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

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

Monday 8 May 2017, from 2:00 pm to 6:00 pm

Agenda

1. Opening remarks and announcements.
2. A. Report of the Executive Board for 2016 (discussion item).
   B. Sustainability (discussion item).
   C. Report of the Supervisory Board for 2016 (discussion item).
   D. Remuneration report (discussion item).
   E. Annual Accounts for 2016 (voting item).
3. A. Profit retention and distribution policy (discussion item).
   B. Dividend for 2016 (voting item).
4. A. Discharge of the members of the Executive Board in respect of their duties performed during the year 2016 (voting item).
   B. Discharge of the members and former member of the Supervisory Board in respect of their duties performed during the year 2016 (voting item).
5. A. Amendment to deferral period in the remuneration policy for members of the Executive Board (information item).
   B. Variable remuneration cap for selected global staff (voting item).
6. Composition of the Executive Board:
   A. Reappointment of Ralph Hamers (voting item).
   B. Appointment of Steven van Rijswijk (voting item).
   C. Appointment of Koos Timmermans (voting item).
7. Composition of the Supervisory Board:
   A. Reappointment of Hermann-Josef Lamberti (voting item).
   B. Reappointment of Robert Reibestein (voting item).
   C. Reappointment of Jeroen van der Veer (voting item).
   D. Appointment of Jan Peter Balkenende (voting item).
   E. Appointment of Margarete Haase (voting item).
   F. Appointment of Hans Wijers (voting item).
8. A. Authorisation to issue ordinary shares (voting item).
   B. Authorisation to issue ordinary shares, with or without pre-emptive rights of existing shareholders (voting item).
9. Authorisation of the Executive Board to acquire ordinary shares in the Company's capital (voting item).
10. Any other business and conclusion.

Present
- From the Executive Board: Mr R.A.J.G. Hamers (CEO), Mr P.G. Flynn and Mr W.F. Nagel
- From the Supervisory Board: Mr J. van der Veer (chairman), Mr H.J. Lamberti (vice-chairman), Mr E. Boyer de la Giroday, Mr H.W. Breukink, Ms I.M. Castellá, Ms M. Gheorghe, Mr R.W.P. Reibestein and Ms A.C. Sherry
- The following company officials:
  - Mr J-W.G. Vink — Head of Legal Affairs
  - Ms C.H.P. van Eldert-Klep — Company Secretary
- The external auditor for the 2016 financial year: Mr M. Hogeboom of KPMG. Also, Mr G. Bainbridge is present as representative of KPMG
- The independent civil-law notary: Ms J.J.C.A. Leemrijse of Allen & Overy
- Representatives of the Central Works Council and the press
- 5,005 shareholders (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 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. Members of the Board of ING Bank N.V. were present in the hall to answer questions relating specifically to the bank. The nominated new members of the Executive Board (Steven van Rijswijk and Koos Timmermans) and the Supervisory Board (Jan Peter Balkenende, Margarete Haase and Hans Wijers) and a member to be appointed to the Management Board Banking of ING Bank N.V. (Roland Boekhout) were also present. Any questions on the nominated new members could be put to the chairman during the agenda item on their proposed appointment. 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 is broadcast live on the ING website (www.ing.com).

The **chairman** stated that shareholders had been notified of the meeting in conformity with the company's Articles of Association and the law, enabling the meeting to pass legally-valid resolutions. He also stated that no shareholders had submitted proposals for discussion at the meeting. The chairman went on to announce that the company's issued capital consisted of 3,883,314,689 ordinary shares on the Record Date (10 April 2017). A total of 659,661 ordinary shares were held by ING itself on that date and no votes could be cast on these shares. A total of 3,882,655,028 votes could be cast.

Later in the meeting, it was announced that 5,005 shareholders holding a total of 2,358,396,798 shares were present or represented at this meeting, permitting 2,358,396,798 votes (60.74% of the total votes) to be cast. A total of 2,276,418,218 votes (96.52% of the capital represented) could be cast by means of proxy voting, through the electronic voting platform represented by the independent civil-law notary or by shareholders present or represented at the meeting.

The **chairman** then announced that the minutes of the Annual General Meeting of 25 April 2016 had been adopted and signed by the chairman, the secretary and Mr E. Bloemer of Amsterdam (a depositary receipt holder). Those minutes had been available on the ING'swebsite since 25 October 2016. The draft minutes had also been available for inspection at the company's offices since 26 July 2016. 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 P.W.M. Lokkerbol (shareholder) of Amsterdam to adopt and sign the minutes of the meeting along with the chairman and the secretary. Mr **Lokkerbol** 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.

The **chairman** then announced that agenda items 2A to 2D would be addressed first and taken one after another, followed by the opportunity to ask questions and comment. Agenda item 2E would then be addressed. Mr Hogeboom of KPMG would comment on the audit work as part of this agenda item. Agenda item 2E would then be put to the vote.

2A. Report of the Executive Board for 2016 (discussion item)

2B. Sustainability (discussion item)

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

Mr **Hamers** thanked all those present for coming and expressed his appreciation for their continued engagement with ING's development. Before commenting on the financial and non-financial results for 2016, Mr **Hamers** referred to some special features of this annual meeting. Firstly, this year's was the first Annual General Meeting without ING Trust Office. Secondly, the agenda included several appointments or reappointments that would be addressed later in the meeting. Finally, two highly valued members of the Executive Board would be departing, Mr Flynn after this meeting and Mr Nagel later this year. Mr **Hamers** addressed them and reflected on their contribution to the successful restructuring of ING from bank-insurer to bank following the financial crisis that had resulted in a well-capitalised institution with sound liquidity ratios, a good return and a robust and highly successful strategy. Mr **Hamers** thanked Mr Flynn and Mr Nagel for their efforts and involvement.

Mr **Hamers** said that the Think Forward strategy had once again borne fruit in 2016. He started by repeating ING's strategy, which can be summarised on a single page: the heart of this strategy is ING's goal, 'the purpose', to empower people to stay a step ahead in life and in business. To achieve this, ING had announced a strategy in which it focuses on improving and, especially, delivering a differentiating customer experience. Delivery in particular is important to attract and retain customers. ING had translated this into the 'customer promise' and four related strategic priorities. The customer promise consists of a major simplification and transparency in what the bank offers its customers, being available for customers anytime and anywhere, empowering customers to organise their finances themselves and aiming to keep getting better in service to customers. The strategic priorities will ensure that ING can improve its service to its customers and differentiate itself from its competitors in its focus on the primary relationship with the customer, investing in analytical skills to understand customers better, innovating to ensure that service really is distinctive and, finally, in thinking beyond traditional banking. All ING staff around the world were working continuously every day to achieve this.

In 2016 this had led to a Number 1 Net Promoter Score in seven of the thirteen countries where ING operates as a full-service bank. This score is a way of measuring how much customers really chose ING and the extent to which they would recommend others to bank with ING. In the past four years, four million new customers had been gained, bringing the total number to almost 36 million. Increasingly, customers are primary customers; a total of 9.7 million regard ING as the bank for all their financial activities. As a result, ING had attracted an additional EUR 28.5 billion in savings deposits and had been able to support the economies where it operates with a further EUR 34.8 billion in lending.

All of this was achieved in a rapidly changing world. Some trends in the banking sector are linked to stricter regulation resulting in higher taxes that banks have to pay and additional capital requirements. There has also been lower growth, especially in Europe, with low or even negative interest rates. Customers also expect distinctive service in the ease with which they can do business. This is often driven by technology companies which nearly all ING customers deal with daily. If ING is to be able to deliver that differentiating service, it is important that it works increasingly as a digital platform in order to take part in the digital world, the eco-system, where most people now spend their time and where they will recognise ING as a single brand across countries.
Mr **Hamers** explained that this was a reason for ING to invest even more in that digital world.

ING has a number of projects to realise this with the ultimate aim of being able to operate through a single standardised digital platform for both corporate and retail customers. The huge size and effect of these projects meant work was initially starting on an interim phase which has become the Orange Bridge project to create a single type of bank in Belgium and the Netherlands, the Model Bank project to create a single digital bank in countries where ING wants to be a challenger (such as Spain, Italy, France, Austria and the Czech Republic) and the Welcome project in Germany, a country where ING is growing very quickly and is very successful. All these projects focus on further improving and extending the digital services. ING will be investing EUR 800 million to achieve this and to continue to grow. A more standardised and scalable platform also means that costs can be saved in some environments and this may lead to a reduction in the number of jobs. In October 2016, ING announced that these projects would affect the jobs of about 7,000 employees; jobs that will change in content or location, or will disappear entirely. Mr **Hamers** emphasised that this had not been an easy decision as it could adversely affect employees who had contributed to ING's current success. He committed to maintaining the reputation that ING had built up in recent years for helping staff towards a future in or out of ING. ING would consult its social partners when doing this.

Mr **Hamers** then addressed the way in which ING, as part of its strategy, wants to continue providing distinctive service. Firstly by continuing to improve and innovate and secondly by prioritising sustainability. Mr **Hamers** gave some examples of ING's innovative strength being expressed in new products (such as Payconiq, Twyp Cash and Startarium), of the way ING innovates (such as the introduction of PACE, innovation bootcamps and an agile way of working) and of alliances with others (such as fintechs).

Mr **Hamers** explained that ING has three areas of interest for sustainability. The first relates to retail customers, consumers. As money is increasingly abstract as a result of digitalisation, it is important that people continue to know the value of money, how to budget and that they need to save for later. ING wants to contribute to this through digital interaction, so that people feel financially engaged and financially empowered. The second area is ING's own way of operating by reducing its own CO_2 footprint through a further global **reduction** of its own CO_2 emissions and the aim of only purchasing electricity from renewable sources by 2020. The third area is supporting customers in their transition to sustainability, for example by assisting with sustainable investment and the change to circular business models. ING's portfolio in this area amounted to EUR 34.3 billion at the end of 2016 including for instance the financing of solar energy projects. Mr **Hamers** said that things did not always go well in the struggle for sustainability and referred to the Dakota Pipeline, where the interests of the Standing Rock Sioux tribe had not been properly reflected at the time of ING's decision on funding. A solution had since been found and ING had revised its policy in this respect to continue to ensure it meets certain specific conditions and local legislation and regulations. Mr **Hamers** concluded his comments on ING's ongoing attention to and efforts on sustainability by referring to the recognition it had received. In this respect, Sustainalytics put ING in first place out of 395 listed banks and the Dow Jones Sustainability Index placed ING among the leading global companies in this area.

