finally, he wondered if further unpleasant surprises could be expected.

Mr Spanjer (Amsterdam) asked why the Supervisory Board had allowed the CEO to consider an acquisition of Commerzbank. He referred to the €10 billion of state aid that ING had needed during the financial crisis and the fact that shareholders had not received a dividend for several years. Mr Spanjer
also referred to the Annual Report which according to him did not set out anything about irregularities at ING in Italy and in Ukraine. He wanted to know whether provisions had been formed for these.

Mr van den Bos (Stede Broec) said that before the meeting he had asked the chairman to split it into two parts, the first part on the settlement agreement and the second part on the other standard agenda items. He thought that the current arrangements for the meeting did not give the shareholders sufficient opportunity to speak. Finally, he was curious to know if the chairman himself owned ING shares.

Ms Fiorentino (Italy) explained that a pipeline was currently being built in the region where she lived and that ING was one of its financiers. She believed that this was an out-dated project that would also worsen the warming of the climate. She asked about ING’s policy on participating in such projects.

The chairman moved to the replies to these questions.

Mr Hamers (CEO) thanked Mr Vreeken for his comments and said that ING’s communications department was always receptive to suggestions and examples. The chairman added that there were also examples in which ING and its CEO were shown in a positive light. In view of ING’s current efforts towards solving the issues addressed earlier today, it believed that a low profile was appropriate at the moment.

With respect to Mr van den Bos’s comments, the chairman said that the meeting had been organised so that there would be sufficient opportunity to discuss the settlement agreement. He said that he did not own any ING shares.

In reply to Ms Fiorentino’s question on the pipeline, Mr Hamers explained that there was a huge energy transition around the world and that ING’s policy focused on aligning its loan portfolio with the two degrees Celsius climate target set out in the Paris Agreement. On fossil fuels, ING had also decided to accelerate the reduction in its financing of coal-fired energy generation, such that the portfolio was moving towards nil by the end of 2025. ING’s view was, however, that the economy could not yet operate without fossil fuels and also relied on fossil fuels other than coal. The pipeline was, therefore, deemed strategically important by the European Union. It was not expected to increase the demand for gas but might make demand for coal increasingly unnecessary.

The chairman called for further questions.

Mr Stevense (SRB) referred to an earlier comment about a possible merger between ING and Commerzbank and asked for further details. In his opinion, ING had a lead over other European banks as a result of its digital model. He also added that ING had had to employ an additional 2,500 people for the organisation-wide Know Your Customer enhancement programme. He wondered if this did not go directly against ING’s cost/income ratio target of 50%-52%. Mr Stevense then asked if, as part of its procedures, the Supervisory Board made unannounced visits to ING branches or subsidiaries. Finally, Mr Stevense was curious about ING’s policy on reducing the volatility of commission income.

Ms Duiker (Dutch Association of Investors for Sustainable Development; VBDO) complimented ING on being one of the 28 founders of the Principles for Responsible Banking, one of which was to move into line with the Sustainable Development Goals adopted by the United Nations. It took account of both the positive and the negative impacts of financing and investing by banks. Ms Duiker asked how ING would implement this principle in practice and about ING’s target for this. She then addressed the physical effects of climate change, such as extreme droughts, flooding and the rise in sea levels. She wondered how ING was dealing with the risks to itself and to businesses and projects it financed and in which it invested. Specifically, she wanted to know whether ING had a picture of (1) the extent to which its customers and financing were exposed to the physical effects of climate change, and (2) how and to what extent the activities of its customers contributed to climate resilience. Finally, Ms Duiker referred to
human rights and to ING's Environmental and Social Risk framework which incorporated a living wage. She said that a failure to pay a living wage was also a significant risk in sectors not named by ING (such as clothing, mining and information and technology). She wanted to know whether ING was prepared to take account of a living wage in these sectors.

Mr Winkels (Lichtenvoorde) said he was unhappy with ING's customer service and had experienced that the telephone was put down if a customer called. He thought that ING should take its customers more seriously, for example by setting up a customers' council that could show ING what customers faced in practice.

The chairman thanked the questioners and gave the floor to Mr Hamers.

Mr Hamers thanked Mr Winkels for his suggestion on a customers' council and said that any type of complaint was an opportunity for ING to further improve its service to customers. He added that ING continuously asked its customers for feedback about its service through the Net Promoter Score. That feedback not only involved a ranking but also often a commentary. ING incorporated this in its improvement processes. The customer experience of ING's service did not appear to be improving or deteriorating. It should be remembered that customers rightly expected improving service from ING and it was up to ING to continue to meet these ever higher demands. Mr Hamers said that he was working fully on this.

With respect to the questions from Mr Spanjer and Mr Stevense on a possible merger between ING and Commerzbank, Mr Hamers said that ING had for many years made clear the way it wanted to develop, improve its service and so attract new customers. ING's core strategy was very clearly organic by nature and that strategy had proved to be successful. In the past, ING had said that there were three reasons why ING might look at non-organic growth. The first possible reason was that ING could purchase expertise that it did not have in house, for example, on processes or services. As a result, for this reason ING often acquired smaller businesses. A second reason could be to develop loan portfolios and ING's know-how on lending. ING could, for example, consider purchasing portfolios that would provide it with know-how and experience it did not currently have in areas or countries relevant to it. A third reason was when there was consolidation in a country where ING operates. ING would analyse the developments and then determine its position. As an example, Mr Hamers referred to India where the supervisor is promoting consolidation. Consequently, ING Vysya Bank merged with Kotak Mahindra Bank in 2015. ING has now sold its entire holding in this.

With respect to Mr Stevense's question on the number of FTEs that ING was deploying on the Know Your Customer (KYC) enhancement programme, Mr Hamers said that ING was currently busy with a catch-up and improvement process and the intention was that in principle some of these FTEs would leave once matters were in order. KYC was so important to ING that the organisation has been given all the scope it deemed necessary to get ING's customer files in order. This was more important to ING than its cost/income ratio ambition. He added that ING had also stated during the recent Investor Day on 25 March 2019 that it thought that the cost/income ratio was not a particularly good measure of efficiency. ING would continue to report the cost/income ratio but thought that operational leverage effects and the return on equity were more important.

On ING's policy with respect to the volatility of commission income that Mr Stevense had asked about, Mr Hamers explained that commission income related to capital invested was volatile. This was because of the dependence on movements in stock market prices. Commission income related to the activities of the wholesale bank, such as that linked to managing bond and equity issues or arranging large loans, was also volatile. In practice, while this could lead to fluctuations between quarters, ING was aiming to grow commission income by 5% to 10% as stated during the Investor Day. This was because in future ING would more often be an intermediary between the customer and the product that best met the customer's needs, and that need not always be an ING product. ING would, therefore, also offer products from other parties and ING's alliance with AXA was put forward as an example.
In conclusion, the chairman replied to the question from Mr Stevense on the work of the Supervisory Board. He said that the supervisory directors at ING now delved ever deeper into the organisation and spoke with many different people. As well as senior staff, they also, for example, often spoke to younger employees, including on their ambitions, the dilemmas they face in their day-to-day work and the organisation. The Supervisory Board also spoke directly with people in the business units on subjects such as Know Your Customer, and visited them in the countries where they work.

In answer to the questions from Ms Duiker, Mr Hamers said that a living wage was a relevant theme that always had to be looked at in the context of a company’s operations. ING underlined the importance of a living wage since it contributed to self-reliance. ING, therefore, paid great attention to it. Even if a living wage was sometimes difficult to identify, ING raised it increasingly often with existing and potential customers in discussions on responsibility within the value chain. He said that ING could exclude companies from financing if in its opinion they fell short in this area. Mr Hamers explained that there were seventeen Sustainable Development Goals (SDGs) and while he would like ING’s strategy to address all of them, he wondered if that was the best way to achieve the desired result. ING’s strategy focused mainly on SDGs 8 and 12, both of which were embedded in ING’s policy and the goals it wanted to achieve. ING was not neglecting the other SDGs but they were not among its objectives for the time being.

With respect to Ms Duiker’s question on the physical risks of climate change, Mr van Rijswijk (CRO) explained that ING had a Risk Committee which assessed the risks from the energy transition to align ING’s loan portfolio with the Paris Climate Agreement and also whether there were credit risks associated with the energy transition. This meant, for example, that financing coal-fired power stations involved both a social element and a credit risk element. ING also looked at physical risks in its loan portfolio, for example, from its residential financing. ING was not yet in a position to hold customers accountable for their contribution to physical climate resilience but in the future that could be a possible next step in ING’s Environmental and Social Risk framework.

The chairman asked for further questions on strategy, financial performance and sustainability.

Ms Hamlett (BankTrack) referred to the discussion of ING’s activities in relation to the Paris Climate Agreement earlier in the meeting and asked what its medium and long-term aims were with respect to financing activity in the oil and gas industry. She also asked when ING would end its financing of oil and gas projects so that the rise in temperatures could be kept to no more than 1.5 degrees Celsius.

Ms van Haastrecht (Swifterbant) wondered why people still deposited savings with banks and asked ING to comment. She also wanted to know ING’s policy on transaction authentication number (TAN) codes. Finally, she recalled General Meetings of recent years and wondered if it had been ING’s strategy first to appoint Mr Timmermans as a member of the Executive Board in order to then sacrifice him.

