



# Draft 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, the latter which shall prevail.

**Monday 25 April 2016, from 2:00 pm to 6:00 pm**

## Agenda

1. Opening remarks and announcements
2. A. Report of the Executive Board for 2015 (discussion item)  
B. Sustainability (discussion item)  
C. Report of the Supervisory Board for 2015 (discussion item)  
D. Remuneration Report (discussion item)  
E. Annual Accounts for 2015 (voting item)
3. A. Profit retention and distribution policy (discussion item)  
B. Dividend for 2015 (voting item)
4. A. Discharge of the members of the Executive Board in respect of their duties performed during the year 2015 (voting item)  
B. Discharge of the members of the Supervisory Board in respect of their duties performed during the year 2015 (voting item)
5. A. Corporate governance/amendment of the Articles of Association (voting item)  
B. Amendment of the Articles of Association in connection with the European Bank Recovery and Resolution Directive ("BRRD"; 2014/59/EU) (voting item)  
C. Amendment of the profile of the Executive Board (discussion item)  
D. Amendment of the profile of the Supervisory Board (discussion item)
6. Amendment of the remuneration policy for members of the Supervisory Board (voting item)
7. Composition of the Executive Board: reappointment of Mr Wilfred Nagel (voting item)
8. Composition of the Supervisory Board: appointment of Ms Ann Sherry AO (voting item)
9. 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)
10. Authorisation to acquire ordinary shares or depositary receipts for ordinary shares in the Company's own capital (voting item)
11. Any other business and conclusion

## Present

- From the Supervisory Board: Mr J. van der Veer (chairman), Ms I.M. Castellá, Mr J.C.L. Kuiper, Mr H.W. Breukink, Mr E. Boyer de la Giroday, Mr R.W.P. Reibestein, Mr H.J. Lamberti (vice-chairman) and Ms M. Gheorghe
- From the Executive Board: Mr R.A.J.G. Hamers (CEO), Mr P.G. Flynn and Mr W.F. Nagel
- The following company officials:
  - Mr J-W.G. Vink Head of Legal Affairs
  - Ms C.H.P. van Eldert-Klep Company Secretary
- The external auditors for the 2015 financial year Mr M.A. van Loo and Ms Z. Ahmed Karim, both of EY
- The external auditor as from the 2016 financial year Mr M. Hogeboom of KPMG
- Representatives of the Central Works Council and the press
- 10 shareholders and 2,324 depositary receipt holders (present or represented)

The meeting was chaired by Mr J. van der Veer.

## 1. Opening remarks and announcements

The **chairman** opened the meeting and welcomed the shareholders and depositary receipt holders of ING Groep N.V., the external auditors, the representatives of the Central Works Council and the press. The Executive Board and the Supervisory Board were present on the platform. Board members of ING Bank N.V. were present in the hall and could answer questions relating specifically to the bank. Mr Vink, the head of Legal Affairs, was also present on the platform. As approved by the Annual General Meeting on 25 April 2006, the meeting would be broadcast live on the ING website ([www.ing.com](http://www.ing.com)).

The **chairman** stated that shareholders and depositary receipt holders 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 or depositary receipt holders had submitted resolutions for discussion at the meeting. The chairman went on to announce that the company's issued capital consisted of 3,870,343,951 ordinary shares on the Record Date (28 March 2016). A total of 941,133 depositary receipts for ordinary shares were held by ING itself on that date and no votes could be cast on its underlying ordinary shares.

Later in the meeting, it was announced that 10 shareholders (including ING Trust Office) and 2,324 depositary receipt holders holding a total of 3,869,999,655 shares or depositary receipts for shares were present or represented at this meeting, permitting 3,869,058,522 votes to be cast. A total of 2,210,128,158 votes (57.12% of the total votes) may be cast by means of proxy voting or by shareholders (excluding ING Trust Office) and depositary receipt holders present or represented at the meeting.

The **chairman** then announced that the minutes of the General Meeting of 11 May 2015 had been adopted and signed by the chairman, the secretary and the designated depositary receipt holder and had been available on the ING Group website since 11 November 2015; the draft minutes had also been available for inspection since 11 August 2015. The minutes of this meeting would be taken by Ms C.H.P. van Eldert-Klep. The entire meeting was being recorded for the purposes of preparing the minutes. In accordance with Article 32.3 of the Articles of Association, the **chairman** proposed to designate Mr E. Bloemer from Amsterdam, depositary receipt holder, to adopt and sign the minutes of the meeting along with the chairman and the secretary. Mr Bloemer had already declared his willingness to perform this duty. The meeting decided accordingly by acclamation.

The **chairman** explained the order and procedure of the meeting and announced that following this meeting there would also be a meeting of depositary receipt holders.

The **chairman** announced that agenda items 2A to 2E would be addressed first, followed by the opportunity to ask questions and provide comments. Like last year, Mr van Loo of EY would comment on the audit work as part of agenda item 2E, which would then be put to the vote.

## **2A. Report of the Executive Board for 2015 (discussion item)**

## **2B. Sustainability (discussion item)**

The **chairman** announced that the Sustainability Report (2B) has been combined with the Report of the Executive Board (2A) and gave the floor to Mr Hamers.

Mr **Hamers** thanked all those present for coming and expressed his appreciation for their engagement with ING. Before commenting on the financial and non-financial results for 2015, Mr **Hamers** addressed ING's recent sale of its remaining 14.1% interest in NN Group. This sale concluded the mandatory restructuring of ING, which had been an element of the state aid that ING had received in 2009. The restructuring had involved a range of transactions and had required great effort by those involved. It had permitted a transformation from a bank-insurer to a pure bank, thanks in part to the support the Supervisory Board and the Executive Board had received from the shareholders and depositary receipt holders.

2015 had been a good year for the bank during which 'a step ahead' was also taken for customers as part of the Think Forward strategy and the goal set two-and-a-half years ago to empower customers in their business and private lives was still in place. This goal, this 'purpose', had governed the 'customer promise' defined in 2009 and the related priorities. The customer promise consists of a major simplification and transparency in what the bank offers its customers, being available anytime and anywhere for its customers, empowering customers to arrange their own finances and aiming to

keep getting better in service to customers. Mr **Hamers** summarised that, together, the bank's four strategic priorities must ensure that ING could improve its service to its customers and differentiate it from its competitors. He added to this by setting out the four enablers that had to be met to achieve the strategy. Progress on them would be presented in every commentary on the quarterly results.

In this light, Mr **Hamers** then addressed the results that ING had achieved during the past year. ING held first place by Net Promoter Score (NPS) in seven of the thirteen countries where it is a full-service bank. This score reflects customer loyalty and shows the extent to which customers would recommend others to bank with ING. This had led to a growth of 1.4 million new customers (from 33 million to 34.4 million customers) in 2015 and 550,000 of them had chosen ING as their primary bank. The average customer contacted ING 152 times a year, 99% of the time digitally. Less frequent direct personal contact required ING to ensure its remote services run well and ING had to continue understanding its customers.

Digitalisation of services demanded innovation by using and investing in technology in such a way that customers find it simple to work with ING. On the one hand, ING itself was creating innovations, for example by means of 'innovation bootcamps' and other initiatives, that eventually lead to new or improved services or products. Some examples were fingerprint identification, customers identifying themselves or becoming new customers by computer and standardisation of production systems. On the other hand, ING was working with fintechs to jointly develop and offer innovative financial products and services to customers. This simplifies and speeds up the way in which financial services are handled. This was a 'win-win-win' situation: good for ING (attracting and retaining customers), for fintechs (scale, testing and implementation benefits) and for customers, who gain in the end from the results of the alliances between ING and the fintechs. Mr **Hamers** then gave an example of how ING had successfully been offering digital banking in Germany for some years and showed that improving service to customers attracts new ones and makes it possible to offer a greater range of products and services, improving financial results.

ING's role was not limited to banking. ING also had a social responsibility which it shaped in various ways. Firstly, by offering services in an increasingly digital world that help individuals get and keep their financial situation understandable, clear and under control. As an example, Mr **Hamers** referred to the *Financieel fit* programme that ING offers with this aim in the Netherlands. Secondly, by continuously improving what ING does as a business and how it does this through the efforts of all 54,000 employees worldwide. One result of this was ING's improved ratings in the Dow Jones Sustainability Index and with Sustainalytics. ING is in fact a leader compared with similar companies. Thirdly, by assisting corporate customers in their transition to sustainable, circular business resulting in an increase in ING's related transaction portfolio from EUR 19 billion in 2014 to EUR 23 billion in 2015.

Mr **Hamers** summarised the 2015 results achieved as a result of these developments. The bank's underlying profit was EUR 4.2 billion and its return on equity was 10.8%. Results to be proud of. ING was on track towards achieving its ambition, as linked with the strategy. During the past year, ING had attracted an additional EUR 25 billion in savings deposits and granted almost EUR 22 billion in additional lending. The capital created by this and its management had improved the capital base. Despite the continuous increase in capital requirements, ING's capital position was well above the minimum expectations. Consequently, ING was able to propose paying a dividend of EUR 0.65 per share. This proposal would be submitted for approval today.

Mr **Hamers** then specifically addressed the capital ratios. ING had two sets of capital ratios, those of the Bank and those of the Group, since at the time, the insurance business was still part of the group. With the sale of the final portion of NN Group, ING is entirely a banking business. The capital requirements focus mainly on the Group, however. ING's Group core tier 1 ratio was currently 13.4% after taking the final NN Group transaction into account. In four years, the capital requirement will be 12.5% and so ING was ahead of future requirements. This was also clear in ING's share price since 2015 as this has outperformed other companies. That was important for shareholders.

Mr **Hamers** ended his presentation by thanking ING's 54,000 keen, hard-working staff who were ready to support ING's loyal customers every day. He hoped that ING could also continue to rely on the support of its loyal shareholders.

The **chairman** thanked Mr Hamers for his comments and continued to the next item on the agenda.

## **2C. Report of the Supervisory Board for 2015 (discussion item)**

The **chairman** moved to the Report of the Supervisory Board, referring to pages 65 to 69 of the Annual Report. The Supervisory Board had met nine times during 2015 and the items discussed among others included the Think Forward strategy, the further divestments of Voya and NN Group and regulatory developments. The Supervisory Board's committees discussed a wide range of subjects, the main ones being the quarterly results and corporate governance, risk management and HR matters. The **chairman** closed this agenda item and continued to the next item.

## **2D. Remuneration Report (discussion item)**

The **chairman** moved to the Remuneration Report for 2015, referring to the report on pages 91 to 101 of the Annual Report, and asked Mr Breukink, chairman of the Remuneration Committee, to comment.

Mr **Breukink** explained that in 2016 the members of the Executive Board had been granted variable remuneration for the first time under the new remuneration policy adopted by the last General Meeting for their performance in 2015. That performance had been evaluated against financial and non-financial criteria. Performance was generally in line with the set targets, which had translated into individual percentages of 18% for the CEO, 13% for the CFO and 16% for the CRO. With respect to pensions, no pension had been built up in the pension fund on salaries above EUR 100,000 since 1 January 2015, but all employees receive an allowance that they can use to build up their own pensions. The allowance is calculated using the same method for all employees, including the members of the Executive Board, and is a fixed percentage (that is set each year) of the salary. The remuneration and emoluments paid to the Executive Board with respect to 2015 were set out in the Remuneration Report for 2015. Like last year, ING has this year again assessed its position against the benchmark. Based on this and having taken into account the interests of all stakeholders, it had been decided to raise the overall 'at target' remuneration of all members of the Executive Board by 2% from 1 January 2016. The remuneration consequently remains well below the median.

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

## **2E. Annual Accounts for 2015 (voting item)**

The **chairman** announced that the Executive Board had prepared the Annual Accounts, presented on pages 103 to 348 of the Annual Report, in English on 29 February 2016 and that they had been available on the internet since 2 March 2016. The Annual Accounts had been available for inspection at ING's head office where they were available free of charge to shareholders and depositary receipt holders. At the request of the General Meeting, as decided on 13 May 2013, the Annual Accounts had been examined by the external auditor, who had issued an unqualified report on them as presented on pages 349 to 352 of the Annual Report. The Supervisory Board recommended adoption of the Annual Accounts as presented. The external auditor would give a brief explanation of how he had performed his work.