Mr **Hamers** then addressed ING's strong financial results for 2016, achieved in part by the focus on growth and the elements of innovation and sustainability. In this way, in 2016 ING had achieved an underlying net result of almost EUR 5 billion and an improved return on equity at ING Bank of 11.6% and strengthened the Group's capital buffers to 14.2%. With this good performance, ING was again in a position to pay a dividend and it was even a little higher than that for 2015. The prospects for ING's ambition for 2020 are favourable. ING is on the right course to achieving the related financial targets and in some cases had already met them. 2016 was a relatively volatile year for the ING share price, partly as a result of uncertainties such as Brexit and the US elections. Now there is more clarity, the price had improved from about EUR 8.60 per share at one point to approximately EUR 13.50 per share at the year-end 2016.

The success that ING achieved is not only recognised by its customers and in awards, for example for sustainability. It is also recognised in international publications. For example, in 2016 'The Banker' named ING Global Bank of the Year and Bank of the Year in Western Europe and in the Netherlands and Belgium. ING is very grateful to everyone for this, and it is additional motivation for ING to continue on its chosen path.

Before ending his presentation, Mr **Hamers** took the opportunity to thank the shareholders once again for their support and critical monitoring of ING, as he believed this keeps ING sharp. He also thanked all the employees for their efforts every day to provide the best possible service to customers.

The **chairman** thanked Mr Hamers for his comments, closed this agenda item and moved to agenda item 2C.

2C. Report of the Supervisory Board for 2016 (discussion item)

The **chairman** moved to the Report of the Supervisory Board, referring to pages 72 to 76 of the Annual Report. The Supervisory Board had met twelve times during 2016 and the items discussed included the Think Forward strategy and its acceleration, capital requirements, the completion of the divestment of NN Group, sustainability, internal controls and risk mitigation and regulatory developments. The

Supervisory Board committees discussed a wide range of subjects, the main ones being the interests of ING customers and other stakeholders, the quarterly results, corporate governance, risk management and Human Resource matters such as the culture at ING and regulatory costs.

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 2016, referring to the report on pages 97 to 106 of the Annual Report, and asked Mr Breukink, chairman of the Remuneration Committee, to comment.

Mr **Breukink** explained that it had been decided to award members of the Executive Board variable remuneration in view of ING's performance for 2016 and their personal performance, which had been evaluated against financial and non-financial performance criteria. That performance had generally exceeded the set targets and this had translated into individual percentages of 19% for the CEO and 18% for the CFO and CRO. The remuneration and other benefits paid to the Executive Board with respect to 2016 were set out in the Remuneration Report for 2016. This year, ING had once again assessed its position against the Euro Stoxx 50 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 the CEO by 3% from 1 January 2017. The remuneration consequently remains well below the median and this is also a matter for attention.

The **chairman** closed this agenda item and called for questions and comments on agenda items 2A to 2D explaining that the aim was to group three or so questions for reply.

Mr **Stevense** (SRB) had a number of questions and comments. His first question related to the regulatory costs that ING had to meet, especially costs related to compliance. His second question was about what the Executive Board thought of deregulation, which would involve relaxing certain rules for banks. Thirdly, he was curious about ING's available resources, how they were used and whether they were sufficient in the light of the pending introduction of new rules such as Basel 4, MREL and the Mortgage Credit Directive. Further to this, he wondered whether this could lead to claims by specific groups of customers.

The **chairman** gave the floor to the Executive Board to reply to the questions.

Mr **Hamers** first addressed Mr Stevense's second question and explained that there was no deregulation of banks in Europe; in fact, regulation was increasing. Consideration was being given to deregulation outside Europe, in particular in the United States. As this had not yet led to concrete plans, no action could yet be taken. It was currently particularly important to consider the possibility that capital and liquidity requirements for banks in Europe could be increased further. Adding to this, Mr **Hamers** addressed the trend he had mentioned earlier of ever lower or negative interest rates. ING had adapted its business model to this by focusing on growth in primary customers, those who do not see ING as a bank for a single product but as their primary bank for all their financial business, as this could provide greater income. Low interest rates meant further pressure on costs and so ING would have to invest relatively more to ensure that costs remain under control. Up to now ING had been successful in this as shown by increased efficiency as expressed in the cost/income ratio. On the question of new rules, such as Basel 4, Mr **Hamers** said that their effect was still unclear since they were still being discussed, partly because of the elections due to be held in Europe and partly because of the still uncertain viewpoint of the United States. The only thing that ING currently saw was that the various regulators and European politicians had said that they would not accept the Basel 4 rules leading to a more than significant increase in capital requirements, and that hopefully they would not lead to a more than significant increase in capital for ING. With respect to the European Mortgage Credit Directive, which came into effect in July 2016 and applies to consumers in EU Member States, ING was looking at whether and how it had calculated penalty interests since that date for certain customers who had repaid mortgages early and the extent to which this met the framework drawn up on this by the Netherlands Authority for the Financial Markets.

Mr **Nagel** then addressed Mr Stevense's first question on compliance costs. He identified three categories. The first category involved all bank taxes and other levies to be paid. As set out in the Annual Report (page 175), this was a total of about EUR 845 million for ING in 2016. The second category was the operating expenses incurred by ING to ensure it met compliance legislation and regulations. These expenses were not only incurred by compliance staff in the risk management department but also, the third category, by first-line employees in the business who have to ensure as a significant but not the only part of their duties that legislation and regulations are complied with. As these activities are but part of the activities that are conducted by the respective departments, it is difficult to give an exact figure, but Mr **Nagel** estimated the costs at roughly EUR 150 million to EUR 200 million in addition to the EUR 845 million mentioned earlier.

Mr **Flynn** responded to Mr Stevense's questions on regulation and the availability of resources. Besides the capital aspect that Mr Hamers had explained, liquidity was also important. He referred to ING's Liquidity Coverage Ratio (LCR) and explained that ING still regards strong liquidity as important. As ING is a customer-focused bank that lent its customers funds that had been deposited by other customers, it regards having sufficient liquidity as essential. ING did not, therefore, see the introduction of liquidity requirements for banks as expressed in the LCR as a threat. ING monitors its LCR closely and manages it actively by ensuring it has healthy, that is to say sufficient but not excessive, buffers.

Mr **van den Bos** (Stede Broec) complimented the chairman on the new order of business and Mr Hamers for his presentation, which had covered the Dakota Pipeline and ING's involvement in it. He would, however, have liked to see ING's plans for France in the presentation, as he thought much could still be improved there. Mr **van den Bos** wondered how many jobs would be lost in the Netherlands, how ING would handle the mandatory buffers in connection with IFRS requirements (putting them aside not making a return or reinvesting them) and the status of the double bank tax that ING had to pay. Mr **van den Bos** concluded his contribution by referring to ING's aim of further reducing its own CO_2 footprint. He thought that ING could make a contribution to this by having company bikes in addition to, for example, electric cars.

With respect to France, Mr **Hamers** explained that ING operated in 40 countries. France was one of the countries where it is a 'challenger' and it was part of Model Bank project referred to earlier. As in other countries covered by this project, ING was busy further standardising and improving its service and attracting new customers in France. He noted that there was currently considerable growth in the number of corporate customers in France. On jobs in the Netherlands, Mr **Hamers** said that the point was not so much the number that will disappear but the number affected by the investment in the various projects for a single digital platform for ING globally. This might mean not only that jobs disappear but that they would have a different content or be organised in a different place. For ING in the Netherlands the decrease in the number of employees amounted to approximately 2,300 jobs.
Mr **Hamers** then addressed regulatory costs including the bank tax. He referred to the Annual Report (page 175) that showed that these costs had increased by over EUR 200 million in the past year. Much of this was the bank tax that ING had to pay in the different countries where it operates. He explained that the effective tax rate in the Netherlands was huge. The total tax that ING pays in the Netherlands on its Dutch taxable profit was about 70% as a result of corporate income tax and bank tax payable and not being able to offset VAT since it provides VAT-exempt services. On top of this, the Dutch bank tax is levied on ING's total activities worldwide and not just on its activities in the Netherlands. As ING also has to pay local tax on its activities in various countries where it operates, there is some double taxation. ING brought this to the attention of the Dutch Ministry of Finance very frequently.
Mr **van den Bos** wanted to know how it was that other companies operating in the Netherlands have a much lower effective Dutch tax rate than 70%. Mr **Hamers** said he could not answer this. The **chairman** added that ING could only explain and answer for its own tax obligations.

Mr **Spanjer** (Amsterdam) addressed a number of current topics. Firstly, he asked if ING was facing higher costs as a result of the increase in the number of cash machines targeted in raids. Secondly, Mr **Spanjer** asked about ING's recent participation in an North Pole expedition on sustainability and referred to media reports published earlier in the day on a complaint by four non-governmental organisations (NGOs) claiming that ING was in breach of OECD climate-change guidelines and ING's response on that. Thirdly, he asked about the motivation of the new members proposed for appointment to the Supervisory Board, a number of whom he thought held too many directorships. Fourthly, he had a number of questions about figures in the Annual Report, which he also believed was difficult to obtain from ING's head office. His concerns included the trends in several key ratios and he wondered whether ING Group would be able to achieve its leverage ratio in good time. He also wanted to know about ING's plans for rolling out certain services in every country where it operates and which were currently available only in some. Also, he asked about the status of the claim of billions that the American-Cuban Villoldo brothers had submitted against ING in 2015. Finally, Mr **Spanjer** noted that he thought the proposed dividend for 2016, which is one cent higher than the dividend for 2015, was very low, especially when compared with the proposed remuneration of the Executive Board and other groups of employees.

Mr **Vreeken** (Amsterdam) complimented ING on once again good financial and sustainability results for the previous year. He cited some examples of ING's innovative contribution to sustainability, such as the 'upfall shower' referred to last year, the heated seats in the Amsterdam ArenA, the meeting of the *Oranje Handelsmissiefonds* (of which ING is one of the founders) and Urbee electric bike sharing in Amsterdam. Mr **Vreeken** thought it important that this should be better communicated to give ING a better public profile in the Netherlands. He wondered how ING regarded this. Mr **Vreeken** also wanted to know how ING would provide the technical and IT-related know-how and experience necessary for its strategy. Finally, Mr **Vreeken** asked how the CEO's remuneration could be made more competitive in the light of the excellent results and in comparison with other companies.

The **chairman** gave the floor to Mr Hamers to answer these questions. The chairman asked Mr Breukink, the chairman of the Remuneration Committee, to answer Mr Vreeken's last question on remuneration.