Mr Koster (VEB) referred to the points made during the meeting about Commerzbank and Mr Hamers’ comments in the press that there would be no cross-border mergers for ING until there was a European banking union and that ING did not need growth through acquisitions. Mr Koster said he could imagine that small acquisitions were logical in a changing world but he was shocked by the rumours, certainly in light of the events at ING in the past year. He referred to Mr van Rijswijk’s statement that there had been markedly more checks by external supervisors following the settlement agreement that ING had reached. He believed that they had started a number of investigations and that some had been completed but up to now only the findings on ING in Italy had been announced. The Annual Reports of recent years had only included a few sentences on the investigations. Mr Koster also referred to a conversation he had recently had with ING during which nothing had been said about events at ING in Italy, but shortly thereafter ING had issued a statement on this. He thought it strange that there appeared to have been some months of investigation into ING in Italy without the Executive Board or
the management team of ING in Italy being aware of this. He, therefore, wanted to know what other ongoing investigations there were that the shareholders should be aware of.

The chairman said the last question would be answered later as its subject was not part of the theme for this round of questions. He then moved to answering the other questions.

In reply to the questions from Ms Hamlett, Mr Hamers explained that almost everyone realised that the world needed an energy transition. One thing that ING had promised to do was to work with all industries to try to remain within the limits of the Paris Climate Agreement. With respect to the oil and gas industry, he would like to see the whole world running on renewable energy but unfortunately that was not realistic at the moment since the world was still partly dependent on oil and gas. What was realistic was the question of how quickly the consumption of fossil fuels could be reduced. The honest answer was not very quickly despite ING’s efforts to support this. ING had stopped financing the most polluting fossil fuels, such as coal and tar sands. ING was not ending its financing of oil and gas. According to Mr Hamers, this did not mean that ING was not looking at ways in which the bank could help reduce the consumption of these fuels or how it could achieve specific targets, but a condition for this was that the effects first had to be clear.

To answer Ms van Haastrecht’s question on why people still deposited money with banks, Mr Hamers said that ING was still paying them interest despite banks losing money on the interest they themselves received as they had to pay 40 basis points if they deposited surplus liquidity at the ECB. Mr Hamers said that interest rates could possibly remain low or even negative for a long time, with the result that the interest that banks paid on their customers’ savings would not go up soon, although he could not and would not ever make a specific statement on this. He hoped that the economy and, therefore, consumer spending would continue to grow, creating inflation so that interest rates would go up again. On the question about the policy on TAN codes, Mr Hamers replied that ING had told all its customers that TAN codes were being phased out as a way of confirming money transfers and that there was an alternative for this, the ING Mobile Banking App.

The chairman spoke about Mr Timmermans’ departure and said that the only reason that he had resigned was that he had accepted responsibility as the member of the Executive Board most closely involved in the matter.

With respect to Mr Koster’s comments on possible consolidation at European banks, Mr Hamers said that two things had to be distinguished. Firstly, the European banking union, which ING hoped would be formed at any time. If it came, there would be more benefits from cross-border consolidation than now. That did not, however, mean that those gains could not currently be achieved. The gains could be in capital, liquidity or cost optimisation. These were the three factors that would determine the extent to which European banks would consolidate locally or cross-border. Mr Koster asked Mr Hamers to be more specific, especially as the shareholders would be asked to permit an increase in the share capital through a rights issue in agenda item 8. He asked how Mr Hamers regarded an acquisition by ING in a period when it still had a lot to sort out. Mr Hamers replied that ING’s strategy was to grow organically and this was going very well as had been explained earlier in the meeting. He repeated the three factors for non-organic growth, being purchasing certain skills or technologies or consolidation in markets where ING operated. Mr Hamers said he would leave it at that. The chairman added that there would be no response to rumours in the media and called for further questions.

Then a shareholder referred to the introduction of a treaty to ban nuclear weapons and wanted to know what ING was doing to avoid involvement in companies such as Huntington Ingalls Industries, Northrop Grumman and Lockheed Martin – all manufacturers of parts for nuclear weapons. Mr van Rijswijk (CRO) explained that ING’s policy on the defence industry included not financing the development, manufacture, maintenance or deployment of nuclear weapons. Ms Schneider reminded Mr van Rijswijk that ING did finance the companies named, despite their involvement in the manufacture of nuclear weapons. Mr van Rijswijk said that ING did not provide financing for those companies’ nuclear weapons
activities but might do so for their other activities. Some companies had peripheral involvement in the manufacture of nuclear weapons while being mainly involved in non-defence-related activities. If nuclear weapons activities were part of their operations, ING assessed the proportion and if necessary entered into dialogue with the customer to reduce those activities. ING balanced not wanting to be involved in nuclear weapons against its role as lender and investor.

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

Second round: the settlement agreement with the Dutch Public Prosecution Service

The chairman gave the floor to Mr van Rijswijk (CRO), who started by replying to Mr Spanjer’s outstanding question on ING in Italy and Ukraine. He also replied to part of Mr Koster’s question. Mr van Rijswijk said that there were regular inspections at banks and that it was part of the normal processes of external supervisors to carry out what are known as on-sites, deep-dives and reviews. These addressed financial and non-financial risks and so also Know Your Customer. After the settlement agreement in the Netherlands, ING had seen such investigatory activity in a number of areas and in a number of countries. On the publication of the settlement agreement with the Dutch Public Prosecution Service, ING had announced the organisation-wide enhancement programme explained earlier on ways in which it could supplement and improve the due diligence on its customer files. Mr van Rijswijk referred to Mr Hamers’ comments on this during his earlier presentation. Mr van Rijswijk mentioned more static due diligence in which customer information was assessed, media signals were examined and sanctions lists were monitored. In addition, ING was working on implementing structural solutions and improvements including the use of systems to assess transactions better. The investigation at ING in Italy had focused on the state of Know Your Customer at ING at that time and in the past. At the time, it had been inadequate and the local supervisor had said that ING first had to get things further in order. ING in Italy was already part of the organisation-wide enhancement programme which, as noted in the Annual Report, would in any event run to 2020. Mr van Rijswijk emphasised that this would not be the end of the matter for ING: like financial risks, non-financial risks such as operating, IT and compliance risks had to be continuously managed. The enhancement programme would ensure additional attention and a structured roll-out throughout the organisation but ING would thereafter also give permanent attention to and remain working on improvements in this area. With respect to the question about ING in Ukraine, Mr van Rijswijk said that he did not know exactly what Mr Spanjer was referring to. If it was about rumours in the press, ING would not respond. Mr van Rijswijk said in the case of media signals, for example on bank accounts supposedly being used to launder money or evade tax through trade financing, ING enquired if its customers were involved. If so, ING reported it to external bodies. ING then reported the unusual transactions and ended the customer relationship. On Mr Spanjer’s question about provisions for other standard ongoing investigations by external supervisors, Mr van Rijswijk said that ING did not comment on provisions that had or had not been formed. He explained that the settlement agreement that ING had reached with the Dutch Public Prosecution Service in 2018 had consisted of a fine of €675 million and a disgorgement of €100 million for unlawfully obtained gains.

With respect to Mr Koster’s comment on the timing of the announcement of the settlement agreement, Mr van Rijswijk explained how ING had had to handle this from the IFRS viewpoint. There were three key elements to being able to form a provision. Firstly, that it was more likely than not that there was a liability. The second was that it had to lead to an outflow of benefits, in this case a payment by ING. The third was that the amount of the liability could be estimated reliably. Mr van Rijswijk referred to the screen and used it to explain when the investigation into shortcomings in the execution of the policy on preventing financial-economic crime at ING Netherlands had started and what ING had announced on this thereafter. The investigation had started in early 2016 and ING had stated in its 2016 Annual Report that it was the subject of an investigation into criminal activity and facilitation of money laundering. It was not clear at that time where the investigation would lead. In the presentation of the interim figures for 2017, ING had again stated it was the subject of an investigation and referred to the previous statement in the Annual Report. Once the investigation had progressed, in early 2018 ING had stated in the 2017 Annual Report that it was more likely than not that there would be an outflow of benefits. In effect, ING was stating at that time that it was probable that a certain liability would arise that would
involve a payment, and so two of the three IFRS conditions had been met. At that time, however, ING did not know the outcome since it still needed information from the Dutch Public Prosecution Service. When presenting the interim figures for 2018, ING had stated it was still in discussion with the relevant authorities and did not know what the outcome would be. Mr van Rijswijk referred to what the chairman had said on this earlier in the meeting. ING did not know until the last moment, after a meeting with the minister, whether the settlement and related conditions had been agreed. Mr Koster said that these comments were not a satisfactory answer to his questions. He referred in this context to the Dutch Authority for the Financial Markets (AFM), which had told another company that there were situations in which a company had to make an announcement even if it did not know all the facts and he repeated that he wanted to know what, or at least how many, other ongoing investigations there were that the shareholders should be aware of. Further to this, he wondered whether, given the status of the internal control systems at ING, it was sensible to be thinking about major acquisitions at this time. Finally, he said that he fully understood how unbelievably difficult it was to act as a gatekeeper, but as a shareholder he did want more information that could put him at his ease that these matters were being put in order at ING. Mr van Rijswijk expressed understanding for Mr Koster’s questions and reaction and again said that ING, like other banks, was continuously the subject of normal investigatory activities on elements of operations by external regulatory bodies. Those activities could cover Know Your Customer, IT, cyber-security, internal controls, level of provisions or many other things. This had always been the case and would probably always be so. If anything came out of them that ING had to report to external stakeholders it would certainly do so, as it had in respect of the settlement agreement with the Dutch Public Prosecution Service. With respect to Mr Koster’s comment in relation to the settlement agreement on the publication of the interim figures for 2018, Mr van Rijswijk repeated that ING did not know what the outcome would be at that time and so could not make a reliable estimate of the outflow of benefits. Mr Koster said he could not form a substantive opinion as he had not been present but he still wondered whether ING could have stated more specifically that the matter could involve hundreds of millions of euros. Mr van Rijswijk replied that ING had said from the start that it could have a significant impact.

