Minutes
General Meeting
ABN AMRO Group N.V.

29 May 2018

Minutes of the Annual General Meeting

ABN AMRO Group N.V.

ABN AMRO head office, Gustav Mahlerlaan 10, Amsterdam

(These minutes are a concise record of the proceedings at the meeting.)

Tuesday 29 May 2018, 14.00 - 18.30 hrs

Agenda

1. **Opening remarks and announcements**

2. **Annual report, corporate governance and annual financial statements**

   (a) Report of the Executive Board in respect of 2017 **(discussion item);**

   (b) Report of the Supervisory Board in respect of 2017 **(discussion item);**

   (c) Presentation by the Employee Council **(discussion item);**

   (d) Corporate governance **(discussion item);**

   (e) Implementation of the remuneration policy **(discussion item);**

   (f) Presentation by external auditor and opportunity to ask questions **(discussion item)**; and

   (g) Adoption of the audited 2017 annual financial statements **(voting item)**.

3. **Dividend**

   (a) Explanation of dividend policy **(discussion item)**; and

   (b) Resolution to approve the 2017 dividend **(voting item)**.

4. **Discharge from liability**

   (a) Granting of a discharge from liability to the individual members of the Executive Board in office during the 2017 financial year for the performance of their duties in 2017 **(voting item)**; and

   (b) Granting of a discharge from liability to the individual members of the Supervisory Board in office during the 2017 financial year for the performance of their duties in 2017 **(voting item)**.

5. **Report on the evaluation of the external auditor (discussion item)**

6. **Composition of the Supervisory Board:**

   (a) Collective profile of the Supervisory Board **(discussion item)**;

   (b) Notice of vacancies on the Supervisory Board **(discussion item)**;

   (c) Opportunity for the General Meeting to make recommendations, taking into account the profiles **(discussion item)**;

   (d) Reappointment of Mr Steven ten Have as member of the Supervisory Board;

      i. Notice to the General Meeting of the nomination by the Supervisory Board of Mr Steven ten Have for reappointment **(discussion item)**;

ii. Resolution to be approved by the General Meeting for the reappointment of Mr Steven ten Have as member of the Supervisory Board **(voting item)**.

7. Issuance and buyback of shares or depositary receipts for shares by ABN AMRO Group

(a) Authorisation to issue shares and/or grant rights to subscribe for shares **(voting item)**;

(b) Authorisation to limit or exclude pre-emptive rights **(voting item)**; and

(c) Authorisation to acquire shares or depositary receipts for shares in ABN AMRO Group's own capital **(voting item)**.

8. Cancellation of shares or depositary receipts for shares in the issued capital of ABN AMRO Group **(voting item)**.

9. Alteration to the articles of association and authorisation to have the instrument of alteration executed before the civil-law notary **(voting item)**.

10. Any other business and closure of the meeting

Those present:
The Supervisory Board:
Mr ten Have (Acting Chairman of the Supervisory Board), Mr Dorland (Acting Chairman of the Remuneration, Selection and Nomination Committee), Ms Leeflang, Mr Tiemstra (Chairman of the Audit Committee) and Mr Stegmann (Chairman of the Risk & Capital Committee).

The full Executive Board:
Mr van Dijkhuizen (CEO), Mr Abrahams (Vice-Chairman and Chief Financial Officer), Ms Cuppen (Chief Risk Officer) and Mr Bornfeld (Chief Information & Technology Officer).

The meeting secretary:
Mr van Outersterp.

For EY, the external auditor:
Mr Boogaart and Mr Smit.

For the Employee Council:
Ms Kamphuis (Chair).

The civil-law notary responsible for overseeing the voting:
Mr Clumpkens of Zuidbroek Notarissen.

STAK AAG:
Mr van Gelder and Ms Brakman.

The shareholders and depositary receipt holders:
1,078 shareholders and depositary receipt holders, jointly representing 86.83% of the issued capital and the same number of voting rights, were present or represented at the meeting.

1. Opening and announcements

The **Chairman** opened the meeting at 14.00 hrs and welcomed all those present.

After introducing the persons attending the meeting on behalf of ABN AMRO and announcing that Ms Zoutendijk had decided not to attend and that Ms Roobeek was unfortunately unable to attend, the **Chairman** made a number of announcements of an administrative nature. The **Chairman** said that a tape recording would be made of the entire meeting to enable the minutes to be drawn up. The minutes would be adopted and signed by the **Chairman** and the secretary in accordance with the procedure set out in the articles of association.

The **Chairman** noted that the shareholders and depositary receipt holders had been given notice of the meeting in accordance with the law and the articles of association, that the meeting could therefore pass valid resolutions, and that no resolutions had been proposed by shareholders and depositary receipt holders for consideration at this meeting.

The **Chairman** stated that on the registration date the issued capital of ABN AMRO consisted of nine hundred and forty million and one (940,000,001) shares.

The **Chairman** informed those present that, in view of the long agenda, the separate parts of agenda item 2 would be combined and dealt with as a whole. As these parts were closely interrelated, taking this approach would also ensure that a proper, complete overview was provided. An opportunity to ask questions would be provided at the end of the presentations relating to agenda item 2.