Mr **Hamers** replied to Mr Spanjer's first question that the upward trend in the number of raids on cash machines was a concern to ING. ING was examining with other banks how best to solve this problem, for example by even better security of the machines or ensuring that the immediate surroundings suffered less damage if there was a raid.
In respect of ING's participation in the North Pole expedition, Mr **Hamers** said that ING wanted to use it to draw its customers' attention to the need to accelerate sustainability in commercial property as this would lead to a considerable reduction in CO_2 emissions.
Mr **Hamers** then explained that the presentation of the leverage ratio in the Annual Report meant that it should be greater and not smaller than 4% and that, with a ratio of 4.8%, ING already met it.
Mr **Hamers** explained that ING was working steadily on offering services in every country where it operates as part of its efforts to achieve global standardisation of systems and services.
On the proposed dividend, Mr Hamers believed that the ING share was still very attractive in terms of shareholder return. After discussion with many large shareholders, last year ING had opted to apply a progressive dividend policy. The proposed dividend for 2016 was, therefore, higher than that for 2015.
Mr **Hamers** asked Mr Vink to comment on the status of the Villoldo brothers' claim. Mr **Vink** explained that two cases had been heard on the matter. ING had won the first case in the New York District Court in April 2015. The Villoldo brothers had appealed and in 2016 the Court of Appeal had ruled in favour of ING. The Villoldo brothers had not exercised their right to review and so the case had been concluded and the claim was definitively dismissed.

Mr **Hamers** then addressed Mr Vreeken's points. He thanked Mr Vreeken for citing ING's good financial and sustainability performance. He believed that ING communicated adequately on this and received sufficient recognition and acknowledgement. He did not think that ING should push this differently or more specifically.

Mr **Hamers** agreed with the comment that ING needed more technical and IT-related know-how and experience. Not only financial institutions but other industries also needed this. The fact that ING operates in many countries is an advantage as it can recruit not just in the Netherlands but also in other countries. Employees are partly trained at ING itself and as it works in a flexible way and in virtual cross-country teams, it can still recruit top talent. ING had also been seen recently as the number 1 employer in the Netherlands and that would help attract young IT talent.

Mr **Breukink** addressed the issue of the remuneration of the CEO and the Executive Board. He emphasised that the Supervisory Board had a formal duty to consider all stakeholders in decisions on remuneration, and certainly that of the Executive Board. The Supervisory Board had wondered about the best remuneration method and took a number of aspects into account. For example, the numerical side was considered and, from that point of view he understood Mr Vreeken's point, but the ethical side was also considered. The Supervisory Board believed that in the special circumstances of the past year, with all the restructuring and its effects on employees, it was not currently a good time to propose a large increase in the CEO's remuneration. Mr **Breukink** added two other points to prevent any misunderstanding. Firstly, the remuneration was not of the chairman of ING in the Netherlands but of the chairman of a business operating in forty countries. Secondly, he emphasised that, like last year, ING's remuneration policy was based on the principle of compensation below the median of the Euro Stoxx 50, which includes financial and non-financial institutions. ING wanted to remain below that median to avoid 'leap-frogging'.

Mr **Poleski** from Poland then spoke. He represented a broad coalition including Polish and Turkish communities and addressed the effect of local businesses financed by ING which had set up and run coal mines. He welcomed ING's aim only to buy electricity from renewable energy sources by 2020 but he believed that there were a number of gaps in sustainability that ING could close. Mr **Poleski** referred to ING's current policy that precluded the financing of coal mines and addressed the still large-scale use of such mines and associated power stations in Poland. He referred specifically to a company that did this and planned to build a further coal-fired power station on the border between Germany and the Czech Republic. A related problem was the issue of water: 70% of the water used in Poland is for mining. The remainder is used for agriculture, tourism etc. In September 2015, ING and other banks had lent this company billions and provided a revolving credit. Various programmes for billions of euros to build this business had been used from 2009, 2011 and 2013. Mr **Poleski** asked when ING planned to withdraw from this type of direct or indirect financing to companies generating or planning to generate revenues from coal. He called on ING to work on this, even in difficult markets like Poland and Turkey, and expressed the hope that 'orange would be the new green and not the new black'.

The **chairman** thanked Mr Poleski for his contribution and questions and gave the floor to Mr Hamers to reply.

Mr **Hamers** explained that ING was busy reducing the number of companies in its portfolio that generate revenue from coal. In a number of cases, ING had entered into commitments with some of these companies before it had changed its policy on coal. Taking account of the interests of all stakeholders, ING had tried to establish a policy that invited customers to a debate that contributed to a general reduction in the CO_2 footprint. ING wanted to keep to agreements already made with customers and, under the underlying legal contracts, it had to obey arrangements made before the new coal policy had come into effect. In such cases ING does, however, talk to the customer to encourage it and involve it in CO_2 footprint-reduction ideas for the future. For this reason, ING had initiated a policy with a 50% threshold and aimed to reduce it to 30% in due course. Mr Hamers emphasised that this was an aim and not a commitment. He also emphasised that 39% of the total portfolio of EUR 9 billion for energy generation was already green and, therefore, showed that ING was making progress. ING preferred to do this with its customers rather than excluding them. Mr **Poleski** referred to a competitor that last year had stated when and on what criteria it would end involvement in financing coal mines and power stations. He asked if ING would also announce a date for ending such involvement and, if so, when. Mr **Hamers** could not promise anything and repeated that ING preferred to work with its customers to find a solution. He concluded his remarks by stating that ING's direct footprint in Poland was already 100% renewable.

Mr **Fehrenbach** (PGGM) explained that he was speaking on behalf of all his clients, including Pensioenfonds Zorg en Welzijn, and that he was also authorised to speak during this General Meeting today on behalf of Menzis and De Goudse Verzekeringen. He expressed his appreciation for the results achieved in the past year and the way in which ING had presented them in the integrated Annual Report, clearly setting out the relationship between the strategy, key financial figures, sustainability and value creation. Mr **Fehrenbach** had three questions. His first question was whether ING would measure the effect of its sustainable development activities and, if so, how and whether this would be included in the Annual Report. His second question concerned the aim of greater transparency in financial reporting in terms of climate change. He wondered how ING applied this in day-to-day practice, what ING would do on this in the near future and how it helped ING to assess customers and financing issues. His third question was what ING had learnt from the Dakota Pipeline issue and whether it had affected due diligence and other procedures ahead of such projects. Finally, Mr **Fehrenbach** noted that the old way of posing questions, with people raising their hands and being called by the chairman, allowed those present to better make comments on the answers given to questions other than their own.

Ms **van Heck** (VBDO) agreed with Mr Fehrenbach's compliments for the sustainable development results achieved by ING and the publication of an integrated Annual Report. She much appreciated the action that ING had taken with respect to the Dakota Pipeline. At the same time, she believed that ING could still take significant steps in relation to its customer portfolio in the area of climate. She referred to the Paris Climate Agreement and the media reports published earlier in the day on the related complaint by four NGOs against ING and its response. As she thought that there were already ways to measure a company's overall climate impact, she wondered how and when ING would measure and report on the indirect CO_2 emissions of its customer portfolio. She also wanted to know what action ING would take in relation to its customer portfolio to comply with the Paris Climate Agreement. Finally, she asked if ING would set ambitious annual and measurable targets for reducing indirect CO_2 emissions in the near future.

Mr **Hamers** started his response by noting that ING was involved in many different ways with targets related to sustainable development through its customers. In this, ING focuses specifically on targets with respect to financial empowerment and financial inclusion and it has a specific target of ensuring that 25 million people around the world feel financially empowered.

Mr **Hamers** then addressed the questions raised and would combine them where possible for reply. On the Dakota Pipeline, he explained that ING wanted to be sure that all local and other legislation and regulation and its own conditions were met in detail before taking part in such a project. Where necessary, ING engaged consultants for this. In retrospect, the outcome of the analysis had unfortunately not been correct in this specific case. This meant that in future ING would have to be even more critical with this type of project and ensure better due diligence involving all stakeholders, weighing up and considering all interests.

With respect to the use of fossil fuels and CO_2 emissions, ING had set very strict targets for reducing its own, direct CO_2 footprint. ING was still looking along with other companies and stakeholders for a good, global, comprehensive and feasible standard method for measuring and reporting its indirect CO_2 footprint through nearly 36 million customers in forty countries. It also needed to be further examined how a customer's CO_2 footprint could best be translated into the service provided to that customer by the financial sector. The Financial Stability Board was trying to answer these questions in consultation with stakeholders. ING could not commit to a date for this until there was global agreement on measurement, calculation, reporting and dialog on this with customers. ING regarded this is a very important point and, therefore, continued to give it active attention, in consultation with its customers, with the idea of encouragement and engagement and not with the idea of exclusion.

Mr **van Ieperen** (Amsterdam-Zuid) said that Mr Hamers's presentation lacked comments on the fact that banks could obtain money almost free of charge from the ECB and how ING viewed developments in the United Kingdom which had decided on a Brexit. He asked for an explanation on the 'trading assets' item in the cash flow statement (page 118 of the Annual Report).

Mr **Keyner** (VEB) spoke on behalf of a number of private investors who between them had issued a proxy for over 1.25 million shares. His questions related to ING's future earnings model. He referred to comments that ING had made in the context of a high or low interest rate and the associated risk factors for ING and he wanted to know whether ING itself had a clear picture of the way in which it would earn money in the future. His second question was about the usefulness of retaining bank branches now that ING's strategy was focused on setting up a single worldwide digital platform for its services. His view was that closing bank branches could help ING achieve its efficiency target more quickly. His third question was about the return on equity. He wondered why ING had not communicated a target and ambition to its shareholders and wondered if this was related to a possible underlying political agenda of the regulatory authorities. Finally, Mr **Keyner** wanted to know how the remuneration of an average ING employee related to that of employees in other industries with a similar background and whether from that viewpoint ING might be paying too much.

According to Mr **Hamers**, interest rates were not decisive for ING's earnings model. The current situation was, however, exceptional because negative interest rates demanded an extra-critical review of how best to manage the profit margin. An important factor was how interest rates developed over the different terms of products and services. On obtaining funding, ING's basis was mainly to draw the funds required from its customers and not the capital market. ING, therefore, made limited use of the ability that negative interest rates offered to obtain funding on relatively favourable terms from the ECB. ING certainly expected to be able to manage its profit margin well in the coming year. As ING prioritised the importance of the relationship with its customers, a long period of negative interest rates could, however, lead to further pressure on the profit margin. Mr **Hamers** made a link with the risk profile. A standard activity in the financial sector is to continually make scenarios and to estimate and respond to related possible risks. Consequently, a bank also always has a Chief Risk Officer on its executive board. The Executive Boards of the Group and the Bank together make strategic decisions on possible actions needed in respect of ING's activities worldwide to ensure that it remains a healthy company. Mr **Hamers** said that ING's future earnings model is certainly viable. ING's focus on primary customers had led to a more constant and wider customer base and relationships, which was good for the earnings model, in part because of the income it generated. Added to this was further digitalisation to ensure that ING's model would be more scalable and that it could continue to grow and he concluded that ING was taking the correct steps. On Brexit, Mr **Hamers** explained that ING's activities in the United Kingdom were focused mainly on supporting its local customers. In addition, the local ING branch there managed activities with respect to global financial markets from the Dutch legal entity. ING is closely monitoring this to see if Brexit will affect it and it will take all necessary actions. Mr **Hamers** then addressed the 'trading assets' item. He explained that the nature of the underlying assets was different from that of other assets. They were assets that could, if necessary, be traded immediately and so they were measured at market value. This is different from the standard measurement of assets which is based on the original underlying value. Having to measure them on the basis of market value explained the volatility evident in this item. On digitalisation, Mr **Hamers** saw two types of bank within ING. On the one hand banks which are fully digital, or direct, such as in Germany, Spain, Italy and Australia, where the digital model can also be transformed into a bank where customers do more and more digitally, so-called 'full-service banking'. ING is very successful in this. On the other hand, there are banks that still use branches and where ING is examining how their customers will be able to bank increasingly digitally in the future. ING believes there will always be times when customers need personal advice by telephone or Skype or at a branch. As a result, bank branches will continue to exist, even though ING is trying to reduce their number where possible, for example as in Belgium where the number of branches is being cut from approximately 1,200 to 600 as a result of the integration of the Record bank system with the ING bank system.

