



Minutes

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, which shall prevail.)

Monday 11 May 2015, from 2:00 pm to 6:00 pm

Agenda

1. Opening remarks and announcements
2.
 - A. Report of the Executive Board for 2014 (discussion item)
 - B. Sustainability (discussion item)
 - C. Report of the Supervisory Board for 2014 (discussion item)
 - D. Remuneration Report (discussion item)
 - E. Corporate governance (discussion item)
 - F. Annual Accounts for 2014 (voting item)
3.
 - A. Profit retention and distribution policy (discussion item)
 - B. Dividend for 2014 (voting item)
4.
 - A. Discharge of the members of the Executive Board in respect of their duties performed during the year 2014 (voting item)
 - B. Discharge of the members of the Supervisory Board in respect of their duties performed during the year 2014 (voting item)
5.
 - A. Amendment of the existing remuneration policy for members of the Executive Board (voting item)
 - B. Variable remuneration cap for select global staff (voting item)
6. Appointment of the auditor (voting item)
7. Composition of the Supervisory Board:
 - A. Appointment of Mrs Mariana Gheorghe (voting item)
 - B. Reappointment of Mr Joost Kuiper (voting item)
 - C. Reappointment of Mr Henk Breukink (voting item)
8.
 - A. Authorisation to issue ordinary shares with or without pre-emptive rights (voting item)
 - B. Authorisation to issue ordinary shares with or without pre-emptive rights in connection with a merger, the takeover of a business or a company or, if necessary in the opinion of the Executive Board and the Supervisory Board, for the safeguarding or conservation of the Company's capital position (voting item)
9.
 - A. Authorisation to acquire ordinary shares or depositary receipts for ordinary shares in the Company's own capital (voting item)
 - B. Authorisation to acquire ordinary shares or depositary receipts for ordinary shares in the Company's own capital in connection with a major capital restructuring (voting item)
10. Any other business and conclusion

Present

- from the Supervisory Board: Mr J. van der Veer (chairman), J.C.L. Kuiper (vice-chairman), Mr E. Boyer de la Giroday, Mr H.W. Breukink, Ms I.M. Castellá, Ms C.W. Gorter, Mr H.J. Lamberti and Mr R.W.P. Reibestein
- 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 Company Secretary
 - Ms L.G. van der Meij Secretary (minutes)
- the external auditor: Mr M.A. van Loo from EY
- representatives of the Central Works Council
- 10 shareholders and 1,789 depositary receipt holders

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

1. Opening remarks and announcements

The **chairman** opened the meeting at 2:00 pm and welcomed everyone, the shareholders and depositary receipt holders of ING Groep N.V., the external auditors, the representatives of the Central Works Council and the members of the press. The Executive Board and the Supervisory Board were present on the platform. Directors of ING Bank were present in the auditorium and could answer questions relating specifically to the bank. Mr Vink, the Company Secretary and 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 on the ING website (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 issued capital of the company consisted of 3,867,815,863 ordinary shares on the Record Date (13 April 2015). A total of 2,358,887 depositary receipts for ordinary shares were held by ING itself on the Record Date and no votes could be cast on its underlying ordinary shares.

Later in the meeting, it was announced that ten shareholders (including the ING Trust Office) and 1,789 depositary receipt holders holding a total of 3,867,351,297 shares or depositary receipts for shares were present or represented at this meeting, permitting 3,864,992,410 votes to be cast. A total of 2,194,202,803 votes may be cast by means of proxy voting or by shareholders (excluding the ING Trust Office) and depositary receipt holders present or represented at the meeting, which was 56.76% of the total number of eligible voting ordinary shares.

The **chairman** then announced that the minutes of the General Meeting on 12 May 2014 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 12 November 2014; they had also been available for inspection. The minutes of this meeting would be taken by Ms L.G. van der Meij and 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 Sijtsma of Hoofddorp, depositary receipt holder, to adopt and sign the minutes of the meeting along with the chairman and the secretary. Mr Sijtsma had already declared his willingness to perform this duty. The meeting decided accordingly by acclamation.

2A. Report of the Executive Board for 2014 (discussion item)

2B. Sustainability (discussion item)

The **chairman** explained that the Sustainability Report had been combined with the Report of the Executive Board and gave the floor to Mr Hamers.

Mr **Hamers** thanked all those present for their interest and presented a commentary on the financial and non-financial results for 2014. The restructuring and repositioning of ING as a bank was virtually complete. The deconsolidation of the American insurance company in 2014 and the successful IPO of NN Group in mid-2014 had been very important in this. The early repayment to the Dutch State was also very significant for ING. The State had made an overall return of 12.7% annually.

As a bank, ING was an international financial institution with a strong base in Europe, activities in 40 countries, more than 32 million customers and good customer satisfaction scores. There had been 1.2 million new customers during the past year. Customer-focus was the starting point of the 'Think Forward' strategy introduced in the past year and aimed at putting customers at the centre of

everything that ING does. The customer promise to make service clear and easy and available anywhere and at any time supported that aim.

The strategy is designed to make a difference in the customer experience through four strategic priorities. The first priority is that ING is its customers' primary bank. This gives ING increasing knowledge of its customers, which is the second priority. The third priority is to increase the pace of innovation and technology. The fourth priority is to think beyond traditional banking.

Using these priorities, ING was creating value for its customers in many different social areas. Part of this was 'financial empowerment'. For example, ING had introduced the 'Financieel Fit' product and test for private customers in the Netherlands. The ten-year partnership with UNICEF, through which ING had helped over a million children to get a good education in recent years, was also financial empowerment. ING was also supporting the economy by providing credit to large and small enterprises. ING tried to offer additional support to attractive propositions, specifically if they involve action on the climate, for which ING has built up a portfolio of EUR 19.5 billion in recent years.

In the past year, ING had updated the direction of its sustainability so that it links seamlessly with the Think Forward strategy. One pillar for this was accelerating Financial empowerment. On the commercial side, ING had its own sustainability responsibilities. In the past five years, ING had cut its own CO₂ emissions by 43% and was committed to a further reduction of 20% by 2020. It was also important to build up financing for sustainable transitions. The share of renewable energy in the portfolio for financing electricity generation projects had increased from 23% in 2009 to 43% in 2014. Along with 42 other CEOs, policymakers and politicians, ING's CEO had committed in an open letter to the *Financial Times* to work on combating climate change.

ING was always looking for new technologies that can enhance the customer experience so that service is easier and better. For example, ING had introduced voice recognition in the Netherlands. After Belgium, fingerprint recognition was also being introduced in the Netherlands and Germany and later also in Turkey. A completely clear financial platform had been created for customers in Spain. Video-identification had been introduced in Germany so that customers could prove their identity from their homes. A new service, the 'InsideBusiness portal', that provides access to all national and international bank statements, products and services was being tested with various corporate customers.

Part of the strategy was to be a customer's primary bank so that ING could mean more to the customer. The number of customers who have ING as their primary bank rose by half a million in 2014. The ambition is to be the primary bank to over 10 million customers by 2017.

ING is a traditional bank that gathers savings and then makes them available to the economy as loans. Savings and the loans portfolio were extremely well diversified so that ING was not dependent on any one country or group of customers. ING wants to work on further growth of lending to SMEs and consumer credit, working capital facilities for large companies and international financing. Mr **Hamers** explained how well the Think Forward strategy was working in Spain.

