

Explanatory notes to the Agenda

# ING Groep N.V. Annual General Meeting 2019

**Tuesday, April 23, 2019, 14:00 CET**

Muziekgebouw aan 't IJ  
Piet Heinkade 1  
1019 BR Amsterdam  
The Netherlands

This meeting will be webcast on the  
ING Group website: [www.ing.com](http://www.ing.com)

# Agenda

## Agenda items

(See official Agenda on the website of the Company [www.ing.com/agm](http://www.ing.com/agm))

### Agenda item 1

Opening remarks and announcements.

### Agenda item 2

- A Report of the Executive Board for 2018 (discussion item).
- B Sustainability (discussion item).
- C Report of the Supervisory Board for 2018 (discussion item).
- D Remuneration report (discussion item).
- E Annual Accounts for 2018 (voting item).

### Agenda item 3

- A Profit retention and distribution policy (discussion item).
- B Dividend for 2018 (voting item).

### Agenda item 4

- A Discharge of the members and former members of the Executive Board in respect of their duties performed during the year 2018 (voting item).
- B Discharge of the members and former members of the Supervisory Board in respect of their duties performed during the year 2018 (voting item).

### Agenda item 5

Reappointment of the external auditor (voting item).

### Agenda item 6

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

### Agenda item 7

Composition of the Supervisory Board:  
A Reappointment of Mariana Gheorghe (voting item).  
B Appointment of Mike Rees (voting item).  
C Appointment of Herna Verhagen (voting item).

### Agenda item 8

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

### Agenda item 9

Authorization of the Executive Board to acquire ordinary shares in the Company's capital (voting item).

# Explanatory notes to the Agenda

## Agenda item 2A

### Report of the Executive Board for 2018 (discussion item)

See pages 3 to 87 of the 2018 Annual Report.

## Agenda item 2B

### Sustainability (discussion item)

#### Sustainability Direction 2018-2022

Innovation and climate change are two things having an enormous impact on the world, and with that, our customers. Our purpose is to help them stay a step ahead, but where can we make a real impact? Being sustainable is in all the choices we make – as a lender, as an investor and through the services we offer our customers.

As a bank, we believe our role is to facilitate and finance society's shift to sustainability. In other words: contribute to progress – environmental, economic, and social. Our ambition is to empower a low-carbon and self-reliant society. This also supports our commitment to the UN Sustainable Development Goals, particularly on sustainable and inclusive economic progress (goal 8) and on sustainable consumption and production (goal 12).

We aim to reduce funding to companies and sectors that are not transforming to be a part of tomorrow's world. More importantly, we will increase funding to people and companies that are leading the change the world needs. We will measure and steer our portfolio to make sure it is contributing to a low-carbon economy. Four other global banks have since joined us in this commitment, and we are working on getting even more banks to join.

We will also work to empower a self-reliant society, unravelling the psychology behind how people make financial decisions, and then creating tools to help them make better ones.

It is up to us to offer the things that people can say yes to. To fund the alternatives that will help the world transform – to be climate resilient, socially resilient, financially resilient. Out of all the banks helping to make the world last, we want to be the first.

For more information, see [ing.com/sustainability](https://ing.com/sustainability).

\*Please refer to item 15 on page 161 of the 2018 Annual Report ING Groep N.V. on Form 20-F: <https://www.ing.com/Investor-relations/Financial-Reports/Annual-reports.htm>

## Agenda item 2C

### Report of the Supervisory Board for 2018 (discussion item)

See pages 91 to 100 of the 2018 Annual Report.

## Agenda item 2D

### Remuneration report (discussion item)

See pages 124 to 139 of the 2018 Annual Report.

## Agenda item 2E

### Annual Accounts for 2018 (voting item)

It is proposed to adopt the Annual Accounts for 2018 as included in the 2018 Annual Report on pages 143 to 382.

## Agenda item 3A

### Profit retention and distribution policy (discussion item)

See pages 61 to 64 of the 2018 Annual Report.

## Agenda item 3B

### Dividend for 2018 (voting item)

It is proposed to declare a total dividend for 2018 of €0.68 per ordinary share.

#### Explanation

Taking into account the interim dividend of €0.24 per ordinary share paid in August 2018, the final dividend will amount to €0.44 per ordinary share. See pages 61 to 62 of the 2018 Annual Report. The final dividend will be paid in cash.