The **chairman** gave the floor to the external auditor, represented by Mr Marcel van Loo and Ms Zaina Ahmed Karim of EY.

Mr **van Loo** (EY) 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 General Meeting. Mr **van Loo** then briefly explained EY's work.

In accordance with its engagement, EY had audited the parent company and consolidated Annual Accounts of ING Group for 2015 and had issued an unqualified report on them. EY had also issued unqualified reports on the statutory annual accounts of certain ING subsidiaries, the main one being ING Bank. As ING Group also has a listing in the United States, EY had issued a report on compliance with the Sarbanes-Oxley (SOx) legislation. In that context, EY had also issued a report on the effectiveness of the internal controls on financial reporting by ING Group (page 90 of the Annual Report). This report was qualified because of a change in the accounting approach to certain aspects of the NN Group 'anchor investment transaction', which EY would address later. In addition, EY had also reviewed the quarterly figures of ING Group and the half-year figures of ING Bank in 2015 and issued unqualified review reports on these interim figures. EY had reviewed the sustainability information that ING had presented in its Annual Report and issued an unqualified assurance report on it (page 62 of the Annual Report). Finally, EY said it had also examined ING's statements in the Annual Report, including those relating to corporate governance, and had not noted any material deficiencies or inconsistencies with the audited Annual Accounts. As stated in the auditor's report, EY had also established that the information required by law was included in the Annual Accounts.

EY's report on the parent company and consolidated Annual Accounts of ING Group was set out on pages 349 to 352 of the Annual Report. In brief, the main points of that report were: **(1) Opinion:** Based on its work, EY had concluded that the Annual Accounts gave a true and fair view of the financial position at 31 December 2015 and of the result for 2015. The Annual Accounts had been prepared on a going-concern basis. EY had concluded from its work that this assessment by the management was appropriate; **(2) Independence:** EY had taken sufficient measures to ensure its independence from ING; **(3) Materiality:** The materiality level EY used in the audit of ING Group's consolidated Annual Accounts was EUR 280 million, although this figure was not applied to all items or audited amounts. This materiality level was not applied to certain disclosures, such as those on remuneration, as the precision of the disclosures does not permit this. All unadjusted misstatements in excess of EUR 10 million identified by EY were reported in writing to the Audit Committee and the Supervisory Board; **(4) Scope:** EY was not only ING's auditor in the Netherlands but also in almost every other country where ING operates. EY decided where and to what depth audits were performed. EY assessed the results of the local audits and discussed them with the local EY teams and with ING in the Netherlands. In addition, EY visited the main countries at least once each year; and **(5) Key audit matters (significant risks):** A key audit matter is a risk of a material discrepancy in the annual accounts that is identified and assessed and which EY believes requires special attention during the audit. Key audit matters often relate to significant, non-routine transactions or events that require an opinion to be formed. EY had obtained information on ING's internal controls relating to these risks. In addition, EY performed specific work to establish that the risk did not lead to a material discrepancy in the Annual Accounts. EY had identified the following key audit matters for the 2015 audit: **(a) Divestment of NN Group;** **(b) Loan loss provisions;** **(c) Fair value of financial assets and liabilities;** and **(d) Reliability and continuity of electronic data processing.** Where possible, EY's report refers to the page where ING addresses the key audit matter.

Mr **van Loo** then addressed the divestment of NN Group (page 115 of the Annual Report). As explained in note 1 on page 116 of the Annual Report, in early 2016 ING decided to change the accounting approach to certain aspects of the 'anchor investment' transaction entered into in the context of the IPO in July 2014. This had a significant impact on the 2015 consolidated Annual Accounts of ING Group. In accordance with IAS 8, the comparative figures for 2014 presented in the consolidated Annual Accounts for 2015 had been updated accordingly. Note 54 on page 255 of the Annual Report included a statement on the way in which ING had treated the various divestments of NN Group over time, including the change decided on in early 2016. Further to the change in the accounting approach to certain aspects of the 'anchor investment' transaction referred to earlier, ING had reassessed the

effectiveness of its internal controls over financial reporting and reached the conclusion that a number of improvements, such as more comprehensive documentation, assessment and discussion of alternative treatments, were required when processing specific complex transactions. EY had extensively considered the change and management's conclusions on the effectiveness of internal controls over financial reporting and reached the same conclusion as management. In the end, EY had concluded that IFRS did not permit recognition in 2014 of the economic loss that arose for ING shareholders after the IPO in July 2014. Instead, that loss should have been recognised at the date of deconsolidation in May 2015.

2015 would be the last year that ING was audited by EY. From 2016, KPMG would take over from EY. Mr **van Loo** ended his comments by thanking the shareholders for their confidence in EY and its predecessors. In addition, on behalf of EY and in particular on behalf of all his colleagues who had been able to serve ING as client, Mr **van Loo** thanked the Supervisory Board, the Executive Board and all other staff of ING for their sound and pleasant co-operation every year.

The **chairman** thanked EY for these comments and announced that KPMG would be the new external auditor from the financial year 2016. KPMG's lead partners were Mr Guy Bainbridge (global lead partner) and Mr Marc Hogeboom (the statutory auditor). Mr Hogeboom was present today on behalf of KPMG.

The **chairman** then called for questions and comments on agenda items 2A to 2E and explained that the aim was to group three or four questions for reply.

Mr **van den Bos** (Stede Broec) was happy with the proposed procedure for asking and answering questions. He had a number of questions. His first was about the tax paid by ING. Mr **van den Bos** asked if he was correct in his assumption that ING had to pay a double bank tax, being the local bank tax and also tax on its consolidated balance sheet. He wanted to know whether ING had raised this with the Ministry of Finance. In addition, Mr **van den Bos** wanted to know how ING had hedged the risk of possible open positions in sterling in the event of a Brexit. Mr **van den Bos** then referred to page 90 of the Annual Report which shows the name of the audit firm but not the name of the audit partner, which he thought also had to be included. Finally, Mr **van den Bos** referred to a page in Mr Hamers' presentation which showed the European countries where ING operated. He noted that ING held a low position in terms of investment. Instead of holding funds at the ECB, which had to be paid for, perhaps it would be better to use the money for investment. Mr **van den Bos** wondered why ING had few if any activities in countries such as Portugal and from there for example in Brazil and Mozambique.

Mr **Jorna** (VEB) expressed dissatisfaction with the arrangements for the meeting and the time allowed. He believed this did not allow sufficient room for discussion. He also thought there was a serious risk that questions would be answered too generally or not at all. Mr **Jorna** referred to falling share prices since mid-2015 in combination with lower oil prices. ING had an oil and commodities-related portfolio of approximately EUR 28 billion. He asked, with reference to his similar question in 2007 relating to the Alt-A portfolio, if ING saw this as a large potential risk and whether it was taking action to reduce the size of that portfolio. Mr **Jorna** also wondered whether a traditional bank still had a future and what added value ING could continue to offer, or how it could continue to be distinctive and what longer-term earnings model it had in mind. He listed examples of initiatives and developments in this context, such as WeLab, Kabbage, an online bank with the Bank of Beijing, Google Wallet, Amazon and Alibaba. Mr **Jorna** asked if ING had formed sufficient provisions for various pending legal proceedings and claims involving ING. He gave as examples the case and claim of billions that the American-Cuban Villoldo brothers had submitted against ING, ING's role as an intermediary offering high-cost unit-linked products (*woekerpolissen*), interest rate derivatives ING had sold to small and medium-sized enterprises, ING's role in amending Dutch legislation allowing banks to draw contingent convertibles (*cocos*) and possible involvement in the Panama Papers and activities such as dividend-stripping. He was curious about their status and ING's views on them. Mr **Jorna** wanted to know if current interest margins were in fact so poor for the banking industry compared with a few years ago and ING's policy if the interest

margin fell below 0%. Mr **Jorna** announced he would return later to the EUR 1 billion impact on the financial reporting of the treatment of the NN Group 'anchor investment' transaction.

The **chairman** gave the floor to Mr Hamers, Mr Nagel and Mr Vink to reply to these questions.

Mr **Hamers** started by answering a number of questions. He confirmed that ING faced a double tax levy. In the Netherlands, ING had to pay bank tax on its consolidated balance sheet and it also had to pay local bank taxes in the countries where it operated. ING had raised this with the Ministry of Finance.

With respect to ING's activities, it operated in almost every country in Europe, including thirteen where it was a full-service local bank with a range of services for individuals and businesses. In this respect, ING was the most European of all European banks. ING currently had no interest in offering services to individuals in Portugal although it did serve businesses there.

ING was currently examining opportunities for offering online banking in China and how that could best be organised. This would attract local savings deposits along with the requirement to generate local assets. Setting up an alliance between ING and the Bank of Beijing, a large local bank, seemed the most suitable approach since the Bank of Beijing had knowledge of and experience with these assets.

On the question whether a traditional bank still had a future, Mr **Hamers** replied that it did. ING had very good prospects, as it was good in digital banking. Around the world ING was asked how it was translating digital banking and the alliance with fintechs into a sustainable business model. The traditional bank, therefore, had a future if it adapted quickly to external developments, invested in the digital future and was open, for example, to working with fintechs.

In recent years, the interest margin had fluctuated between 145 and 150 basis points. ING's interest margin policy focused on taking into account both market and customer developments. ING had been able to raise its interest margin in recent years by accepting greater risk on certain products, such as consumer loans and financing small and medium-sized enterprises. The low or negative interest rate environment did, however, cut the return on savings. In the Netherlands, the average bank was paying 50 basis points on these. For competitive reasons, he would not discuss a possible outlook with respect to any negative interest rates.

Mr **Vink** then addressed the questions on legal proceedings and claims. No provision had been taken for the high-cost unit-linked products. The only reference ING had in this respect was a letter received two years previously from one of the foundations administering the claims. That letter had not been followed up nor led to proceedings. The most significant development in the interest rates derivatives file was that discussion is taking place with the AFM (the Netherlands Authority for the Financial Markets) and that a commission was set up by the Ministry of Finance. The commission would review the files of various banks, including ING, once again. ING was in discussion with the commission on the structure of the review. A provision had been taken for this in the fourth quarter of 2015. The case between ING and the Villoldo family was ongoing. ING had initially won but the family had then appealed. The appeal was approaching its conclusion and judgement was expected within a few months. The Ministry of Finance had answered questions on the cocos. ING was waiting for any follow up. Under IFRS there was currently no reason to take a provision for this.

Mr **Nagel** then answered various questions.

ING saw no great immediate risks from a Brexit. It had few, if any, open positions in sterling. ING did, however, expect a Brexit to affect its volumes and margins indirectly as it had many commercial customers in London. Although most of them operate internationally, they would be more affected by the consequences for the UK economy than the rest of ING's portfolio. With respect to the movements in the oil price and ING's related portfolio, he referred to the related notes on the financial results for the previous quarter. Mr **Nagel** summarised the way this portfolio was built up and whether and, if so, what

oil risk was being run in its various components. The part of the portfolio directly exposed to oil extraction and oil-related services risks was about 0.5% of ING's net assets. The other 99.5% generally benefited from a low oil price and that translated into lower risk costs in the bulk of the portfolio. ING's estimate was that the risk costs for this year and next would be at the level of 2014 if the oil price remained at USD 20 per barrel for a long period. If the oil price was USD 30 per barrel for a long period, the risk costs were expected to be at a level between that of 2014 and 2015.

Mr **Nagel** then spoke about the Panama Papers, documents from the internal records of Mossack Fonseca & Co, a legal advisory firm in Panama that set up companies for customers in locations where their wealth or property was subject to low tax. ING believed there were a number of important elements. The first was the integrity of banks in dealing with or for customers in matters that are tax-sensitive. ING's policy is not to set up any legal entities for customers or to give them tax advice. On top of compliance with the relevant legislation and regulations, ING also has a policy on how to deal with the grey area of activities that, while legal, may be harmful. The second element was the question of whether banks still sufficiently monitored the financial activities of their customers to highlight and follow up, for example, possible criminal activity and corruption. ING had a policy as well as systems available to follow the financial activities of its customers as well as possible. If necessary ING blocked transactions or ended the relationship with customers.

Finally Mr **Nagel** responded to the question, following a German investigation, if ING was involved in dividend-stripping. ING's policy was not to perform these type of transactions. ING currently had no indications that this policy was not being followed. ING had also not been approached by any authority on this specific activity.