Mr **Keyner** (VEB) expressed his dissatisfaction with some of the replies that he believed had not properly answered his questions. Consequently, Mr **Hamers** added some comments on how ING was dealing with interest rate trends and the significance of the yield curve. On Mr Keyner's suggestion of a lack of communication on the return on equity, Mr **Hamers** explained that ING had committed to, and had very clearly communicated, an ambition of making a return of 10% to 13% on equity based on the then-applicable capital requirements. While these remained in place, this remained ING's ambition. Currently, the Bank's return on equity was 11.6%. ING was cautious about setting a new ambition as discussions on a possible tightening of the capital requirements for banks as part of Basel 4 were still ongoing.

Finally, Mr **Hamers** addressed the question of the relationship of remuneration of employees in the financial sector and in other industries. He believed that in the past six or seven years ING had been extraordinarily moderate in its remuneration in most countries and expected that this applied to all industries. He also believed that remuneration at the average employee level within the various industries had virtually evened out over the years. He noted that the profile of the average bank employee had, however, changed enormously. ING was, for example, searching for more new employees with a good technological profile and there was great competition for them both inside and outside the financial sector. As a result, the remuneration for this type of employee had almost evened out.

Ms **Maciaga** (Association Workshop for All Beings) who represented a Polish NGO then spoke. She referred to ING's obligation as one of the first banks to take up protection of the environment and to its investments in various major companies in Poland, which according to her was the most polluted country and not yet complying with the Paris Climate Agreement. She gave the example of a large Polish energy company that generates most of its electricity from coal and is planning to increase its coal capacity still further, with huge consequences for water consumption, human health and the climate in general. She asked, like Mr Poleski, whether and when ING would stop financing such businesses which obtain over 30% of their income from coal and which also want to expand their coal capacity significantly.

Mr **Tse** (Amsterdam) had a number of questions. He first asked about the criteria for becoming a primary customer, how many primary customers ING had and the average number of products they took. Secondly, he wanted to know whether bank employees were rewarded for increasing the number of products that a customer took and mentioned the risk of fraud, as seen at an American bank a few years ago. Finally, referring to the Annual Report, which stated that there had again been a transfer of mortgages from WestlandUtrecht Bank to NN Group in 2016, he asked when the obligations between ING Group and NN Group would finally end.

Mr **Schultz** (BankTrack) had a number of questions on sustainability. His first was similar to that of a number of other shareholders. He wanted to know when ING would stop financing electricity companies that planned to build extra coal-burning capacity and companies directly or indirectly related to this. He backed up his question by referring to the Paris Climate Agreement and ING's policy on reducing the direct financing of coal-fired power stations. He gave some examples of companies busy expanding coal activities in the Philippines and to which ING had granted loans in 2014. His second question concerned ING's viewpoint on the Punta Catalina project in the Dominican Republic, financed by ING and other European banks, where there had been corruption and bribery. He also referred to the Equator Principles, which ING had committed to, which have the aim of reducing and managing social and environmental risks of projects. In that context, he asked about ING's strategy on co-financing the Cirebon II project to build a coal-fired power station and which, as confirmed by an Indonesian court, had breached a number of the Equator Principles.

Ms **van Haastrecht** (Swifterbant), like a number of other shareholders, complimented ING on the good financial results for 2016. She then addressed ING's focus on primary customers and the different types of customer, such as young people, who ING wanted to follow for their entire life, and older people, who probably could not or did not want to use the increasingly digital banking resources now offered by banks. She thought that for many years and in various fields millions of people in society other than just old people were already encountering difficulties as a result of the ever more digital world and way of life and so were increasingly dependent on others to handle their affairs. She was drawing ING's attention to this and was thinking, for example, of people who had been involved in car accidents and as a result of brain injury were no longer able to look after themselves in every respect, perhaps because of problems with their memory or learning new tasks. She also asked about ING's policy and the possible indirect risks for it banking activities when it comes to advising on selling parts of ING's art collection that could in part still be attributed to Barings. She also wondered how ING would ensure that German customers would make increasing use of certain digital services that ING was offering since she believed that the number of internet connections and the number of people that used them or had the ability to access them in Germany was much lower than, for example, in the Netherlands. Finally, Ms **van Haastrecht** wanted to know how ING saw its future with a view to further global digitalisation and its effect on people in terms of being able to continue to influence their own financial affairs and funds. She referred in this connection to a financial service that ING offered to retail customers in Spain and where ING was working, for example, with petrol stations and supermarkets.

Mr **Hamers** replied to the questions, sometimes in English as they had been asked by non-Dutch shareholders. He also tried where possible to group his replies on sustainability and coal. He first gave the definition of a primary customer. This is a customer who has and uses a current account with ING and has at least one other product.

Mr **Hamers** emphasised that there was no remuneration rewarding individual employees for the number of products that they sell per customer. The structural development at portfolio level and not at individual level is leading for ING. Far-reaching digitalisation means it is more the initiative of customers themselves and less that of individual ING employees to take one or more products by internet and so ING currently speaks more of 'cross buying' than 'cross selling'. ING regards cross buying as more important than cross selling.

Mr **Hamers** said that the agreement between WestlandUtrecht Bank and NN Group would run until at least 2020, as the mortgages concerned are transferred to NN Group on the interest revision date. He then addressed Ms van Haastrecht's questions. Mr **Hamers** explained that the penetration of digital banking among one type of customer, older people, had increased enormously as a result of the shift from internet banking on a desktop computer to mobile banking on a mobile phone or tablet, because of its often more intuitive nature. In addition, there were still branches and service points in various countries, including the Netherlands and Belgium, where older people were very welcome if they need assistance. This was also a reason why it was important to retain branches and service points.

Mr **Hamers** confirmed that ING had its own Art Management department, which had current and commercial art knowledge in house. It was responsible for the ING art collection and had more than forty years' experience in collection management and maintenance. ING was happy to share this experience with its Private Banking and Wealth Management customers by offering them advice on collecting and assistance with art purchases. The issue was, therefore, not sales from ING's art collection to an ING customer but on advising and assisting the customer in purchasing a work, not necessarily from ING's art collection, which the customer is interested in. On the degree of internet penetration in different countries, Mr **Hamers** said that ING welcomed further penetration as this contributed to financial inclusiveness. Where no major cable networks had been laid, for example in developing countries, the economy and its basis could be properly supported by mobile banking.

Finally, Mr **Hamers** addressed the questions about coal-fired power stations. He emphasised that ING was not financing any new coal-fired power stations but was continuing to finance companies where coal-fired power stations represented less than 50% of revenue or when it involved an existing obligation. In this way, ING was directly and indirectly financing coal-fired power stations. However, ING was actively involved in its relationship with these customers and held talks to see how that percentage of coal-fired power stations in its portfolio could be reduced as percentage of total power generation. To show that ING was making progress in this area, he referred to the percentage (39%) of ING's total portfolio of EUR 9 billion that was already fully renewable. Mr **Hamers** said that ING has been involved with the Cirebon II project in Indonesia before it changed its policy on financing coal-related activities. He confirmed that a condition for financing by ING is that a project has to meet the Equator Principles. The environmental permit for this project had been withdrawn and ING was not providing further financing until the permit was reissued. Until further notice ING will not provide financing to the Punta Catalina because of allegations of bribery.

The **chairman** closed the questioning and moved to agenda item 2E.

2E. Annual Accounts for 2016 (voting item)

The **chairman** announced that the Executive Board had prepared the Annual Accounts, presented on pages 108 to 336 of the Annual Report, in English on 13 March 2017 and that they had been available on the internet since 16 March 2017. The Annual Accounts had been available for inspection at ING's head office, where they were available free of charge to shareholders. On the instructions of the Annual General Meeting (resolution on 11 May 2015), the Annual Accounts had been examined by the external auditor, who had issued an unqualified report on them as presented on pages 337 to 343. The Supervisory Board recommended adoption of the Annual Accounts as presented. The auditor would give a brief explanation of how he had performed his work.

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

Mr **Hogeboom** (KPMG) thanked the chairman for this opportunity and explained that ING had given him written exemption from their duty of confidentiality for the purposes of this Annual General Meeting. Mr **Hogeboom** then briefly explained KPMG's work and report, referring to the presentation on the screen and the Annual Report.

In accordance with its engagement, KPMG had audited the parent company and consolidated Annual Accounts of ING Group for 2016 and had issued an unqualified report on them. KPMG 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, it has to comply with the Sarbanes Oxley legislation. In that context, KPMG had also issued a report on the effectiveness of the internal controls on financial reporting by ING Group (page 95 of the Annual Report). This was also an unqualified report. KPMG had also issued an unqualified report on the annual accounts submitted to the SEC.

In addition, KPMG had reviewed the 2016, half-year figures of ING Bank and ING Group and issued unqualified review reports on these interim figures. This year, KPMG had reviewed the sustainability information that ING had presented in its Annual Report and issued an unqualified assurance report on it (page 68 of the Annual Report).

Finally, KPMG reported it had also read ING's statements in the Annual Report, including those relating to corporate governance, and, based on its knowledge and understanding obtained through its audit, had not noted any material misstatements compared with the annual accounts it had audited. As stated in the auditor's report (pages 337 to 343 of the Annual Report), KPMG had also established that the information required by law was included in the annual accounts.