## Agenda item 4A

### Discharge of the members and former members of the Executive Board in respect of their duties performed during the year 2018 (voting item)

It is proposed to discharge the members of the Executive Board and the former members who resigned during 2018 in respect of their duties performed in the 2018 financial year as set out in the 2018 Annual Accounts, 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 in the Annual General Meeting under agenda items 2 and 3.

## Agenda item 4B

### Discharge of the members and former members of the Supervisory Board in respect of their duties performed during the year 2018 (voting item)

It is proposed to discharge the members of the Supervisory Board and the former members who resigned during 2018 in respect of their duties performed in the 2018 financial year as set out in the 2018 Annual Accounts, the report of the Supervisory Board, the

Corporate Governance chapter, the Remuneration report and the statements made in the Annual General Meeting under agenda items 2 and 3.

### Agenda item 5

Reappointment of the external auditor (voting item)  
The Supervisory Board proposes to appoint KPMG Accountants N.V. ('KPMG') as the auditor of the company to audit the annual accounts for each of the financial years 2020 to 2023 (inclusive), in accordance with article 393, Book 2 of the Dutch Civil Code, to report about the outcome of this audit to the Executive Board and the Supervisory Board and to issue auditor's reports for each financial year about the true and fair view of the annual accounts.

#### Explanation

KPMG was appointed as external auditor of ING Group for the financial years 2016 to 2019 (inclusive) at the AGM of 2015. The nomination by the Supervisory Board for reappointment of KPMG is the result of a thorough assessment performed by the Audit Committee of the Supervisory Board in accordance with the ING Group Policy on Auditors Independence. Elements considered in this assessment were amongst others independence, quality, relationship, team composition and fee. In accordance with the advice of the Audit Committee, it is proposed to reappoint KPMG for the audit of the respective 2020, 2021, 2022 and 2023 annual accounts.

### Agenda item 6

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

The Supervisory Board proposes, in accordance with article 18 paragraph 2 of the Articles of Association (binding nomination), to appoint **Tanate Phutrakul** (male, born in Bangkok, Thailand, on 9 February 1965, Thai nationality) as a member of the Executive Board. The appointment will become effective as from the end of the 2019 Annual General Meeting; the appointment term will end as at the end of the 2023 Annual General Meeting.

The proposed appointment of Tanate Phutrakul as a member of the Executive Board has been approved by the European Central Bank.

Tanate Phutrakul is currently member and CFO of the Management Board Banking of ING Bank N.V. and non-executive member of the board of ING Belgium S.A. He first joined ING in 1998 as managing director of ING Barings Securities Thailand. He left ING Barings in 2003 to carve out a career in the Thai banking sector, first at DBS Thai Danu Bank and later at TMB Bank in Thailand, where he became chief financial officer. In 2008, he rejoined

ING to become CFO of Operations/IT, and was later on appointed as CFO of Retail Banking International. In 2015, he took up the position of CFO of ING in Belgium – a role he held until 1 October 2018, when he was appointed ING Group controller.

The most important elements of the contract of Tanate Phutrakul for the Executive Board will be published on the website of the Company ([www.ing.com](http://www.ing.com)) prior to the Annual General Meeting of 23 April 2019.

### Agenda item 7

#### Composition of the Supervisory Board: 7A Reappointment of Mariana Gheorghe (voting item).

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

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

As reported, Henk Breukink will resign from the Supervisory Board as at the end of the 2019 Annual General Meeting. In principle, there are no reappointments scheduled at the 2020 Annual General Meeting.

### Agenda item 7A

#### Reappointment of Mariana Gheorghe (voting item)

In accordance with the retirement schedule, Mariana Gheorghe will resign at the end of the 2019 Annual General Meeting. The Supervisory Board proposes, in accordance with article 24 paragraph 2 of the Articles of Association (binding nomination), to reappoint **Mariana Gheorghe** (female, born in Garbou, Romania, on 12 April 1956, Romanian and British nationality) as a member of the Supervisory Board. The reappointment will become effective as from the end of the 2019 Annual General Meeting; the appointment term will end as at the end of the 2023 Annual General Meeting.

#### Reason for proposed reappointment:

Mariana Gheorghe is nominated for reappointment based on her broad experience in managing a large listed company, her knowledge and experience in the financial sector as well as in the international trade and industry, and the way she performed her role as member of the Risk Committee and Nomination and Corporate Governance Committees in her current term of appointment.