Consistent customer focus had helped ING Bank achieve an underlying result of EUR 3.4 billion in 2014 and an annual underlying return on equity of 9.9%. Income was increasing as the lending portfolio was growing and the margin had improved. Costs were under control and the cost/income ratio was improving. Risk costs had been declining from 2013. Although ING had repaid the State in full, it had been able to reinforce its buffer capital further, making it possible to announce a dividend as early as the fourth quarter of 2014.

The first quarter had also confirmed that the Think Forward strategy was working well. ING had welcomed over 350,000 new customers in the first quarter of 2015. Profit for the first quarter was EUR 1.17 billion for ING Bank and EUR 1.77 billion for ING Group, thanks in part to the results of NN Group and Voya. The capital position of ING Bank and ING Group remained strong. The various

stakeholders, customers, shareholders, employees and society recognised that ING was on the way to achieving its ambition.

Mr **Hamers** concluded by saying that the past year had been significant in the restructuring and had shown that ING was focused on the future. ING Bank was strong and in a good position with an attractive portfolio of market leaders, challengers and growth markets. The Think Forward strategy was fully up and running. The strong capital position and results enabled ING to resume paying dividends ahead of schedule.

The **chairman** thanked Mr Hamers for his comments and continued to the next item on the agenda. The **chairman** explained that agenda items 2A to 2F would be presented first and there would then be the opportunity for questions on them.

2C. Report of the Supervisory Board for 2014 (discussion item)

The **chairman** put forward the Report of the Supervisory Board, referring to pages 64 to 67 of the Annual Report, and continued to the next item on the agenda.

2D. Remuneration Report (discussion item)

The **chairman** put forward the Remuneration Report for 2014, referring to the Remuneration Report for 2014 on pages 87 to 97 of the Annual Report, and asked Mr Breukink chairman of the Remuneration Committee, to comment.

Mr **Breukink** explained that the remuneration policy approved by the General Meeting in 2010 had applied unchanged in 2014. The CFO and CRO had been granted a pay rise in 2014 within the framework of that remuneration policy. Furthermore, the Executive Board had not received any variable remuneration for the sixth successive year. The remuneration and emoluments paid to the Executive Board in 2014 were set out in the Remuneration Report for 2014.

The **chairman** continued to the next item on the agenda.

2E. Corporate governance (discussion item)

The **chairman** referred to the corporate governance section on pages 68 to 79 of the Annual Report and noted that the future of the depositary receipt structure had been discussed during the Shareholders' Meeting in 2010. At the time, the Executive Board and Supervisory Board had announced that the natural time to review governance of ING overall, including the depositary receipt structure, would be when the proposed restructuring and divestments had been completed. Although the divestments might not be completed until the end of 2016, ING would start the evaluation in 2015 and the results would be on the agenda of the Shareholders' Meeting in 2016.

The **chairman** continued to the next item on the agenda.

2F. Annual Accounts for 2014 (voting item)

The **chairman** announced that the Executive Board had prepared the Annual Accounts, presented on pages 100 to 334 of the Annual Report, in English on 16 March 2015. The Annual Accounts had been available as part of the Annual Report on the ING website since 19 March 2015 and had been available for inspection at the head office in Amsterdam. On the instructions of the General Meeting by a resolution on 13 May 2013, the Annual Accounts had been examined by the auditor, who had issued an unqualified report on them as presented on pages 335 to 338 of the Annual Report. A signed copy of the Annual Accounts was available in the auditorium. The Supervisory Board recommended the

General Meeting to adopt the Annual Accounts. The auditor would give a brief explanation of how he had performed his work.

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 shareholders' meeting. Mr **van Loo** then briefly explained EY's work. EY had audited the parent company and consolidated Annual Accounts of ING Group and issued separate reports on the statutory annual accounts and Financial Supervision Act returns of certain of ING's subsidiaries, the main ones being ING Bank and ING Insurance. As ING Group also has a listing in the United States, EY had issued a report on the effectiveness of the internal controls on financial reporting in the context of the Sarbanes-Oxley legislation. EY had also reviewed the quarterly figures of ING Group and the half-year figures of ING Bank and ING Insurance and issued unqualified review reports on them.

This year, EY had reviewed the sustainability information that ING had presented in its Annual Report and issued an unqualified assurance report on it. EY 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. EY had also established that the information required by law was included in the Annual Accounts, as stated in the auditor's report.

Based on its work, EY had concluded that the Annual Accounts gave a true and fair view of the financial position at 31 December 2014 and of the result for 2014. The Annual Accounts had been prepared on a going concern basis. EY had concluded that this assessment by the management was appropriate. EY had taken sufficient measures to ensure its independence of ING as external auditor.

The materiality level used in the audit of ING Group's consolidated Annual Accounts was EUR 240 million although this materiality was not applied to certain disclosures, such as those on remuneration. All unadjusted differences exceeding EUR 10 million established by EY were reported to the Audit Committee and the Supervisory Board.

EY was ING's external auditor in almost all other countries 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.

A key audit matter is a risk of a material discrepancy in the annual accounts that is identified and assessed and which 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, ING performed specific work to establish that the risk did not lead to a material discrepancy in the Annual Accounts. EY had identified a number of key audit matters for the 2014 audit. These were the divestments of Voya and NN Group, loan loss provisions, fair values of financial assets and liabilities, retirement plans, the reliability and continuity of electronic data processing, estimates used in calculation of insurance contract liabilities and possible liability for unit-linked products.

The relationship between EY and ING was transparent, critical, independent and good. EY regarded control consciousness at ING to be good.

The **chairman** thanked EY for these comments and called for questions on agenda items 2A to 2F, explaining that the questions would be grouped for reply. Firstly, the vice-chairman of the Central Works Council for ING Group, Mr Woltheus, would make a statement.

Mr **Woltheus** was grateful for the opportunity. He appealed to Mr van der Veer and Mr Breukink as Supervisory Directors to take greater account of Dutch public opinion and the position of ING and its employees in the Netherlands. ING employees had been approached during the debate on

remuneration by customers, family and friends but could not offer an explanation. They did, however, also make ING what it is. The **chairman** thanked Mr Woltheus for his statement and had understanding for his request.

Mr **Stevense** (SRB) asked for a response to the higher solvency standards of the Basel Committee and how they could affect ING's dividends. He also asked how the issue of bonds with a value of EUR 2.25 billion had gone, how a number of NN's holdings had been transferred to ING, whether closures of bank branches had an adverse effect on ING's competitive position and how ING was dealing with competition from Facebook.

Mr **Jorna** (VEB) congratulated Mr Hamers on the results and had some comments. The first was on the depositary receipt structure, which VEB believed should be ended. Secondly, as the issue for a bank was not low interest rates but the interest margin, Mr **Jorna** asked if ING had a preference for customers who did not just save since ING could borrow much more cheaply through the ECB. He also asked if ING accepted the criticism from SMEs that banks did not offer credit, and wanted to know when the current restriction that money had to be invested in its country of origin would disappear. He then asked about how ING viewed Basel IV, in particular for the Dutch mortgage portfolios, what position ING was taking on innovation and crowd-funding and if ING would again use pricing policy as a competitive tool. Mr **Jorna** said that the omnichannel approach was a good development but that it could only succeed if ING outsourced IT. He wondered how much the IT restructuring was costing as the cost/income ratio had risen from 56% to 58%. Finally, he referred to page 222 of the Annual Report and the legal proceedings from January 2015 involving the Villoldo brothers who had accused ING of not protecting their assets against the OFAC. The complainants' estimated claim was between EUR 2 and 5 billion. He asked how ING regarded this.