Before embarking on the agenda items, the **Chairman** briefly considered the announcement of 5 February 2018 concerning the decision by Ms Zoutendijk not to stand for a second term of office as member of the Supervisory Board and to transfer her duties as Chairman with immediate effect. The Chairman stated that he respected Ms Zoutendijk's decision and expressed his appreciation of what she had done for the bank in recent years and the contribution she had made. She had put her heart and soul into her work and provided the impulse for some decisive initiatives. This was part of the recent past. The **Chairman** then stated that he was also looking to the future. He said that it had been announced last Friday that the Supervisory Board would nominate Mr de Swaan for appointment as a member of the Supervisory Board for a term of four years. Once Mr de Swaan had been appointed by the General Meeting, the Supervisory Board would appoint him as Chairman of the Supervisory Board. The nomination was currently still conditional upon approval of the appointment by the regulators. Mr de Swaan had held executive board positions at various financial institutions, including the regulatory authorities themselves. He was a member of the Governing Board of De Nederlandse Bank (DNB) in the period 1986-1998, member of the Executive Board and CFO of ABN AMRO in the period 1999-2006 and Chairman of the Board of Directors of Zurich Insurance Group from 2013 until recently. Mr de Swaan had also gained extensive experience of both commercial and non-profit institutions, for example through supervisory directorships at GlaxoSmithKline, DSM, Ahold and Van Lanschot Bankiers. An extraordinary general meeting would be called in the near future for the purposes of appointing Mr de Swaan. Mr ten Have added that the Supervisory Board was looking forward to his arrival.

The **Chairman** concluded the consideration of this agenda item and moved on to agenda item 2: the annual report, corporate governance and annual financial statements

2. Annual report, corporate governance and annual financial statements

a) **Report of the Executive Board in respect of 2017 (discussion item)**

The **Chairman** informed the meeting that before the presentation of the report of the Executive Board a film of ABN AMRO staff recounting some of the highlights of the past year would be shown.

After the showing, the CEO, Mr **van Dijkhuizen**, gave an explanation of the report of the Executive Board for 2017. First of all, he noted that Mr Bornfeld had started as Chief Innovation & Technology Officer on 1 March 2018.

Mr van Dijkhuizen went on to say that 2017 had been a good year, which had been marked by sound financial performance, growing customer satisfaction, some notable innovations and appreciation of the bank's sustainability initiatives. The Dutch economy was strong in 2017, with an economic growth rate of 3.2% and an excellent housing market. ABN AMRO was well placed to take advantage of these strong economic figures. According to Mr van Dijkhuizen, this had also been reflected in the results. The underlying net profit 2017 was almost EUR 2.8 billion. This was substantially higher than in 2016. This was due in part to the sale of Private Banking's operations in Asia. The net proceeds of this sale were EUR 200 million. Profitability had improved as a consequence of growing loan portfolios and also significantly lower provisions. In the past year interest income had increased due to the growth of the main loan portfolios, namely mortgages, small and medium-sized enterprises and large corporate loans. A number of better-than-expected developments produced growth of about 3% in net interest income, which is the bank's main source of income. According to Mr van Dijkhuizen, the net interest income is highly dependent on the interest rate climate, which is still not favourable for savers and banks. In the past year, ABN AMRO had once again been obliged to reduce the interest on savings in small steps. The cost saving programmes and the IT transformation which is under way also had a clear impact on the figures in 2017. There was even an impairment release in 2017 as a consequence of the recovery of the Dutch economy. The reported earnings per share amounted to EUR 2.89. It was proposed that 50% of this amount, i.e. EUR 1.45 per share, be distributed as a dividend for the 2017 financial year. This would give a dividend yield of about 6%. The bank had once again made good progress towards achieving its financial targets in 2017. The efficiency ratio had improved to 60.1% in 2017. This compared with 65.9% in the previous year. The return on equity was 14.5%. This compared with 11.8% in the previous year. Without the capital gain made by Private Banking Asia, the final efficiency ratio was 61.2% and the return on equity 13.4%. The final dividend proposed for 2017 was EUR 0.80 per share. This would bring the total dividend distribution for 2017 to EUR 1.45, which was in keeping with the target payout ratio of 50%. The capital position was also strengthened still further by a fully loaded Core Equity Tier 1 ratio of 17.7% at end-December.

Mr **van Dijkhuizen** went on to note that sustainability was an important pillar of ABN AMRO's activities and had become an integral part of its mode of operation. The bank always took environmental, social and governance factors into account in its client-lending activities and investment services. Sustainability was a guiding principle throughout the bank. Mr **van Dijkhuizen** said that he was proud of the many sustainability initiatives that had been conceived and implemented by the bank's own employees. 2017 had seen the launch of Mission 2030, which aimed to ensure that all residential properties and offices financed and owned by ABN AMRO had, on average, an energy label A by 2030. The current energy label was D. ABN AMRO thus wished to achieve an annual reduction of 2 megatonnes of carbon dioxide in the Netherlands from 2030, which corresponded to the annual emissions of 800,000 cars. The bank also announced in 2017 that it wished to double the number of sustainable invested assets within Private Banking from EUR 8 billion to EUR 16 billion in the next three years. ABN AMRO's efforts were rewarded in 2017 by a ranking in the Dow Jones Sustainability Index among the top 5% of banks worldwide in terms of sustainability. ABN AMRO scored 91 points out of a maximum of 100, which compared with an average score of 58 points for the banking industry as a whole.