#### Further information on the proposed reappointment:

- **Shares held in the Company (6 March 2019):**  
No shares
- **First appointment to the Supervisory Board of the Company:**  
May 2015

**- Other directorships:**

none

**- Relevant other positions:**

- Aspen Institute for Romania: member of the board
- United Way Romania: member of the board
- Bucharest Academy of Economic Studies, Romania: member of the advisory council

**- Most important former positions:**

- OMV Petrom S.A., Romania: chief executive officer
- OMV Petrom Marketing SRL, Romania: chairwoman of the Supervisory Board
- OMV Petrom Gas SRL, Romania: chairwoman of the Supervisory Board
- OMV Petrom Global Solutions SRL, Romania: member of the Supervisory Board
- European Bank for Reconstruction and Development (London): international banker
- Ministry of Finance of Romania: deputy general director, Internal Finance

The total number of directorships held by Mariana Gheorghe meets the requirements of the Capital Requirements Directive (CRD IV; 2013/36/EU) as implemented into Dutch law.

### Agenda item 7B

#### Appointment of Mike Rees (voting item)

The Supervisory Board proposes, in accordance with article 24 paragraph 2 of the Articles of Association (binding nomination), to appoint **Mike Rees** (male, born in Stafford, England, on 13 February 1956; British nationality, male) as a member of the Supervisory Board. The appointment will become effective as from the end of the 2019 Annual General Meeting; the appointment term will end as at the end of the 2023 Annual General Meeting.

#### Reason for the proposed appointment:

Mike Rees is nominated for appointment based on his successful career in international markets, including his experience in wholesale banking and his knowledge about fintech. With his past executive knowledge and experience, including as deputy CEO at Standard Chartered Bank, he will add value to ING's Supervisory Board and will be complementary to the other Supervisory Board members.

Mike Rees has confirmed being independent in accordance with the Dutch Corporate Governance Code (2017).

The proposed appointment of Mike Rees as a member of the Supervisory Board has been approved by the European Central Bank.

#### Further information on the proposed appointment:

**- Shares held in the Company (6 March 2019):**

No shares

**- Other directorships:**

- Strategic Vitality Ltd.: founder and consultant
- Envestors Growth Capital Ltd.: non-executive chairman

**- Relevant other positions:**

- Mauritius Africa FinTech Hub: non-executive director

**- Most important former positions:**

- Standard Chartered Bank PLC: Deputy CEO
- Standard Chartered Bank PLC: CEO wholesale banking and executive director

The total number of directorships held by Mike Rees meets the requirements of the Capital Requirements Directive (CRD IV; 2013/36/EU) as implemented in Dutch law.

### Agenda item 7C

#### Appointment of Herna Verhagen (voting item)

The Supervisory Board proposes, in accordance with article 24 paragraph 2 of the Articles of Association (binding nomination), to appoint **Herna Verhagen** (female, born in Veghel, the Netherlands, on 30 June 1966; Dutch nationality, female) as a member of the Supervisory Board. The appointment will become effective as from 1 October 2019; the appointment term will end as at the end of the 2023 Annual General Meeting.

#### Reason for the proposed appointment:

Herna Verhagen has had previous positions with responsibilities in the areas of human resources and general management including governance related matters. She has vast experience in operating in a highly regulated and complex environment that has a strong connection with society, also given her current executive role at a listed company. In light of Henk Breukink's final Supervisory Board membership term ending as at the end of the 2019 Annual General Meeting, her background and executive experience, she will add value to ING's Supervisory Board and will be complementary to the other Supervisory Board members.

Herna Verhagen has confirmed being independent in accordance with the Dutch Corporate Governance Code (2017).

The proposed appointment of Herna Verhagen as a member of the Supervisory Board has been approved by the European Central Bank.

#### Further information on the proposed appointment:

**- Shares held in the Company (6 March 2019):**

No shares

- **Other directorships:**

- PostNL N.V.: CEO
- Rexel SA: non-executive board member and chairwoman of the nomination committee

- **Relevant other positions:**

- Het Concertgebouw N.V.: supervisory board member, member of the nomination committee and member of the funding committee
- De Nieuwe Kerk Foundation: member of the advisory council
- Goldschmeding Foundation: supervisory board member
- VNO-NCW (inherent to the position at Post NL N.V.): board member

- **Most important former positions:**

- SNS Reaal N.V. (now: SRH N.V.): supervisory board member
- PostNL N.V.: Marketing & Sales director, coordinating managing director Mail NL in the Mail division
- TNT N.V.: managing director Group HR

The total number of directorships held by Herna Verhagen meets the requirements of the Capital Requirements Directive (CRD IV; 2013/36/EU) as implemented in Dutch law.