Mr **Fehrenbach** (PGGM Investments) explained that he was speaking on behalf of Pensioenfondszorg en Welzijn, Menzis and MN. He expressed his appreciation for the first integrated Annual Report. One element was the EDTF, Enhanced Disclosure Task Force. Mr **Fehrenbach** asked what progress ING had made on this. According to Mr **Fehrenbach**, a far-reaching evaluation of corporate governance, including the depositary receipt structure, with specific proposals for approval in the annual meeting in 2016 was due. He asked about the status of the cultural change at ING and about ING's ambitions on trust in the financial sector.

Mr **van den Bos** (Stede Broec) thanked Mr Hamers for his soundly-based presentation, although he would have liked to have seen Portugal as an 'opportunity', and ING's activities in France were not clear. On conversion of depositary receipts into shares, Mr **van den Bos** hoped that account would be taken of the net asset value of the shares, as protection against an acquisition. He had no problem with higher remuneration for Mr Hamers since up to now Mr Hamers had performed excellently. Mr **van den Bos** wanted to know where the capital still in Capital One was. Mr **van den Bos** asked the auditor if EY had made a stringent audit of the Libor and foreign currency affairs.

Mr **Snijders** would have liked ING's interest in NN Group to have been on the agenda so that the meeting could discuss what to do with it. He was, however, of the opinion that, as a bank, ING was mainly an IT business. It would be a bad thing if that were to be outsourced.

The **chairman** gave the floor to the CEO, CFO, Mr Vink and Mr van Loo to reply to these questions.

Mr **Hamers** started with the questions on strategy. ING had over a million customers and was number 1 in Net Promoter Score in France. Many large French multinationals did business with ING as it has an international network in 40 countries. France was a major country for ING. ING did not operate in Portugal except as a commercial bank.

There were new entrants throughout the banking business. They were making use of new technologies and greater use of digital information. Facebook and Google had considerable knowledge of their

customers and this could be used for offerings in the financial area. A payment program could be linked to this to see if payment transactions could be made in a competitive way. There was also competition, for example from crowdfunding, as an alternative form of financing. ING was monitoring developments and how far this was becoming a real alternative. ING was learning a lot from the thinking, technology and approach of its competitors to improve its own service and become more relevant to its customers. ING was accelerating change by working in multidisciplinary teams that deliver results within three months. ING needed that speed to remain competitive as a bank and to meet customer expectations.

When ING's 'pricing ban' ends, it will make greater use of pricing policy. ING had, however, shown in the past five years in Europe that a pricing ban could not hold back growth. ING could be better than the best in service. As a result, ING was gaining more new customers.

The last share in CapitalOne had been sold on 5 September 2012.

Mr **Hamers** continued with the questions on capital, dividend policy and Basel IV. The Basel IV discussion focused on a standard method rather than banks' own risk assessment models. ING is participating in the discussion with both the legislature and the regulator. Risk weighting for mortgages was important for Dutch banks. ING believed that its buffers for the mortgage portfolios in the Netherlands were high enough. It had been possible to meet the risk costs on mortgages each year during the economic crisis in the Netherlands from the income from those same mortgages without drawing on capital.

NN had to be deconsolidated by the end of 2015 and fully divested before the end of 2016. ING expected to be able to sell NN gradually on the market to maximise shareholder value. Clearly, shareholders had no single preferred scenario.

The EUR 2.25 billion bond issue had been successful and was several times oversubscribed. ING had started the change in culture, including 'de-risking', in 2009. As a result, it had ceased proprietary trading. All staff in the Netherlands had to swear the banker's oath. The Orange Code was being implemented around the world. The main change in culture was that ING aims to be a bank that gathers savings and tries to lend them out.

Outsourcing IT was not in itself necessary. ING was searching mainly for standard IT solutions and wanted to make a difference at the front with customer contact.

Low interest rates were not in themselves a problem, but the yield curve was very flat and that was more difficult for a bank to deal with. ING was happy with every customer. Savings customers are welcome customers, in the hope that ING would become their principal bank.

Although savings are a more expensive means of funding than the market, that source could dry up rapidly. Savings are also available for longer.

Lending to SMEs in the Netherlands had fallen in recent years as a result of the recession. The recession had translated into greater loan losses and non-performing loans in the commercial business in the Netherlands. As a bank, ING had to carefully weigh up how to help a customer against the risk of monetary losses.

The initial impression was that the ECB was an extremely professional party that not only had to win the confidence of the banks but also had to be trusted by the various governments and local regulators so that equal regulation could be applied at all banks in Europe.

Mr **Flynn** confirmed that ING had implemented the new EDTF requirements. It was now considering how the published data could be used.

Mr **Vink** referred to the Villoldo brothers' claim against ING. ING would contest the claim in America on legal grounds. If the court ruled that the claim was in principle admissible on legal grounds, the substantive case would be addressed. Given the early stage of this case, no estimate of the financial consequences could be made.

The depositary receipt structure would have a significant role in the evaluation of corporate governance but ING would also look at the overall structure of ING Group's Articles of Association. ING would share the results of the evaluation with the depositary receipt holders at the next annual meeting. It could be that ING would put specific items to the vote at that meeting if parts of the articles of association had to be amended.

Mr **van Loo** (EY) explained that the auditor's primary responsibility was to audit the Annual Accounts and not rate-setting processes. EY could be given a supplementary engagement to review a specific process. EY did, however, watch investigations by regulators or central banks.

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

Mr **Spanjer** (Amsterdam) asked how many of the 40% of the people in Spain who wanted to transfer to ING had actually done so. He also asked about the consequences for ING if Greece left the EU and why ING was not looking at the Bitcoin system. He suggested organising an extraordinary general meeting on the corporate governance evaluation.

Mr **Taverne** (VBDO) appreciated the fact that ING had published its first integrated Annual Report, but the financial data was accompanied by an auditor's report while the non-financial data had received merely a negative assurance report. He asked for this to be changed into a positive report. Mr **Taverne** continued that 'Empower People' had appeared frequently in the Annual Report but ING Bank was still not helping customers in the Netherlands towards a sustainable economy. Other banks were doing this more explicitly. What were ING's ambitions and targets in supporting private and commercial customers towards a more sustainable economy? Why was the ESR policy that ING applies to 30% of the commercial portfolio not applicable to the entire loans portfolio?

Mr **Taverne** commented that ING had made a loan of 147 million Australian dollars to the Gladstone Harbour project, which was a major transshipment point for coal from mines in Australia. The loan appeared to be in conflict with the aim of withdrawing from the world of fossil energy, so when would ING stop this? Finally, Mr **Taverne** asked if ING would support developments in the 'social and environment profit and loss account'.

Mr **Brown** (Keeper of the Mountains Foundation) addressed the meeting in English. The Keeper of the Mountains Foundation was located in West Virginia, USA, in the heart of the Appalachian Mountains. The mountains were very precious because of their biological diversity. Unfortunately there was 'mountain top removal' in the Appalachians in which the top of a mountain is blown away using explosives to mine the underlying coal, something that was forbidden in Europe. Over 500 mountains had been destroyed in this way. The material that is removed is dumped in surrounding valleys. Over 3,200 kilometres of streams had been buried so that there were dangerous amounts of heavy metals in the groundwater. More than 28 scientific studies had been published that estimated over 4,000 excess deaths resulting from exposure to the pollution from this type of coal extraction. Nevertheless, mountain top removal was continuing and the politicians did not recognise the academic studies.

ING stated in its Annual Report that a new ESR policy relating to coal-fired power and coal mining had been approved in 2014. Unfortunately, it was still not clear if this policy only related to direct loans or also to loans to companies indirectly involved in mountain top removal. The new policy only applied to companies with annual production of over one million tonnes of coal from mountain top removal but

the environmental and social damage started with the first tonne. Mr **Brown** asked ING to act with justice and compassion and end funding to the twenty companies involved in mountain top removal.