The chairman thanked Mr Koster for his contribution and gave the floor to other shareholders.

Ms Stavast (representing PGGM Investments and speaking on behalf of its clients and shareholders) asked about the way the Executive Board proposed to keep shareholders up to date on the progress of the measures to strengthen compliance and risk management. She also wondered whether ING had also considered changing the external validation of the functioning of the internal audit department. She suggested, for example, expanding the scope of the audit department to non-financial risks and to include the insights of the internal Behavioural Risk Team in this in future. Ms Stavast then referred to comments made earlier by the Executive Board that non-financial risk management and compliance had to be in ING’s DNA and asked why the Supervisory Board had not opted to appoint a chief compliance legal, or even ethics, officer to the Board. By embedding this at the highest level, shareholders and other stakeholders could be comfortable that ING was aware of the non-financial risks. Ms Stavast’s final question was on the remuneration of the Executive Board. She referred to the Annual Report and what it stated on Mr Timmermans’ severance pay. She said she thought it was important that directors took responsibility for policy. She asked why the holdback which was part of Mr Timmermans severance package had not been applied to everyone who had been a member of the Executive Board in 2016 and 2017.

Mr Vreeken (WeConnectYou) claimed that De Nederlandsche Bank (DNB) had notified ING about suspected money laundering fifty times in the period between 2010 and 2013 and he thought that the checks by the House of Representatives and DNB had been completely inadequate. He also referred to the state aid received by ING which had been repaid with interest while other Dutch banks were still partly in the hands of the state. He thought that, in that respect, ING had done well, but it also seemed that ING had done everything wrong.
Mr van Kessel (Nieuwveen) referred to the negative publicity about remuneration and the settlement agreement in the past year and the fall in ING’s share price, which had reached a low point around the end of the year. He thought that this was and remained the responsibility of the Executive Board and despite one of its members being dismissed, he believed that the Executive Board was liable. Mr van Kessel felt he was a victim and wanted compensation.

The chairman moved to the replies to these questions.

To Ms Stavast’s first question, Mr Hamers said that the enhancement programme had been drawn up by ING and was being implemented in close co-ordination with DNB. ING kept DNB informed all the time about progress and decided with DNB where any acceleration was required. On Ms Stavast’s question about the role of the internal audit department, Mr Hamers said that this department was paying additional attention to ING’s internal controls and non-financial risk management. Although, in day-to-day practice the head of the audit department reported to the CEO, the internal audit department was given its mandate and instructions directly by the Audit Committee of the Supervisory Board, in other words outside the Executive Board. The head of internal audit also reported directly at least quarterly to the Audit Committee. Those reports were also discussed with the Executive Board. The internal audit department was a very professional, objective organisation that ING valued highly. As a result, the external auditor could focus mainly on financial reporting and less on non-financial reporting. With respect to the organisational positioning of the compliance function, Mr Hamers said that there were different ways of approaching this. ING had a chief risk officer (CRO): a specific responsibility at Executive Board level at ING. The CRO’s duties included separate responsibility for compliance and this was headed up by the chief compliance officer (CCO). Compliance was a separate reporting line alongside non-financial risk management (NFR). That meant that apart from the CCO there was someone with separate responsibility for NFR. Compliance and NFR were, therefore, separate reporting lines that came together in the Executive Board with the CRO, Mr van Rijswijk. The chairman asked Mr Breukink, chairman of the Remuneration Committee of the Supervisory Board, to reply to Ms Stavast’s final question about why a holdback had not been applied to more directors. Mr Breukink referred to what he had said on this earlier in the meeting. He said that real collective responsibility had been accepted across the organisation by reducing the total amount of variable remuneration available for 2018. Furthermore, members of the Executive Board and the Management Board Banking of ING Bank N.V. had decided to forego variable remuneration for the 2018 performance year. On the holdback applied to Mr Timmermans, Mr Breukink explained once again that Mr Timmermans had not only been a member of the Management Board Banking of ING Bank N.V., but for several years in that period had also been the person with final responsibility for ING Netherlands. That was why the Supervisory Board had decided to apply the holdback.

Mr van Rijswijk (CRO) referred to Mr Vreeken’s comment on the number of signals from DNB that were not picked up by ING and said he did not recognise the figure. Mr van Rijswijk said that Mr Vreeken may have been referring to the statement of facts published on Project Houston, as the investigation by the Dutch Public Prosecution Service was known. Between 2010 and 2013, 49 ‘alerts’ had been created at ING. When an unusual transaction occurred, ING’s system generated an alert. This had to be responded to by enhanced due diligence or an investigation of the customer to ascertain whether anything was wrong. In the period referred to, there was inadequate or no response to those alerts. As a result, it was ING’s internal alerts that were not followed up. Mr Vreeken repeated that in his opinion supervision in the Netherlands was completely inadequate. It had to improve, also at other banks, so that banks were fined promptly and not suddenly faced with a big fine of nearly €800 million. The chairman reminded Mr Vreeken that this was the Shareholders’ meeting of ING and that it was not appropriate to criticise members of parliament or supervisors. The chairman said he had noted Mr Vreeken’s comments and said that ING was working hard to resolve the shortcomings identified.

On the question of compensation raised by Mr van Kessel, Mr Hamers referred to what Mr van Rijswijk had said earlier in the meeting about the correct way in which the market and, therefore, the
shareholders had been notified of the situation and its result. He concluded that there was no reason to accept this demand.

Third round: other themes on agenda items 2A to 2D

Mr Pepping (Peize, who among other things had previously been a risk manager at a bank) asked how it was possible that it had been decided that no more than three alerts should be examined each day; he suspected it was for cost reasons. He was particularly interested in how this culture could have come about. He said that in retrospect he was angry that matters had not been in order at ING for all those years and wondered why the shareholders had not been properly informed at the time and what ING would learn from this history.

Mr Spanjer (Amsterdam) referred to an amount of €1 billion referred to in the 2017 Annual Report and asked if there were receivables in respect of ING in Italy and Ukraine. He argued that ING Investor Relations had neither contradicted nor denied reports in the press about ING in Ukraine and concluded that there was no smoke without fire. He, therefore, thought that something was going on and he wanted a comment on this. Mr Spanjer also wanted to know how much variable remuneration had been paid to ING staff in Italy and Ukraine. Finally, he said ING Investor Relations and ING branches had made it difficult for him when requesting a paper copy of the Annual Report. He referred to Mr Hamers’ comment that ING listened carefully to its customers but noted that not much came of this in practice.

Mr Visser (Bovenkarspel) said he was speaking on behalf of his brother Mr Jeroen Visser. He explained that on various occasions he had reported money laundering in the liquidation of bankruptcies in the flower bulb industry. When Mr Visser’s business had failed, €280,000 of tulips and the harvest had disappeared. €120,000 of fertiliser had also been ordered. The files prepared by Mr Visser and his brother were offered to ING, but to his disappointment it had referred him to a lawyer. Mr Visser, therefore, suggested that ING should consider setting up an independent committee to assess this type of small fraud. The chairman said he had the impression that what Mr Visser had explained was not related to ING’s policy on the settlement agreement with the Dutch Public Prosecution Service but to an individual problem between Mr Visser and the Public Prosecution Service and possibly also ING. As this was an individual matter of less significance to the other shareholders, the chairman decided to draw the matter to the attention of the relevant ING employees after the meeting for follow-up.

Mr Sluis (Amsterdam) referred to what Mr Hamers had shown in his presentation on the movement in the ING share price and said he was unhappy about this. Mr Sluis said he had owned shares in ING since before the money laundering affair had become known. Without the settlement agreement with the Public Prosecution Service, those shares would have been worth much more, before taking account of the irregularities identified in 2019. In his opinion, those irregularities could not be attributable to the shareholders but entirely to ING’s Executive Board and Supervisory Board. He said he held those bodies responsible for the fall in ING’s share price as a result of the settlement agreement. Mr Sluis said that after reflecting on what had happened at ING, he had decided to sell his shares. He asked whether the Executive Board and the Supervisory Board would be prepared to compensate the shareholders for the damage they had suffered in connection with the settlement agreement with the Dutch Public Prosecution Service and the related fall in ING’s share price.

The chairman moved to the replies to these questions.

In answer to Mr Pepping’s question, Mr van Rijswijk replied that the findings on the limited response to alerts had also come as a shock to the Executive Board. ING had then carried out an analysis of the reasons for the shortcomings identified and how they could have happened. This was also set out in the statement of facts on Project Houston. Five causes had been identified. The first was insufficient attention and priority. Second, ING employees were customer-focused and this meant that in a number of cases the customer file review was not completed before business was done with the customer. While this might have been done with the best of intentions, it was in breach of the applicable legislation and regulations. This became known as ‘business over compliance’. Third, for a number of years ING had
invested too little on IT and data analysis relevant to this point. ING could have done better at the time, so that unusual transactions by customers could have been identified and followed up much better. This created a need to implement the structural solutions which had been reported on earlier. Fourth, all the people in the various departments involved (in other words the first, second and third lines of defence) had been doing their best, but there was too little communication and so the overall picture was not monitored, which should have happened. Fifth, there was an absence of an escalation culture and too little communication with senior management. With respect to media reports on acting on no more than three alerts per day, Mr van Rijswijk said that there were dozens of scenarios and risk indicators and that any of them could generate an alert. A limit had been set on some of these and that was not good; ING should not have set a limit for these alerts and all of the signals should have been investigated. If there were better scenarios or predictors of unusual transactions, ING had to exchange the earlier scenarios for the better ones so that risk management could be more effective.