Another key policy priority for ABN AMRO was diversity. Following the introduction of the new management structure, the senior management of the bank shrank by around 40% from over 100 to just under 60 positions. The proportion of women in senior management rose from 23% to 38%. Cultural diversity too increased from 2% to 7%, which was well above the 3% target.

Mr **van Dijkhuizen** stressed that clients formed the bedrock of all the bank's operations. They also expected increasingly innovative solutions. In a rapidly changing environment, ABN AMRO was increasingly focusing on digitalisation in order to offer its clients innovative solutions and improve the client experience. ABN AMRO wished to ensure that its clients were always able to make the best financial choices, no matter where they were, now and in the future. Clients had to be able to arrange their financial affairs as and when it suited them, for example by using the Mobile Banking app or by adjusting their mortgage online. 59% of all retail products and services were already distributed through digital channels. Clients were increasingly likely to want their personal contact with the bank to be by means of webcam appointments with an ABN AMRO adviser. Webcam appointments were very highly rated by clients. Over 60% of mortgage meetings were now arranged in this way. Customer satisfaction with this service was very high.

ABN AMRO was also preparing for Open Banking. The Revised Payment Services Directive, also known as PSD2, would introduce a new reality in the Netherlands. As ABN AMRO's mobile apps had a large number of users, they would provide a good basis for its preparations for Open Banking. One of these apps, known as Tikkie, already had over three million users, including a great many people who did not bank with ABN AMRO. ABN AMRO was the first major Dutch bank to make a developer portal available (in November 2018) and thus actively seek contact with the outside world in a bid to promote joint innovation. Three new Innovator Banks were established in 2017 in addition to the existing digital online retail bank MoneYou, namely Prospery for Private Banking, Franx for Corporate & Institutional Banking and New10 for SME Banking. These Innovator Banks offered online propositions for clients and were in competition with new entrants to the financial services industry. They also helped to expedite innovation. These developments had helped to improve customer satisfaction in most banking segments, which was reflected in the Net Promoter Score (NPS). ABN AMRO aimed to raise its NPS score still further in the years ahead.

Mr **van Dijkhuizen** informed the General Meeting that 2017 had been another year of change. ABN AMRO was on schedule to achieve its targets for 2020 of costs savings of EUR 900 million and an efficiency ratio of 56.58%. Eighteen months after announcing these targets it had already achieved over half of the cost savings. A saving of EUR 512 million was made in the first quarter of 2018. These savings were also necessary in order to be able to invest in digitalisation, innovation and growth.

2017 also saw a change in the management structure. The bank's revamped, slimmed-down senior management structure now put greater focus on the business. The downsizing was occurring right across the bank, even at the most senior level. That was not easy, particularly since the favourable state of the economy meant that the bank had achieved good profit figures. On balance, the workforce shrank by 8% compared with the previous year, which was a sizeable reduction. After rising for four years, employee commitment dropped last year for the first time from 82% to 79%. A contributing factor may have been all the changes that took place last year. The Executive Committee was currently considering what could be done about this, for example in discussions with the Employee Council. The Executive Committee would do everything possible to ensure that employee commitment rose again.

Mr **van Dijkhuizen** moved on to discuss the first quarter's results, which were published on 14 May 2018. As net profits had totalled EUR 595 million, financial performance had been sound in the first quarter, despite higher impairments. In the past quarter, interest income had remained at a good level and the SME and large corporate loan portfolios had grown. The level of costs had remained unchanged, despite extra costs incurred as a result of the reorganisation and the new collective labour agreement. Unfortunately, impairments were higher in the past quarter for a number of clients and for sectors where the recovery was still fragile, namely Offshore, Diamonds & Jewellery and, to a lesser extent, SMEs.

Mr **van Dijkhuizen** then went on to discuss the cost-income ratio. which had improved from 60.2% to 57.9%. The return on equity was 11.5% and the capital position remained strong, with a fully loaded capital ratio of 17.5%. ABN AMRO's share price had performed well since the IPO in 2015. 2017 had seen worldwide growth and rising prices on global stock markets. ABN AMROs share also performed well last year. The share's closing price on 28 May 2018 was EUR 23.64, which was almost EUR 6 higher than the introductory price in the IPO. Today (29 May 2018) the price of the ABN AMRO share and that of other major banks had fallen by 3% due to events in Italy. In the period since the IPO, the share had outperformed the AEX Index and also the Euro Stoxx Banks Index. With a Core Tier 1 position of 17.5% at the end of the first quarter, ABN AMRO was in good shape, even in the light of the new Basel IV regulatory rules which would be gradually introduced from 2022. ABN AMRO expected Basel IV to result in an increase in risk-weighted assets (RWA) of about 35%. It was aiming to build up a buffer for Basel IV and had on this basis set itself a capital target of between 17.5% and 18.5% for 2018. This target would be reviewed at the end of the year to take account of any developments relevant to the capital position. The final date for the introduction of the Basel IV changes was 2027. It followed that the capital position of 17% at the end of the first quarter of 2018 was a good point of departure. This would also make it possible to adjust the dividend policy. The clear capital target served as an indicator for ABN AMRO's profit distribution policy. From 2018 ABN AMRO aimed to pay a dividend of 50% of the lasting profit. It was also considering making extra dividend distributions and/or purchasing the company's own shares if the capital position allowed.