Mr **Rijnders** thought that the sustainability annexe was still insufficiently developed but welcomed the steps that had been taken. On savings, Mr **Rijnders** did not fully understand why the interest rate was set at 1% while the tax authorities charged 1.2% interest in box 3. With hindsight, it could be concluded that past mergers had caused significant damage and it was possible to speak of an historic mistake. Further, Mr **Rijnders** agreed with the vice-chairman of the Works Council that some interests were not always properly weighed up.

Mr **Heineman** (The Hague) congratulated ING on its results. In fact, ING should also express its appreciation to the shareholders who had been faithful for many years. To a large extent, the banking crisis had been caused by the banks themselves. This had to be avoided in the future. Computerisation was a great danger in this since it allowed extremely complicated calculations and things went well while economic conditions did not change. The European Union was in fact seen as an ideal but it included very weak countries. There was a danger that the banks would be held responsible for financial problems in other European Union countries.

Mr **Heineman** asked Mr Vink why the fine of EUR 1.3 billion imposed by Ms Kroes and against which ING had won a case in the European Court in Luxembourg had never been repaid. This very unjustified fine had strongly disadvantaged the shareholders. If ING wanted to make a gesture to the affected shareholders, it should consider warrants.

Mr **Vreeken** (WeConnectYou) said that ING was currently the largest Dutch company in the Forbes Global 2000 ranked at 92 by size, 170 by profitability and 250 by image and branding. Among the banks, ING was ranked 26. Mr Hamers could improve this a lot through good ideas. According to the Ministry of Economic Affairs, ING was ranked at 18 for transparency. Here too, ING could improve considerably in the coming four years. Mr **Vreeken** asked for Mr Hamers' thoughts on Apple and Google Bank and on cyber-crime. It would also be a good thing if ING made its roof spaces available to co-operatives to install solar panels. Mr **Vreeken** thought that Mr Hamers' remuneration was low compared with other CEOs in the Netherlands.

Mr **van Iepen** (Amsterdam) did not understand why ING needed an Annual Report of 411 pages if it was a simple bank that gathered money and lent it on. The Annual Report was supposed to provide information and accountability. No Annual Reports were available on arrival. Mr **van Iepen** asked for comments on the negative trading assets and the positive trading liabilities of EUR 23 billion in the cash flow statement.

Mr **Broenink** asked if only the insurance companies had risks from high cost unit-linked products (*woekerpolissen*) or did ING Bank also still run risks on these policies?

A **depository receipt holder** announced that he had not received an Annual Report before the meeting started and so had not been able to form a good view of ING's activities. The **depository receipt holder** presented his vision for ING. The slow recovery in the economy would have a positive effect on ING but it had not reached every group in society. The public had vindictive feelings and that would not be without consequences for financial services. The new generation would not tolerate unreasonable pay at ING. The unions would also increase their wage demands. ING's depository receipt holders had not seen revenue from their invested capital for several years. For many it was a pension. ING had once taken excessive risks and state aid had been necessary. The depository receipt holders were now entitled to good compensation.

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

Mr **Nagel** referred to the question about Gladstone Harbour. ING actively supports sustainability. The share of sustainable funding in the portfolio for financing energy projects was rising and was now 43%. There was still insufficient sustainable energy available to meet total energy consumption and so ING did not yet completely exclude involvement in financing the use of coal but it had fallen and was currently 13%. ING did, however, impose specific requirements for emission standards at coal-fired power stations and ING did not fund brown coal power stations. Gladstone Harbour was on the Great Barrier Reef, subject to tighter UNESCO standards. ING had carefully checked whether the expansion of Gladstone Harbour met all of UNESCO's requirements. This was the case, and so ING had decided that it was responsible to be involved in the financing.

Mr **Vink** replied to Mr Heinemann's question. ING had agreed a plan with the European Commission (EC) in 2009 under which ING had until the end of 2013 for divestment of the insurance business. ING then entered into renegotiations with the EC which led to an amendment of the restructuring plan in 2012 giving ING the time required to carry out the sale of the entire insurance business. Part of this agreement was that the case in the European Court would be completed but that it would not have further consequences for either the EC or ING. The EC wanted the case to continue for formal legal reasons. ING respected that and it had no further consequences for ING. In retrospect, ING had won the case in respect of the issue of whether repayment of Core Tier 1 securities would lead to further State aid.

In respect of the risk in the *woekerpolissen*, the claims made against the insurance companies address alleged deficiencies in the products themselves. Banks might be held liable in respect of their duty of care to customers in connection with the products they sold and so the bank ran a risk irrespective of the nature of the product.

Mr **Flynn** referred to page 130 of the Annual Report for the question about trading assets. The greatest increase was as a result of derivatives used to hedge, for example, exchange rate and interest rate risks. Most of the increase was because of the fall in interest rates as this increased the market value of the derivatives. There were trading liabilities of a similar amount on the other side of the balance sheet and so there was a similar increase in assets and liabilities as a result of low interest rates. This was a self-funding position and the net effect was negligible.

Mr **Hamers** explained that ING wanted to understand the 'block chain technology' behind Bitcoin in particular.

ING estimated that there was about a 65% chance that there would be an agreement with Greece. ING had just over EUR 600 million outstanding to companies with a head office in Greece but with activities outside Greece. It was more a second order risk than a first order one for ING.

No decision had yet been made on the question of a positive auditor's report on the non-financial data next time.

It was claimed that ING was not adequately supporting private and business customers in sustainability. ING had a portfolio of EUR 19.5 billion of sustainable commercial transactions in transition. For private customers, ING had a number of schemes via the Groenbank in which ING made loans that are very specifically 'green'. ING offered sustainable investment funds and gave customers advice on investing in sustainable investment funds, not only because they offer better returns but also because they support a good cause. This portfolio had grown to EUR 1.5 billion. ING was examining opportunities for a pilot on measuring carbon emissions.

The ESR screening related to 100% of the large corporate portfolio. ING was looking at how far experiences could be shared with small businesses. This seemed a much more effective approach than merely trying for 100% of the entire portfolio as the impact was much less on the private side.

Mr **Hamers** thanked Mr Brown for his comments on mountain top removal. ING's policy was not to grant financing to companies that support mountain top removal. The limit of one million tonnes of coal ensured that companies directly involved in mountain top removal were covered by the policy. ING did not want to exclude companies who only have minor activities connected with mountain top removal from financing.

In response to Mr Rijnders, Mr **Hamers** said that with the *Zilvervloot*, the former 'Postcheque en Girodienst' had introduced the concept of home banking and telebanking and that had eventually led to almost 33 million customers to date.

Apple and Google Bank were trying to get involved in payments. They wanted to analyse the behaviour of customers and use that to make specific offers. ING was examining the technologies they were using and how far ING could also use them. ING was clear about its ambitions for reducing its own CO₂ emissions. ING could consider placing solar panels on its roofs if this actually made a substantial contribution to a 20% reduction of CO₂ emissions by 2020.

ING's reorganisation in the Netherlands concerned the further digitisation of processes. It was technically almost impossible for people to offer customers the speed of service they expect and this was increasingly being automated. The algorithms collect experiences and move forward with them.