Mr Hamers explained in response to Mr Spanjer's first question that ING had many receivables and so he did not know exactly what Mr Spanjer meant. Mr Spanjer said this came from the Annual Report and Mr Hamers concluded that Mr Spanjer was probably referring to provisions. He then explained that ING never, including now, commented on possible provisions unless they exceeded a certain amount. With respect to the question on variable remuneration, Mr Hamers said that ING had to improve its gatekeeper role throughout the organisation. In order to give a signal internally that the Executive Board and the Supervisory Board took this very seriously and that an organisation won or lost as a team, the variable remuneration had been reduced globally, including, therefore, for ING in Italy and Ukraine.

With respect to Mr Visser’s comments and suggestion of an independent committee to assess small frauds, Mr Hamers said, adding to what the chairman had already said, that ING had already spoken with him on a couple of occasions and that there were sufficient bodies with which he could discuss his complaint. Mr Hamers said he did not see any added value from setting up an independent committee.

Mr Hamers then said to Mr Sluis that while the movement in the share price may have been disappointing, it did not differ from the movement at many other financial institutions and was related mainly to economic developments and expectations. Mr Hamers could not assess what effect the settlement agreement with the Public Prosecution Service had had on ING’s share price. The point was whether shareholders had been properly and adequately informed at the right time. As Mr van Rijswijk had already stated, ING believed it had done this.

Mr van den Bos (Stede Broec) said he had worked in the internal audit department of a bank and had experience of reporting unusual transactions. He referred to the conflict that banks faced between detecting money laundering practices and respecting the privacy regulations. Mr van den Bos referred to the stormy waters that the bank had had to negotiate in connection with the banking crisis, the euro crisis, problems in Greece etc. and that in his opinion Mr Timmermans had made a positive contribution to ING in this context. Finally, Mr van den Bos referred to what he believed was the remarkable resemblance between the disproportionate amount of the settlement agreement for ING and the government’s recent investment of almost the same amount in aviation. Furthermore, Mr van den Bos was of the opinion that the Dutch Public Prosecution Service has not taken into account the legal requirements of reasonableness and fairness towards ING and so the government had therefore committed a breach of the rules.

Mr Anink (Amsterdam) first said that in his opinion the settlement agreement with the Dutch Public Prosecution Service had worked well. He thought that the Executive Board and the Supervisory Board had realised that things had to change and that this had led to many proposals for improvement. He was happy that staff were being retrained and that measures were being taken in individual countries to be able to operate better in those societies. Mr Anink noted that only 14,000 of ING’s 54,000 employees worked in the Netherlands and that he thought that ING’s strategy was aimed mainly at further growth outside the Netherlands. He asked if this was the thinking underlying ING’s recent increase in its holding
in the Bank of Beijing from 13% to 51%. Finally, he complimented ING on what he thought was a good profit despite all the circumstances.

The chairman moved to the replies to these questions.

Further to Mr van den Bos’s comments, Mr Hamers put forward his thoughts on the way in which the policy against money laundering practices could be more effective. He thought that this should start with the banks and what they could do in their processes, policy, organisational structure and the resources used for this. ING had to ensure that it knew its customers well and properly analysed the signals coming from internal systems. There was then the question of how organised groups could be discovered in an ever more complex world. The reality was indeed that privacy legislation limited the information that banks could share with others. Mr Hamers noted that Mr van Rijswijk sat on a consultative council where representatives of the Dutch Public Prosecution Service, the Fiscal Information and Investigation Service (FIOD) and other banks were learning from each other. The Dutch government had recently indicated an examination into possible changes in co-operation or amendments to the legislation so that different parties could work together on combatting financial-economic crime more effectively. Mr Hamers emphasised that this did not absolve banks from their duty to be good gatekeepers. ING was taking the enhancement programme currently being implemented very seriously.

Finally, Mr Hamers thanked Mr Anink for his compliments and said that where ING mainly saw growth in Europe was in areas where it offered a different proposition from other banks, in other words the digital proposition. On ING’s holding in the Bank of Beijing, Mr Hamers explained that ING owned 13% of the Bank of Beijing and has worked with it to set up a joint venture focusing on digital banking in China. ING would own 51% of that joint venture. This did not mean that ING no longer had a holding in the Bank of Beijing, as that bank was a solid and strategic partner for ING. In addition it was good to have a local partner in China. The local supervisor had requested ING and its local partner to look at whether it could introduce digital banking in a regulated way in China. This was the joint venture which was being investigated further and not everything had yet been decided.

The chairman thanked everyone, closed the questioning on items 2A to 2D and moved to agenda item 2E.

2E. Annual Accounts for 2018 (voting item)

The chairman announced that the Executive Board had prepared the Annual Accounts, presented on pages 143 to 382 of the Annual Report, in English on 4 March 2019 and that they had been available on ING’s website, www.ing.com, since 7 March 2019. 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 383 to 390 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 associated reports and referred to the presentation on the screen and the Annual Report during his comments.

What had KPMG audited? KPMG had audited the parent company and consolidated Annual Accounts of ING Groep N.V. for 2018 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 annual accounts 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.

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 approximately 4% of the net profit before tax. In effect, the materiality level determined the degree of detail to which KPMG audited the figures. A lower materiality level (€0.1 million) was applied to the disclosures on directors' remuneration, as required by the nature of the disclosures. The disclosures on directors' remuneration had to meet many statutory requirements and so KPMG used a lower materiality level than for the audit of the annual accounts as a whole. 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. In addition, the audit team had itself visited several countries and reviewed the local audit files. About 90% of the assets and 80% 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 legislation and regulations in the Netherlands and the other countries where it operates. As part of its audit of the annual accounts, KPMG examined the possible impact on the annual accounts of any non-compliance with legislation and regulations. Some laws and rules had a direct effect on the annual accounts and some had an indirect effect: KPMG established that the impact of laws and rules with a direct effect on the annual accounts had been properly and fully recognised in the annual accounts. In the event of indications of non-compliance with laws and rules with an indirect effect, KPMG used supplementary audit procedures to ascertain whether this had an impact on the annual accounts, 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 supervisors. KPMG had performed the required work on non-compliance with legislation and regulations for the past financial year and reported its findings accordingly. KPMG believed that ING had properly recognised or disclosed the impact of non-compliance in the annual accounts and the Annual Report. KPMG had reported on this to the stakeholders referred to earlier.

The following three key audit matters arose from the audit of the 2018 annual accounts and KPMG's report:

(1) Provision for loan losses: ING had a loan portfolio of some €600 billion, measured at amortised cost, and there was a provision of some €4.5 billion should these loans prove uncollectible. The provision comprised general and specific provisions. In respect of the estimation uncertainty on the provision for loan losses, estimating the provision required management judgement, such as an estimate of macro-economic scenarios, estimates of the solvency of debtors and where necessary manual adjustment to the provision. In view of the complexity of the models underlying the provision, KPMG worked with modelling and finance specialists to assess the level of the provisions on the basis of the new standard IFRS 9. Overall the assumptions, methodology, cash flows and collateral values were covered by the audit.

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 the loan portfolio: ING's provision is regarded as neutral to mildly cautious.

(2) Non-compliance with legislation and regulations on money laundering and terrorist financing: Since being appointed as auditor, KPMG had met the Executive Board and reported to the Audit Committee and the Supervisory Board each quarter on its findings from examinations of the procedures to prevent
money laundering. KPMG had also reported its findings on the procedures on preventing money laundering and on ongoing investigations to ING’s supervisors, the ECB and DNB. DNB was primarily responsible for supervision of compliance with the Anti-Money Laundering and Counter Terrorism Financing Act (Wet ter voorkoming van witwassen en financieren van terrorisme - Wwft) and its enforcement. KPMG had also notified the AFM. Twice a year, KPMG also commented on the contents of its reports to the Joint Supervisory Team (JST), in which the ECB and DNB work together on supervising ING. KPMG also has to report unusual transactions to the Financial Intelligence Unit of the national police force. KPMG included an assessment of the report requirements when performing its normal audit work.

ING had already reported the ongoing investigation by the Public Prosecution Service and the uncertainties about the extent to which enforcement of its outcome could be significant, for example in the form of fines, in its 2016 annual accounts. An important question was whether shareholders could have been notified earlier about the level of the settlement agreement reached in September 2018. With reference to page 388 of the 2018 Annual Report, KPMG stated that in its opinion the settlement agreement of €775 million with the Public Prosecution Service had been timely, accurately and completely accounted for and appropriately disclosed in the 2018 annual accounts. Mr Hogeboom explained that this item could not have been recorded as a provision earlier, as ING had not been allowed to recognise the financial impact of the settlement agreement with the Public Prosecution Service or a possible fine earlier since IFRS bookkeeping rules do not permit a provision being formed if it cannot be specifically and reliably estimated. Recording a sum without an adequately reliable estimate purely for reasons of prudence is not permitted as this could mislead the shareholders. Settlement agreements are regulated by the government’s Designation Order for High Settlements and Special Settlements (Aanwijzing hoge transacties en bijzondere transacties), which states that a proposed transaction by the Public Prosecution Service must be submitted to the Minister of Justice. The minister can then decide whether or not to accept political responsibility for the proposed settlement or believes that the matter should be put to the courts. A party to the transaction could also always refuse it and have the matter submitted to the courts. ING was uncertain until the moment the transaction was approved on 3 September 2018 whether the case would lead to a settlement agreement or legal proceedings. The range of financial consequences of legal proceedings or a settlement agreement was very wide and varied from a possible fine following legal proceedings to an amount that might be agreed in a settlement. For this reason, the estimation uncertainty for the level of the financial consequences as a result of legal proceedings or a settlement agreement was so large in the period ahead of the transaction on 3 September 2018 that the Executive Board could not make a reliable estimate allowing it to recognise a provision according to the reporting rules. KPMG had challenged the Executive Board extensively on this assumption and critically assessed the information available at that time.