Mr **van Dijkhuizen** concluded that ABN AMRO had achieved a good financial result in 2017, due in part to the strength of the Dutch economy. He noted that clear progress had been made in relation to the non-financial targets as well. The bank was on the right track, but could naturally still do better. To benefit from the changing environment and ensure consistent client centricity, ABN AMRO would have to become more efficient and flexible. The bank also wished to play its part in promoting sustainability.

Mr **van Dijkhuizen** said that he wished to take this opportunity to express his appreciation to those members of the Executive Board who had left in recent months, namely Mr Van Hall and Mr Reehoorn, for the very valuable contribution they had made to building up the new bank and arranging the successful IPO.

Finally, Mr **van Dijkhuizen** expressed his thanks to all staff for their unwavering commitment to providing the best possible service day in and day out to the clients of ABN AMRO.

The **Chairman** thanked Mr **van Dijkhuizen** for his contribution and moved on to the next agenda item.

b) **Report of the Supervisory Board in respect of 2017 (discussion item)**

The **Chairman** noted that the 2017 Annual Report contained a detailed account by the Supervisory Board and said that he would merely comment on this briefly at this meeting.

The Supervisory Board had met on 21 occasions, sometimes formally and sometimes informally, in 2017. An important topic had been the changes at the top of ABN AMRO, including the Executive Board. Mr Zalm had resigned as Chairman of the Executive Board on 1 January 2017 and had been succeeded by Mr van Dijkhuizen.

In the opinion of the Supervisory Board, the new bank had benefited for the first eight or nine years of its existence from a stable and strong Executive Board. The Executive Board had achieved much for the bank. According to Mr ten Have, a new period had now started, and would require the right mix of experience and innovation. This had prompted the bank to revamp the senior management under the direction of Mr van Dijkhuizen. Mr van Dijkhuizen had been appointed to the satisfaction of the Supervisory Board and had immediately instituted the process of change by composing a new team consisting of the Executive Board and five other people. Together they constituted the Executive Committee and were in charge of running the bank.

The **Chairman** then explained to the General Meeting the various positions and the people appointed to them. It was common knowledge that Mr van Dijkhuizen had been CFO before his appointment as CEO. According to Mr ten Have, Mr Rahusen, who had deputised for Mr van Dijkhuizen as CFO for some considerable time, had been very committed and done sterling work. He had ceased to act in this capacity on 1 September 2017 when Mr Abrahams was appointed as the new CFO. Ms Cuppen succeeded Mr Reehoorn as CFO on 1 November 2017. Mr Bornfeld came to reinforce the ranks of the bank on 1 March 2017, when he succeeded Mr van Hall as Chief Innovation & Technology Officer. Finally, the bank took its leave of Mr Vogelzang and Mr Wijn at the start of 2017. On behalf of the Supervisory Board the Chairman once again thanked all those people he had named for the very valuable contribution they had made to the process of integration and to forming and building the future of the new bank.

The **Chairman** noted that, in the first few months after his appointment as CEO, Mr van Dijkhuizen had provided a strong impetus for the bank's new management. The aim had been to implement the strategy in consultation with the Supervisory Board and ensure that ABN AMRO was able to respond effectively to the opportunities and challenges in the period ahead. For example, a new management structure had been introduced on the initiative of

Mr van Dijkhuizen. One of the aims of establishing the Executive Committee was to increase still further the focus on clients and the business at management level. This would be discussed in more detail under agenda item 2.d.

Besides implementation of the new management structure and the other leadership changes, various other topics were high on the agenda of the Supervisory Board in 2017. The many developments in the field of supervision and regulation were one example. New initiatives in the fields of innovation, digitalisation and cybersecurity had also been discussed. As talent development was of major importance to the bank at all levels, this topic had received the full attention of the Supervisory Board. The special attention which the Interests of all stakeholders deserved was provided with verve by the Supervisory Board. Naturally, it had also had to consider a number of significant risks and the operation of the internal audit systems. The Supervisory Board had also been involved in determining - and had conducted a dialogue with the Executive Committee and the Executive Board about - the strategic direction of the bank. This was still progressing very satisfactorily.

The **Chairman** went on to note that the three committees of the Supervisory Board, namely the Audit Committee, the Risk & Capital Committee and the Remuneration, Selection and Nomination Committee, had also held in depth-discussions of various topics in preparation for the decisions to be taken at the meetings of the Supervisory Board. For example, the Audit Committee had considered the financial results and had paid particular attention to the bank-wide risk reports, including those of Compliance, and the funding and capital plans.
The Remuneration, Selection and Nomination Committee had played an active role in relation to talent development and to pay and remuneration. This committee had also been involved very intensively in the processes of succession and appointment. Finally, there had been various announcements both in 2017 and at the start of 2018 about changes to the composition of the Supervisory Board. This topic was also on the agenda under item 6.b.

The **Chairman** then concluded the consideration of this agenda item and moved on to the next item, namely the presentation by the Employee Council.

c) Presentation by the Employee Council (discussion item)

The **Chairman** informed the General Meeting that following the elections in March 2018 a new Employee Council had recently been constituted. The new Chairman of the Employee Council was Ms Kamphuis. Since she had only been in office for a short time, she had decided, after proper consultation, not to exercise her right to address the meeting on this occasion and instead to do so at the next AGM.