KPMG summarised its main points: (1) Based on its work, KPMG had concluded that the Annual Accounts gave a true and fair view of the financial position at 31 December 2016 and of the result for 2016. The Annual Accounts had been prepared on a going-concern basis. KPMG had concluded from its work that this assessment by the management was appropriate. (2) Globally, KPMG had been independent of ING Group and its subsidiaries since 1 October 2015. 2016 was the first year that KPMG had audited the Annual Accounts of ING Group. In preparation for its first audit, KPMG had performed additional work, including attending key meetings with the former auditor, assessing its audit files to understand the audit approach and holding several meetings with ING management and employees. (3) The materiality level KPMG used in the audit of ING Group's consolidated Annual Accounts was EUR 240 million. A significantly lower materiality level was applied to the disclosures on directors' remuneration, as required by the precision of the disclosures. All unadjusted misstatements in excess of EUR 10 million identified by KPMG were reported in writing to the Audit Committee and the Supervisory Board. (4) KPMG was not only ING's auditor in the Netherlands but also in almost every other country where ING operates. KPMG decided where audits were performed and to what depth. KPMG assessed the results of the local audits and discussed them with the local KPMG teams and with ING in the Netherlands. In addition, KPMG visited the main countries at least once each year to review the local audit files. (5) A key audit matter is a risk of a material discrepancy in the annual accounts identified and assessed by KPMG and which KPMG 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. KPMG had obtained information on ING's internal controls relating to these risks. In addition, KPMG performed specific work to establish that the risk did not lead to a material discrepancy in the annual accounts. KPMG had identified the following key audit matters for the 2016 audit: (a) Loan loss provisions; (b) Access controls on IT systems; (c) Estimation uncertainty with respect to the derivatives remediation programme; and (d) Estimation uncertainty with respect to the restructuring provisions. Where possible, KPMG's report refers to the page where ING addresses the key audit matter.

KPMG addressed two of the above subjects, (a) and (b), in greater detail. With respect to (a), loan loss provisions, KPMG regarded the valuation of loans as a key audit matter given the significance of the loans portfolio to the overall annual accounts and the associated estimation uncertainty. KPMG referred for more background to Note 1 of the Annual Accounts ('Principles of valuation and determination of results') and to the 'Risk Management' section of the Annual Report. Based on the work it performed, KPMG concluded that the estimates made were reasonable and that it could concur with the related disclosures in the Annual Accounts. With respect to (b), access controls on IT systems, the IT infrastructure was of vital importance to ING for the reliability and continuity of its operations and financial reporting. In 2016, ING had worked on improving its IT systems and processes and enhancing the reliability and continuity of the automated data processing. In particular, there was increased management attention on access rights to the applications, operating systems and databases of direct significance to financial reporting. Access rights are important to ensure that access and changes to applications and data are properly authorised. In view of the major impact of IT on the organisation, KPMG, therefore, regarded this as a key audit matter. Based on the work it performed, including tests of the effectiveness of the internal controls of the IT organisation and substantive testing, KPMG had concluded that there was a sufficient basis to be able to rely on the sound operation of the IT systems. In its report to the Audit Committee of the Supervisory Board, KPMG had, however, made additional recommendations for the further improvement of IT controls and managing access rights in particular. KPMG referred to pages 56 and 312 of the Annual Report for further information.

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

Mr **Keyner** (VEB) had two questions. His first question was for the Executive Board and concerned the added value of the recent change of auditor, a process that had involved a lot of work. He wondered if this change had led to new recommendations and insights, for example in the area of improving controls. His second question was for the auditor. Mr **Keyner** wanted to know how KPMG, based on the audits it had performed and any discussions with other KPMG colleagues, gauged ING's accounting policies for financial instruments on a scale from conservative to aggressive compared with other large, complex, comparable financial institutions, since this was almost impenetrable to outsiders.

The **chairman** gave the floor to Mr Flynn to answer the first question. Mr **Flynn** explained that the change was mandatory under amended Dutch legislation and regulation. Separately, from a qualitative viewpoint it was always useful and healthy to take a fresh look by a new party asking many questions that the company thought had already been answered. Going through this process again was a challenge involving a lot of work but at the same time it had proved to be very valuable. Mr **Keyner** said he understood Mr Flynn's explanation and repeated his question about new insights and recommendations or other significant matters. The **chairman** replied that this had not been the case up to now. He thought that so far the change had only led to more work and cost for those involved, not yet to more benefits.

The **chairman** gave the floor to Mr Hogeboom (KPMG) to answer the second question. Mr **Hogeboom** (KPMG) said that KPMG had a lot of contact with colleagues abroad, in particular those who audit large banks, allowing insights and audit methods to be aligned. Performing the audit for the first time had been a major challenge in view of ING's size and complexity. As part of its audit work, KPMG assessed the valuations of various instruments, such as loans and derivatives, to arrive at the formal opinion as set out in the independent auditors' report. Based on his own and his colleagues' experience, Mr Hogeboom assessed ING's accounting policies for financial instruments as 'neutral to mildly cautious'.

Mr **Keyner** thanked ING and KPMG for their comments.

Mr **Spanjer** (Amsterdam) wanted to know whether KPMG had examined whether ING's policy and measures on matters such as big data and cyber security were adequate. He also wondered whether and what KPMG would do with respect to these matters in 2017.

Mr **Dekker** (Heerhugowaard) had a question about whistleblower concerns and referred to the related figures on the Breach of Orange Code or unethical behaviour and Fraud/Theft headings on page 325 of the Annual Report. He wondered about the cause of the change in the numbers for 2016 versus 2015 (was it coincidence or a result of tighter policies and controls) and how KPMG assessed this (as a point for concern or otherwise). Linked to this, he wanted to know whether, given the large number of countries where ING operated, there were new occurrences of hacking and suchlike and how KPMG assessed these risks.

Mr **van den Bos** (Stede Broec) wanted to know whether KPMG was using the same audit methods as the previous auditor and if not, what the differences were. He wondered if the management letter had fewer points than the management letter for 2015. He added that the name of the auditor who had signed them was not shown in the auditor's report. Finally, Mr **van den Bos** asked how KPMG's assessment of 'reasonable' for ING should be interpreted (was it comparable to 6 or 7 out of 10 or 8 or higher?) and how it related to the depth that KPMG applied in its audit and the related costs for ING. The **chairman** said that from an auditor's viewpoint, the opinion 'reasonable' was almost the same as a 10. Mr **van den Bos** responded by referring to another institution where the chairman had held a position in the past.

The **chairman** gave the floor to Mr Hogeboom (KPMG) to answer these questions.

On the KPMG auditor's report on the internal controls at ING, Mr **Hogeboom** (KPMG) explained that signature with the firm's name 'KPMG Accountants N.V.' rather than with the auditor's personal name was in line with Sarbanes-Oxley requirements as was mainly relevant for reports in the American context in which ING operates. Other reports were signed with the auditor's name in accordance with Dutch legislation and regulations.

Mr **Hogeboom** said that big data and cyber security were vital issues and so KPMG audited whether data was sufficiently secured by primary segregation of duties on access controls for IT systems. KPMG had concluded that security was sufficiently secured in the context of the control of the annual accounts although at the same time there was room for improvement.

Mr **Hogeboom** did not have an answer to Mr van den Bos's question on the number of points in the management letters for 2016 compared with the previous year as he had not counted or compared the points. The main recommendations related to matters he had commented on earlier today and they were the key audit matters. With respect to scope, depth and materiality, Mr **Hogeboom** explained that these aspects were set by the auditor based on knowledge and experience. KPMG had opted for a slightly lower materiality threshold than the previous auditor since 2016 was KPMG's first year auditing ING and consequently it wanted to look extra carefully at the figures. In essence, the scope and depth were such that KPMG had in any event audited the large countries for ING (Netherlands, Belgium and Germany) with full scope and the greatest possible depth. This meant that the coverage of KPMG's audit work on ING's assets and profit was extraordinarily high.

On the whistleblower concerns, Mr **Hogeboom** said that this was not the subject of KPMG's audit but it did examine ING's policy on this and the results. This had not prompted KPMG to change its audit approach or other related matters. Mr **Dekker** (Heerhugowaard) asked if Mr Hogeboom could be more specific about hacking. Mr **van den Bos** (Stede Broec) took this up, as he had raised this point. Mr **Hogeboom** explained that KPMG looked very carefully at the risks from hacking, also known as 'cyber risk', and especially at the control measures that ING had in place. KPMG also took account of ING's historical performance in the area of preventing cyber risk and attacks and, to date, this could be classified quite simply as good. The result was that KPMG had not identified any additional risk in this area of its audit.

Mr **van den Bos** (Stede Broec) returned to his earlier question about the number of points in the management letter and the difference with the previous year. He would still like to know if it was more or fewer. He thought this could be used to conclude on the degree of control at a business. The **chairman** repeated that the auditor had not counted the number of points in the 2015 management letter in comparison to the 2016 management letter. Mr **van den Bos** expressed dissatisfaction with the answer and gave the auditor a 3; highly unsatisfactory as far as he was concerned.

The **chairman** thanked everyone for their comments, questions and answers and moved the vote on agenda item 2E.

Following the electronic voting, the **chairman** announced that the Annual Accounts for 2016 had been adopted by 2,352,364,088 votes in favour, 1,742,924 votes against and 4,057,368 abstentions.

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

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

3B. Dividend for 2016 (voting item)

The **chairman** took the profit retention and distribution policy (3A) and the proposed dividend for 2016 (3B) together and referred to pages 59 to 61 of the Annual Report.

The **chairman** explained that ING aimed to maintain a healthy core Tier-1 ratio above the current requirement for a fully-loaded core Tier-1 ratio of 11.75% excluding the contra-cyclical capital buffer, which at the moment was negligible, plus a comfortable management buffer that also incorporated the Pillar 2 Guidance. With a core Tier-1 ratio of 14.2% in December 2016, ING met these requirements. ING was also aiming to pay a progressive dividend and proposed dividends would be based in part on expected future capital requirements, growth opportunities available to the Group, net earnings and regulatory developments.

The **chairman** then stated that the net profit for 2016 was EUR 4.651 billion. After adding EUR 2.091 billion to the reserves, EUR 2.560 billion was at the disposal of the Annual General Meeting. ING proposed to pay a dividend of EUR 0.66 per ordinary share for 2016. Taking into account the interim dividend of EUR 0.24 that had been declared in August 2016, the final dividend would be EUR 0.42 per ordinary share. The sum of EUR 0.42 per ordinary share would be paid as a final dividend in cash after deduction of dividend tax. The Supervisory Board recommended adoption of the proposal.

The **chairman** called for questions and comments on agenda items 3A and 3B.

Mr **Stevense** (SRB) said that, given the uncertain legislative and regulatory developments, he would appreciate the creation of a stock dividend option so that shareholders could opt for more shares or more cash. The **chairman** gave the floor to Mr Flynn to respond. Mr **Flynn** said that ING had examined alternatives to paying dividends only in cash: it had asked shareholders about their preference and the majority were unanimously in favour of a cash dividend.

The **chairman** expressed thanks for the question and comments and noted that there were no other questions or comments on agenda items 3A and 3B. The **chairman** moved the vote.