The **chairman** called for the next round of questions and comments.

Mr **Stevense** (SRB) also started by referring to the meeting procedure. He was relying on there being sufficient time for discussion. He then addressed the trend in the cost/income ratio and wondered what the prospects are with regard to the costs imposed by regulators on banks, which were only going up, leading to an increase at ING from EUR 620 million in 2015 to EUR 820 million in 2016. Mr **Stevense** wanted clarification on the net EUR 100 million book loss for ING in the second quarter of 2016 resulting from the recent sale of the remaining interest in NN Group. Mr **Stevense** was curious about the possibility of paying a super-dividend or writing down the nominal value of shares to reduce the dividend tax. Mr **Stevense** also asked about the relationship with the technology used for bitcoins and by fintechs, whether ING was involved in creating that technology and whether ING used bitcoins. Finally Mr **Stevense** asked how ING's auditor audited the smaller ING entities.

Mr **Rienks** (Nieuwerkerk aan den IJssel) was particularly interested in the future of banks in Europe. Firstly, he wanted to know if customers would still be able to visit a physical bank branch in the future. He referred to local developments in the Netherlands, Belgium, Germany and France. Secondly, Mr **Rienks** referred to developments that would lead to an actual European banking union. He wondered if such a union would actually come about, if in that context further consolidation of banks could be expected and about ING's vision and standpoint on this. Thirdly, Mr **Rienks** referred to a trend of banks giving individuals less and less free choice in where to invest. He asked ING to commit to continuing to offer all listed companies and funds to its customers. Finally, Mr **Rienks** looked at alternative payment models. He was curious about the future of IBAN compared with say PayPal, Google Wallet and Apple Pay.

The **chairman** gave the floor to Mr Hamers and Mr van Loo of EY to reply to these questions.

Mr **Hamers** responded to the question from Mr Stevense about the charges paid by banks to the regulator. This was necessary to contribute to building up reserves to make the financial system more secure. The EUR 850 million that ING expected to pay this year included contributions to the deposit guarantee scheme, the resolution fund, the bank tax and new regulatory costs. As well as a new

European regulator, there were still local regulators. This raised the total charges payable. In his opinion, the financial situation of European banks in general needed to become more stable before the level of the costs needed for this could be considered more critically.

The book loss as a result of ING's recent sale of the remaining interest in NN Group related to ING's valuation of NN Group at the end of 2015. This was at the market value of NN Group shares on 31 December 2015. At the time of the actual sale in 2016, the share price of these shares was slightly lower than at the end of 2015 and this explained the bookkeeping loss of EUR 100 million.

ING's dividend policy was formed after taking into account several matters, such as the capital position, earnings model, views of regulators and the wishes of very many shareholders. The shareholders had expressed a preference for a dividend that was fairly stable over the years and rising slowly if possible. ING's policy aims to accomplish this and it was designed to distribute capital to the shareholders based on a sustainable dividend policy. Shareholders have said they prefer this to a 'sugar rush' or super-dividend: paying a few higher dividends followed by a lower one.

The subjects of bitcoin, fintechs and the future of the bank were then addressed in answers to the questions from Mr Stevense and Mr Rienks. Bitcoin is a virtual currency and banks focus mainly on the technology underlying it. This technology and the associated standards had to be able to replace certain paper standards, such as for payments, letters of credit, bank guarantees and other matters. As a result, ING has joined R3, a group of international banks examining the possibilities from developments in the 'blockchain', the system on which the bitcoin virtual currency is based.

Mr **Hamers** also expected that bank branches would continue to exist in the future but their role would change from facilitating payments and receiving and paying out cash to advising customers, such as small and medium-sized enterprises. The number of branches required was driven by weighing the needs of customers against the services the bank wanted to offer. With reference to fintechs, ING was also seen as a successful fintech: in fact in countries such as Australia, France, Germany, Italy and Spain, ING manifested itself mainly via internet or mobile apps.

It was expected that there would be consolidation of banks in Europe in due course. With the creation of the European Central Bank, a real European banking union was highly expected, preferably encouraged by a European deposit guarantee scheme. The latter did not yet exist and was being discussed a lot by politicians. None of this should hold banks back from consolidating further at the European level and optimising cross-border operations, as ING was currently doing with branches in different countries belonging to the same Dutch legal entity (ING Bank N.V.). In the case of subsidiaries, for example for ING in Belgium and Germany, there is still no complete free movement in liquidity and capital possible.

Mr **Hamers** concluded by noting that ING had no plans to change the range of investment opportunities for individuals.

A **depository receipt holder/shareholder** referred to the investment that ING shareholders had made in PayPal when it was set up. Those shares had been sold between 2005 and 2007. Mr **Hamers** confirmed that and addressed the details of developments in payments with reference to new legislation such as the European Payment Service Directive 2 (PSD2), which stated that anyone could offer a payment product, including cross-border, so that increasingly there would be more new payment solutions. Within the banking system it was still necessary to use IBAN for the time being. As an example, there was ING's TWYP ('The Way You Pay'), a product also available to non-ING customers for making payments free of charge. Nine weeks after launching TWYP, ING already had over 250,000 active users.

Mr **van Loo** (EY) addressed Mr van den Bos's question about whether his name was missing from page 90 of the Annual Report. That was not the case. The report had been prepared under US SOX regulations under which it is usual only to give the name of the firm. On the question about the audit of the small entities, Mr **van Loo** explained EY's audit approach: every year EY performed an extensive

audit of the large entities and selected a number of small entities for audit by ING Group using the 'remote entity risk' perspective. Most of the small entities also had banking licences that required them to have a statutory audit performed. That meant in this case that local EY colleagues audited them.

The **chairman** called for the next round of questions and comments.

Mr **Szwed** from Poland addressed the meeting in English. He started his comments by quoting the climate agreement signed in New York on 22 April 2016 that was designed to prevent further climate change. He then outlined the situation in Poland: the inhabitants of Poland faced unfair competition and high energy bills. Each year, 45,000 people died as a result of the burning of coal in Polish cities. Mr **Szwed** referred to Cracow, the most polluted town in the European Union, where he came from. Very many inhabitants would like to invest in efficient and renewable energy. According to Mr **Szwed**, ING was still offering financial services in Poland to companies that were setting up and operating coal-fired power plants and mines. He asked if ING would end or refuse services to certain Polish companies that use coal or are involved in coal-related activities and projects. He also wanted to know if ING was co-operating with and investing in local communities and initiatives, for example in Cracow. He invited ING to enter an alliance with Poland in the struggle for environmentally-friendly energy to protect the world's climate.

The **chairman** gave the floor to Mr Nagel to reply to these questions.

Mr **Nagel** explained that ING was very aware of the climate change issue and this also played a clear role in the thinking on what it did and did not do. For example, ING no longer financed new projects involving coal-fired power generation plants. Nor did it finance thermal coal mines. ING's ambition was to reduce its overall exposure to anything to do with coal and applied an appropriate policy on this. As an illustration, Mr **Nagel** pointed to ING's overall electricity generation portfolio and explained the development in the portion relating to renewable energy (that share was rising) and the portion relating to coal (that share had fallen). In short, in almost every respect ING was acting in the way Mr **Szwed** wanted. In respect of recent, 2015, transactions, Mr **Nagel** explained that ING acted with care towards existing customers. ING also had a policy of supporting companies if they were making a definite transition towards sustainable power generation.

Mr **Spanjer** (Amsterdam) responded to this. He wondered how sustainable the word 'sustainable' was at ING as it seemed to appear that ING was still doing business with companies such as coal-fired power plants and coal mines. Mr **Spanjer** then addressed the chairman and expressed his displeasure with the way he had been treated when he visited ING's head office on 14 April 2016 to inspect the documents for the General Meeting. Several times, ING employees asked him for his name and who he had an appointment with. He did not think this was putting the customer first and suggested Mr Hamers should dismiss the employees involved. Mr **Spanjer** then asked a number of questions about page 23 of the Annual Report. He asked why no ambition had been set for the dividend after 2017. He also wanted to know why there were lower total assets (2014: EUR 993 billion, 2015: EUR 842 billion, a reduction of EUR 151 billion or 15.2%) and Group shareholders' equity (2014: EUR 51 billion, 2015: EUR 48 billion, a reduction of EUR 3 billion or 5.9%). In addition he asked for comments on ING's relative position in the Net Promoter Score (NPS) for retail banking where ING had moved from place 9 to place 7. Finally, Mr **Spanjer** asked if ING could do something about the difference in the timing between when customers pay with a debit card and when, for example, a small retailer is credited with the amount.

Mr **Hamers** addressed Mr Spanjer's questions and comments. ING's policy was not to grant new financing to coal-fired power plants or coal mines but it did continue to serve customers already in its portfolio (refinancing). ING was continuously restructuring. Mr Hamers would like to be informed if staff could provide better service. He however deemed Mr Spanjer's suggestion to dismiss two ING employees to be wholly inappropriate. With respect to the dividend ambition, ING had clearly communicated that it was aiming for a progressive dividend, in other words it was aiming to pay at least the same and to try if possible to pay a slightly higher dividend in future than it had paid to date.

The reductions in the balance sheet and shareholders' equity both related to the sale and deconsolidation of NN Group. With respect to ING's relative NPS position, Mr **Hamers** explained that ING could not be number one every quarter in every country where it operated. ING's aim was, however, to gain first place where it did not currently hold it. The time difference between making and receiving payments was because payments in the Netherlands are still processed in batches. The aim was to have real-time processing of payments and ING was working with other Dutch banks to find a way of doing this. When this would be available was not yet known.

Mr **Vreeken** (WeConnectYou) then spoke and started by complimenting ING for its good results and initiatives, including in innovation. He referred specifically to the 'upfall shower', which could make a major contribution to the sustainability issue. He embraced ING's initiatives to make its own premises and their use more energy efficient. Further to this, Mr **Vreeken** asked about the expected trend in the ING company car fleet. In addition, Mr **Vreeken** asked ING to reconsider supporting artists and small-scale art projects in addition to football sponsorship. Mr **Vreeken** also wanted to know how ING was dealing with the risks and threats from cybercrime, phishing and terrorism. Finally, he asked what ING, together with the other Dutch and German banks, could do about interest-rate decisions by the European Central Bank that were not always favourable to banks.

Mr **Hamers** confirmed that the 'upfall shower' was a good example of an innovative product that could contribute to sustainability in different environments. ING had started a pilot in the Netherlands about two years ago in which employees could opt for an electric car for commuting. The pilot would be assessed when it ended to examine whether the offer and deployment could be extended. ING made considered decisions on its sponsorship in line with how it wanted to profile itself and so, for example, in the arts it sponsored young photographic artists.

The European Central Bank was the party that decides on European interest rates. Like other banks, ING shared its ideas with the regulator on the effect of the currently low or even negative interest rates on banks in general and on their business and earnings models in particular. ING did not expect that the current policy, leading to negative short and medium-term interest rates, would improve the confidence of parties involved in the economy and encourage spending. The opposite seemed to be the case, at least up to now: customers would be saving more to make up for the low interest rates and to secure their financial future.

The **chairman** called for the next round of questions and comments.

Mr **de Kruif** (VBDO) returned to ING's policy on coal and asked if ING still regarded its policy as sufficiently thorough given the seriousness of the climate issue and its profile as a sustainable bank. He thought that, as a result of its range of activities, a bank was exposed to a huge number of aspects in relation to opportunities and risks for sustainability and so he asked and recommended ING to consider preparing sustainability accounts in addition to the current Annual Report, clearly identifying ING's positive and negative impact point by point. In addition, Mr **de Kruif** wanted to know if ING would roll out ING Germany's initiative to incorporate people with difficulties accessing the labour market worldwide. He would be grateful if more could be reported on the progress of this project.

Mr **Buhlmann** represented 1,335,271 shares on behalf of various institutional investors. He referred to the approach to the meeting and announced that he expected that shareholders would be given sufficient time to discuss the Annual Report today. Mr **Buhlmann** asked for comments on the increase in risk costs versus the fall in Non-Performing Loan (NPL) rates. Ahead of agenda item 5, Mr **Buhlmann** wanted to know what would happen if the quorum of shares present or represented fell below 50% at the start of or during a meeting. In addition he referred in advance to agenda item 9. Mr **Buhlmann** returned to the role of the European Central Bank in setting European interest rates and wondered if in the longer term banks could survive a lengthy period of low or negative interest rates and their possible effect on shareholders.