ING was extremely grateful to its shareholders and depositary receipt holders for their confidence in recent years. Without them, ING could not continue and so the Executive Board and the Supervisory Board thought it important to pay dividends as soon as the conditions were met. This had been the case in the fourth quarter and so ING had been able to announce a dividend for the fourth quarter. ING hoped this would make clear that the support and trust of the shareholders and depositary receipt holders was much appreciated. It planned to pay out at least 40% of the annual net profit of ING Group as dividend. ING wanted the dividend to show its clear appreciation. At the end of 2015, ING would examine whether it was desirable to pay more, depending on regulations, financial conditions and ING's growth in 2015.

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

Following the electronic voting, the **chairman** announced that the Annual Accounts for 2014 had been adopted by 3,846,667,801 votes in favour, 8,582,186 votes against and 9,556,304 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 2,175,878,194 votes in favour, 8,582,186 votes against and 9,556,304 abstentions.

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

The **chairman** briefly explained the profit retention and distribution policy. As shown in the ambitions for 2017, ING wanted to distribute capital to the shareholders on the basis of a sustainable dividend policy. Starting in 2015, ING planned to distribute at least 40% of ING Group's annual net profit as dividend, made up of an interim dividend and a final dividend. In addition, the Executive Board would make a recommendation at the end of each financial year on whether additional capital could be paid out to the shareholders. This decision would be based in part on expected future capital requirements, the Group's opportunities for growth and net return and, if applicable, approval by regulators.

The **chairman** called for questions.

Like last year, Mr **Swinkels** (Erp) raised the loyalty dividend and asked how the talks on this with the Minister had progressed. He recommended including the loyalty dividend in the evaluation of corporate governance. Mr **van Iepen** asked if ING was considering paying an interim dividend for 2015.

Mr **Stevense** (SRB) had a preference for an optional stock dividend so that ING could pay out more or less in shares depending on its financial situation.

Mr **Vink** replied that the government had responded adversely to proposals by the De Wit Committee on loyalty dividends in 2012. The main reason was that there was insufficient clarity on the long-term effects of a loyalty dividend. There were particular concerns about the liquidity of the shares, possible abuse of power by large shareholders and evasion of the regulations. It was very unlikely that there would be a loyalty dividend.

Mr **Hamers** said that ING certainly intended to pay an interim dividend for the first six months of 40% of the bank's net underlying result. Few shareholders and depositary receipt holders were calling for an optional stock dividend.

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

3B. Dividend for 2014 (voting item)

The **chairman** referred to pages 52 and 339 of the Annual Report. The net profit for 2014 was EUR 1,251 million. After adding EUR 781 million to the reserves, EUR 470 million was at the disposal of the General Meeting. It was proposed to pay a dividend for 2014 of EUR 0.12 per depositary receipt for an ordinary share. This amount would be paid as a final dividend in cash after deduction of dividend tax. The Supervisory Board recommended that this proposal should be adopted.

As there were no questions, the **chairman** moved to the vote.

Following the electronic voting, the **chairman** announced that the proposed dividend for 2014 had been agreed by 3,837,000,494 votes in favour, 16,990,560 votes against and 10,835,186 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 2,166,210,887 votes in favour, 16,990,560 votes against and 10,835,186 abstentions.

4A. Discharge of the members of the Executive Board in respect of their duties performed during the year 2014 (voting item)

The **chairman** referred to the proposal on page 3 of the notice of the meeting and moved to grant the members of the Executive Board discharge in respect of their duties performed in 2014 as set out in the Annual Accounts for 2014, 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.

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 in 2014 had been carried by 3,801,060,826 votes in favour, 44,018,536 votes against and 19,858,093 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 2,130,271,219 votes in favour, 44,018,536 votes against and 19,858,093 abstentions.

4B. Discharge of the members of the Supervisory Board in respect of their duties performed during the year 2014 (voting item)

The **chairman** asked if there were any questions on the proposal on page 3 of the notice of the meeting to grant the members of the Supervisory Board discharge in respect of their duties performed in 2014, as set out in the Annual Accounts for 2014, the Report of the Supervisory Board, the Corporate Governance chapter, the Remuneration Report and the statements made during the meeting.

The **chairman** observed that there were no questions and put the proposal to the vote. 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 in 2014 had been carried by 3,800,827,462 votes in favour, 44,243,883 votes against and 19,865,302 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 2,130,037,855 votes in favour, 44,243,883 votes against and 19,865,302 abstentions.

5A. Amendment of the existing remuneration policy for members of the Executive Board (voting item)

The **chairman** put forward the amendment of the existing remuneration policy for members of the Executive Board and referred to pages 93 and 94 of the Annual Report. He gave the floor to the chairman of the Remuneration Committee, Mr Breukink.

Mr **Breukink** explained that the remuneration policy had to allow ING to attract directors with the expertise and experience to manage an international bank like ING. Consequently, ING had a sustainable and responsible remuneration policy designed to create and reinforce long-term value by means of deferred payment, a reasonableness test and claw-back mechanisms.

The remuneration policy approved by the shareholders in 2010 was back in force following the full repayment of the state aid. The Act on Remuneration Policies of Financial Undertakings (*Wet beloningsbeleid financiële ondernemingen - Wbfo*) had come into effect in the Netherlands. This new legislation capped the Executive Board's variable remuneration at 20% of the basic salary. Application of this Act in 2015 would lead to the Executive Board's overall remuneration falling by about 35% to below the level approved by the shareholders.

ING applied a remuneration policy that was specifically positioned below the median of the EURO Stoxx 50. In order that ING's position did not deteriorate further against this international benchmark, it had been decided to change the fixed salaries of members of the Executive Board. From 1 January 2015, the fixed salary of the CEO had been increased to EUR 1,630,000 and that of the CFO and CRO to EUR 1,180,000. These changes only partially offset the reduction of the variable remuneration as the total remuneration was some 20% below what had been agreed. The difference between ING and comparable companies had grown as a result of the proposed changes.

The Supervisory Board had considered the interests of all stakeholders, customers, employees, society and shareholders when making this decision. In recent weeks, the stakeholders in the Netherlands had expressed their feelings on this. The Supervisory Board was extremely aware that this was a very sensitive subject, particularly in the Dutch home market. At the same time, ING is not purely a Dutch but, above all, an international business serving 33 million customers in 40 countries. The different opinions reflected the debate within the Supervisory Board which had sought to balance social acceptance and ING's responsibilities towards the providers of capital.

To bring ING's remuneration policy into line with the Wbfo, the Supervisory Board proposed to reduce the 'at target' percentage to 80% of the cap (20%), resulting in an 'at target' figure of 16%. The Supervisory Board also proposed to grant the variable remuneration entirely in ING Group shares. As a result of this change, the members of the Executive Board would build up a long-term interest in ING, partly as a result of the five-year retention period, and ING would safeguard its and its stakeholders' long-term aims.

The **chairman** thanked Mr Breukink for his explanation and called for questions and comments.

Mr **Swinkels** (Erp) thought that this proposal had too little public support and many shareholders had been disappointed by the creation of shareholder value at ING. Economic conditions had a much

greater influence on the bank's final result than the directors. Why were arguments put forward every time about raising the bar to attract directors with generous remuneration?

Mr **Vreeken** (WeConnectYou) referred to a list of the remuneration of Dutch CEOs compiled by *De Volkskrant* newspaper that put Mr Hamers in 18th place. As the most profitable company in the Netherlands, it was important that the CEO's remuneration was set against a good benchmark. A CEO with good communications skills should be valued financially.

Mr **Spanjer** calculated how much extra the CFO and the CRO had received since 8 November 2014, when ING had fully repaid the State. He also expressed concerns that Mr Hamers' remuneration was rising further from EUR 1.270 million to EUR 1.6 million and to over EUR 2 million in the following year. The unions would also demand pay rises and there would be an adverse vicious circle. He thought that the remuneration proposal should be withdrawn and suggested discussing it again in a few years.