Following the electronic voting, the **chairman** announced that that the proposed dividend for 2016 had been agreed by 2,347,358,371 votes in favour, 7,321,591 votes against and 3,495,426 abstentions.

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

4A. Discharge of the members of the Executive Board in respect of their duties performed during the year 2016 (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 2016 as set out in the Annual Accounts for 2016, 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 2016 had been carried by 2,276,431,921 votes in favour, 59,731,758 votes against and 21,954,898 abstentions.

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

4B. Discharge of the members and former member of the Supervisory Board in respect of their duties performed during the year 2016 (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 and former member of the Supervisory Board discharge in respect of their duties performed during the financial year 2016 as set out in the Annual Accounts for 2016, 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 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 2016 had been carried by 2,276,485,792 votes in favour, 56,230,977 votes against and 25,457,887 abstentions.

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

5A. Amendment to deferral period in the remuneration policy for members of the Executive Board (information item)

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

The **chairman** announced that agenda items 5A and 5B would be taken one after the other and then there would be the opportunity to ask questions or to comment. The **chairman** gave the floor to Mr Breukink, chairman of the Remuneration Committee.

With respect to agenda item 5A, Mr **Breukink** referred to page 104 of the Annual Report. He explained that the European Banking Authority (EBA) had issued guidelines which require the deferral period for variable remuneration to members of the Executive Board to be at least five years. In this context, the remuneration policy for the members of the Executive Board had been amended by extending the deferral period for the variable remuneration from three to five years, with one fifth (1/5) vesting each year. There would be a retention period of five years from the date of the conditional grant of the shares. After vesting, the minimum retention period for the shares would be one year. This would be applied for the first time in 2018 with respect to variable remuneration for the performance year 2017.

With respect to agenda item 5B, Mr **Breukink** referred to pages 97 and 98 of the Annual Report and the proposal and notes in the notice of meeting under agenda item 5B. He explained that under European and national regulations, financial enterprises could increase the maximum variable remuneration component that could be granted to individual employees outside the European Economic Area (EEA) from 100% to 200% of the fixed remuneration component. This increase required the prior agreement of the shareholders' meeting of the relevant financial institution. In 2015, the Shareholders' meeting of ING Group had given a mandate to increase the maximum to 200% in the performance years 2014 to 2016. Given the international context in which ING operates and to maintain its competitive position, the Executive Board and the Supervisory Board would like the ability to continue with an increased maximum percentage, outside the EEA, for a period of five performance years, from 2017 to 2021. ING would use this ability restrictively and for no more than 1% of the total number of ING employees worldwide.

The **chairman** called for questions and comments on agenda items 5A and 5B.

Mr **Fehrenbach** (PGGM) referred to ING's aim of a moderate remuneration policy based on compensation below the median and he understood that this could be a constraint in an international context. He said that PGGM was in favour of moderate remuneration policies at companies it invested in around the world to avoid perverse financial incentives for employees. As in 2015, when the proposal to allow an increase the maximum variable remuneration component for selected individual employees outside the EEA from 100% to 200% of the fixed remuneration component was first put forward, PGGM would again vote against the proposal today. PGGM believed that ING has a lot more to offer its employees, including those outside the EEA, than merely financial incentives. PGGM would continue to push for this and also expressly called on companies it invests in to remain moderate in remuneration and not to drive up financial rewards.

The **chairman** thanked Mr Fehrenbach for his announcement and noted that there were no other questions or comments on agenda items 5A and 5B. The **chairman** moved the vote on agenda item 5B on the cap on variable remuneration for selected global staff.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,274,191,065 votes in favour, 33,898,329 votes against and 50,027,919 abstentions.

The **chairman** closed this agenda item and introduced agenda items 6 and 7 and the order of business.

6. Composition of the Executive Board

7. Composition of the Supervisory Board

The **chairman** introduced agenda items 6 and 7 and the order of business for the proposed appointments and reappointments of the members of the Executive Board (agenda item 6) and the Supervisory Board (agenda item 7). Before the votes, each candidate or existing member would briefly introduce themselves. Any questions or comments from shareholders could be indicated to the chairman before a vote.

Mr **Broenink** (Rotterdam) responded to this. Since appointments and reappointments concerned the future of the company, he would like, as last year, to hear personal statements from at least Mr van der Veer, Mr Hamers and Mr Balkenende explaining their reasons for appointment or reappointment. The **chairman** said he understood Mr Broenink's wish and explained that this approach would not generally be followed, referring to the process preceding the nomination, the availability and suitability of the candidates or members and the role of the candidates or members themselves, the Supervisory Board, the regulator and the shareholders in this. The **chairman** asked understanding for this; he did, however, offer Mr Hamers (agenda item 6A) the opportunity to explain his reasons for reappointment.

Mr **van den Bos** (Stede Broec) had a further comment and question. He expressed satisfaction that Mr Hamers was prepared to stand for a further term of office and appreciated the refreshing and attractive way in which he had fulfilled his role. Mr **van den Bos** was, however, concerned about the large number of appointments and reappointments currently being proposed. If this was repeated in the future and there was a general vote against, there was the chance that the bank would be without executives or supervision. He wondered if the Supervisory Board realised this. He regarded this as a sign of weakness and called for a better approach so that in principle there was certainty of adequate membership each year to ensure the continuity of the Executive Board and the Supervisory Board. The **chairman**, who is also chairman of the Nomination Committee, explained that the Nomination Committee prepared the relevant membership and succession plans and took account of various possible scenarios. The Supervisory Board submitted the result of this to the General Meeting for approval in the case of proposed appointments and reappointments. Unexpected situations could always arise in the meantime despite thorough scenario planning and advance plans.

Mr **Fehrenbach** (PGGM) had a number of comments on agenda item 7 in respect of the proposed appointments and reappointments to the Supervisory Board. Firstly, he said he thought it was important that supervisory directors took part in meetings in person. He referred to the appointment of Ms Sherry from Australia last year and said that his concern at that time had proved unfounded given the high attendance by the supervisory directors. Secondly, he said he had examined the supplementary notice published on the ING website on the reduction in the number of directorships held by Mr Lamberti so that he met the requirements in CRD IV. Mr Fehrenbach appreciated this. Thirdly, he referred to the number of directorships held by Ms Haase on which the Supervisory Board had committed to take action to ensure that she continued to meet the requirements of CRD IV before her supervisory directorship at ING took effect. Mr Fehrenbach asked when the Supervisory Board expected this to be. The **chairman** said he would return to this question during the agenda item on the proposed appointment of Ms Haase.

The **chairman** noted that there were no further questions and comments and moved to the discussion of agenda items 6 and 7.

6A. Reappointment of Ralph Hamers (voting item)

The **chairman** moved to the reappointment of Mr Hamers as a member of the Executive Board from the end of this General Meeting until the end of the Annual General Meeting to be held in 2021. The **chairman** referred to the proposal and notes set out in the notice of meeting under agenda item 6A. The Supervisory Board had made a binding nomination for this proposed reappointment in accordance with article 18.2 of the articles of association. The proposed reappointment was based on Mr Hamers's valuable contribution and performance as chief executive officer and member of the Executive Board during his first period of office and Mr Hamers's capability to drive sustained delivery of ING's accelerated Think Forward strategy. Mr **Hamers** referred to his presentation earlier today and to what ING had achieved. He said he wished to continue working for such a fine company as ING in the coming period.

The **chairman** noted that there were no questions or comments and moved the vote on agenda item 6A.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,315,781,636 votes in favour, 15,860,850 votes against and 26,483,346 abstentions.

The **chairman** congratulated Mr Hamers, closed this agenda item and moved to agenda item 6B.

6B. Appointment of Steven van Rijswijk (voting item)

The **chairman** moved to the appointment of Mr van Rijswijk as a member of the Executive Board from the end of this General Meeting until the end of the Annual General Meeting to be held in 2021. The **chairman** asked Mr van Rijswijk to rise and briefly introduce himself. Mr **van Rijswijk** said that he had worked for ING for almost 22 years in a wide range of positions and in different places around the world. He regarded it as an honour to be able to work on the Think Forward strategy and more specifically in the risk function on the Executive Board of ING.

The **chairman** referred to the proposal and notes set out in the notice of meeting under agenda item 6B. The Supervisory Board had made a binding nomination for this proposed appointment in accordance with article 18.2 of the articles of association. The proposed appointment as a member of the Executive Board had been approved by the European Central Bank. The proposed appointment was based on the way in which Mr van Rijswijk had performed his current position as global head of Client Coverage and member of the ING Global Credit Committee and the capabilities and experience he had built up in corporate finance in various positions at ING.

The **chairman** noted that there were no questions or comments and moved the vote on agenda item 6B.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,312,226,170 votes in favour, 23,176,317 votes against and 22,708,733 abstentions.

The **chairman** congratulated Mr van Rijswijk, closed this agenda item and moved to agenda item 6C.

6C. Appointment of Koos Timmermans (voting item)

The **chairman** moved to the appointment of Mr Timmermans as a member of the Executive Board from the end of this General Meeting until the end of the Annual General Meeting to be held in 2021. Later in the meeting the **chairman** gave Mr Timmermans the opportunity to rise and briefly introduce himself. Mr **Timmermans** said he had enjoyed being back at the General Meeting. He was also happy to see so many familiar faces as this demonstrated long-term shareholdings. He said that, as a member of the Executive Board, he wanted to contribute to ING's long-term strategy, using his additional knowledge and experience built up over the past ten years in the capacity of chief risk officer. The **chairman** referred to the proposal and notes set out in the notice of meeting under agenda item 6C. The Supervisory Board had made a binding nomination for this proposed appointment in accordance with article 18.2 of the articles of association. The proposed appointment as a member of the Executive Board had been approved by the European Central Bank. The proposed appointment was based on Mr Timmermans's valuable contribution during his current term of appointment as vice-chairman and member of the Management Board Banking of ING Bank, his former position as chief risk officer and member of the Executive Board from 24 April 2007 to 1 October 2011 and his broad knowledge and experience of audit, finance and control.

The **chairman** noted that there were no questions or comments and moved the vote on agenda item 6C.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,319,567,466 votes in favour, 15,829,463 votes against and 22,708,028 abstentions.

The **chairman** congratulated Mr Timmermans, closed this agenda item and moved to agenda item 7A.