The **chairman** gave the floor to Mr Hamers to answer these questions to the extent the points would not be discussed as part of agenda items 5 or 9.

Mr **Hamers** made it clear that as a bank ING did not invest but financed customers using money received from other customers that ING also had to repay.

ING had tightened its policy on coal in November 2015. Implementing it would take time since ING wanted to allow its customers time to find alternatives before ending the funding or relationship. ING took the coal policy, the climate and sustainability very serious and partly because of this had signed the climate agreement. Mr **Hamers** said the ING policy did not currently need revision.

ING was not intending to prepare separate sustainability accounts. It was, however, continuously trying to bring its portfolio more closely in line with internationally accepted standards with respect to clarifying the sustainable share of the portfolio.

ING not only had initiatives on people with difficulties accessing the labour market in Germany but also in the Netherlands, Belgium and France. Where possible, this type of programme should preferably be driven locally to be closely in line with local initiatives and legislation. ING regarded these programmes as very important but did not report on them separately.

Banks of the future would have to be capable of running the existing business properly and managing future costs. On the one hand, ongoing low or negative interest rates could force ING to adjust its business model. On the other hand, current fintech developments gave ING opportunities to transform the bank so that customers were served even better and the bank could be operated more efficiently.

Mr **Hamers** gave the floor to Mr **Nagel** who addressed Mr Buhlmann's question on higher risk costs. Mr **Nagel** said that the increase Mr Buhlmann had referred to was probably that in a few quarters in 2015 as the risk costs in 2015 as a whole were lower than in 2014. Current movements were still in line with the range for 2016 announced earlier this year.

Mr **Swinkels** (Erp), who had been associated with ING as a depositary receipt holder and a shareholder for a long time, wondered why a spin-off had not been chosen when divesting NN Group so that ING shareholders could have benefitted as well. Mr **Swinkels** expressed concern about the performance of ING shares in combination with the payment of a significant dividend. He wondered about the risks and vulnerability of banks in general and of ING in particular, also compared with other banks.

Mr **Hamers** addressed the capital requirements for European banks. Even though there was a single regulator, requirements could still differ from country to country. For example, capital requirements in the Netherlands were higher than in a number of other European countries and were growing from 10.25% to 12.5%. With the sale of the insurance divisions, ING had built up a capital buffer that allowed the proposed dividend policy. In addition, ING was making profits each year. Those profits were used partly to strengthen the capital, partly to pay the dividend and partly to increase ING's role in the economies where it operated locally and where capital was also required to increase ING's local lending portfolio. During the past year, ING had performed in such a way that it could achieve all of these. ING hoped that it could operate in a similar way in the future. The way regulatory requirements would develop, was a major challenge for all players in the financial world. There was a lack of good co-ordination between the various regulators and legislators in this area. In addition, low or negative interest rates were a second challenge to banks operating mainly in the euro area. The third challenge was changing customer attitudes and technological developments.

Mr **Zemmouchi** (Bennekom) had two questions. The first was about the number of female members on the Supervisory Board. His second question was about the percentage of customers from Senegal and what was ING doing in and for countries such as Kenya and young people there.

To the first question, the **chairman** replied that there were currently two rather than three female members following an unexpected resignation in the second half of last year. He referred to agenda item 8 that addressed the appointment of a new female member of the Supervisory Board. Mr **Hamers** addressed the second question. Banks could make good use of mobile phone technology to do business locally in many countries in the world if a country was large or in thinly populated areas. ING was not active in Africa and was not intending to become so. It did, however, try to contribute to making young people around the world more resilient by giving them insights so that they understood their financial situation and could manage their finances better. ING did this with its own products or education programmes. ING has also had an alliance with Unicef for more than ten years educating young people in many countries and giving them training to make them more resilient.

The **chairman** called for the next round of questions and comments.

Mr **Jorna** (VEB) returned to the EUR 1 billion impact on the financial reporting in connection with the treatment of the NN Group 'anchor investment' transaction. He asked for the background to this matter and its causes, and about the role of the Audit Committee and the external auditor.

Given the nature of the questions, the **chairman** asked Mr Flynn, Mr van Loo (the external auditor) and Mr Lamberti (chairman of the Audit Committee) to speak.

Mr **Flynn** explained that it was clear that there had been a loss and the issue was the timing of recognising it in the financial reporting. There were no clear and simple IFRS guidelines for this and different aspects had to be interpreted that could lead to having to recognise a result through the income statement or through equity. ING wanted to recognise the loss of EUR 940 million resulting from the highly complex transaction as early as possible. After consulting the AFM and later also EY, it turned out that under IFRS the loss should not have been recognised at the time of the IPO in 2014, but at the time of deconsolidation in 2015. ING had, therefore, changed the timing of its recognition of the loss from 2014 to 2015. This had nothing to do with and also had no impact on the capital ratios. This did not alter the fact that an error had been made with respect to 2014 that the AFM had highlighted to ING. This qualified as a material weakness and ING was now taking measures to deal with it to prevent repetition in the future. ING was working, for example, on the identification and documentation of different possibilities for this type of highly complex transaction. Even though it was unlikely that ING would face such a transaction again, it had to have a good procedure in place. That procedure included ING discussing alternative reporting approaches, including with the Audit Committee.

Mr **van Loo** (EY) added that the treatment of divestments was a complex area within IFRS. IFRS was very detailed and was becoming more so every year but the approach was not clearly prescribed for every possible transaction. ING's transaction with the anchor investors was unique and relatively complex. ING and EY had consulted IFRS extensively in 2014 with support from specialists and had concluded that ING's decision to recognise the economic loss that related to the IPO of NN Group at that time through shareholders' equity was the right one, as it was clear that the loan from the anchor investors would have to be repaid in NN Group shares. After a comprehensive reassessment in early 2016, ING and EY together reached the opposite conclusion and this had been very disappointing for all concerned. EY is convinced that both ING and EY had been acting in good faith.

Mr **van Loo** also addressed the earlier question about provisions for legal proceedings and claims. EY also gave this considerable attention and asked for information from ING and external legal specialists. Where necessary the claims were disclosed and provisions were taken.

Mr **Lamberti**, chairman of the Audit Committee, had nothing substantive to add to the comments by Mr Flynn and Mr van Loo on the anchor investment transaction. Mr **Lamberti** said that the Audit Committee had been involved throughout the process and had supervised the various procedures. He believed that the Audit Committee could not have reached a different opinion or discovered the error

earlier. When it became clear that a change was required, it had been made as quickly as possible, ensuring that all changes were processed and announced properly.

The **chairman** called for the next round of questions and comments.

Mr **van Diepen** (Amsterdam) said that he would have appreciated it if ING, like last year, had provided a summary in addition to the full Annual Report. He also regarded the euro in its current form as a historic mistake. He referred to the statement of cash flows on page 109 of the Annual Report and asked for comments on the trading liabilities item and the volatility in it (2013: approximately EUR 10 billion negative. 2014: approximately EUR 24 billion positive. 2015: approximately EUR 8 billion negative).

Mr **Flynn** explained that this had to do with the results on reverse repurchase agreement (repo) transactions, a particular type of financing. The differences in the amounts could be explained by a change in the underlying mix of assets and liabilities. As this was a complex subject, he suggested discussing it further after the meeting.

Mr **Gout** (Ermelo) proposed a higher dividend as ING had made an additional profit from the sale of NN Group. He also asked why ING was not represented in Indonesia but was, for example, in Cracow in Poland.

Mr **Hamers** replied to his questions. With respect to the dividend policy, ING had to take into account expected proceeds, capital requirements, ideas of future profits, capital accrual and dividend payments. ING had asked its shareholders about their wishes on the dividend distribution. They preferred to receive a dividend at a given level from which it could grow gradually rather than suddenly being very high. The proposed dividend would be voted on later. With respect to Indonesia, Mr **Hamers** said that ING had operations there as a commercial bank but not as a retail bank.

Mr **van den Bos** (Stede Broec) returned to some matters discussed earlier. Firstly, the bank tax. He wanted to know about the Ministry of Finance's response and whether it would be taking action as he believed that ING paid too much tax in the Netherlands. In addition, he was curious about ING's level of investment in Germany. He also referred to the question about post offices (he believed there were still about 2,500 in the Netherlands), his positive experience collecting the documents from ING's head office for this General Meeting and the complexity of the NN Group 'anchor investment' transaction and IFRS regulations. Finally, Mr **van den Bos** asked about the customer base of ING France.

Mr **Hamers** said that ING spoke with the Ministry of Finance and the various countries where bank taxes were levied. There is certainly a type of double taxation but as the taxes were levied in slightly different ways in different countries it is not technically very simple to talk of double taxation. It was a reality that not only ING but other banks had to live with. Although it was not expected that relief for double bank tax was a first priority of local governments, keeping discussing it was a significant instrument where it meant, for example, a competitive disadvantage for Dutch banks operating in other countries. Mr **Hamers** then commented on the composition of ING's German assets portfolio, after which he addressed the customer base of ING France. ING had grown 6% and at the moment had more than one million customers in France. It was important to make them primary customers, so that they saw ING as their main bank and would take payment facilities. The number of customers in France with payment facilities with ING had risen 19% in 2015.

Finally, Mr **Desmet** took the floor. He referred to Mr Hamers' presentation and asked for the screen to be clearer irrespective of where people were sitting in the hall. Mr **Desmet** asked if the supervisory board members also held ING shares and if not why not. He also asked if there was a 'clawback' clause in the supervisory board members' contracts so that an appointment could be undone if a supervisory director failed the integrity test. His third question was about how the Executive Board and the Supervisory Board were dealing with the political instability in Turkey. Mr **Desmet** was curious about

the result on loans granted by ING in 2015. He then noted that he thought that the Supervisory Board was not representative of the population or average ING customer. Finally, he referred to ING's football sponsorship. He wanted to know if the Executive Board and the Supervisory Board thought that ING's name had been tarnished by what had been going on in the football industry.

The **chairman** said he would make sure that the presentation could be seen better on screen next year. The number of ING shares owned by the current supervisory board members was stated in the Annual Report. The number of ING shares that newly nominated supervisory board members may hold, was addressed as part of the agenda item on appointment. The situation in Turkey had been discussed at each meeting of the Supervisory Board in the past year. ING had many customers in Turkey. An unsatisfactory local political situation was insufficient reason for ING to withdraw as a company. ING did, however, identify the risks as well as possible so that it could take the right actions. With respect to the suggested representation of ordinary customers on the Supervisory Board, the **chairman** said that ING had a customer council that seemed most suited to what Mr **Desmet** was aiming for. The membership of the Supervisory Board had to meet a number of very complex requirements. Realising an adequate and balanced composition of the Supervisory Board is a complex process.

Mr **Hamers** replied to the other questions. The exact margin on lending was difficult to present, as it varied very strongly by risk category for each product and in each country. ING looked mainly at the total net interest margin between borrowing and lending money which had been between 145 and 150 basis points, that is between 1.45% and 1.5% in recent years. With respect to football sponsorship, ING sponsored the Dutch national team and amateur football in the Netherlands. It focused in particular on how it and the Dutch national team could bring football closer to people and enable them to play football irrespective of what happened at UEFA or FIFA level. ING's name was not linked with UEFA and FIFA. With respect to the question of supervisory board members' integrity, Mr **Hamers** said that there was no 'clawback' clause for the supervisory board members. Such a clause only applied to variable remuneration, which the Supervisory Board did not receive. If a supervisory director did not have integrity, his or her relationship with ING would be ended. The associated implications and measures would then be investigated. Such a situation had never arisen at ING.

The **chairman** expressed his thanks for all the questions and answers and moved to the vote.

Following the electronic voting, the **chairman** announced that the Annual Accounts for 2015 had been adopted by 3,853,222,289 votes in favour, 12,535,375 votes against and 3,105,831 abstentions. If the votes of ING Trust Office for which no voting instructions had been received from depositary receipt holders were ignored, the proposal would have been carried by 2,194,291,925 votes in favour, 12,535,375 votes against and 3,105,831 abstentions.

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

### **3B. Dividend for 2015 (voting item)**

Agenda items 3A and 3B would be discussed together since part of the dividend policy had been discussed earlier in the meeting.