In addition to this, Mr Hogeboom confirmed that the disclosures on the investigations by the Public Prosecution Service that ING had made in its annual accounts for the years 2016, 2017 and 2018 met the requirements. It should be noted that ING did not know in 2016 what it knew, for example, in 2019 with respect to the investigations into the shortcomings in procedures to prevent money laundering and what is not known cannot be disclosed. In summary, ING had disclosed since the 2016 annual accounts that the Public Prosecution Service was carrying out an investigation and that the financial effect could be significant. The Board of ING had started a global programme to improve the procedures to prevent money laundering by customers. This enhancement programme had been designed in part around the shortcomings identified in the Netherlands. KPMG had discussed this several times with the Board. The Annual Report presented the global programme in detail and noted that it was expected to run to the end of 2020. During the year, KPMG regularly attended meetings of the Executive Board, the Audit Committee and the Supervisory Board and noted that the enhancement programme was receiving sufficient attention from these bodies. Given the size, term and complexity of this programme, KPMG also expected that it would continue to receive the necessary time and attention in the coming years.

In this context, Mr Hogeboom referred to the corporate governance statement by ING’s Executive Board on pages 120 and 121 of the Annual Report in which the Board confirmed that compliance with
legislation and regulations was a key priority for it and that the ING organisation was working hard
around the world on the structural improvement of Know Your Customer and Customer Due Diligence to
raise the procedures to prevent money laundering to a structurally higher level. The statement also
noted that the Board could not rule out the risk of non-compliance, but was committed to structural
improvements. Mr Hogeboom said that he himself had experienced the commitment of the Board and
the supervisory directors with respect to this in the past year.

(3) Access controls on IT systems: KPMG had assessed the safeguards as adequate. Mr Hogeboom
continued his comments by stating that in its audit, KPMG had also examined the possible impact on the
2018 annual accounts of events after the reporting date and before the date of the auditor’s report
(4 March 2019) and before the publication date of the annual accounts. The Regulation on Rules of
Ethical and Professional Conduct for Accountants (Verordening gedrags- en beroepsregels accountants -
VGBA) requires KPMG to assess whether such events have a material effect and require incorporation in
the annual accounts or should be disclosed. In this context, Mr Hogeboom specifically addressed the
situation at ING in Italy: on the date of KPMG’s auditor’s report it was known that the local supervisor,
Banca d’Italia, had investigated the procedures to prevent money laundering at ING in Italy. ING noted
there are ongoing investigations by supervisors by stating ‘ING Group and its consolidated subsidiaries
are involved in governmental, regulatory, arbitration and legal proceedings and investigations in the
Netherlands and in a number of foreign jurisdictions’ on page 274 of the 2018 Annual Accounts. No
report from the local supervisor was available on the date of the auditor’s report on the annual accounts
and consequently the result of the investigation was not known. ING management and the external
auditor of ING in Italy had confirmed this to KPMG in writing. At an earlier stage, KPMG – and the Board –
had reported to the Audit Committee and the Supervisory Board that the local authorities in Italy had
started an investigation and that the conclusion of the investigation was not yet available.
Consequently, the Board had concluded in respect of events after the reporting date that the
investigation at ING in Italy had no financial impact on the 2018 annual accounts and did not require
separate disclosure beyond the general disclosures on ongoing investigations by supervisors on page
274. Based on its work, KPMG concurred with the Board’s conclusion that the progress of this
investigation between the date of the financial statements and the date of the auditor’s report and
publication of the annual accounts did not require a change to or additional disclosures in the 2018
annual accounts. Finally, KPMG had also assessed whether events had occurred between the date of its
auditor’s report and today, 23 April 2019, that required a change to or disclosure in the 2018 annual
accounts. Mr Hogeboom confirmed that this was not the case.

In conclusion, Mr Hogeboom reported that on 6 September 2018 the VEB had sent questions to ING, EY
and KPMG on how the settlement agreement of 3 September 2018 had come about, its treatment in the
books and records and the work done by ING and KPMG further to the shortcomings identified in
compliance with the Wwft. ING had published its response to that letter on Friday, 19 April 2019. Mr
Hogeboom addressed this briefly, without assessing the period 2010 to 2015 as KPMG had only been the
auditor since the spring of 2016. Since then, KPMG had reported its findings on customer due diligence
and client activity monitoring to the Executive Board and the Supervisory Board and pointed out their
responsibilities in this respect. This was also stated in ING’s response to the VEB’s letter. Insofar as the
replies in that letter related to the role of KPMG, they were correct.

The chairman thanked Mr Hogeboom for his comments and called for questions and comments on
agenda item 2E.

Mr van den Bos (Stede Broec) complimented KPMG on its clear explanation and was much more positive
about KPMG than last year. Referring to the legislation and regulations he wondered, however, whether
at 0.75% the provision for loan losses was on the low side taking into account a possibly less favourable
economic climate than today’s. It was his experience that previously the provision had always been
above 1%. He also wanted to know if the global consultations between EY and KPMG and the handover
had gone well in terms of significant matters that, with hindsight, should perhaps have been tackled
differently or better, for example with respect to any information available at the time on findings on
customer due diligence (CDD) and client activity monitoring (CAM). Mr Hogeboom explained that the level of the provision was governed by the correct application of IFRS 9. It took account of macro-economic scenarios, all of which to date were favourable, and with a past that had shown that ING had a very good track record on limiting loan losses. This, in combination with a worldwide assessment by KPMG of many individual credit files at ING, allowed KPMG to conclude that ING’s provision was well supported and fully and correctly measured. Mr van Rijswijk (CRO) added that ING’s loan losses were relatively low compared with some others in the sector: ING had about 1.5% of non-performing loans (loans not currently being repaid on time) at the end of the past year. This indicated that the provisions were relatively limited when comparing to the total balance sheet. Mr Hogeboom then explained that KPMG had worked around the world with EY for a certain period to get to know ING’s processes, systems and people. The Regulation on Rules of Ethical and Professional Conduct for Accountants (VGBA) does not permit announcements on what KPMG had or had not found out at that time. Mr Hogeboom said that ING had started its own examination of CDD and CAM immediately after the visit of the Public Prosecution Service and the Fiscal Information and Investigation Service (FIOD) in the spring of 2016. That coincided with the time KPMG started its work for ING. KPMG had always assessed whether ING was taking the right steps.

Mr van Iepen (Amsterdam) asked, like last year, if a brief summary of the Annual Report, balance sheet and income statement and a statement on cash flows could be made available for private shareholders in the Netherlands. He also asked if the Board could make the quantity of information more manageable. Referring to page 149, he asked what the abbreviations ‘n/a’ (in Held-to-maturity investments) and ‘FVOCI’ (in Financial assets at FVOCI) meant. He asked what was included in ‘Other’ of €4 billion on page 219. With reference to ‘Amounts held at central banks’ which had increased from €19 billion to €47 billion, Mr van Iepen wanted to know if ING was drawing too much money, as it had to pay if it held all or part of this at the ECB. Mr van Rijswijk (CRO) started by explaining that the abbreviations ‘n/a’ and ‘FVOCI’ stood for ‘not applicable’ and ‘Fair Value from Other Comprehensive Income’ respectively and referred to page 154, which showed that there had been many reclassifications of financial instruments from one balance sheet item to another as a result of the new mandatory IFRS standard and that one effect of this had been an impact on the statement on cash flows. On ING’s operating cash flows, Mr van Rijswijk explained that these worked differently at banks than at manufacturing companies: if a bank had more working capital and so granted more loans or invested more, this was expressed as a negative rather than a positive cash flow.

Mr van Rijswijk explained that the amount of funds drawn by ING had to do with strategic and liquidity considerations. As part of its strategy, ING was aiming for growth in the number of primary customers. That growth could be achieved in part by attracting deposits and although these could in themselves be loss-making, that could be offset by providing other products and services to those customers. With respect to liquidity, ING was required to maintain a coverage ratio of more than 100%, so that it could ensure that it had sufficient liquidity to meet any unexpected cash flow demands from customers in the short term, for example in times of crisis. Not all of the liquidity was, therefore, always needed for operations and such a surplus was not delivering a profit at that time. The extra liquidity was, however, needed to ensure the continuity of activities.

Mr Deen (shareholder via the holding company Forner B.V.) complimented both the CEO and KPMG for their comments today and ING for the results achieved. Referring to the enhancement programme, he asked for KPMG’s opinion on ING’s culture and internal controls from the time KPMG had become ING’s auditor in 2016 until now. Mr Hogeboom explained that culture and tone at the top were two sides of the same coin. Both were very important to bringing about improvements, but at the same time it was very difficult to attribute a standard to these elements. Based on its experience since starting work for ING, KPMG’s opinion was that the Executive Board and the Supervisory Board had been taking the right steps on this, even though it was a complex process because of the time needed to anchor it structurally throughout the organisation as intended. With respect to internal control, Mr Hogeboom referred to the true and fair view of ING’s financial position and the unqualified report that KPMG had issued on ING’s
internal controls on financial reporting. This was evidence that the Board was not only taking the matter seriously but was properly in control to produce reliable financial reporting.