7A. Reappointment of Hermann-Josef Lamberti (voting item)

The **chairman** moved to the reappointment of Mr Lamberti as a member of the Supervisory Board from the end of this General Meeting until the end of the Annual General Meeting to be held in 2021. The **chairman** referred to the proposal and notes set out in the notice of meeting under agenda item 7A and the supplementary notice published on the ING website on 14 April 2017 confirming the reduction of the number of directorships in connection with meeting the requirements of CRD IV. This stated that on 30 June 2017, Mr Lamberti would step down from the Board of Directors of Stonebranch, where he currently served as a non-executive member. The Supervisory Board had made a binding nomination for this reappointment in accordance with article 24.2 of the articles of association. The proposed reappointment was based on Mr Lamberti's deep knowledge of international enterprises, financial services, HR and IT and the way he had performed his role as vice-chairman of the Supervisory Board, chairman of the Audit Committee and member of the Risk Committee during his present term of appointment.

The **chairman** noted that there were no questions or comments and moved the vote on agenda item 7A.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,213,795,962 votes in favour, 117,699,992 votes against and 26,626,549 abstentions.

The **chairman** congratulated Mr Lamberti, closed this agenda item and moved to agenda item 7B.

7B. Reappointment of Robert Reibestein (voting item)

The **chairman** moved to the reappointment of Mr Reibestein as a member of the Supervisory Board from the end of this General Meeting until the end of the Annual General Meeting to be held in 2021. The **chairman** referred to the proposal and notes set out in the notice of meeting under agenda item 7B. The Supervisory Board had made a binding nomination for this reappointment in accordance with article 24.2 of the articles of association. The proposed reappointment was based on Mr Reibestein's experience of strategic, operational and organisational issues within a wide spectrum of industry sectors with a strong focus on financial institutions (both banking and insurance industry) in Europe and Asia and the way he performed his duties as chairman of the Risk Committee and member of the Audit Committee and the Remuneration Committee in his present term of appointment.

The **chairman** noted that there were no questions or comments and moved the vote on agenda item 7B.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,275,434,115 votes in favour, 56,288,540 votes against and 26,398,940 abstentions.

The **chairman** congratulated Mr Reibestein, closed this agenda item and moved to agenda item 7C.

7C. Reappointment of Jeroen van der Veer (voting item)

The **chairman** passed the chair to Mr Breukink given the nature of the subject and the proposal. The **chairman** moved the reappointment of Mr van der Veer as a member of the Supervisory Board from the end of this General Meeting until the end of the Annual General Meeting to be held in 2018. The **chairman** referred to the proposal and notes set out in the notice of meeting under agenda item 7C. The Supervisory Board had made a binding nomination for this reappointment in accordance with article 24.2 of the articles of association. The proposed reappointment was based on Mr van der Veer's broad experience in managing large international, listed companies, his knowledge of international trade and industry and his valued contribution as chairman of the Supervisory Board and the Nomination Committee and member of the Risk Committee, Remuneration Committee and Corporate Governance Committee. It was the intention of the Supervisory Board that Mr Wijers, see agenda item 7F, would succeed Mr van der Veer as chairman of the Supervisory Board immediately after the end of the Annual General Meeting in 2018. Consequently, the Supervisory Board recommended the Annual General Meeting to reappoint Mr van der Veer as a member of the Supervisory Board for a period of one year, to immediately after the end of the Annual General Meeting in 2018.

The **chairman** noted that there were no questions or comments and moved the vote on agenda item 7C.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,151,541,237 votes in favour, 158,534,039 votes against and 48,046,419 abstentions.

The **chairman** congratulated Mr van der Veer and passed the chair back to Mr van der Veer. The **chairman** closed this agenda item and moved to agenda item 7D.

7D. Appointment of Jan Peter Balkenende (voting item)

The **chairman** moved to the appointment of Mr Balkenende as a member of the Supervisory Board with effect from 1 September 2017 until the end of the Annual General Meeting to be held in 2021. The **chairman** asked Mr Balkenende to rise and briefly introduce himself. Mr **Balkenende** referred to some of his positions, including his former premiership of the Netherlands, former partnership and current senior external advisory role on Corporate Responsibility at Ernst & Young and his professorship at Erasmus University Rotterdam. He looked forward to serving a splendid company such as ING. The **chairman** referred to the proposal and notes set out in the notice of meeting under agenda item 7D. The Supervisory Board had made a binding nomination for this proposed appointment in accordance with article 24.2 of the articles of association. The proposed appointment as a member of the Supervisory Board had been approved by the European Central Bank. The proposed appointment was based on Mr Balkenende's experience and highly successful career in Dutch politics, his excellent national and international network in the public and governmental affairs domains and extensive experience in supervisory positions in the public domain.

The **chairman** called for questions and comments. Mr **Stevense** (SRB) said that at the time the members of the SRB had had great difficulty with the additional costs incurred by ING in connection with the repayment of the state aid that it had received. The SRB had then, during Mr Balkenende's premiership, spoken about this several times with ING. He expressed the wish that the SRB would like to see Mr Balkenende try to do something extra by recovering the additional costs paid by ING and distributing them among the shareholders as an extra dividend. The **chairman** said he understood Mr Stevense's reaction and thought his suggestion was a good idea.

The **chairman** noted that there were no other questions or comments and moved the vote on agenda item 7D.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,309,192,073 votes in favour, 26,318,080 votes against and 22,612,932 abstentions.

The **chairman** congratulated Mr Balkenende, closed this agenda item and moved to agenda item 7E.

7E. Appointment of Margarete Haase (voting item)

The **chairman** moved to the appointment of Ms Haase as a member of the Supervisory Board with effect from a date to be set by the Supervisory Board until the end of the Annual General Meeting to be held in 2021.

The **chairman** returned to Mr Fehrenbach's (PGGM) question on expectations about the date to be set. The **chairman** explained that the Supervisory Board had proposed Ms Haase for appointment now rather than next year as it expected that the date would be before the next General Meeting. ING would publish the date as soon as it was known. The Supervisory Board believed this was the best approach, partly to avoid having to call an Extraordinary General Meeting, an EGM, later only for this agenda item.

The **chairman** asked Ms Haase to rise and briefly introduce herself. Ms **Haase** said she was pleased she could serve as a member of the Supervisory Board of a fine bank such as ING. She believed that she could contribute to ING with her financial and industrial experience. She was currently CFO of a listed German motor manufacturer, having previously worked for Daimler AG where she had been responsible for finance and HR and had started thirty years ago in banking. She thanked everyone in advance for their confidence in her.

The **chairman** referred to the proposal and notes set out in the notice of meeting under agenda item 7E. The Supervisory Board had made a binding nomination for this proposed appointment in accordance with article 24.2 of the articles of association. The proposed appointment as a member of the Supervisory Board had been approved by the European Central Bank. The proposed appointment was based on Ms Haase's competences in the field of finance and audit as well as experience in executive and non-executive positions.

The **chairman** noted that there were no questions or comments and moved the vote on agenda item 7E.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,257,637,061 votes in favour, 76,583,569 votes against and 23,864,040 abstentions.

The **chairman** congratulated Ms Haase, closed this agenda item and moved to agenda item 7F.

7F. Appointment of Hans Wijers (voting item)

The **chairman** moved to the appointment of Mr Wijers as a member of the Supervisory Board with effect from 1 September 2017 until the end of the Annual General Meeting to be held in 2021. The **chairman** asked Mr Wijers to rise and briefly introduce himself. Mr **Wijers** said that he was currently a supervisory director of a number of companies, that in the past he had led a major international business and that he had been Minister of Economic Affairs. He said he was impressed by where ING currently was, with a sound balance sheet, clear strategy and enterprising culture. He wanted to contribute to this in the future as a supervisory director.

The **chairman** referred to the proposal and notes set out in the notice of meeting under agenda item 7F. The Supervisory Board had made a binding nomination for this proposed appointment in accordance with article 24.2 of the articles of association. The proposed appointment as a member of the Supervisory Board had been approved by the European Central Bank. The proposed appointment was based on Mr Wijers's international profile and broad political network and his knowledge and experience in both managing and supervising large international companies. It was the Supervisory

Board's intention that Mr Wijers would succeed Mr van der Veer as chairman of the Supervisory Board immediately after the end of the Annual General Meeting in 2018.

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

Mr **Spanjer** (Amsterdam) said he was not in favour of supervisory directors being a member or chairman of several supervisory boards. He referred to the legislation and regulations in this area and asked if ING had taken this into account in the proposed appointment of Mr Wijers. The **chairman** replied that Mr Wijers currently met all the legislation and regulations applying to him regarding his role as supervisory director and proposed chairman of the Supervisory Board and that he would continue to do so. This had also been discussed with Mr Wijers as part of the standard procedure followed for the nomination of supervisory directors to Dutch listed and financial institutions.

Mr **van den Bos** (Stede Broec) expressed satisfaction that executive and supervisory directors had been nominated who also had a preference for various Dutch soccer clubs.

The **chairman** noted that there were no other questions or comments and moved the vote on agenda item 7F.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,291,294,022 votes in favour, 39,578,543 votes against and 27,245,395 abstentions.

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

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

The **chairman** first explained that agenda items 8A and 8B related to the authority of the Executive Board to issue new shares. The proposals to be considered by this meeting were in line with those adopted by the General Meeting in 2016, being authorisation to issue 40% of the issued share capital plus authority to issue 10% of the issued capital. These authorisations offered greater flexibility than the authorisations requested before 2016, 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 market practice, as confirmed in the consultations with large shareholders as part of the Corporate Governance review in 2015/2016.

The **chairman** moved to the authorisation to issue ordinary shares and referred to the proposal and notes set out in the notice of meeting under agenda item 8A.

The **chairman** explained that this agenda item concerned authorisation to issue 40% of the issued share capital. This represented a nominal value of EUR 15,513,934.40. This authorisation could be used for any financing purpose, therefore not only for strengthening capital, but also, for example, for financing an acquisition. The authorisation applied for a period of eighteen months unless extended by the General Meeting. 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 pages 78 and 79 of the Annual Report. The Supervisory Board had approved the proposal. The authorisation superseded the authorisation given under agenda item 9A at the last Annual General Meeting.

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

Mr **Fehrenbach** (PGGM) used the opportunity to repeat his view put forward last year when he had expressed objections to the new higher authorisation for ING, which he still believed to be exceptional in the Dutch context. Mr **Fehrenbach** referred to and expressed his appreciation for extensive dialogue he had had with ING on this subject during the past year. Unfortunately he did not believe that the dialogue had neither led to an amended proposal this year nor to what he had asked for last year, i.e. a limitation on the use of this authorisation under normal circumstances. He repeated that he understood that ING, as a financial institution, would want to have and use this instrument in a financial emergency but he would like it to be limited only to that, so that the instrument could not, for example, be used for mergers and acquisitions in normal circumstances. Mr **Fehrenbach** said that, therefore, he would again vote against the proposal this year. The **chairman** said he understood Mr Fehrenbach's point. The **chairman** confirmed that there had been informal discussions on this between relevant parties but that nevertheless they had not moved closer.