### Agenda item 8A

Authorization to issue ordinary shares (voting item)

The Executive Board, with the approval of the Supervisory Board, proposes to designate the Executive Board as the corporate body authorized to resolve:

1. The issue of ordinary shares and the granting of rights to subscribe for such shares in connection with a rights issue, being a share offering to holders of ordinary shares in proportion to their existing holdings of ordinary shares, as close as may be practical, up to an aggregate nominal amount of €15,566,915.20.
2. In connection with this: the exclusion or restriction of pre-emptive rights of existing holders of ordinary shares so as to make such exclusions or other arrangements as the Executive Board and the Supervisory Board may deem necessary or expedient in relation to record dates, fractional entitlements, treasury shares or any restrictions, obligations, practical or legal problems under the laws or requirements of any jurisdiction or regulatory body, in the context of syndicated rights issues or otherwise.

This authorization renews and supersedes the authorization assigned by the 2018 Annual General Meeting under agenda item 8A and ends on the earlier of 23 October 2020 and the date of renewal of this authorization.

### Agenda item 8B

#### Authorization to issue ordinary shares with or without pre-emptive rights of existing shareholders (voting item)

The Executive Board, with the approval of the Supervisory Board, proposes to designate the Executive Board as the corporate body authorized to resolve the issue of ordinary shares and the granting of rights to subscribe for such shares up to an aggregate nominal amount of €3,891,728.80 and, in this connection, the exclusion or restriction of pre-emptive rights of existing holders of ordinary shares.

This authorization renews and supersedes the authorization assigned by the 2018 Annual General Meeting under agenda item 8B and ends on the earlier of 23 October 2020 and the date of renewal of this authorization.

#### Explanation

The purpose of the proposals under agenda items 8A and 8B is to delegate the power to issue new ordinary shares to the Executive Board. With these proposals the Executive Board seeks the authority to issue new ordinary shares without having first to obtain the consent of the General Meeting, which in the Netherlands is subject to a statutory convocation period of at least 42 days. The authority to issue shares may be used for any purpose, including but not limited to strengthening capital, financing, mergers or acquisitions.

The proposed resolutions will give the Company flexibility in managing its capital resources, including regulatory capital, while taking into account shareholders' interests to prevent dilution of their shares. These resolutions particularly enable the Company to respond promptly to developments in the financial markets, should circumstances so require. The Executive Board and the Supervisory Board consider it in the best interests of the Company to have the flexibility that these proposals aim to achieve.

The proposal under **agenda item 8A** provides the authority to issue ordinary shares up to 40% of the issued share capital by way of a rights issue. This means that a share issue under this authorization will in principle be on a pre-emptive basis in order to minimise dilution for existing shareholders. Notwithstanding the intention of the Executive Board and the Supervisory Board to respect pre-emptive rights of shareholders and avoid dilution, this resolution gives the Executive Board, subject to approval of the Supervisory Board, the flexibility to deal with legal or practical difficulties in relation to record dates,

fractional entitlements, treasury shares or any restrictions, obligations, practical or legal problems under the laws or requirements of any jurisdiction or regulatory body, in the context of syndicated rights issues, or otherwise, which might prevent an issuance on a pre-emptive basis. The Executive Board and the Supervisory Board intend to use this authorization in line with market practice. For more information on the use of this authorization see pages 103 to 104 of the 2018 Annual Report.

This authorization cannot be used for mergers or acquisitions on a stock-for-stock basis as they are incompatible with the concept of pre-emptive rights for existing shareholders.

The Company has no current plan to make use of the authority sought under this proposal.

The proposal under **agenda item 8B** provides the authority to issue ordinary shares, with or without pre-emptive rights of existing shareholders, up to 10% of the issued share capital.