Another shareholder, a member of the VEB, referred to the following phrase ‘while a provision has been recognised, the review of such issues is ongoing’ on page 274 of the Annual Report in respect of the case on deferred taxes in the United States. He wondered how a provision could be formed for this while the amount is not yet known. Mr Hogeboom explained that the matter had been examined closely. A small provision had been formed that was correct and complete on the basis of current information and ING expected the matter to be resolved satisfactorily in the near future.

The shareholder then asked about KPMG’s role with respect to the sanctions policy. Mr Hogeboom replied that KPMG did not address an organisation’s sanctions policy, although it did assess whether measures taken by or in the Board were correct and recorded in the annual accounts according to the rules and he confirmed that this was the case at ING. Finally, the shareholder asked if the chairman, on behalf of the Executive Board and the Supervisory Board, could vouch for the accuracy, completeness and reliability of the information provided, given in part the questions raised during the meeting, not all of which, in his opinion, had been answered satisfactorily. He said this would also be expressed later during the agenda items on the request to grant discharge. The chairman replied that ING did all it could to answer all questions as correctly and fully as possible.

Mr Stevense (SRB) wondered how KPMG decided which local ING entities were examined annually and whether those examinations were always announced, since if so there was probably less chance that errors would be discovered. Mr Hogeboom said that this was part of the ‘remote entity risk’. He explained that KPMG carried out surprise audits at small entities and that these were not announced in advance. For ING, the Netherlands, Belgium and Germany were always within KPMG’s scope for a full audit. The scope for the other, usually smaller, ING units elsewhere varied each year and this was reported to the countries involved to ensure that KPMG could also observe what was happening in the proverbial ‘far reaches’ of a large bank like ING.

Mr Spanjer (Amsterdam) asked in which small countries KPMG had undertaken such surprise audits at ING. Mr Hogeboom replied that Romania was a significant country that had been in scope for KPMG for the first time in 2019. In audit terms it was very small in the ING context (less than 1% of the assets) but at the same time it was one of the largest banks locally. KPMG, therefore, thought it important to assess how things were in terms of the internal controls and financial reporting.

In addition, Mr Stevense wanted to know from Mr van Rijswijk why the Dutch government had not funded the settlement agreement of €775 million imposed on ING from the European budget. Mr van Rijswijk (CRO) said that this concerned two completely different subjects and that the settlement agreements of €775 million had already been paid by ING.

Referring to directors’ liability and remuneration, Mr Spanjer (Amsterdam) asked whether KPMG had been involved in the departure of Mr Timmermans, the former CFO, and the severance pay granted to him. Mr Spanjer also asked about the effects of IFRS 16. Mr Hogeboom explained that the materiality that KPMG applied for directors’ remuneration was €100,000. He could confirm that, given the sensitivity and nature of the matter, KPMG had examined this in detail to ensure that everything relating to primary and secondary remuneration, emoluments and any other payments was complete and correct, including in the case of Mr Timmermans.

With respect to IFRS 16, Mr Hogeboom referred to the disclosures towards the back of the annual accounts which noted that ING had a little more than €1 billion of items not shown on the face of the balance sheet. This included lease liabilities. The new IFRS 16 standard required an organisation to review every lease individually to determine whether or not it should be recognised in the balance sheet. ING had done that.
The chairman thanked everyone for their comments, questions and answers and, after the voting procedure had been explained, moved to the vote on agenda item 2E.

Following the electronic voting, the chairman announced that the Annual Accounts for 2018 had been adopted by 2,268,965,351 votes in favour, 221,029 votes against and 5,232,263 abstentions.

The chairman closed this agenda item and continued to the next agenda item.

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

The chairman referred to pages 61 to 64 of the Annual Report and explained that ING aimed to maintain a healthy core Tier-1 ratio above the requirement of 11.8% 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 14.5% at 31 December 2018, ING met these requirements. ING was also aiming to pay a progressive dividend and proposed dividends would be based in part on expected future capital requirements, growth opportunities available to ING Group, net earnings and legal and regulatory developments.

The chairman called for questions and comments on agenda item 3A.

Mr van den Bos (Stede Broec) asked if the cash flows were properly in order so that good dividends could still be paid in the future, as he expected that a number of issues that might involve ING, such as the Russian Troika Laundromat money laundering case, could cost ING money. Mr Hamers (CEO) replied that when ING was considering declaring a dividend, it first assessed its current capital buffer and the impact on it, taking account of TRIM ('Targeted Review of Internal Models', a reassessment initiated some time ago by the ECB of internal risk models which banks use to calculate their statutory required capital buffers) and Basel IV. ING then estimated how much profit it thought it could generate in future and how that profit could be used to further improve the capital position allowing for TRIM and Basel IV and also to continue growing and paying dividends. Given this, ING believed that it could pay the 2018 dividend with confidence.

The chairman noted that there were no further questions or comments, closed this agenda item and moved to the next agenda item.

3B. Dividend for 2018 (voting item)

The chairman referred to the proposal in agenda item 3B in the Explanatory Notes to the Agenda in the notice of meeting and pages 61 to 62 of the Annual Report. He then explained that the net profit for 2018 was €4.703 billion. After adding €2.057 billion to the reserves, €2.646 billion was at the disposal of the Annual General Meeting. It was proposed to pay a dividend of €0.68 per ordinary share for 2018. Taking into account the interim dividend of €0.24 that had been declared in August 2018, the final dividend would be €0.44 per ordinary share to be paid in cash after deduction of 15% Dutch dividend withholding tax. The Supervisory Board recommended adoption of the proposal.

The chairman noted that there were no questions or comments on this agenda item and moved to the vote.

Following the electronic voting, the chairman announced that the proposed dividend for 2018 had been agreed by 2,267,276,107 votes in favour, 4,679,227 votes against and 2,485,232 abstentions.

The chairman closed this agenda item and moved to the next agenda item.

4A. Discharge of the members and former members of the Executive Board in respect of their duties performed during the year 2018 (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 waives its right of action against a director or supervisory director. Granting discharge releases a director or supervisory director from liability towards the company. As already discussed earlier in the meeting, 2018 had been a very disappointing year in a number of respects, including for the Executive Board and the Supervisory Board. Given that disappointment, which had also become clear to ING from its many direct contacts with shareholders in the recent past, ING understood that some shareholders did not wish to grant the requested discharge. ING understood and respected shareholders who wanted to express their disappointment in this way. The 

chairman 

said that at the same time no-one would be surprised that ING saw things differently and called for questions or comments.

Mr Sluis (Amsterdam) referred to the letter he had sent to the Executive Board and the Supervisory Board and the matters in it that he had raised earlier in this General Meeting. He did not believe that discharge could be granted to the members and former members of the Executive Board and the Supervisory Board as he thought that the policy they had followed was not in order and misleading. Ms Stavast (representing PGGM Investments and speaking on behalf of its clients and shareholders) referred to PGGM’s obligation to its members to take responsibility for how it voted on the policy implemented by and supervision at companies in which it invests. She believed that the principal duty of the Executive Board of a systemically important bank, under the supervision of the Supervisory Board, was to safeguard the reputation of the bank and public confidence in it. In respect of ING she listed the two main issues from 2018, the CEO’s remuneration and the settlement agreement with the Dutch Public Prosecution Service, which she believed had been detrimental to ING’s reputation and had led to adverse public sentiment towards the bank. These two issues were reasons why PGGM would not support the proposal to grant discharge to the members and former members of the Executive Board and the Supervisory Board in respect of their duties performed during 2018.

Mr van den Bos (Stede Broec) said that he had intended to grant discharge but that he would now abstain. The reason for this was uncertainty about the influence of the government and public opinion in the light of whether it was right to be able to hold directors liable after earlier agreements between the parties involved in these issues. He referred to the settlement agreement reached with the Dutch Public Prosecution Service after which the then CFO, Mr Timmermans, had to resign under public/political duress. He expressed his displeasure with this and wondered if the resignation was right and if such a situation could occur again. Mr van den Bos referred in addition to the media and the negative picture presented of ING and Mr Timmermans. He added that Mr Timmermans had an excellent reputation and wanted the chairman to ensure that it was safeguarded. He expected a more active mitigating role in this from the Supervisory Board and its chairman.

Mr Spanjer (Amsterdam) took this up and wondered if it was correct that after granting discharge no further claims could be made against the current and former members of the Executive Board and the Supervisory Board, such as against Mr Timmermans. In that context, he thought it was a failure of policy that Mr Timmermans was not present today. The 

chairman 

responded to Mr van den Bos and Mr Spanjer by explaining that with respect to the settlement agreement with the Dutch Public Prosecution Service, there were criminal offences that were attributable to the organisation as a whole and not to individuals. No comment had been made in that context about the integrity of any ING employee. The 

chairman 

announced that he was fully convinced of Mr Timmermans’ integrity and qualities and that unfortunately everybody had to realise that, in consultation with the Supervisory Board, Mr Timmermans had accepted the consequences of the settlement agreement with the Public Prosecution Service.

Mr Koster (VEB) said that, like a number of others, despite much going well at ING, he would not grant discharge this year as he believed that in the light of the events in 2018 there was an incomplete picture
of exactly where ING was now in significant areas of internal control. He hoped that ING could demonstrate this better in 2019 so that next year he could again grant discharge.