Mr **Fehrenbach** said that PGGM aimed for a moderate remuneration policy. In his opinion, ING had applied the Wbfo appropriately for the members of the Executive Board by not converting all of the 'at target' variable remuneration into fixed salary. The proposal met the wish that any variable remuneration would be paid entirely in shares and that the payment would be gradual and over time on the basis of challenging performance targets. Mr **Fehrenbach** asked if ING could confirm that very challenging performance targets would be agreed for the remaining variable remuneration and that the Executive Board would hold the shares received until the end of employment. Mr **Fehrenbach** also asked if the Wbfo would be applied in the same way for all other relevant ING employees and what other remuneration mechanisms ING was using to achieve the desired change in conduct that would contribute to sustainable performance, but also to personal satisfaction.

Mr **Jorna** (VEB) understood the emotions on remuneration but he did not think that a 20% salary cut as a result of government action was right. The CEO had to be able to match CEOs in the same industry. However, there was an upward spiral as a result of the increase in the fixed salary and linking targeted remuneration to it. As a result, VEB believed that the basic salary should be kept as low as possible with good high variable remuneration for good performance.

Mr **van Erp** agreed with Mr Jorna's comments and wanted to recommend voting in favour of this agenda item, in particular because the cash component was changing to shares. He wondered how far the members of the Supervisory Board would abandon the shares in due course.

Mr **Hazewinkel** said on behalf of ING Trust Office that the subject of remuneration had been specifically discussed by the Trust Office Board. This agenda item addressed the variable remuneration and the vote was only on the 'at target' remuneration. ING Trust Office believed that there had to be a test of whether the change in the fixed remuneration component was within the mandate given to the Supervisory Board in 2010 when the remuneration policy had been adopted. The voting instructions received and voting advice showed very clear support for this policy. Taking everything into account, ING Trust Office would support the remuneration proposal.

Mr **Breukink** commented that the variety of views reflected those of the various stakeholders. The Remuneration Committee had consulted a number of stakeholders, including some large shareholders, in advance. The shareholders had asked why the Remuneration Committee wanted to offer such uncompetitive rewards, and this was different from the refrain from the Dutch public. The Remuneration Committee understood that there was less support in various groups in society, in particular in the Netherlands. The Remuneration Committee, but also the full Supervisory Board, had discussed extensively and at length whether this step was responsible and could be justified in view of the climate in the Netherlands and given the reorganisation underway at ING in the Netherlands, in which some thousands of people did not know for certain if they would keep their jobs. It was important that ING's management in the Netherlands put together a good redundancy plan for these people and that they received support. Other stakeholders, such as the large shareholders, had a

different view. The Remuneration Committee realised from the start that there would not be general support for this decision. But it was up to the Remuneration Committee and the full Supervisory Board to draw a balance.

On the questions about why remuneration only increased, the Remuneration Committee had expressly opted in the current remuneration policy to pay below the median compared with similar companies in Europe. Furthermore, ING was 35% to 40% below the median. The Supervisory Board indeed thought that a moderate remuneration policy was being applied and that ING should not play leapfrog but also that ING was not yet where it should be according to the policy agreed in the General Meeting.

A specific question had been put about whether the Wbfo applied to all employees. The detailed application of the Wbfo to a larger group of employees was currently being examined. There had been a comment that the increase in fixed salary was not good. Ideally, a larger part of the total remuneration package would consist of incentive, preferably non-financial and focused on the longer term, as the Maas Committee had recommended. The Netherlands was, however, the only country in Europe where variable remuneration was capped at 20%. The only option was to do something with the fixed remuneration.

It had been expressly decided not just to make a comparison with the financial sector but with companies which are actually ING's peers in a European context. In that peer group, ING was paying relatively little. Many other peer groups had been considered in the Remuneration Committee's preparatory work, including the AEX. This was the basis of the list in *De Volkskrant* that Mr Vreeken had referred to. Excluding Shell and Unilever, ING was the largest company in the AEX but was in 19th place in terms of remuneration. It was, therefore, difficult to argue that this was not a moderate remuneration policy and the Supervisory Board really had tried to take account of the social context in the Netherlands. The policy was that the shares had to be held for five years. All consultants had advised that the fairest way of comparing remuneration at similar companies was to look at fixed and variable as a whole.

The policy that had been agreed by the General Meeting in the past was still in place and the vote was specifically on changing the 'at target' percentage from 80% to 16%, and that the variable portion was not to be paid partly in cash but only in the form of depositary receipts for ordinary shares.

The **chairman** put the proposal to the vote. Following the electronic voting, the **chairman** announced that the proposal to amend, taken as a whole, two elements of the existing remuneration policy for members of the Executive Board, i.e. to change the 'at target' remuneration percentage to 80% of the maximum permitted variable remuneration percentage pursuant to the Wbfo (presently 20%) and no longer to grant or pay the variable portion of the remuneration partly in cash, but only in the form of ordinary shares or depositary receipts for ordinary shares, had been adopted by 3,805,242,542 votes in favour, 45,161,033 votes against and 14,533,151 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 2,134,452,935 votes in favour, 45,161,033 votes against and 14,533,151 abstentions.

5B. Variable remuneration cap for select global staff (voting item)

The **chairman** put forward the variable remuneration cap for select global staff and referred to pages 94 and 95 of the Annual Report. He gave the floor to the chairman of the Remuneration Committee, Mr Breukink, to comment.

Mr **Breukink** explained that under European and national regulations, financial enterprises could increase the maximum variable remuneration component that could be granted to individual employees from 100% to 200% of the fixed remuneration component. Under European regulations

this applied to 'Identified Staff'; under national regulations this applied to all employees of financial enterprises around the world with effect from 7 February 2015.

This increase required the prior agreement of the shareholders' meeting of the relevant financial institutions; in the case of ING Group this was the shareholders' meetings of the subsidiaries concerned. However, a consultation document published by the European Banking Authority recommended that, in such cases, ING Group as ultimate parent should submit its intentions to its General Meeting.

In connection with this, the request was for approval for ING Group, as ultimate shareholder of its subsidiaries, to agree in individual cases to an increase in the maximum variable remuneration component to 200% of the fixed remuneration component for the performance years 2014, 2015 and 2016. ING would use this approval restrictively and only for a select group of employees in Commercial Banking and Bank Treasury and would not apply it to more than 1% of ING's employees. In 2014, there would be 65 cases and it was expected that there would be 120 in 2015; the increase was a consequence of the introduction of the Act on Remuneration Policies of Financial Undertakings (Wbfo) on 7 February 2015. The Wbfo applies to all employees of financial enterprises worldwide and not just to Identified Staff.

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

Mr **Fehrenbach** repeated the view that PGGM aimed for a moderate remuneration policy. The point underlying the CRD IV rules was that variable remuneration was capped at 100% of fixed salary, the negative effects of variable remuneration should be countered and perverse incentives to taking excessive risks would be avoided. This Shareholders' Meeting could decide to permit variable remuneration to be up to 200% of the fixed salary. PGGM currently saw no reason to make use of this exception and so would vote against this proposal. Mr **Fehrenbach** asked if the draft EBA directive applied fully to ING. If so, the notes to this agenda item were inadequate. PGGM would vote against as there was insufficient information to take a balanced and informed position.