It is not currently envisaged to use this authorization for purposes other than:

1. The potential conversion into ordinary shares of Additional Tier 1 instruments which may be issued by the Company to optimise its capital position under applicable regulatory requirements. Under the EU Capital Requirements Directive, all Additional Tier 1 instruments should contain a loss absorption mechanism, i.e. either a write-off or a conversion into ordinary shares if a certain minimum Common Equity Tier 1 ratio is breached. In the event that the Company issues Additional Tier 1 instruments with a conversion clause, this clause must require that if such a breach occurs, the Additional Tier 1 instruments will be converted into ordinary shares, so that the Company's capital position is safeguarded or conserved. Accordingly, each time Additional Tier 1 instruments are issued, the Executive Board, with approval of the Supervisory Board, will take a conditional resolution on the basis of the share issue authorizations in force at that time to convert Additional Tier 1 instruments into ordinary shares (the condition being the breach of a certain minimum Common Equity Tier 1 ratio). For more information on the Additional Tier 1 instruments issued by the Company prior to 1 January 2018 on the basis of the share issue authorizations of the General Meeting of previous years, please see page 203 of the 2018 Annual Report.
2. The award, by way of fixed and/or variable remuneration, of shares and stock options to members

of the Executive Board and employees, and the settlement thereof.

Taken together, the proposals under agenda items 8A and 8B provide the Executive Board the authority to issue shares up to 50% of the issued share capital.

These proposals are consistent with the authorizations by the 2018 Annual General Meeting, which reflected the outcome of the consultation with investors, proxy advisers and other stakeholders in the context of the corporate governance review held in 2015 and in 2016 that resulted in more alignment with international market practices.

Annual renewal of the authorizations proposed under the agenda items 8A and 8B will be sought.

### Agenda item 9

#### **Authorization of the Executive Board to acquire ordinary shares in the Company's capital (voting item)**

It is proposed to authorize the Executive Board, for the period ending on 23 October 2020 or the date of renewal of this authorization, whichever is earlier, to acquire in the name of the Company, upon approval of the Supervisory Board, fully paid-up ordinary shares in the Company. This authorization is subject to the condition that the nominal value of the shares in the Company, which are acquired, held or pledged in favour of the Company or are held by its subsidiaries for their own account, shall not exceed 10% of the currently issued share capital of the Company.

The authorization applies to each manner of acquisition of ownership for which the law requires such authorization. The purchase price shall not be lower than €0.01 and not higher than the highest price at which the Company's ordinary shares are traded on Euronext Amsterdam on the date on which the purchase contract is concluded or on the preceding day of stock market trading.

#### **Explanation**

The authorization serves to enable the Company to repurchase ordinary shares. As a result of this authorization no more than 10% of the currently issued share capital may be held. As required by law, the authorization states both the maximum price and the minimum price.

This proposal is consistent with standing practice of the Company. This authorization may be used for trading and investment purposes in the normal course of its banking business. Shares repurchased for these purposes may be resold. Share repurchase transactions for other purposes are not currently envisaged.



# Directions

## Directions to the Muziekgebouw aan 't IJ

Muziekgebouw aan 't IJ  
Piet Heinkade 1  
1019 BR Amsterdam  
The Netherlands

(See also: [www.muziekgebouw.nl/muziekgebouw/English/#getting](http://www.muziekgebouw.nl/muziekgebouw/English/#getting))

## By public transport

Tram 26, stop Muziekgebouw.

The Muziekgebouw aan 't IJ is opposite the tram stop. Take the stairs or the lift downstairs and follow the ING signs in the direction of the main entrance of the Muziekgebouw aan 't IJ. Because of the steep slope of the pedestrian bridge, anybody who has difficulty walking is advised to get off one stop later at 'Piet Heinkade' and to enter the main entrance of the Muziekgebouw via the Mövenpick hotel.

## By bicycle

There is a bicycle parking underneath the Muziekgebouw aan 't IJ (free, open 24 hours). You can reach the parking via the moving walkway on the right side of the main entrance. The parking provides direct indoor access to the main entrance of the Muziekgebouw aan 't IJ.

## By car

From the east, travelling on the A10, take exit S114 in the direction of Amsterdam centre ('Centrum'), via the Piet Hein tunnel. From the west, travelling on the A10, take exit S102 in the direction of Amsterdam centre ('Centrum').

## Car park

You can park in the car park 'Piet Hein Parkeergarage' of the City of Amsterdam ('Gemeente Amsterdam'). Take the stairs or lift to access the main entrance of the Muziekgebouw aan 't IJ.



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