The **chairman** gave a briefly explanation. ING aimed to maintain a healthy core Tier-1 ratio above the requirement in the Netherlands for a fully loaded ratio of 12.5%. In addition, ING wanted to return capital to the shareholders in the form of dividend. He referred to Mr Hamers' comments that ING was aiming for a progressive dividend. With respect to the dividend for 2015, the **chairman** referred to the Annual Report (page 353). The net profit for 2015 was EUR 4.010 billion. After adding EUR 1.495 billion to the reserves, EUR 2.515 billion was at the disposal of the General Meeting. ING proposed to pay a dividend of EUR 0.65 per ordinary share or depositary receipt for 2015. Taking into account the interim dividend of EUR 0.24 that was declared in August 2015, the final dividend would be EUR 0.41 per ordinary share or depositary receipt. The sum of EUR 0.41 per ordinary share or depositary receipt

would be paid as a final dividend in cash after deduction of dividend tax. The Supervisory Board recommended to adopt the proposal.

As there were no questions, the **chairman** moved to the vote on agenda item 3B.

Following the electronic voting, the **chairman** announced that the proposed dividend for 2015 had been agreed by 3,855,478,868 votes in favour, 11,044,258 votes against and 2,446,942 abstentions. If the votes of ING Trust Office for which no voting instructions had been received from depositary receipt holders were ignored, the proposal would have been carried by 2,196,548,504 votes in favour, 11,044,258 votes against and 2,446,942 abstentions.

#### **4A. Discharge of the members of the Executive Board in respect of their duties performed during the year 2015 (voting item)**

The **chairman** referred to the proposal and explanatory notes under agenda item 4A in the notice of meeting and moved to grant the members of the Executive Board discharge in respect of their duties performed during the financial year 2015 as set out in the Annual Accounts for 2015, 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 meeting.

As there were no questions, the **chairman** moved to the vote on agenda item 4A.

Following the electronic voting, the **chairman** announced that the proposal to grant the members of the Executive Board discharge in respect of their duties performed during 2015 had been carried by 3,779,550,585 votes in favour, 56,558,551 votes against and 12,856,845 abstentions. If the votes of ING Trust Office for which no voting instructions had been received from depositary receipt holders were ignored, the proposal would have been carried by 2,140,620,221 votes in favour, 56,558,551 votes against and 12,856,845 abstentions.

#### **4B. Discharge of the members of the Supervisory Board in respect of their duties performed during the year 2015 (voting item)**

The **chairman** explained that the same applied to the Supervisory Board. He referred to the proposal and explanatory notes under agenda item 4B in the notice of meeting and moved to grant the members of the Supervisory Board discharge in respect of their duties performed during the financial year 2015 as set out in the Annual Accounts for 2015, the Report of the Supervisory Board, the Corporate Governance chapter, the Remuneration Report and the statements made during the meeting.

As there were no questions, the **chairman** moved to the vote on agenda item 4B.

Following the electronic voting, the **chairman** announced that the proposal to grant the members of the Supervisory Board discharge in respect of their duties performed during 2015 had been carried by 3,799,574,369 votes in favour, 56,566,165 votes against and 12,831,824 abstentions. If the votes of ING Trust Office for which no voting instructions had been received from depositary receipt holders were ignored, the proposal would have been carried by 2,140,644,005 votes in favour, 56,566,165 votes against and 12,831,824 abstentions.

#### **5A. Corporate governance/amendment of the Articles of Association (voting item)**

The **chairman** moved to Corporate Governance and the amendment of the articles of association. He referred to the proposal under agenda item 5A in the notice of meeting and the text of the proposed amendment of the articles of association drawn up by De Brauw Blackstone Westbroek N.V. dated 8

March 2016 reference 5A. He gave the floor to Mr Breukink, chairman of the Corporate Governance Committee.

Mr **Breukink** explained that in 2015, as agreed at the last General Meeting, ING had reviewed the Company's corporate governance, including the depositary receipt structure through the ING Trust Office. ING had looked at market developments, taken external advice and held discussions in meetings with stakeholders. This had led to the proposal in this agenda item. In summary, the depositary receipt structure through ING Trust Office would be ended in combination with the amendment of the articles of association proposed in this agenda item. The individual parts of the amendment of the articles of association were described under agenda item 5A in the notice of meeting. The proposal also contained a reduction of the issued capital. The amount of the capital reduction would not be distributed but added to the share premium reserve. This capital reduction was conditional on the announcement by ING that the capital reduction would be effected, and this depended in part on the approval required for this from the European Central Bank (ECB). The other elements of this amendment of the articles of association and the abolition of the depositary receipt structure were not dependent on approval from the ECB. The proposal to amend the articles of association was being made by the Executive Board and had been approved by the Supervisory Board. As more than two-thirds of the issued capital was present or represented at this meeting, the proposal would be accepted if at least two-thirds of votes cast were in favour. Mr **Breukink** added that there would be a meeting of depositary receipt holders following this meeting to give further details of the activities of ING Trust Office and the amendment of the Trust Conditions as published on the ING Trust Office website. Mr **Breukink** concluded his remarks with a reference to the fact that the proposal and notes had been available for inspection since 10 March 2016.

The **chairman** called for questions and comments.

Mr **Stevense** (SRB) expressed pleasure with the proposal to abolish the depositary receipt structure as the SRB had wanted.

Mr **Fehrenbach** (PGM Investments) was speaking on behalf of the customers of PGM Investments, including Pensioenfondsen Zorg & Welzijn. He announced that he was also authorised to speak on behalf of Menzis and De Goudse Verzekeringen. Firstly, Mr **Fehrenbach** noted that ING was proposing a number of material changes to the articles of association which, according to the Dutch Corporate Governance Code (the Code), should be submitted separately to the shareholders. ING had not reported this in either the document on the website on the implementation of the Code, the 2015 Annual Report or the notes to the agenda. ING was presenting the amendments to its shareholders as a bundle so that they could not vote separately on each material amendment. Mr **Fehrenbach** asked for an explanation. Secondly, Mr **Fehrenbach** noted that it was a pity that ING was raising the threshold for submitting a shareholder resolution. To date, ING's shareholders had not submitted any resolutions for the agenda and therefore a high threshold was not necessary. It was however to be welcomed that ING had not opted for the highest threshold of 3% as allowed by law but for 1%. Thirdly, Mr **Fehrenbach** addressed the binding nature of nominations to the Supervisory Board for which an amendment was also being proposed, i.e. that a simple majority was needed to pass such a proposal with the additional condition that more than half of the issued capital had to vote in favour of the proposal. He thought that this was on the high side as it required a continuing high turnout. He, therefore, called on ING to ensure that turnout was and remained very high in future. Mr **Fehrenbach** thought that there was a degree of contradiction in the arguments for this proposal and the proposal to amend the articles of association as the threshold for the latter was being reduced rather than increased. Finally, Mr **Fehrenbach** said that he was happy with the proposal to end the depositary receipt structure. He thought that it was difficult to vote against the bundle given the way in which ING was making the proposals. As ING was now submitting the proposal on the depositary receipt structure in this way, Mr Fehrenbach said he would reluctantly agree with the amendment of the articles of association. He would not vote against.

The **chairman** gave the floor to Mr Vink.

Mr **Vink** said that questions had already been raised about the fact that ING was submitting a bundle of proposals. The reason was that this was the outcome of the Corporate Governance review and concerned a combination of rules and arrangements embedded in the articles of association that could only be seen in relation to one another. It was a balanced proposal with more and less attractive elements for stakeholders, including the shareholders. In its response to the Corporate Governance Code, ING had said it would put proposals addressing amendments to the law on the agenda separately. ING had done that: the amendment for the European Bank Recovery and Resolution Directive ("BRRD") was a separate agenda item for this General Meeting. There was, therefore, room to vote separately on other related proposals.

Mr **Vink** then responded on the proposed threshold of 1% for submitting a shareholder resolution. He confirmed that the law allowed a threshold of 3%. ING had not opted for that. It had increased the threshold currently in the articles of association (0.01%) since this was thought to be very low. When considering what a balanced threshold would be, ING had looked carefully at other companies which have a threshold above 0.01%. ING believed that 1% was still low. If ING's shareholders wanted to use the right to submit a resolution, it would be easy for a proposal supported by a number of shareholders to reach 1%.

With respect to binding nominations, ING had indeed opted to require a simple majority representing at least 50% of the issued capital. The comment that this was a high threshold was right given the turnout for this General Meeting. These were, however, very significant decisions that ING thought should have solid support among shareholders. The proposal was intended to prevent such far-reaching decisions being taken if there was a low turnout. Mr **Vink** added that in general each voting result showed that resolutions were often passed by 99% or more.

Mr **Vink** emphasised that ING would continue to seek dialogue with stakeholders and shareholders even after acceptance of today's proposals. ING would, therefore, continue to work for robust representation at meetings as it regarded balanced decision-making in meetings as very important.

Mr **Vink** explained the reasons for lowering the threshold for an amendment of the articles of association from two-thirds to a simple majority. This would allow an amendment of the articles of association to be passed even in the event of a low turnout. Decisions could be taken by a simple majority of votes if fewer than 50% of the shareholders and depositary receipt holders were present or represented. This was also in the interest of the shareholders for amendments to the articles of association.

Mr **Spanjer** (Amsterdam) expressed dissatisfaction with the proposed amendment of the articles of association, listing some examples. Referring to article 5.1 of the articles of association he asked why only ordinary shares (and not the cumulative preference shares) would be split 1 for 24. He thought this was disadvantageous to holders of cumulative preference shares as they would have to surrender part of their control. Mr **Spanjer** also believed that what was written in article 7.45 ("Each shareholder and each holder of a limited right in respect of shares shall be obliged to notify the company of his name and address") was in conflict with the Personal Data Protection Act. Mr **Spanjer** continued by referring to article 9.1 ("Any transfer of registered shares shall require a deed of transfer"). He believed this was impracticable and hindered free trading. He asked ING for an explanation. In addition, Mr **Spanjer** thought articles 12.5 and 12.10 contradicted each other in respect of the issue of cumulative preference shares. Finally, Mr **Spanjer** quoted article 15 and wondered if it was possible to issue depositary receipts for shares without the co-operation of the Company.

Mr **Vink** responded to Mr Spanjer's points. The reduction of the nominal value from EUR 0.24 to EUR 0.01 applied to ordinary and cumulative preference shares. No distinction would be made. The provision of a name and address to the Company was a legal requirement and only applied to

deliveries of registered shares. With a view to efficiency, both listed and unlisted shares and options would be settled through a system of Euroclear after the depositary receipt structure had ended. No notarial deed would be required for this. Such a deed was only required if registration in the shareholders' register was wanted. Registration did not offer easily tradable securities; these would only be available after conversion into depositary receipts. If depositary receipts were replaced by shares, they could simply continue to be traded without requiring a notary. This was in line with the approach of other listed companies. With respect to articles 12.5 and 12.10, article 12.10 was the more important. Article 12.10 reflects the current contractual right of ING Continuity Foundation to acquire protective shares up to a maximum of one-third of the issued capital. Article 12.5 was currently not relevant. It is a provision that could become relevant if in the future more cumulative preference shares were issued than ING Continuity Foundation's current rights. The contents of Article 15 on the issue of depositary receipts for shares without the co-operation of the Company was also a legal provision. ING had expressly stated in the articles of association that it would no longer co-operate with the issue of depositary receipts but it could not prevent anyone from issuing depositary receipts for shares that he or she owns. The law stated that in such a case depositary receipts must be traded in the same way as shares.

Mr **van den Bos** (Stede Broec) asked if after abolishing the depositary receipt structure ING would have instruments to prevent an unwanted takeover to protect the capital, employees, taxpayers and other stakeholders.

A **depositary receipt holder/shareholder** asked what would happen to a proposal if less than 50% of the issued capital was represented.