However, the Employee Council had taken a position on the nomination for the reappointment of Mr ten Have. This would be dealt with later under agenda item 6.d. This position had been recorded in the meeting documents sent with the notice calling the meeting.

The **Chairman** then moved on to agenda item 2.d.

d) Corporate governance (discussion item)

The **Chairman** referred to the Governance chapter in the annual report, which contained a detailed explanation of the corporate governance structure at ABN AMRO. A key aspect concerned the issuance of depositary receipts for the shares to be sold by Stichting administratiekantoor beheer financiële instellingen (NLFI) to Stichting Administratiekantoor ABN AMRO (STAK), with the aim of ensuring that the bank would be protected, if needed.

The annual report 2017 contained an extensive explanation of the bank's corporate governance structure. The NLFI had sold 65 million depositary receipts for shares in both June and September of 2017. Moreover, in December 2017 the NLFI transferred approximately 59.7 million shares (representing 6.4% of the total issued share capital) to STAK AAG, in exchange for which the NLFI received a corresponding number of depositary receipts. 50.1% of the shares in ABN AMRO Group N.V. were now held by STAK AAG and 49.9% by the NLFI. After receiving the depositary receipts for shares in December 2017, the NLFI's stake in ABN AMRO Group N.V. now totalled 56.3%.

The **Chairman** noted with pleasure that under Mr van Dijkhuizen's leadership and with the support of the Supervisory Board, ABN AMRO had modified its senior management structure in 2017. The aim had been to make the organisation more responsive and enterprising while at the same time increasing client centricity. This new management structure began operating in March 2017. As already mentioned, the new structure consisted of an Executive Board (constituted under the articles of association) and an Executive Committee. Under the articles of association, the Executive Board comprised the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and the Chief Innovation & Technology Officer. The Executive Committee consisted of the members of the Executive Board, the CEOs of the Business Lines and the Chief Transformation & HR Officer. In this management structure, the Executive Board acted as the management under the articles of association. Together the members had overall responsibility under the articles of association for the management of ABN AMRO and its affairs in general.

The Executive Committee was responsible for managing the business operations of ABN AMRO Bank and its subsidiaries. The Executive Board involved the full Executive Committee in determining the vision, strategy and risk appetite of the bank as a whole, so that the members of the Executive Committee could together make a major contribution to the strategic direction of ABN AMRO, with the emphasis on long-term value creation and client centricity.

When the Executive Committee was instituted in March last year, it had been decided that the new management structure should be evaluated after a year. The Supervisory Board and the Executive Board had together commissioned two external experts, namely Mr Nobelen and Mr Winter, to carry out this evaluation. The European Central Bank (ECB), in cooperation with the Dutch central bank (DNB), was presently also evaluating the same subject, in particular internal governance and risk management, as part of its regular on-site inspection. ABN AMRO was awaiting the final reports in order to view the recommendations of both these evaluations and be able to act on them in the correct manner. Further communications would follow as and when appropriate.

ABN AMRO had modified the rules of procedure of the Executive Board and the Supervisory Board on two occasions in the past year. The first was in November 2017, when the rules were modified to allow the introduction of the new management structure. The second occasion was in December 2017, when it was necessary to formalise and do justice to the introduction of the new Corporate Governance Code. The rules of procedure had also been posted on ABN AMRO's website.

Finally, the **Chairman** pointed out that ABN AMRO had included in its 2017 annual report an account of how it had complied with the new Corporate Governance Code in 2017. ABN AMRO had complied with all the provisions of the Code, with the exception of the provision described in the ‘Corporate Governance Codes and Regulations’ chapter of the 2017 annual report. A detailed overview of how ABN AMRO had applied the new Code had also been posted on its website.

The **Chairman** then moved on to consider agenda item 2.e.

e) **Implementation of the remuneration policy (discussion item)**

The **Chairman** referred to the Remuneration chapter contained in the annual report and gave the floor to Mr Dorland, Acting Chairman of the Remuneration, Selection and Nomination Committee, for a brief explanation of this item.

Mr **Dorland** noted that ABN AMRO pursued a moderate remuneration policy which was fully compliant with the all the regulations for financial institutions. These included limitations on variable remuneration and a bonus prohibition for certain employees holding a management position. In formulating its remuneration policy, ABN AMRO took into account the interests of all its stakeholders. The remuneration rules had been laid down in the ABN AMRO Global Reward Policy. The Supervisory Board had approved the general remuneration principles recorded in the Global Reward Policy. An old collective labour agreement applied to ABN AMRO until 31 December 2017. A new collective labour agreement would take effect on 1 January 2018. This would remain in force until 1 January 2020. The new collective labour agreement included changes designed to maintain the organisation’s efficiency and agility. Its aim was also to safeguard the autonomy of the employees and the teams. Other factors of major importance in the agreement were lasting employability and the development and well-being of the employees. An important element of the new collective labour agreement was the abolition of performance-related pay. As compensation, there would be a once-only rise in the fixed salary of the employees concerned. This meant that the bank now had a modern collective labour agreement geared to the future.