Following the questions and comments on what discharge meant, at the chairman’s request, Ms van Oosten Slingeland (deputy general counsel) explained this further. She said that it was customary for members and former members of the executive and supervisory boards of Dutch listed companies to ask to be released by the shareholders in the General Meeting – and, therefore, on behalf of the company – from liability for damage that the company may have suffered or may suffer in future as a result of the actions of those members. Discharge was therefore, merely an internal arrangement and said nothing about liability claimed by third parties. The chairman referred in this connection to the information available, including in the Explanatory Notes to the Agenda in the notice convening this General Meeting, the related documentation and what was shown on ING’s website. With respect to the settlement agreement, the chairman also referred to the publicly available information from and communication by the Dutch Public Prosecution Service in which it had established that the crimes were attributable to the organisation as a whole and not to individuals, as had just been explained to Mr van den Bos and Mr Spanjer.

Mr Vreeken (WeConnectYou) suggested that, given the debate on discharge, it would perhaps be a good idea to have a former Dutch minister of Finance join ING’s Supervisory Board as, given their former role, they would have plenty of experience of supervision. The chairman thanked Mr Vreeken for his suggestion and said he would keep it in mind.

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 2018 as set out in the Annual Accounts for 2018, the Report of the Executive Board, the Corporate Governance chapter, the chapter on Section 404 of the Sarbanes-Oxley Act, the Remuneration Report 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 rejected by 762,842,279 votes in favour, 1,271,584,480 votes against and 240,008,167 abstentions.

The chairman closed this agenda item and moved to the next agenda item.

4B. Discharge of the members and former members of the Supervisory Board in respect of their duties performed during the year 2018 (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 2018 as set out in the Annual Accounts for 2018, the Report of the Supervisory Board, the Corporate Governance chapter, the chapter on Section 404 of the Sarbanes-Oxley Act, the Remuneration Report 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 rejected by 758,189,336 votes in favour, 1,276,152,682 votes against and 240,093,408 abstentions.

The chairman announced that the results of the voting on agenda items 4A and 4B were a deep disappointment to ING, even though they were not entirely unexpected given the intensive dialogue that the Executive Board and the Supervisory Board had had with shareholders in the recent past. ING understood that this was an expression of disappointment after the considerable settlement agreement that ING had reached as a result of shortcomings in the fulfilment of its role as a gatekeeper in the period from 2010 to 2016. The Executive Board and the Supervisory Board saw this as a spur to
continuing the Know Your Customer enhancement programme started in 2017 and to implement structural improvements throughout the business.

A little later in the meeting, Mr van den Bos (Stede Broeck) also expressed his disappointment and incomprehension about the fact that neither proposal to grant discharge had been carried since – certainly with respect to the settlement agreement with the Public Prosecution Service – the period of office of most current and former members of the Executive Board and Supervisory Board was shorter than the period from 2010 to 2016 to which the settlement agreement related.

The chairman closed this agenda item and moved to the next agenda item.

5. Reappointment of the external auditor (voting item)

The chairman moved the reappointment of the external auditor and referred to the proposal in agenda item 5 in the Explanatory Notes to the Agenda in the notice of meeting. He explained that the Supervisory Board proposed to reappoint KPMG Accountants N.V. (KPMG) as the auditor of the company to audit the annual accounts for each of the financial years from 2020 to 2023 (inclusive). KPMG had been appointed as external auditor of ING Group for the financial years from 2016 to 2019 (inclusive) at the General Meeting of 2015 and would, therefore, perform the audit of and issue a report on the current financial year, 2019.

The Supervisory Board’s proposal was based on a thorough assessment performed by its Audit Committee. Elements considered in this assessment included independence, quality, relationship, audit team composition and fees. Based on that assessment, the Audit Committee had recommended reappointing KPMG as the auditor for four years (2020, 2021, 2022 and 2023) and the Supervisory Board had accepted that recommendation.

The chairman called for questions and comments on agenda item 5.

A shareholder asked if KPMG had also performed the audit in the period when there had been organisational failures. The chairman replied no and referred to the questions and answers on this earlier in the meeting.

The chairman noted that there were no further questions or comments on this agenda item and moved to the vote.

Following the electronic voting, the chairman announced that the proposal in agenda item 5 had been carried by 2,247,434,176 votes in favour, 25,943,736 votes against and 982,098 abstentions.

The chairman closed this agenda item and moved to the next agenda item.

6. Composition of the Executive Board: appointment of Tanate Phutrakul (voting item)

The chairman moved the appointment of Tanate Phutrakul as a member of the Executive Board with effect from the end of this General Meeting to the end of the Annual General Meeting to be held in 2023 and referred to the proposal in agenda item 6 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 18.2 of the Articles of Association and information on the nominated candidate. He asked Mr Phutrakul to stand and briefly introduce himself. Mr Phutrakul (CFO) referred to his curriculum vitae and said that he had already been CFO of other parts of ING for some years. He looked forward to supporting ING as a member of the Executive Board.

The chairman called for questions and comments on agenda item 6.
Mr van den Bos (Stede Broec) referred to a previous non-Dutch-speaking CFO who had been a member of the Executive Board and who did not have a command of the Dutch language. He wondered if Mr Phutrakul could make himself understood in Dutch by the next Shareholders’ meeting. The chairman said that a command of Dutch was not a condition for fulfilling this position.

The chairman noted that there were no further questions or comments on this agenda item and moved to the vote.

Following the electronic voting, the chairman announced that the proposal in agenda item 6 had been carried by 2,240,642,666 votes in favour, 16,397,223 votes against and 17,317,133 abstentions.

The chairman congratulated Mr Phutrakul, closed this agenda item and moved to the next agenda item.

7. Composition of the Supervisory Board

The chairman explained that the Supervisory Board was aiming for at least 30% of its membership to be female and at least 30% male. In connection with the unexpected resignation of Ms Sherry for personal reasons in September 2017 and given the approaching retirement of Henk Breukink at the end of this meeting, the Supervisory Board had, in September 2017, immediately started the process to find suitable new members.

Finding suitable candidates was a challenge as various requirements on the composition, including many statutory ones, had to be met, including background, knowledge, experience, ancillary positions, independence, conflicts of interests and availability. The proposed reappointment of Ms Gheorghe under agenda item 7A and the proposed appointments of Mr Rees and Ms Verhagen under agenda items 7B and 7C meant that the proportion of women on the Supervisory Board would be one-third or 33.33% from 1 October 2019. The Supervisory Board also met other diversity criteria and statutory requirements.

7A. Reappointment of Mariana Gheorghe (voting item)

The chairman moved the reappointment of Mariana Gheorghe as a member of the Supervisory Board with effect from the end of this General Meeting to the end of the Annual General Meeting to be held in 2023 and referred to the proposal in agenda item 7A 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.

The chairman called for questions and comments on agenda item 7A.

Mr van den Bos (Stede Broec) commented on the male/female percentages. The chairman explained that at least 30% of the full Supervisory Board should be women and at least 30% should be men and that other types of diversity were also important to the composition of the Supervisory Board.

Mr Stevense (SRB) said he would like to hear the motivation of all proposed candidates, including the member proposed for reappointment. The chairman asked Ms Gheorghe to share her reasoning. Ms Gheorghe explained that she had agreed to her candidature for a new period of office as she had respect for the good that this bank was doing in the Netherlands and the other markets where it operated. She regarded it as a great honour and, at the same time, a great challenge to be a member of the Supervisory Board of ING. As she had resigned from another position as CEO during the previous year, she believed that it would be easier for her to continue to make sufficient time available for ING.

A shareholder asked if from now on all proposed candidates could automatically comment themselves on their special qualities during the General Meeting. The chairman replied that the special qualities of all candidates were set out in the relevant agenda items in the Explanatory Notes to the Agenda in the notice of meeting, in this case items 7A to 7C. New candidates would give a short spoken commentary.
If those comments were in English they would be translated through headsets as announced at the start of the meeting. On Ms Gheorghe’s special qualities, the **chairman** said that she had broad experience in managing a large listed company. She also had knowledge and experience in the financial sector as well as in international trade and industry. Another consideration was the way she had performed her role as a member of the Risk Committee and the Nomination and Corporate Governance Committee during her current term of office. Finally, as a person she was a very pleasant and constructive colleague.

The **chairman** noted that there were no further questions or comments on this agenda item and moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal in agenda item 7A had been carried by 2,218,204,227 votes in favour, 36,897,408 votes against and 19,255,087 abstentions.

The **chairman** congratulated Ms Gheorghe, closed this agenda item and moved to the next agenda item.

**7B. Appointment of Mike Rees (voting item)**

The **chairman** moved the appointment of Mike Rees as a member of the Supervisory Board with effect from the end of this General Meeting to the end of the Annual General Meeting to be held in 2023 and referred to the proposal in agenda item 7B 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. He asked Mr Rees to stand and briefly introduce himself.

*Mr Rees* said that he was a chartered accountant and had worked in international banking for 36 years, including some time in Asia, and for some of those 36 years he had roles in finance and risk management. He had been head of Global Markets, head of Wholesale Bank and, finally, deputy CEO at Standard Chartered Bank. He had resigned two years ago and since then had focused on technology, start-ups, cybercrime and artificial intelligence. He had recently set up a fintech members’ association for Africa. He said he had known ING for a long time from earlier co-operation between ING and his former employer.

He thought that ING had done a great job since the financial crisis and as supervisory director he wanted to contribute to the next stages of ING’s development. The **chairman** added that the nomination for the appointment of Mike Rees was based in part on his successful career in international markets, including his experience in wholesale banking and his knowledge of fintech. With his past executive knowledge and experience, including as deputy CEO at Standard Chartered Bank, he would add value to ING’s Supervisory Board and would be complementary to the other Supervisory Board members.