Mr **Hazewinkel** (ING Trust Office) said that ING Trust Office would vote in favour. He gave a brief explanation, looking back on the history of the depositary receipt structure. A depositary receipt structure had been chosen as one of the ways of protecting the business when ING was formed in 1991. Over the years, the depositary receipt structure had been criticised and it had not been a protective construction for ING since 2003. Depositary receipt holders who so wished could exercise their voting rights in all circumstances. The 'new style' depositary receipt structure had made it easy for investors to cast their votes by issuing voting instructions to ING Trust Office and depositary receipt holders did this widely in practice. In 2007, ING had said through the then chairman of the Supervisory Board that abolition of the depositary receipt structure would be considered if at least 35% of the depositary receipt holders used their voting rights for three successive years. As a result of the restructuring measures imposed on ING by the European Commission following the credit crisis, ING did not think it opportune to decide on abolishing the depositary receipt structure in 2010. It had been decided in 2010 to review the corporate governance when ING's restructuring programme was completed. That time had now come. The proposal contained the end of the depositary receipt structure in combination with a number of related proposals to amend the articles of association which Mr Vink had explained in detail earlier in the meeting.

Mr **Hazewinkel** continued by noting that ING had the leading role on the depositary receipt structure. ING had recently exchanged thoughts with ING Trust Office on the subject of the Corporate Governance review, including the depositary receipt structure. ING Trust Office had announced on 10 March 2016 that it would co-operate with implementing the end of the depositary receipt structure for ING shares, subject to the condition that the proposed amendments of the articles of association of ING Groep N.V. were passed in this meeting. ING Trust Office had established that the proposals that ING had made were widely supported by investors, investors' associations and proxy advisory bureaus. The vast majority of the depositary receipt holders who had voted remotely through ING Trust Office were in favour of the proposed amendment of the articles of association. Mr **Hazewinkel** announced that ING Trust Office would also vote today in favour on the shares for which the depositary receipt holders had not issued a proxy to ING Trust Office as this was deemed to be in the interest of the depositary receipt holders and ING.

Mr **Jorna** (VEB) spoke and said he was not happy that the proposed amendments of the articles of association had been combined with the proposal on the threshold for submitting a shareholder resolution and binding nominations requiring a simple majority that represented at least 50% of the issued capital. Nevertheless, he was in favour of abolishing the depositary receipt structure. Mr **Jorna** asked for an explanation of the point in the proposed articles of association under which the Supervisory Board and the Executive Board were indemnified from liability and claims.

The **chairman** gave the floor to Mr Vink to answer these questions.

To the question from Mr van den Bos, Mr **Vink** answered that no Dutch business had absolute protection against acquisitions. ING had a protective construction with the ING Continuity Foundation. This would continue to exist and in the event of an acquisition situation could be important in winning time for entering into dialogue with the bidder, finding a possible 'white knight' and considering alternatives. This was not an unusual protective construction and ING would retain it. In addition, a bidder had to get approval from the European Central Bank (ECB) as soon as it acquired an interest above 10%. There were other thresholds that a bidder had to take into account if it eventually wanted to make a bid.

If in future less than 50% of the issued capital was present or represented during a General Meeting, decisions could in principle be made by a simple majority. There was no quorum required for decisions, including on a proposal to amend the articles of association. Decision-making by the General Meeting was, therefore, ensured in future even if the turnout was low.

On the question of why indemnification of the Supervisory Board and the Executive Board was included in the articles of association, Mr **Vink** explained that ING was one of the few listed companies in the Netherlands that did not yet do this. It was customary to give indemnity to executive and supervisory board members, but the preference was for the decision on indemnity to be taken by the General Meeting and embodied in the articles of association. Consequently, it was now proposed to include it in the articles of association. This did not prevent executive and supervisory board members being held to account for their responsibilities and possibly being held liable, albeit that they had indemnification from the Company in some situations. The indemnification was, of course, not absolute and applied to mistakes made in the normal performance of their duties and did not apply in cases of intent, recklessness or serious culpability.

The **chairman** expressed his thanks for all the questions and answers and moved to the vote.

Following the electronic voting, the **chairman** announced that the General Meeting had passed the proposal in agenda item 5A by 3,853,001,286 votes in favour, 14,616,889 votes against and 1,331,565 abstentions. If the votes of ING Trust Office for which no voting instructions had been received from depositary receipt holders were ignored, the proposal would have been carried by 2,194,070,922 votes in favour, 14,616,889 votes against and 1,331,565 abstentions.

The **chairman** thanked ING Trust Office for its work in the past and its co-operation in developing this proposal. He particularly referred to Mr Frentrop, Mr den Boogert, Mr Noy, Mr Hazewinkel and Mr Veraart (the former chairman of ING Trust Office) who were present today. The agenda item closed with applause for ING Trust Office.

## **5B. Amendment of the Articles of Association in connection with the European Bank Recovery and Resolution Directive ("BRRD"; 2014/59/EU) (voting item)**

The **chairman** moved to the proposed amendment of the articles of association in connection with the European Bank Recovery and Resolution Directive (BRRD) and referred to the proposal and notes in the notice of meeting of 8 March 2016.

The **chairman** explained that the proposal had three elements. Firstly, an increase of 300 million shares in the authorised share capital. Secondly, allowing the cumulative preference shares in the authorised share capital to be used as ordinary shares if there was a shortfall in ordinary shares in the authorised share capital in a given situation. Thirdly, permitting a reduction in the notice period for a General Meeting if necessary to avoid resolution. This proposal to amend the articles of association was being made by the Executive Board and had been approved by the Supervisory Board. As more than two-thirds of the issued capital was present or represented at this meeting, the proposal would be accepted if at least two-thirds of votes cast are in favour.

To save as much time as possible for questions, the **chairman** merely referred to the proposal and notes.

The **chairman** established that there were no questions and moved to the vote.

Following the electronic voting, the **chairman** announced that the General Meeting had passed the proposal in agenda item 5B by 3,800,778,844 votes in favour, 66,872,424 votes against and 1,264,765 abstentions. If the votes of ING Trust Office for which no voting instructions had been received from depositary receipt holders were ignored, the proposal would have been carried by 2,141,848,480 votes in favour, 66,872,424 votes against and 1,264,765 abstentions.

#### **5C. Amendment of the profile of the Executive Board (discussion item)**

The **chairman** moved to the amendment of the profile of the Executive Board and referred to the profile published as a document for this meeting on the ING.com website.

The **chairman** explained that under its articles of association ING used a profile for appointments of members of the Executive Board. The profile served as guidance for the selection and appointment of candidates for the Executive Board. The current profile dated from 2010 and needed to be updated. The amendments concerned adaptations to ING's new structure without an insurance business, alignment with changes in legislation and regulations, increased focus on international banking experience and knowledge of ING's risk profile and financial aspects and minor textual changes.

The **chairman** established that there were no questions.

#### **5D. Amendment of the profile of the Supervisory Board (discussion item)**

The **chairman** moved to the amendment of the profile of the Supervisory Board and referred to the profile published as a document for this meeting on the ING.com website.

The **chairman** explained that, like the profile of the Executive Board, the profile of the Supervisory Board also dated from 2010. In addition to the amendments to the profile of the Executive Board already discussed, a number of elements had been removed from the profile. These concerned the annual evaluation of the members of the Supervisory Board, the rule that a former member of the Executive Board could not be appointed as chairman of a committee of the Supervisory Board within four years of resigning from the Executive Board, criteria for appointment and reappointment of supervisory board members (these are set out in the Supervisory Board Charter) and the rule that supervisory board members generally resign on reaching the age of 70 (this rule is out-dated and consequently undesirable).

The **chairman** established that there were no questions.

## 6. Amendment of the remuneration policy for members of the Supervisory Board (voting item)

The **chairman** moved to the proposed amendment of the remuneration scheme for members of the Supervisory Board, referring to page 100 of the Annual Report, and gave the floor to Mr Breukink, the chairman of the Remuneration Committee.

Mr **Breukink** explained that ING had reviewed the remuneration policy for the Supervisory Board in 2015 as announced in the Remuneration Report for 2014. The remuneration policy for the Supervisory Board dated from 2008 and had not been changed since. The burden on supervisory board members had, however, become much heavier as a result of economic developments and increased regulation. These had led to more responsibilities and an increase in the commitment of time. It was vital for a sound governance structure at an international business such as ING that it could attract supervisory board members with an international background. The criteria for the review were a simple and transparent structure and bringing remuneration levels into line firstly with ING's peers, secondly a proper level to attract good, international candidates and finally the previously mentioned increase in responsibilities and time commitment.

The remuneration of the members of the Supervisory Board had been compared with that at groups of comparable businesses. The proposed new remuneration level was below the median of the benchmark. The choice had been for a simple structure without additional allowances and only a supplement for attending meetings abroad. A greater differential had been created between the chairman's functions and the functions of the other members. This was in line with the responsibilities and time commitment. The full proposal was set out in the Remuneration Report for 2015.

The **chairman** called for questions and comments.

Mr **Jorna** (VEB) said that the absolute higher levels could be justified for the reasons given. He was, however, counting on the supervisory board members to act more quickly and even more to do their best. He also said he hoped that the increase of over 70% would not cause a leap-frog effect with other supervisory board members. He wondered how many people had refused to join ING's Supervisory Board in recent years because of the current, relatively low remuneration level.

Mr **van den Bos** (Stede Broec) concurred with Mr Jorna in respect of the higher remuneration level. He thought an increase of 70% was a lot and would have preferred to see an increase of 50%. With respect to the committees he thought the Risk and Audit Committees were the most important. He thought that the increase in remuneration to EUR 20,000 was right. In his opinion, the remuneration for the Remuneration Committee could stay at EUR 10,000 or EUR 12,500.

Mr **Fehrenbach** (PGM Investments) believed that the remuneration of the Supervisory Board should not in principle be linked to the interests of certain stakeholders, including the shareholders. That was one reason why he was a major proponent of paying members of the Supervisory Board only fixed and not variable remuneration. In addition, he encouraged further simplification of the remuneration structure. He acknowledged that the work and responsibilities, including the time commitment, of supervisory board members in general, and at financial institutions such as ING in particular, had increased considerably in recent years. This all meant he had sympathy for the proposal. He said that it was important to him that ING had drawn a good balance and had looked at what was happening elsewhere in the market and expressly stayed below the median.

Mr **Vermeulen** (Velp) expressed dissatisfaction with the proposal. He thought that the supervisory boards of companies were richly rewarded and that the difference compared with the remuneration of ordinary employees was too great. He thought that the remuneration of employees had actually become more meagre and gave the examples of the reduction in annual rises and the abolition of the Christmas box. He referred to a foreign bank that had instituted a rule that a director could not earn

more than five times the salary of the lowest paid employee and he thought that ING could take this as an example.

Mr **Stevense** (SRB) said he also thought the increase was rather substantial. He believed that despite the increased responsibilities and time commitment, supervisory board members also had a social position and referred to the increased difference compared with the remuneration of ordinary employees. He wondered if it would have been better to phase in the increase in remuneration that was now being implemented in one go, over a period of say five or six years.

On the last point, the **chairman** responded that in principle the proposal for a higher remuneration level could have been made last year as the state aid had been repaid. The Supervisory Board thought, however, that it was not opportune as the repayment had been made just before. An amendment of the remuneration policy for the Executive Board had, however, been proposed and approved last year.

The **chairman** believed that it would be difficult to leap-frog the remuneration for the Supervisory Board while it was below the median.

Mr **Breukink** addressed a number of other questions and comments. He noted that it was not necessary to encourage the supervisory board members to act more quickly if they received higher remuneration: everyone could take it that the Supervisory Board acted quickly, irrespective of the remuneration the members received. Only the increase in the chairman's remuneration was close to 70% for the fixed part of his remuneration. Due to the elimination of other fees in the new remuneration policy, depending on the roles represented in the Supervisory Board, on average the increases in total were between about 20% and 45%.

The **chairman** confirmed that a number of candidate supervisory board members had refused or cancelled an offer for a position. It was not clear if that was solely due to remuneration. He did not think it appropriate to give further details. With respect to the suggestion of phasing in the increase, the **chairman** referred to the approach in Anglo-Saxon countries, where the shareholders decided on a given sum for the total increase in remuneration and that amount gave room for annual increases. This was not possible in the Netherlands, partly because of the requirement to place the subject on the agenda each year for adoption by the shareholders. ING was not planning to do that.

The **chairman** expressed thanks for all the questions and answers and moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal had been passed by 3,845,659,948 votes in favour, 18,159,049 votes against and 5,062,703 abstentions. If the votes of ING Trust Office for which no voting instructions had been received from depositary receipt holders were ignored, the proposal would have been carried by 2,186,765,584 votes in favour, 18,159,049 votes against and 5,062,703 abstentions.