A separate remuneration policy applied to the members of the Executive Board. This was the same policy that had been adopted for the then Managing Board in 2010. The Supervisory Board was responsible for awarding remuneration to the members of the Executive Board within the limits of the remuneration policy adopted by the General Meeting. The fixed salary of the CEO and the other members of the Executive Board had been fixed at a slightly lower level than that of the former Chairman and members of the Managing Board. The remuneration package awarded by the Supervisory Board was slightly below the median figure. This had also applied in the case of the former Managing Board. As long as the Dutch State was a shareholder of ABN AMRO, the members of the Executive Board would not receive variable remuneration. The ratio of the average annual employee remuneration to the annual remuneration of the CEO was 10.0 in 2017. This was calculated by dividing the CEO’s remuneration by the average employee remuneration. The costs of pensions were taken into account. As far as employees were concerned, the calculation was based on the average number in 2017. A year ago, in 2016, the ratio still stood at 11.4. The present lower ratio was due to the fact that the CEO's remuneration in 2017 had been less than in 2016. For more information about remuneration for the members of the Executive Board, for example pensions and redundancy payments, Mr **Dorland** referred to the 2017 annual report.

The fixed salary of the five members of the Executive Committee who were not on the Executive Board was based on the salary of the Executive Board members. This took account of the differing responsibilities of these members. These salaries took effect on the day on which the members of the Executive Committee started performing their new duties, namely 1 March 2017. For more information about the total salary of the Executive Committee, Mr **Dorland** referred to note 35 in the 2017 annual accounts.

Finally, Mr **Dorland** observed that the remuneration for members of the Supervisory Board was determined by the General Meeting. ABN AMRO did not award variable pay or shares or options to the members of the Supervisory Board. The remuneration had remained the same since 2010. For more information about the remuneration of the Supervisory Board members, Mr **Dorland** referred to note 36 in the 2017 annual accounts.

The **Chairman** thanked Mr Dorland for his explanation and proposed that the meeting proceed to agenda item 2.f.

f) Presentation by external auditor and opportunity to ask questions (discussion item)

The **Chairman** gave the floor to Mr Smit so that he could explain on behalf of EY, the external auditor, what audit procedures EY had performed in respect of the annual financial statements for 2017.

Mr **Smit** informed the meeting that he would explain the scope of the audit, the approach adopted to it, the main risk areas that had been identified, the materiality threshold applied in carrying out the work, communication with the bank and, finally, the results of the audit.

He explained that the audit scope was the annual financial statements (the consolidated financial statements) and the annual report (the Directors' Report) of both ABN AMRO Group N.V. and ABN AMRO Bank N.V. In addition to quarterly reviews, there had been a half-year review which had resulted in an external review opinion. The first and third quarters of 2017 had been reported to the ECB by means of an assessment report. An annual review of the sustainability report was also prepared. Finally, EY performed prudential reporting, which mainly involved ABN AMRO's COREP and FINREP reports as well as the TLTRO funding and separation of assets.

EY adopted a top-down, risk-based approach based on international audit standards. This involved making a risk assessment and planning the audit scope. This total resulted in an audit plan which was discussed with both the Executive Board and the Supervisory Board. EY prepared instructions for its teams abroad based on the risk assessment. In these instructions EY determined the scope and depth of the work. The results were reported back to EY centrally. EY also discussed the results locally with ABN AMRO. Finally, EY was responsible as group auditor for visiting branches of ABN AMRO in the various countries and its teams there. The countries visited by EY in 2017 were the United States, Germany, France and the United Kingdom.

Like last year, EY had assembled a team with knowledge of the sector. EY had a team of experts and ensured that its members were independent. EY also ensured that the team members had the correct qualifications and the appropriate expertise.

Thanks to improvements to the bank's data and the tools used by EY, increasing use could be made of data analytics.

IFRS 9 was implemented in 2017. This was an enormous project, which had a major impact on financial reporting. There had been much greater focus on this in 2017.

The key audit matters identified by EY were the uncertainty surrounding the estimation of wage cost provisions and also the other provisions, the legal provisions and the restructuring provisions for the bank. These involved large amounts. According to Mr **Smit**, EY had spent much time on this and on the use of suspense accounts in the year-end accounts of the bank, in view of their importance to the 'reliability and continuity of IT'. This was presumably true of all banks. Finally, rather less time than in 2016 was spent on determining the fair value of financial instruments as the total amount of these instruments in 2017 was less than in the previous year.

The materiality threshold applied in this connection was calculated in the same way as in the previous year, namely 5% of the operating profit before taxation. This was a standard that was generally applied in the accounting profession to listed companies. The calculation produced a figure of EUR 130 million last year, compared with EUR 150 million this year. This materiality threshold was not in fact applied universally. For example, it was not applied to directors' pay. An error in the financial statements was judged to be material if an investor might have made a different decision if in possession of the correct facts. EY wished to avoid the possibility of an error of more than EUR 150 million in the 2017 financial statements. That amount determined the threshold, which was EUR 7.5 million. Any error of EUR 7.5 million or more that had not been corrected was reported to the Executive Board. If the Executive Board did not act to correct the error, EY reported this to the Supervisory Board.

Mr **Smit** went on to discuss the independence of EY. He noted that EY had to confirm this independence every quarter in a letter to the Supervisory Board.

EY also had to have its audit plan approved by the Supervisory Board and report its findings regarding the bank's internal control structure each year in a management letter addressed to the Supervisory Board.

Finally, EY drew up a long-form audit report. This described all the accounting decisions made with the Executive Board in the year under review and the matters taken into consideration in this respect These were also reported to the Supervisory Board, together with EY's assessment of how the bank had dealt with the task of making certain estimates in the context of IFRS. EY did not make any pronouncements as to whether those assumptions were aggressive or conservative.