Mr **Swinkels** (Erp) agreed with the previous speaker. He was in favour of bringing the variable remuneration of the managers reporting to the Executive Board in line with the remuneration of the Executive Board. He could see ING withdrawing the proposal. He also wondered if it was necessary for the variable remuneration to apply for two years and he wanted to see a reduction in variable remuneration from 200% to 20%.

Mr **Heineman** (The Hague) also saw complications from the proposal as there were huge differences in salary levels around the world. Mr **Vreeken** wondered what ING employees abroad earn and how many employees were being lost to other banks.

Mr **Breukink** noted that there was some confusion. It was possible to grant variable remuneration up to 100% under the CRD IV measures but only for a specific group that ING called 'Identified Staff'. This group had considerable influence over ING's risk profile. Licensed institutions could ask the shareholders for permission to grant variable remuneration above the cap of 100%. The EBA did not apply as ING Group was not a licensed institution but it wanted to act within the spirit of the EBA.

There appeared to be concern that the variable remuneration would return to 100% or 200%. That concern was unwarranted because of the strict definition of the people covered by the 100% regime and because ING wanted to restrict the percentage of people with the maximum of 200% to no more than 1% of the employees. A third question related to differentiation. ING tried to pay employees competitively in all locations and at all levels where it operates.

The **chairman** put the proposal to approve any and all resolutions to increase the maximum ratio between the fixed and variable components of remuneration in line with CRD IV from 100% to 200%, applied to identified staff globally for the performance year 2014 and restricted to a maximum of 1%

of the staff outside the European Economic Area for each of the performance years 2015 and 2016 to the vote.

Following the electronic voting, the **chairman** announced that the proposal been adopted by 3,831,928,953 votes in favour, 19,111,679 votes against and 13,476,460 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 2,161,139,346 votes in favour, 19,111,679 votes against and 13,476,460 abstentions.

6. Appointment of the auditor (voting item)

The **chairman** put forward the appointment of KPMG Accountants N.V. as auditor of ING Group for the financial years 2016 to 2019 and referred to the notes on pages 3 and 4 of the notice of the meeting. He gave the floor to Mr Lamberti.

Mr **Lamberti** explained that ING Group was required by law to change its auditor from January 2016. ING proposed to appoint KPMG as its external auditor for the financial years 2016 to 2019. The appointment of KPMG was the result of a thorough tender process overseen by the Audit Committee of the Supervisory Board and in accordance with ING Group's policy on the Auditors' Independence.

ING had started the selection process to find a team of highly experienced bank auditors in mid-2013. Three of the four large accountancy firms had been able to submit tenders. The selection criteria were the general quality of the firm, the proposed lead partners, the Dutch and international audit teams, independence, quality of the audit work, the fee, innovative audit developments and the hand-over from EY to the new auditor. The assessment of KPMG's tender included a number of interviews with the lead partners and key members of the audit team. The Audit Committee had played a significant role in this assessment. As KPMG best met the criteria, the Supervisory Board had decided in November 2014 to propose KPMG as the new auditor for four years from 2016 to the shareholders' meeting.

Mr **van den Bos** asked if there would be an evaluation after two years. Mr **Lamberti** replied that this was not a legal requirement. The Supervisory Board could decide on an evaluation depending on the quality of KPMG's work. At the moment there was no reason to consider an appointment for less than four years. ING was a large business operating in 40 countries and an auditor would require a lengthy period to become properly familiarised. Mr **Hamers** supported Mr Lamberti's view. Mr **Spanjer** asked if KPMG was present in the auditorium. It was not.

The **chairman** put the proposal to appoint KPMG Accountants N.V. as the auditor of the company with the instruction to audit the annual accounts for the financial years 2016 to 2019 (inclusive), in accordance with Section 393 of Book 2 of the Dutch Civil Code, to report about the outcome of this audit to the Executive Board and the Supervisory Board and to give a statement about the truth and fairness of the annual accounts to the vote.

Following the electronic voting, the **chairman** announced that the proposal had been accepted by 3,851,768,309 votes in favour, 3,543,403 votes against and 9,163,273 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 2,180,978,702 votes in favour, 3,543,403 votes against and 9,163,273 abstentions.

7. Composition of the Supervisory Board

The **chairman** put forward the composition of the Supervisory Board and the appointment of Mrs Gheorghe as a member of the Supervisory Board from the end of this annual General Meeting and the reappointment of Mr Kuiper and Mr Breukink, also from the end of this General Meeting. The Supervisory Board was making a binding proposal in accordance with Article 25.2 of the Articles of

Association for this appointment and these reappointments; this binding proposal and the information on the proposed candidates were set out on page 4 of the notice of the meeting. The appointment of Mrs Gheorghe had been approved by the European Central Bank.

The Supervisory Board recommended the meeting to appoint Mrs Gheorghe as a member of the Supervisory Board and to reappoint Mr Kuiper and Mr Breukink as members of the Supervisory Board from the end of this Annual General Meeting.

The proposed appointments were made on the basis of a profile. The proposed appointment of Mrs Gheorghe was based on her broad experience in managing a large listed company, her knowledge and experience in the financial sector as well as in international trade and industry. The reappointment of Mr Kuiper was based on his broad experience in the Dutch financial sector and the way he had performed his duties as vice-chairman of the Supervisory Board, chairman of the Audit Committee, chairman of the Remuneration Committee and member of the Nomination Committee in his present term of appointment. The reappointment of Mr Breukink was based on his broad international experience in both finance and human resources and the way he had performed his duties as a member of the Supervisory Board, chairman of the Corporate Governance Committee and member of the Nomination Committee and the Remuneration Committee in his present term of appointment.

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

Mr **Broenink** wanted to hear from the three candidates why they wanted to be members of the Supervisory Board and how they would fulfil this position. Although the chairman understood the request, the shareholders had to decide how to vote on the basis of the information available. Mr **van den Bos** commented that some new supervisory directors did state why they wanted to take the position.

Ms **van Haastrecht** appreciated the increased diversity on the Supervisory Board in terms of both gender and origin as a result of this appointment and hoped that Mrs Gheorghe would make a big contribution.

7A. Appointment of Mrs Mariana Gheorghe (voting item)

The **chairman** put the proposal to appoint Mrs Gheorghe as a member of the Supervisory Board from the end of this annual General Meeting to the vote.

Following the electronic voting, the **chairman** announced that Mrs Gheorghe had been appointed as a supervisory director by 3,820,746,244 votes in favour, 7,103,368 votes against and 36,610,320 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 2,149,956,637 votes in favour, 7,103,368 votes against and 36,610,320 abstentions.

7B. Reappointment of Mr Joost Kuiper (voting item)

The **chairman** put the proposal to reappoint Mr Kuiper as a member of the Supervisory Board from the end of this annual General Meeting to the vote. Mr van den Bos said he supported the reappointment of Mr Kuiper because of his long experience as a banker which made him very valuable to the Supervisory Board.

Following the electronic voting, the **chairman** announced that Mr Kuiper had been reappointed as a supervisory director by 3,799,580,786 votes in favour, 29,976,687 votes against and 34,904,379 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 2,128,791,179 votes in favour, 29,976,687 votes against and 34,904,379 abstentions.

7C. Reappointment of Mr Henk Breukink (voting item)

The **chairman** put the proposal to reappoint Mr Breukink as a member of the Supervisory Board from the end of this annual General Meeting to the vote.

Following the electronic voting, the **chairman** announced that Mr Breukink had been reappointed as a supervisory director by 3,820,111,701 votes in favour, 9,451,203 votes against and 34,885,122 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 2,149,322,094 votes in favour, 9,451,203 votes against and 34,885,122 abstentions.