## **7. Composition of the Executive Board: reappointment of Mr Wilfred Nagel (voting item)**

The **chairman** moved to the composition of the Executive Board, being the reappointment of Mr Wilfred Nagel as a member of the Executive Board from the end of this Annual General Meeting.

The **chairman** announced that the Supervisory Board had made a binding nomination for this reappointment in accordance with article 19.2 of the articles of association. The binding nomination and details of the proposed candidate were set out under agenda item 7 in the notice of meeting. The Supervisory Board recommended reappointing Mr Nagel as a member of the Executive Board from the end of this General Meeting until the end of the General Meeting held in 2020.

The **chairman** explained that Mr Nagel's reappointment was based on his valued contribution as chief risk officer (CRO) and member of the Executive Board in his present term of appointment and his broad knowledge of and experience in many parts of ING's banking activities.

The **chairman** called for questions and comments.

Mr **Broenink** wanted to hear from Mr Nagel why he wanted to continue and what he would be looking at during the coming four years.

Mr **Nagel** replied to the first question. In his view, ING was a very fine company that could still achieve a lot. There was a new strategy, a partially new Executive Board and many great plans. He thought it would be extraordinarily attractive and also pleasant to take part in implementing this for a while longer. In respect of the second question, Mr **Nagel** said in broad terms he would be looking at the things that a CRO always had to consider. He gave a few examples such as agreeing and remaining within a risk appetite for different types of risk that ING faced as part of its day-to-day activities and taking suitable measures if the risk appetite appeared (going to) be exceeded. Given the current and expected future situation for banks, he thought there were more than enough matters for a CRO to work on.

The **chairman** moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal had been passed by 3,831,321,665 votes in favour, 14,861,049 votes against and 21,340,750 abstentions. If the votes of ING Trust Office for which no voting instructions had been received from depositary receipt holders were ignored, the proposal would have been carried by 2,172,391,301 votes in favour, 14,861,049 votes against and 21,340,750 abstentions.

The **chairman** congratulated Mr Nagel.

## **8. Composition of the Supervisory Board: appointment of Ms Ann Sherry AO (voting item)**

The **chairman** moved to the composition of the Supervisory Board, being the appointment of Ms Ann Sherry as a member of the Supervisory Board from the end of this General Meeting.

The **chairman** announced that the Supervisory Board had made a binding nomination for this appointment in accordance with article 25.2 of the articles of association. The binding nomination and details of the proposed candidate were set out under agenda item 8 in the notice of meeting. The European Central Bank had approved Ms Sherry's appointment on 15 March 2016. The Supervisory Board recommended appointing Ms Sherry as a member of the Supervisory Board from the end of this General Meeting.

The **chairman** explained that Ms Sherry's nomination was based on her background in the financial sector and her knowledge and experience in both managing and supervising large international companies. Ms Sherry had held executive positions in public and governmental affairs and in the banking and non-banking industry. With her successful track record, she would be a valuable candidate for the Supervisory Board of ING.

The **chairman** called for questions and comments.

Mr **Stevense** (SRB) said he had no objection to the appointment of Ms Sherry but he asked the chairman to look at the schedule of resignations of the members of the Supervisory Board in general, as he thought there was a high percentage of pending resignations, whether or not the member was eligible for re-election. The **chairman** tried to put Mr Stevense at ease. The Supervisory Board was aware of this and preparing for it. The essence was that members could be reappointed. Mr **Stevense** responded to this. From a continuity viewpoint, he wanted a proportionate number of members,

whether or not they were eligible for re-election, to resign each year. The **chairman** announced that there was a combination of possible resignations each year and that surprises could also occur. This offered opportunities for reappointments and new appointments that the Supervisory Board tried to plan as well as possible. It could be necessary to change the planning if unexpected events occurred. Mr **Stevense** believed that in principle the planning already departed from what was desirable given the number of potential resignations next year. The **chairman** emphasised once again that there was room for reappointments and so continuity was safeguarded. To preclude a risk to continuity, Mr **Stevense** asked for a change to the schedule of resignations, so that in future there was a proper schedule. He suggested the appointment of a member for a two or three (instead of the current four) year term in the case of a reappointment. The **chairman** referred to the 2016 report by Mr van Manen, the chairman of the Monitoring Committee for the new Dutch Corporate Governance Code, which suggests that an appointment term of four years, for at least two terms, was preferred. There was still some debate about the details of a third term. This did not in principle prevent a bank from making reappointments differently, provided this could be explained properly and was justified with reasons. ING could, therefore, propose a non-standard reappointment period but did not currently see a reason to do so. For ING, properly safeguarding continuity was leading and it was aiming for a sound balanced membership of its Supervisory Board, taking account of matters such as different experience in the financial sector, internationalism and the balance between men and women. Both De Nederlandsche Bank (DNB) and the European Central Bank (ECB) supervise composition and the process. Mr **Stevense** concluded by saying he did not agree with the chairman. The **chairman** thanked him for his views.

Mr **Spanjer** (Amsterdam) had two questions. Firstly, he wanted to know if Ms Sherry was present in the hall. Secondly, he wondered if she could reconcile her membership of ING's Supervisory Board with her other roles and responsibilities, both in terms of time commitment and representing interests. With respect to the latter, he referred to Ms Sherry's role and responsibilities with ING Australia. The **chairman** replied that Ms Sherry was not present as she would have had to come from Australia merely to be seen for a short time today. ING did not think that was appropriate or efficient. In addition, the **chairman** explained that Ms Sherry was a non-executive director and not chairman of ING Australia. A protocol had been drawn up and shared with the DNB and the ECB on how she should act in the event of a possible conflict of interests. Ms Sherry's other activities were fully in line with the requirements in this area.

Mr **Swinkels** (Erp) further elaborated on this. He asked if the remuneration that Ms Sherry received from her non-executive directorship with ING Australia and her supervisory board membership at ING Group would be offset. He did not think that Ms Sherry could be independent when fulfilling two different roles at ING. The **chairman** explained that Ms Sherry would be remunerated for her membership of the Supervisory Board of ING Group in line with the new remuneration scheme agreed earlier today. In Australia, Ms Sherry received remuneration for her work at ING Australia as set by the Board there. These sums would not be set off. In respect of possible conflicts of interest, the **chairman** did not foresee any complications in practice. He referred to the comparable situation of Mr Boyer where the protocol had never had to be activated.

Mr **Fehrenbach** (PGM Investments) referred to the chairman's comment about why Ms Sherry was not present today. He said he wanted to see supervisory board members attending planned meetings of the Supervisory Board in person and also interim meetings simply because they were often called for a special reason. Given the distance and the large number of meetings the Supervisory Board held last year, he wondered if Ms Sherry could actually be present in person at all meetings. The **chairman** thought this was a proper question as almost all meetings were held in the Netherlands. Personal attendance was an important point. This had been discussed at length with Ms Sherry and the **chairman** hoped that in practice her participation in person would actually be as intended. The **chairman** was, however, very pleased that Ms Sherry wanted to come and strengthen the Supervisory Board as it said a lot about ING's positive international reputation. He expected that Ms Sherry could offer ING very valuable insights and information from her impressive career. This could also be a boost for the image of ING in Australia.

The **chairman** moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal had been passed by 3,821,759,593 votes in favour, 21,252,663 votes against and 25,869,553 abstentions. If the votes of ING Trust Office for which no voting instructions had been received from depositary receipt holders were ignored, the proposal would have been carried by 2,162,829,229 votes in favour, 21,252,663 votes against and 25,869,553 abstentions.

The **chairman** would inform Ms Sherry of the outcome accordingly and congratulate her, also on behalf of the shareholders and depositary receipt holders.

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

The **chairman** moved to the proposal to designate the Executive Board, with the approval of the Supervisory Board, as the corporate body authorised to resolve upon the issue of ordinary shares and granting of rights to subscribe for such shares provided that as far as reasonably possible, the pre-emptive rights of existing shareholders were preserved. The **chairman** referred to the proposal and notes under agenda item 9A in the notice of meeting and commented further. Each year in the past, ING had asked the General Meeting to authorise the Executive Board to issue new ordinary shares for up to twice 10% of the issued capital. Shares could be issued under both authorisations, 20% in total, therefore, with or without pre-emptive rights (the following agenda item). This practice had been reconsidered as part of the Corporate Governance review. Once again two authorisations to issue shares were being proposed: one for 40% with pre-emptive rights, the current agenda item (9A), and one for 10% with or without pre-emptive rights, the following agenda item (9B). This proposal for authorisation to issue shares offered greater flexibility than the authorisations requested in earlier years, making it easier for ING Group to respond quickly, if necessary, to adverse developments in the financial markets. Furthermore, the authorisations were in line with international trends, as confirmed in the consultations with large shareholders as part of the Corporate Governance review. The authorisation for 40% could be used for any financing purpose, therefore not only for strengthening capital, and including for example, financing an acquisition. The Executive Board and the Supervisory Board emphasised that ING's intention was to do everything reasonable to respect the pre-emptive rights of shareholders and to avoid dilution, all in accordance with applicable laws and regulations. Further information on how the pre-emptive rights of shareholders would be treated in specific cases was presented on the Company's website. The Supervisory Board had approved the proposal. The authorisation superseded the authorisation given under agenda item 8A at the last General Meeting.

The **chairman** called for questions and comments.

Mr **Fehrenbach** (PGM Investments) said he had great difficulty with the requested authorisations, especially the percentages involved. He thought that it was customary in the Netherlands to ask for an authorisation for 10% and a further 10% for a maximum period of eighteen months. ING was now asking for authorisation to issue up to 50%. In comparable countries identified by ING where this was possible, permission was required for the size of mergers and acquisitions and shareholder approval. At ING, this threshold for approval of mergers and acquisitions was at the statutory minimum of one-third of the total assets so that in practice it was almost impossible that ING would have to come back to this meeting with a proposal for an acquisition requiring prior approval. He thought the proposed thresholds were far too high and did not recognise them in the international trend on this presented by ING. He wanted to retain the 10% plus 10%. Mr **Fehrenbach** was inclined to consider situations in which there would be an acute need for ING to react immediately to developments and reinforce shareholders' equity. He, therefore, called on ING to limit the requested authorisation to 10% plus 10%, especially for merger and acquisition situations, and only to use the rest of this authorisation in a financial emergency to reinforce capital and in situations in which it was not reasonably possible to call an extraordinary Shareholders' meeting.

Mr **Jorna** (VEB) thought that Mr Fehrenbach's argument excellently reflected the viewpoint of the VEB and had little to add. In his opinion, Mr Fehrenbach's proposal was a change to what had been submitted and so it could not be voted upon. He believed that, at most, ING could withdraw the proposal from the agenda and call an extraordinary shareholders' meeting and submit an amended proposal. Mr **Jorna** concluded by commenting that the VEB with close to 1,400,000 shares would vote against the proposal as it currently stood.

Mr **Stevense** (SRB) agreed with Mr Jorna and said he was also in favour of withdrawing the proposal from the agenda. He concluded by saying that the SRB would also vote against.

Mr **Spanjer** (Amsterdam) referred to the articles of association; article 12.1 states that the authorisation could be for no more than five years. If authorisation was now given for 50% and for five years, he thought there would be no need for another General Meeting at a given time, as everything would have been arranged. He said he would also vote against the current proposal.

A **depository receipt holder/shareholder** asked the chairman to act. He assumed that the chairman had the power to amend a proposal and call a vote on it, as suggested by Mr Fehrenbach. The **chairman** would ask Mr Vink to respond.

Mr **Russ** (Haarlem) added that he represented a total of 23 institutional investors jointly holding 18.1 million votes. If the current proposal was maintained he would cast 11.3 million votes against. He agreed with the views of Mr Fehrenbach and Mr Jorna and pointed out that the proposal could not be amended because of the votes already cast by proxy.

Mr **Vink** took the floor and started by outlining the background to how ING had arrived at this proposal. In recent years ING had always had a 10% plus 10% mandate on the agenda. ING had seen from the voting that the support for the second 10% was declining. ING had discussed this with its shareholders, in particular the foreign ones. The discussions had shown that the reason for this was that in both cases that mandate could be used with or without pre-emptive rights. The foreign shareholders had less of a problem with 10% without pre-emptive rights, and wanted a higher percentage with pre-emptive rights. ING had amended the proposal on the basis of the discussions with a number of large shareholders that had made up part of the Corporate Governance review. This proposal was, therefore, in line with international practice. Mr **Vink** continued that ISS and Glass Lewis, major advisers to institutional shareholders on decision-making at general meetings, had issued favourable voting recommendations. Both had stated that the proposal was in line with international practice, in particular since the pre-emptive rights of shareholders were being respected.