In accordance with the governance rules there had also been regular one-on-one consultation with both the Supervisory Board and the Audit Committee and with the Chairmen of the Supervisory Board, the Risk & Capital Committee and the Audit Committee.

EY had issued an unqualified audit opinion in respect of the 2017 financial year. The auditor's report included the key audit matters, together in each case with the reason why a circumstance qualified as a key audit matter, the work performed on the audit, the observations on the matter in question, the scope of the audit, the materiality and confirmation that there had been due consideration of the directors' report and the non-financial information and that the annual financial statements had been drawn up on a going concern basis.

Mr **Smit** then went on to discuss the other results of the audit. Each quarter a review report had been issued to both the bank (the Executive Board) and the Supervisory Board. EY had also given a review opinion with the annual review. At present it was working on the financial reports on 2017. It was expected that they could be completed very shortly. Finally, many audits had also been performed for various subsidiaries of the bank, both in the Netherlands and abroad, as required under their articles of association.

Finally, Mr **Smit** stated that he considered he had an open and transparent relationship with the bank, both with the bank staff and with the management and the Executive Board. The management was receptive to the observations of EY and had acted on its findings. There was also an open and transparent relationship with the Supervisory Board.

The **Chairman** thanked Mr Smit for his explanation.

The **Chairman** then gave the General Meeting an opportunity to put questions about the presentations that had been given on the previous items.

Mr **Stevense** (Investors Protection Foundation) raised a question about the resignation of the Chairman of the Supervisory Board. In view of the appointment of a successor to Mr Zalm and the fact that Ms Zoutendijk was about to leave, he wondered whether the bank could still be said to be a cohesive whole and whether the distinct corporate cultures of what had previously been ABN and AMRO were still in evidence.

The **Chairman** replied that corporate culture was an intangible phenomenon and yet at the same time felt subjectively either right or not right. There was a feeling that unity existed at the top of the organisation and that the bank could be properly run (by an Executive Board and an Executive Committee, supported by a Supervisory Board, with a clear division of responsibilities). Nonetheless, cooperation within the bank was something which required continuous attention. And it was indeed receiving this. This was why the bank was also making use of the reviews already mentioned. The **Chairman** emphasised that he had a good feeling about the present corporate culture, which everyone was working hard to develop. Mr **Stevense** observed that this culture had not been in existence just six months ago.

The **Chairman** pointed out that there had been many changes in the recent past. As stability had been the watchword in the past eight or nine years, with the management team focusing on the matters that were then relevant (including integration and the IPO), it was now time for a new approach. This was not all plain sailing. Although there was appreciation for the changes, they also involved an element of risk. Time was needed for new people and new teams to work together effectively.

Mr **Stevens** then asked about the loan loss provision of EUR 595 million for clients in the offshore and shipping industries. The bank had an ECT portfolio of EUR 6 billion, which was exposed to oil price fluctuations. The bank also had off-balance sheet liabilities (letters of credit) related to the commodity financing operations, including oil. He inquired whether this involved an extra risk, for example because the portfolio was susceptible to a cyclical downturn. A given oil price or a particular shipment was often a portent.

The **Chairman** asked Mr van Dijkhuizen to answer this question. Mr **van Dijkhuizen** replied that the loan loss provision had been increased by EUR 200 million in the first quarter of this year. Last year EUR 360 million had been released and the year before EUR 114 million had been added. On average there had been no provisions for loan losses for about two years. The loan loss provision varied enormously. In 2013 EUR 1.5 billion went into the loan loss provision. In the first quarter problems in a number of specific dossiers had coincided, for example the diamond sector and the offshore industry. ABN AMRO believed that it would all come right in the end. Mr **van Dijkhuizen** emphasised that not all investments made by large oil companies in the offshore industry were fully dependent on oil prices. These companies had to invest in the offshore industry. But they had done so now for a number of years. At a given moment it was estimated, partly on the basis of oil prices, that they would have to start doing so again. Contrary to expectations, they did not do so. This meant that the bank now had to recognise a provision for this. However, this was not the same as a loss. It was simply a provision and was therefore not directly linked to the economic cycle. Business activity was on the up in both America and Europe. These were specific items which happened to have coincided and produced this effect. Setbacks could always occur in special dossiers. Mr van Dijkhuizen referred to Mr Stevens' observation about the large figures involved in the world of energy, shipping and commodity trades. Together they represented a portfolio worth EUR 30 billion. As this involved large sums of money, provisions were sometimes necessary.

Mr **Stevense** asked whether Mr van Dijkhuizen could say a little more about the diamond industry.

Mr **van Dijkhuizen** answered that ABN AMRO's diamond portfolio was mainly concentrated in Antwerp. ABN AMRO had long been a major player in this industry. But it was a difficult industry. The bank kept a close eye on its clients. Occasionally it also had to make a provision for this purpose. And this was now the case, as it had made a provision of a few tens of millions of euros in the first quarter of 2018.