The **chairman** called for questions and comments on agenda item 7B and noted that there were none. He moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal in agenda item 7B had been carried by 2,181,715,713 votes in favour, 75,255,390 votes against and 17,383,899 abstentions.

The **chairman** congratulated Mr Rees, closed this agenda item and moved to the next agenda item.

**7C. Appointment of Herna Verhagen (voting item)**

The **chairman** moved the appointment of Herna Verhagen as a member of the Supervisory Board with effect from 1 October 2019 to the end of the Annual General Meeting to be held in 2023 and referred to the proposal in agenda item 7C 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. He asked Ms Verhagen to stand and briefly introduce herself.

Ms Verhagen said that she had worked for PostNL for 27.5 years and had been CEO for the last seven years. Before that she had been HR director at TNT. PostNL was a business in the middle of a transformation from a traditional postal delivery service to an e-commerce logistics company. That was something she also admired at ING: it too was busy with a transformation and, if appointed, she hoped to be able to contribute to that.

The chairman added that the nomination to appoint Herna Verhagen was based in part on her previous positions with responsibilities in the areas of human resources and general management including governance-related matters. She had vast experience in operating in a highly-regulated and complex environment that had a strong connection with society, also given her current executive role. In view of the end of Henk Breukink’s final term of office on the Supervisory Board, chairmanship of the Remuneration Committee and membership of the Nomination and Corporate Governance Committee, with her background and executive experience Ms Herna would complement ING’s Supervisory Board and could make a significant contribution.

The chairman called for questions and comments on agenda item 7C.

Mr Vreeken (WeConnectYou) said that he thought that Ms Verhagen was a fine CEO who was highly skilled and communicative. In the light of recent events at ING, Mr Vreeken recommended the chairman to consider adding a former Dutch minister of finance who would have knowledge and experience in bank supervision to the Supervisory Board to get ING back on the right path. He also referred to his suggestion earlier today to appoint a chief communications officer since he believed that ING had to communicate much better. He said he was prepared to take on that role temporarily.

A shareholder had the impression that Ms Verhagen had been nominated to meet the minimum of 30% of women on the supervisory boards of Dutch companies. He did not think she was suitable and referred to her earlier role at another financial institution and the movements in the share prices of that institution and PostNL. He preferred Mr Vreeken’s suggestion to appoint a former Dutch minister of finance to the Supervisory Board.

Mr van Iepen (Amsterdam) had several comments. With respect to the requirement of at least 30% of women on the Supervisory Board, he hoped that no concessions would be made on quality. He also stated that he would vote against the proposal, not for personal reasons against Ms Verhagen but because of his reflections as an investor given the performance of PostNL.

Mr Spanjer (Amsterdam) disagreed with ING’s nomination for the appointment of Ms Verhagen and ING’s description that she was strong in human resources matters. He referred to PostNL’s annual report which showed that its staff were very unhappy.

Mr van den Bos (Stede Broec) was surprised by the negative reactions. He referred to his experience with PostNL and Ms Verhagen’s role there. He thought Ms Verhagen was a skilled manager, including in dealings with the Dutch government. He, therefore, supported ING’s nomination for her appointment as a member of the Supervisory Board.

Mr Dekker (Utrecht) commented that the Supervisory Board was doing its best in a very skilled way to organise matters as well as possible. In that sense he, therefore, fully applauded the proposed appointment. He added, however, that he was slightly concerned about ING growing larger again. He warned ING to watch out now that the organisation was in a very difficult environment and had given the impression, particularly in the last couple of years, of not being fully under control. Mr Dekker referred to the recent rumours in the media about a possible merger between ING and Commerzbank.
In response to the comments on this agenda item, the chairman emphasised that there should be no misunderstanding about how the Supervisory Board addressed diversity. The Supervisory Board first assessed whether people were skilled, could make a substantive contribution to ING and contributed to a team spirit at ING. In addition, ING also took account of diversity as it was convinced that this added to the effectiveness of its management and supervision. That was the viewpoint that had led to today’s proposed appointments. He said that from that point of view he was proud that ING had found Ms Verhagen prepared to work for it with her skills, experience and qualities as a person.

The chairman noted that there were no further questions or comments on this agenda item and moved to the vote.

Following the electronic voting, the chairman announced that the proposal in agenda item 7C had been carried by 2,003,220,664 votes in favour, 265,380,893 votes against and 5,749,956 abstentions.

The chairman congratulated Ms Verhagen, closed this agenda item and moved to the next agenda item.

8A. Authorisation to issue ordinary shares (voting item)

The chairman moved the proposal to authorise the issue of ordinary shares and referred to the proposal in agenda item 8A in the Explanatory Notes to the Agenda in the notice of meeting. He explained that the authorisation to issue 40% of the issued share capital represented a nominal value of €15,566,915.20.

The chairman called for questions and comments on agenda item 8A.

Mr Koster (VEB) said that in his opinion it seemed most important that ING first demonstrated that matters were in order internally and that supervisors had no further doubts about this before there could be opportunities for making acquisitions. He thought that authorisation to issue up to 40% of ordinary shares was not appropriate and he suggested reducing the figure to 10%.

Mr van den Bos (Stede Broec) said that he would normally vote in favour but did not currently know how he would vote. He first wanted to know about ING’s plans in respect of Commerzbank. He believed that there were too many banks in Europe and that it was not inconceivable that there would be consolidation. He would not, therefore, think it unreasonable if ING wanted to acquire Commerzbank.

Ms Stavast (representing PGGM Investments and speaking on behalf of its clients and shareholders) noted that the proposed authorisation to issue shares could be used for any purpose including but not limited to strengthening capital, financing, mergers and acquisitions. She asked for the use of the authorisation to issue to be limited to what she said was the 10% plus 10% customary in the Netherlands and only to use the rest in situations in which would in all reasonableness take too long to call an Extraordinary General Meeting. She said that she attached great importance to shareholders being involved in decision-making on any large acquisitions by ING.

Mr Spanjer (Amsterdam) wondered why the authorisation was for 40%, while he believed 10% was customary. Furthermore, with reference to events earlier in the meeting he did not think that the Executive Board and the Supervisory Board had received a mandate for this proposal.

Mr Vreeken (WeConnectYou) referred to WakaWaka, an organisation with operations around the world, established and with its headquarters in the Netherlands, whose mission was that everyone could use solar energy in part by using sustainable lighting. It had failed in 2018 but was able to restart its activities thanks to assistance from Dutch investors. In view of this, Mr Vreeken argued that ING had gone through difficult times. He referred to the financial crisis some ten years ago and the fact that the current and former members of the Executive Board and the Supervisory Board had not been granted discharge today. He, therefore, advised ING to keep its headquarters in Amsterdam even if expansion abroad offered attractive opportunities.
The answer to the question on Commerzbank had already been given. In view of the comments, the chairman gave the floor to Mr Hamers to explain the proposal in general. Mr Hamers said that the proposal had been made and agreed to for many years. The aim of the proposal was that ING would be able to issue shares at times when it was necessary and that such an issue could be used for various matters.

The chairman noted that there were no further questions or comments on this agenda item and moved to the vote.

Following the electronic voting, the chairman announced that the proposal had been carried by 2,110,562,448 votes in favour, 162,440,598 votes against and 1,337,165 abstentions.

The chairman closed agenda item 8A and moved to agenda item 8B.

8B. 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 proposal in agenda item 8B 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 €3,891,728.80. He added that this proposal, like the proposal in agenda item 8A, had been made and agreed to for many years.

The chairman called for questions and comments on agenda item 8B.

A shareholder said that he did not think the proposal was right since he believed that it was not possible to vote on ‘with or without’ pre-emptive rights; in his view it should either be with or without. Mr Hamers replied that it concerned with or without pre-emptive rights depending on the situation that arose, and that it was up to the Company to decide.

The chairman noted that there were no further questions or comments on this agenda item and moved to the vote.

Following the electronic voting, the chairman announced that the proposal had been carried by 2,245,304,711 votes in favour, 27,427,528 votes against and 1,609,158 abstentions.

The chairman closed agenda item 8B and moved to agenda item 9.

9. Authorisation of the Executive Board 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 9 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 noted that there were no questions or comments and moved to the vote on agenda item 9.
Following the electronic voting, the chairman announced that the proposal had been carried by 2,206,956,641 votes in favour, 63,769,077 votes against and 3,612,679 abstentions.

The chairman closed agenda item 9.

Mr Reijnen (The Hague) said that he missed the any other business item and asked if there was still an opportunity for this. The chairman said no. He noted that the any other business item had not been placed on the agenda and that it was already very late. He said he understood Mr Reijnen’s message and that the Supervisory Board would consider if any other business should be put on the agenda of the next General Meeting.

The chairman had a number of closing announcements. He said that the definitive voting figures would be placed on ING’s website in a few days and that the adopted minutes would be sent on request in due course. The chairman also announced that there were three stands in the central hall where ING staff would be pleased to explain what ING was doing on climate change and sustainability and assisting people, including those with a disability, with digital banking and also what ING was doing for Dutch society with the ING Fonds.

Due to the extended discussion, the meeting ended at around 7:00 pm. The chairman closed the meeting after thanking everyone for attending and for their contributions.

Amsterdam, Amsterdam, Amsterdam,
G.J. Wijers C.H.P. van Eldert-Klep M.N. Grootfaam
chairman secretary shareholder