The **chairman** noted that there were no other questions or comments and moved the vote on agenda item 8A.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,084,823,212 votes in favour, 270,272,431 votes against and 3,019,232 abstentions.

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

8B. Authorisation to issue ordinary shares, with or without pre-emptive rights of existing shareholders (voting item)

The **chairman** moved to the proposal to authorise the Executive Board to issue ordinary shares, with or without pre-emptive rights of existing shareholders and referred to the proposal and notes set out in the notice of meeting under agenda item 8B.

The **chairman** explained that this agenda item referred to a second authorisation to issue 10% of the issued capital. This represented a nominal value of EUR 3,878,483.60. The authorisation applied for a period of eighteen months unless extended 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 9B at the last Annual General Meeting.

The **chairman** noted that there were no questions or comments and moved the vote on agenda item 8B.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,268,054,517 votes in favour, 87,780,895 votes against and 2,280,166 abstentions.

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

9. Authorisation to acquire 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 in ING Groep N.V. and referred to the proposal and notes set out in the notice of meeting under agenda item 9.

The **chairman** explained that the authorisation applied for a maximum of 10% of the issued share capital and for a period of eighteen months. The purchase price should not be less than EUR 0.01 and not higher than the highest price at which the company's ordinary shares were traded on Euronext Amsterdam on the date on which the purchase contract was concluded or on the preceding day of stock market trading. This authorisation would be used for trading and investment purposes in the normal course of banking business.

The **chairman** noted that there were no questions or comments and moved the vote on agenda item 9.

Following the electronic voting, the **chairman** announced that the proposal had been carried by 2,288,041,390 votes in favour, 65,496,420 votes against and 4,572,784 abstentions.

The **chairman** closed the agenda item and moved to the final agenda item.

10. Any other business and conclusion

Before moving to any other business, the **chairman** expressed a particular word of thanks to Mr Flynn, Mr Nagel and Ms Castellá, with whom he had worked in recent years. They would shortly be standing down and, as Mr Hamers had said in his introduction, all three had made a great contribution to ING. ING's position was now much better in every respect than when they had joined. The **chairman** called for and received a round of applause for them.

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

Mr **Vermeulen** (Velp) expressed his dissatisfaction about participants who focused exclusively on the theme of sustainability during General Meetings, as had been the case today. He did not think it was appropriate for them to disturb the meeting, for example by walking in and out or leaving the meeting early. He proposed that from now they should be given the floor at the end of the meeting.

Mr **van Reijnen** (The Hague) drew attention to an issue he had raised in the past and which to date had not been resolved to his satisfaction. He then asked about the value of ING interest points, he held many of them and he thought very many had been issued across ING. Mr **Hamers** explained that ING interest points were not transferrable and so were not shown on ING's balance sheet; they could also not be exchanged for cash or anything else. Interest points only had value if they were used for purchases in the ING interest points store, where products can be bought with a discount. The interest points store was very successful.

Mr **Groen** (The Hague) asked about developments in payments looking at PSD2 and ING's strategy on it. Mr **Hamers** explained that PSD2 was the 'Payment Services Directive 2', what it meant and how ING was preparing for it. PSD2 is a new European directive designed to protect consumers better during online payment, to encourage development and use of innovative online and mobile payments and to make European cross-border payments more secure and it also allowed institutions without a full banking licence to offer payment services in the European Union. He explained that it was both an opportunity and threat for banks. ING was trying to respond to this in an innovative way, co-operating with other banks where relevant to deliver new payment services that attract new customers or to make it less attractive for competitors, including non-banks, to enter this market. Payconiq, Yolt and Twyp Cash were examples of this. Mr **Groen** thanked Mr Hamers for his comments.

Mr **van den Bos** (Stede Broec) supported Mr Vermeulen in respect of the participants referred to earlier who dominated general meetings on the theme of sustainability. He believed that this was a company where the financial results were most important since without financial results there was no possibility of looking at themes such as the climate. His suggestion was to put the theme of sustainability after any other business. Mr **van den Bos** then noted that following the external auditors' comments on their audit work on the Annual Accounts for 2016, the Annual Accounts had been adopted by the shareholders by a 99.9% vote in favour. It was not clear to him personally how the auditor had contributed to and influenced the Annual Accounts. Mr **van den Bos** also commented that the proposal to appoint Mr Timmermans had been carried by the highest percentage of votes in favour; he did not think that a good product needs advertising. Mr van den Bos thought it unfortunate that the proposal to reappoint Mr **van der Veer** had been carried by a relatively low percentage of votes in favour. The **chairman** thanked Mr van den Bos for his comments.

The **chairman** asked those present first to put any further questions and they would then be answered together as far as possible.

Mr **van Diepen** (Amsterdam) asked if it was possible to make a summary of the main points in the Annual Report available, if necessary only in Dutch.

Ms **van Haastrecht** (Swifterbant) returned to a number of points she had made earlier which she did not think had been properly addressed. The first point was the ability of people to keep learning different tasks, including in banking. She specifically mentioned people with brain damage. Mr Hamers had referred in his reply to older people, which in her experience was not correct, since there were many younger people, such as those she had already mentioned with brain damage, who were unable to adapt. Ms **van Haastrecht** said she awaited the minutes of this meeting and hoped that this point would be properly reported.
The second point was the voting machines that ING used. Ms **van Haastrecht** referred to KPN which had introduced a new way of voting at its general meeting and suggested that ING examined this possibly more environmentally friendly and innovative approach for possible introduction at subsequent meetings.
Ms **van Haastrecht** also noted that matters relating to CO_2, coal mines and sustainability, which had been discussed at length, had more complicated interrelationships and more facets than was sometimes suggested. She thought that this was still not entirely clear to some people. The **chairman** thanked Ms van Haastrecht for her contribution.

Mr **Stevense** (SRB) said that the SRB had recently written to companies asking them to include the future publication dates of their financial results up to the date of the 2018 annual meeting in their 2016 annual reports. He had been called by ING Investor Relations, explaining his request could not be met. Despite his discussion on this with Investor Relations, he still did not understand the reasoning given. Companies, including ING, also frequently referred to their websites which listed publication dates for the coming year. Since not everyone was in a position to view a website, he repeated his question of whether of ING could include these dates in the Annual Report from now on. The **chairman** said that the publication dates and the date of the 2018 annual meeting would only be published when they had been finalised and that latter was not yet the case. Mr Stevense then called for these dates to be set earlier. The **chairman** understood Mr Stevense's point and said it would be considered. If there was a reason to change anything, ING would return to it. Mr **Stevense** wondered whether ING no longer issuing the Annual Report on paper really contributed to greater environmental friendliness as very many interested parties would print it themselves.

A **shareholder** thanked Mr van der Veer and expressed the wish that much could be learnt about standards from Mr Balkenende.

Mr **Burrie** (Heerhugowaard) asked firstly about the reasoning behind the redundancy plan for employees of ING in Belgium. He also wanted to see ING better embracing the interests of savers, including pensioners and those of independent means, since he believed that regulators and local authorities were keeping interest rates at nil or nearly nil for their own benefit. Finally, Mr **Burrie** asked about the change in the total number of customers.

Mr **van Essen** (Vaassen) referred to a letter he had sent to ING and said he would like to discuss the risk that the bank ran and, in connection with this, the Euribor rate. He thought that ING had since 2009 added premiums to rates to such an extent and without stating the reason, that this was probably a good earnings model for the bank and contributed to a profit that would give the shareholders satisfaction. He wondered how long ING thought it could maintain this earnings model or whether it might lead to claims from customers for repayment of excess premiums and whether this was a risk for the shareholders. He recommended ING considered forming a provision for this, if it had not already done so, unless it thought the risk was negligible.

Mr **Heineman** (The Hague) referred to the amount of EUR 1.3 billion mentioned earlier in the meeting paid at the time by ING for the state aid received in the past and now repaid. He asked how the chairman would meet his commitment to ensure that ING would recover this amount, as, based on his experience and own efforts in the past, Mr Heineman thought this was an almost hopeless task. The **chairman** explained that the state aid was a very complex matter and that parties had ‘settled’ during the process, meaning that they had agreed not to take legal action on the extra amount paid by ING. As part of the agreement, the appeal, which was intended to rule on how any similar situations would be handled in future, would continue. The **chairman** pointed out that he had not made a commitment on recovering this money, he had only acknowledged that he thought it would be a good idea if Mr Balkenende did his best on this. Mr **Heineman** hoped that a little more would be done in the coming year.

The **chairman** gave the floor to Mr Hamers to answer the questions.

Mr **Hamers** started with the publication of the Annual Report. He said that there was very little demand for a summary of the report. Very few summaries had been downloaded from the website and so no new summary had been prepared this year. The full report and associated information was available electronically and could be read on screen and, if wished, the reader could print some rather than all the pages. ING wanted to continue with this policy.

With respect to the number of new customers, Mr **Hamers** explained that ING had gained four million new customers in the past four years, including 1.4 million in the past year. This was net growth, that is to say the difference between the number of new customers and the number of lost customers.

Mr **Hamers** said that forming and agreeing the redundancy plan for employees of ING in Belgium had not been as straightforward as it may have appeared. The plan was available to employees who had worked for a long time at ING and addressed their precise age and whether they wanted to use the plan. Employees who had worked for less time at ING were not eligible for the plan. ING believed that the social partners had been very constructive in drawing up the plan and they had supported both the board and employees in the major transformation taking place at ING in Belgium. He said that ING was very grateful to them for this.

Mr **Hamers** explained that a number of premiums had been added to mortgage interest rates since the financial crisis, as there were certain costs that a bank had to incur to be able to provide mortgages. A new one was, for example, the liquidity premium and the risk premium for the loan-to-value could be changed for new mortgages. In some cases, there were various premiums so that the correct price could be set for each risk profile. ING did this reasonably and fairly. The number of mortgages provided by ING indicated it was still very competitive in this area and so ING’s policy did not seem unreasonable.

Mr **van Essen** (Vaassen) returned to Mr **Hamers’s** presentation which referred to strategy, simplicity and transparency. He believed that many ING customers had had issues with the premiums since 2009 and he thought the words ‘simple' and 'transparent' were absolutely not applicable here. He hoped that clarity on the premiums could be given to customers who had questions on them after the meeting.

On behalf of the Executive Board, Mr **Hamers** thanked those present for their confidence, loyalty to ING, careful preparation and critical questions, as this helped the Executive Board to remain sharp. This was met by applause.

The **chairman** noted that there were no other questions or comments and announced that the definitive minutes would be sent on request in due course.

The **chairman** announced that there would be a reception after the General Meeting which would also be attended briefly by some members of the Executive Board and the Supervisory Board.

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

Amsterdam, J. van der Veer chairman	Amsterdam, C.H.P. van Eldert-Klep secretary	Amsterdam, P.W.M. Lokkerbol shareholder