On the involvement of shareholders in acquisitions, Mr **Vink** confirmed that shareholders had to give approval to acquisitions larger than one-third of the total assets. ING had set this out in its articles of association and was, therefore, in line with the current statutory regime. International practice showed that executive boards have wide powers to make their own decisions on acquisitions particularly in the United States and the United Kingdom. ING was not aware of signals of a change in this area in the near future.

In respect of whether it is possible to amend a proposal on the agenda, Mr **Vink** said it had been correctly noted that this should be done very cautiously, in particular because the majority of votes were cast by proxy. Agenda items could not, therefore, be amended or added to during a General Meeting. It was possible that the Executive Board and the Supervisory Board could resolve to use an authorisation granted in a General Meeting in a particular way.

Mr **Vink** said that ING was not using the maximum period of five years for the mandate as set out in article 12.1 of the articles of association. The notice of meeting stated that this mandate was valid for

eighteen months and this meant that ING would have to place this item on the agenda again next year if it again wanted to use the mandate for the following eighteen months.

A **depository receipt holder/shareholder** thought Mr Vink's point about proxy voting was not a good reason for not being able to amend the proposal. He thought that ING had to take into account the current adverse opinions on the proposal and should, therefore, withdraw it. He asked about the possibility of withdrawal.

The **chairman** noted briefly that in the view of the Supervisory Board and the Executive Board, a proposal had been made that, seen internationally, was at least customary. The proxy advisory bureaus supported the proposal in full. ING had considered the overall interests of all shareholders and of the business that could in an emergency face very unforeseen circumstances. From that viewpoint, the proposal would be maintained and he proposed putting it to the vote.

Mr **Fehrenbach** (PGM Investments) responded to this. He thought the recommendations overlooked the Dutch situation and the specific circumstances. He knew that authorisation to issue shares for considerably higher percentages, sometime up to 100%, with pre-emptive rights was permitted in other countries. He thought that this disregarded the fact that the thresholds for submitting mergers and acquisitions were considerably lower abroad. In his opinion, good practice was to ask the shareholders for authorisation to issue shares. With the current proposal, ING was an unfortunate exception to this. Mr **Fehrenbach** repeated his request to deal with the proposal in a different way. Apart from retaining the current proposal or withdrawing it entirely from the agenda, he thought it could also be possible to add a very clear limitation to the use of the authorisation to the proposal as he had outlined earlier in the meeting. Mr **Fehrenbach** was curious to know how the chairman of ING Trust Office would vote on this agenda item and whether, in view of the situation in the Netherlands, he would vote against.

The **chairman** believed that a precedent would be created by departing from or placing a voluntary limitation on the proposal as published. He called for maintaining maximum transparency and consistency and putting the proposal to the vote unamended. The matter had been studied carefully, with the involvement of many advisers, taking account of the international context. This had led to a balanced proposal. The **chairman** regretted that a number of shareholders held a different opinion. They could express this through their vote. If it proved necessary, ING was prepared to reconsider putting such a proposal to the vote again next year.

Mr **Swinkels** (Erp) wanted to know why the proposal was on the agenda. He asked for more insight so that he could reach a considered decision on whether he could support the proposal. He referred to an earlier situation when, according to him ING, had not created any value and had proposed to him something he did not fully support. Mr **Swinkels** also asked how vulnerable banks, including ING, were at the moment, including from the viewpoint of solvency. The **chairman** replied that the reason the proposal was on the agenda had already been explained and he summarised it again. Mr **Hamers** added that ING was exposed to the dangers Mr Swinkels had referred to and that other banks also faced. He explained that before the crisis ING had had about EUR 28 billion in capital and total assets of EUR 1,300 billion. ING now had about EUR 48 billion in capital and total assets of EUR 850 billion. That was a tripling of the capital in relation to the balance sheet. The capital requirement from the European Central Bank was 9.5%. The Nederlandsche Bank added extra basis points to this, leading to a total capital requirement in due course of 12.5%. ING met this with its current Core Tier 1 ratio of 13.4%. ING had restructured for a reason and was much better capitalised than it was before, both in absolute euros as well as in relative percentages.

Mr **van den Bos** (Stede Broec) referred to what Mr Jorna had said with respect to the chairman's ability to withdraw the proposal. He was surprised that a number of shareholders were so against the proposal and tried to explain this by reflecting on differences in the entrepreneurial spirit of different shareholders, most of whom were represented in the United States and the United Kingdom. Referring

to what had been said earlier on bank consolidation, Mr **van den Bos** assumed that ING wanted room if opportunities arose for an acquisition that could contribute to continuing to meet the capital requirements and could lead to significant cost savings. He thought this would be to the benefit of the shareholders.

Mr **Hazewinkel** (ING Trust Office) addressed the question from Mr Fehrenbach about how ING Trust Office would vote and its opinion. He explained that ING Trust Office had discussed this subject. ING Trust Office had asked for and received further confirmation from ING that the authorisation to issue 40% was with application of pre-emptive rights. ING Trust Office had also spoken with Mr Fehrenbach, so that he could explain his objections. ING Trust Office had now examined the voting instructions it had received. A large number of depositary receipt holders had exercised their voting rights through voting instructions. ING Trust Office voted in the interests of ING and all depositary receipt holders. On that basis, ING Trust Office had reached the conclusion that it agreed with the proposal.

Mr **Jorna** (VEB) responded to Mr Hazewinkel's comments. He thought he was comparing apples and oranges and referred to what Mr Vink had said earlier. He thought ING seemed to be focusing only on the shareholders of the United States with this proposal. He knew of no other AEX company that had made such a proposal and believed that if shareholders of the United States wanted to invest here, they should act in line with the local rules, standards and values.

The **chairman** noted that despite the debate the parties involved had not grown closer together and moved to the vote.

Following the electronic voting the **chairman** announced that the proposal in the notice of meeting had been passed by 3,620,300,402 votes in favour, 230,385,152 votes against and 18,197,885 abstentions. If the votes of ING Trust Office for which no voting instructions had been received from depositary receipt holders were ignored, the proposal would have been carried by 1,961,370,038 votes in favour, 230,385,152 votes against and 18,197,885 abstentions.

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

The **chairman** moved to the proposal to designate the Executive Board, with the approval of the Supervisory Board, as the corporate body authorised to resolve upon the issue of ordinary shares and the granting of rights to subscribe for such shares and to restrict or exclude pre-emptive rights of shareholders. The **chairman** referred to the proposal and notes under agenda item 9B in the notice of meeting, and commented further. As discussed in the previous agenda item, this second authorisation related to 10% of the issued capital. The authorisation applied for a period of eighteen months unless renewed by the General Meeting. If this 10% authorisation was used, pre-emptive rights could be excluded. This authorisation may be used for any purpose, including capital strengthening, financing, mergers or takeovers, settlement of stock options and performance shares and the conversion of any additional Tier-1 capital instruments into ordinary shares issued by ING Group, as required under applicable supervision legislation. The Supervisory Board had approved the proposal. The authorisation superseded the authorisation given under agenda item 8B at the last General Meeting.

The **chairman** called for questions and comments.

Mr **Spanjer** (Amsterdam) said that ING had been given permission under agenda item 9A for 40%. Agenda item 9B asked for agreement to an additional 10% authorisation. He asked if there would be a further expansion and how far ING wanted to go. Mr **Vink** explained that the previous proposal was an authorisation for 40% retaining pre-emptive rights. This proposal was authorisation for 10% with or without pre-emptive rights. The maximum was thus 50% and no more.

The **chairman** noted there were no further questions and moved to the vote.

Following the electronic voting, the **chairman** announced that the proposal had been passed by 3,739,986,574 votes in favour, 123,800,424 votes against and 5,098,523 abstentions. If the votes of ING Trust Office for which no voting instructions had been received from depositary receipt holders were ignored, the proposal would have been carried by 2,081,056,210 votes in favour, 123,800,424 votes against and 5,098,523 abstentions.

#### **10. Authorisation to acquire ordinary shares or depositary receipts for ordinary shares in the Company's own capital (voting item)**

The **chairman** moved to the proposal to authorise the Executive Board, with the approval of the Supervisory Board, to acquire fully paid-up ordinary shares and depositary receipts for ordinary shares in ING Groep N.V. The **chairman** referred to the proposal and notes as set out under agenda item 10 in the notice of meeting and gave an explanation. 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 EUR 0.01 and not higher than the highest price at which the (depositary receipts for 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. Unlike earlier years, the Executive Board was not asking this year for a second authorisation to acquire 10%.

The **chairman** noted there were no further questions and moved to the vote.

Following the electronic voting the **chairman** announced that the proposal had been passed by 3,838,099,335 votes in favour, 28,561,846 votes against and 2,217,429 abstentions. If the votes of ING Trust Office for which no voting instructions had been received from depositary receipt holders were ignored, the proposal would have been carried by 2,179,168,971 votes in favour, 28,561,846 votes against and 2,217,429 abstentions.

#### **11. Any other business and conclusion**

The **chairman** announced that the minutes would be sent on request. He reminded those present that following this General Meeting there would be a meeting of holders of depositary receipts which those interested had already had to apply to attend in writing. Finally, he announced that there would be a reception after the General Meeting which would also be attended for a while by some members of the Executive Board and the Supervisory Board.

The **chairman** moved to any other business and called for questions and comments unrelated to the matters already discussed.

Mr **Fehrenbach** (PGM Investments) asked for the minutes to be published on the website in such a way that they could be searched. To date this had not been possible and so it was not possible, for example, to quote from them. The **chairman** was not aware of the background to this and asked Mr Vink to examine it.

A **depositary receipt holder/shareholder** referred to his question last year on an unsatisfactory situation. He had discussed it with an employee of ING and he said one of the four items had been resolved satisfactorily. Without going into further detail, he asked the Executive Board to settle the outstanding items satisfactorily. The **chairman** said that the matter was known and was being dealt with.

Mr **van der Bijl** (Purmerend) said he had attended many meetings of companies where there had been a merger. Such mergers had been used as an argument to increase the remuneration of the executive board. Now that ING and NN Group had been split up he asked if ING would put forward a proposal to reduce remuneration next year.

Mr **Stevense** (SRB) considered the financial calendar published on the ING website to be too short, currently running only to the start of November 2016. He asked for a longer financial calendar to be published, at least up to the General Meeting following the General Meeting attended by the depositary receipt holders and shareholders. It concerned all dates on which the financial results would be published.

Mr **Spanjer** (Amsterdam) asked for the ex-dividend date and when the dividend would be paid. Mr **Vink** replied that these dates were 27 April 2016 and 1 May 2016 respectively. There would be a separate announcement on this.

Mr **Swinkels** (Erp) asked if a meeting could be organised at which ING shareholders could speak informally with the Executive Board and Supervisory Board. With reference to another bank, Mr **Swinkels** suggested that in future, ING sent shareholders an admittance card to General Meetings which allowed use of public transport on that day. This saved money and supported the environment. The **chairman** said he understood the suggestion.

Mr **van den Bos** (Stede Broec) had a comment. If ING used the ability to raise capital by 50% for an acquisition, he hoped that it would act in the same way as another bank, which had been to finance 50% of the total funding from retained profits and 50% from a share issue.

The **chairman** noted that there were no other questions or comments.

Before closing the meeting, the **chairman** addressed a word to Mr Joost Kuiper, who had strengthened the Supervisory Board for many years. ING had announced that Mr Kuiper would resign for health reasons. The Supervisory Board had noted in the minutes of its meeting today that ING thanked him for his major contribution, very constructive personality and comradeship in the team. ING much appreciated this. The chairman called for applause and this was forthcoming.

The **chairman** closed the meeting after thanking everyone for attending and for their contributions.

*Amsterdam,*

*Amsterdam,*

*Amsterdam,*

*J. van der Veer  
chairman*

*C.H.P. van Eldert-Klep  
secretary*

*E. Bloemer  
depository receipt holder*