8A. Authorisation to issue ordinary shares with or without pre-emptive rights (voting item)

The **chairman** put forward the proposal to designate the Executive Board as the corporate body authorised, upon approval of the Supervisory Board, to resolve to issue ordinary shares, to grant the right to subscribe for such shares and to restrict or exclude pre-emptive rights of shareholders. He referred to pages 5 and 6 of the notice of meeting.

This authorisation applies for a maximum nominal value of EUR 92,400,000, being 10% of the issued share capital, for a period of eighteen months, unless renewed by the General Meeting. The authority is designed for general financing purposes including capital strengthening, financing, mergers or takeovers and the settlement of share options or performance shares. The Supervisory Board had approved the proposal and the authorisation superseded earlier authorisations granted by the General Meeting.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 3,667,315,222 votes in favour, 187,802,155 votes against and 9,258,718 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 1,996,525,615 votes in favour, 187,802,155 votes against and 9,258,718 abstentions.

8B. Authorisation to issue ordinary shares with or without pre-emptive rights in connection with a merger, the takeover of a business or a company or, if necessary in the opinion of the Executive Board and the Supervisory Board, for the safeguarding or conservation of the company's capital position (voting item)

The **chairman** put forward the proposal to designate the Executive Board as the corporate body authorised, upon approval of the Supervisory Board, to resolve to issue ordinary shares, to grant the right to subscribe for such shares and to restrict or exclude pre-emptive rights of shareholders, each of these in connection with a merger or the takeover of a business or a company or, if necessary in the opinion of the Executive Board and the Supervisory Board, to safeguard or conserve the capital position of the company.

The authority applies to a maximum nominal value of EUR 92,400,000, being 10% of the issued share capital, for a period of eighteen months, unless renewed. The authorisation may be used separately from the authorisation in agenda item 8A in connection with a merger or a takeover of a business or a company or to safeguard or conserve the capital position of ING. This includes the potential conversion into ordinary shares of Additional Tier 1 instruments which may be issued by ING Group to optimise its capital position under currently applicable regulatory requirements. The Supervisory Board had approved the proposal and the authorisation superseded earlier authorisations granted by the General Meeting.

Following the electronic voting, the **chairman** announced that the proposal in the notice of the meeting had been carried by 3,548,322,843 votes in favour, 306,834,434 votes against and 9,217,965 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 1,877,533,236 votes in favour, 306,834,434 votes against and 9,217,965 abstentions.

9A. Authorisation to acquire ordinary shares or depositary receipts for ordinary shares in the company's own capital (voting item)

The **chairman** put forward the proposal to authorise the Executive Board, with the approval of the Supervisory Board, to acquire in the name of ING Groep N.V. fully paid-up ordinary shares and depositary receipts for ordinary shares in ING Groep N.V. and referred to the proposal and notes as set out in the notice of the meeting. 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 the banking and insurance business.

Mr **van den Bos** wondered why an authorisation was on the agenda every year. The **chairman** explained that it offered flexibility if unexpected circumstances arose. If it was not in place, ING was locked into a range of notice periods for calling meetings. ING had to ask for this authorisation each year.

Following the electronic voting, the **chairman** announced that the proposal in the notice of the meeting had been carried by 3,827,533,937 votes in favour, 26,002,063 votes against and 10,837,252 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 2,156,744,330 votes in favour, 26,002,063 votes against and 10,837,252 abstentions.

9B. Authorisation to acquire ordinary shares or depositary receipts for ordinary shares in the company's own capital in connection with a major capital restructuring (voting item)

The **chairman** put forward the proposal to authorise the Executive Board, with the approval of the Supervisory Board, to acquire in the name of ING Groep N.V. fully paid-up ordinary shares and depositary receipts for ordinary shares in ING Groep N.V. in the event of a major capital restructuring of ING Groep N.V. The authorisation applied for a maximum of 20% of the issued share capital consisting of the maximum based on the authorisation pursuant to agenda item 9A, plus 10%, 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. The objective of the authorisation was to permit the company to acquire ordinary shares or depositary receipts for ordinary shares in connection with a major capital restructuring.

Following the electronic voting, the **chairman** announced that the proposal in the notice of the meeting had been carried by 3,703,771,515 votes in favour, 149,855,975 votes against and 10,824,946 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 2,032,981,908 votes in favour, 149,855,975 votes against and 10,824,946 abstentions.

10. Any other business and conclusion

The **chairman** moved to any other business and called for questions.

Mr **Heineman** asked for a commitment that ING would offer an optional stock dividend in coming years. Foreign shareholders always faced the recovery of Dutch dividend tax. The **chairman** understood his request.

Mr **Jorna** (VEB) proposed finding a way for institutional investors to invest in residential mortgages. The **chairman** thanked him for the suggestion.

Mr **Stevense** (SRB) asked for the financial agenda, which did not go beyond 4 November 2015, to be extended to next year's shareholders' meeting and preferably for a whole year thereafter. He also asked for the retirement schedule for the supervisory directors to be considered more closely as over 50% of the supervisory directors would resign by 2019.

Ms **van Haastrecht** asked how far ING had been and, in the future would be, involved in co-financing armaments. Ms **van Haastrecht** supported the plea by Mr Woltheus on behalf of the staff.

Mr **van den Bos** did not believe the order of business that had been used was the best way of running a meeting. He would have preferred an order in which a shareholder asked a question and received an immediate answer. He suggested abandoning the current order of business.

Mr **Bewier** (Groningen) asked if an account number could be transferred to another bank. How much progress had ING made with this and are the banks in general inclined to do this? Mr **Bewier** thought that Mr Breukink had explained what had happened to remuneration very clearly and it would help if the bank branches were also clearer in this.

Mr **Spanjer** asked once again if there would be an extraordinary meeting in the second half of the year to share the evaluation of the depositary receipt structure with the depositary receipt holders. The **chairman** replied that ING would not organise an extraordinary meeting without reason.

Mr **Reijnen** referred to two bad experiences with the call centre in Leeuwarden in the past year and wanted an explanation.

A **depositary receipt holder** agreed with the comment that the order of business had not worked well. It would also be better to have an interval. The Annual Report should also be sent to home addresses, so that depositary receipt holders could prepare.

The **chairman** asked Mr Hamers to address the questions. The order of business would be evaluated. The aim had been to speed up the meeting. There would be a couple of experiments and feedback from the meeting was welcome.

Mr **Hamers** expressed his thanks for the suggestions. Number portability required an extraordinary investment. There was, however, a very good switching service. There had been frequent discussions on optional stock dividends with large shareholders. ING would consider the suggestion but could not promise anything. ING would address the suggestion of investing in mortgages.

Mr **Nagel** replied to the question on financing armaments. ING distinguished between controversial trade in weapons and controversial weapons. A controversial trading transaction is anything delivered to countries subject to sanctions legislation. There were also controversial weapons such as cluster bombs, anti-personnel mines, chemical weapons, nuclear weapons and suchlike which ING did not in principle finance. ING was, however, prepared to finance other activities if the controversial activity represented less than a certain percentage of the total activities but not, therefore, controversial transactions. This was a fairly wide field with very detailed internal regulations at ING.

Mr **Hamers** responded to Mr Reijnen's experiences and apologised. He referred to ING staff outside the auditorium who could take up these complaints immediately.

The **chairman** closed the meeting at 6:05 pm after thanking everyone for attending and for their contributions.

Amsterdam,

Amsterdam,

Hoofddorp,

*J. van der Veer
chairman*

*L.G. van der Meij
secretary*

*G. Sijtsma
depository receipt
holder*