Ms **Stavast-Groothuis** (PGGM) announced that she was speaking on behalf of the clients of the Pensioenfonds Zorg en Welzijn, MN and Menzis. She said that she would like to discuss sustainable investment, digitalisation and remuneration policy. The first topic was sustainable investment. Mr van Dijkhuizen had talked about objectives for the number of assets to be invested sustainably by the end of 2020. This would grow to EUR 16 billion. This was welcomed by PGGM as an institutional investor because creating sustainable value was crucial for pension scheme members and clients in the long term. As the bank was now engaged in sustainable investment and was measuring its impact, Ms **Stavast-Groothuis** said she would like to know what ABN AMRO saw as the main challenges in the future. The second question concerned digitalisation. This was another area in which the bank was closely involved. This included bringing in the innovative know-how necessary in view of the FinTech developments. Ms **Stavast-Groothuis** asked what the bank thought about the balance to be struck between digitalisation, or perhaps even virtualisation, on the one hand and the wish of some clients to actually be able to speak someone at a bank branch on the other.

The last subject she wished to ask about was remuneration policy. As performance-related pay for staff covered by the collective labour agreement had been abolished, PGGM welcomed the fact that the bank was clearly reflecting on the balance between intrinsic and extrinsic rewards. The obvious example of an extrinsic reward was hard cash. An intrinsic reward would be satisfaction of people's desire for development and growth within the company. PGGM welcomed the abolition of performance-related pay and its replacement by an increase in the fixed salary. However, it felt that financial remuneration was just one form of reward. Non-financial remuneration was also important.

The **Chairman** gratefully acknowledged the last remark and thanked Ms **Stavast-Groothuis** for her other remarks. The **Chairman** asked Mr van Dijkhuizen to answer these questions.

Mr **van Dijkhuizen** explained that the bank wished to increase the volume of its sustainable investment from EUR 8 billion to EUR 16 billion. The portfolio had grown by 23% from EUR 8 billion in 2016 to EUR 10 billion in 2017. New clients were now first offered a green bond. Almost all clients took up this offer. ABN AMRO believed that this was a trend to which people were receptive. This was true not only of clients but also of people who came to work for the bank. Moving on to the third point, Mr **van Dijkhuizen** confirmed that employees were indeed not motivated solely by money. Millennials in particular wanted to find socially relevant work. Rather than earning more money, they sought to develop their talents and be challenged. They wanted to have a meaningful role and to do work of relevance to society.

As regards digitalisation, Mr **van Dijkhuizen** explained that the bank was not closing branches in order to get people to use its online services. The converse was true. Half of ABN AMRO's clients already no longer set foot in its branches. And the other half came on average once every two years. On average, older people tended to come more frequently. The bank made allowance for this. ABN AMRO had appointed financial coaches to assist clients by providing courses. Clients could also get help with digital services at bank branches. In consequence, branches were being merged in order to be able to continue providing relevant services. ABN AMRO still had 179 branches, but the number was dwindling. This was not because the bank saw this as an aim in itself, but because clients no longer visited the branches. 60% of mortgage applications were now handled online. This service got a high net promoter score. People wanting to buy a home were looking for a quick service.

Mr **Sunada** (Heineken Head Office) had two questions, the first about the loan loss provision already mentioned. He inquired whether it could not have been foreseen at the end of 2017 that such a large amount would have to be added in the first quarter. The second question concerned the many sales, for example in Asia, and whether this was an indication that ABN AMRO was abandoning its international banking strategy.

Mr **van Dijkhuizen** answered that the need to add to the loan loss provision had not been foreseen. If something was foreseen, an addition had to be to the provision. The necessity had not been foreseen at the end of last year. If that had been the case, it would have been necessary to supplement the provision in December, before the close of the year. The position was assessed anew at the end of each quarter. The assessment could take into account everything known at that point. As regards Asia, Mr **van Dijkhuizen** confirmed that Private Banking's operations in Asia had indeed been sold. This was because the size and scale of the activities were too small.

Private Banking's main presence was in north-west Europe. Mr **van Dijkhuizen** mentioned the portfolio of EUR 200 billion, of which over EUR 100 billion was situated in the Netherlands and some EUR 100 billion across the border, mainly in Germany, France, Belgium and the Channel Islands. Nowadays Private Banking required considerable IT investments in order to develop platforms. The money needed for this purpose therefore had to be spent in the place where it would produce the greatest return. That was north-west Europe, as had been announced two and a half years ago at the time of the IPO. However, it was not the case that ABN AMRO was withdrawing from abroad. On the contrary, it was growing rapidly there. It had its own Private Banking and Clearing operations and was active in energy financing. It was also engaged in commodity trading and shipping.

Mr **Sunada** (Heineken Head Office) inquired whether ABN AMRO would yet become the international bank it was formerly.

Mr **van Dijkhuizen** acknowledged that ABN AMRO was formerly a major bank, and that it was now a good deal smaller. However, the bank was clearly growing abroad, just as it was in the Netherlands. The bank's SME operations were growing in the Netherlands as a result of the economy, but naturally its business abroad was also growing because of world trade.

Mr **Sunada** summed this up by saying that its strategy was still aimed at becoming the leading international bank. Mr **van Dijkhuizen** answered that ABN AMRO indeed still answered to that description.

Another depositary receipt holder commented that he considered a human and client-friendly approach to be important, but had found on several occasions that the bank had an accessibility problem. Although the loss he had suffered as a result had been made good by means of an ex gratia payment, it was still pertinent to ask how ABN AMRO's accessibility problem could be solved. His second question was why the investment service was purely digital. Although it had been agreed that this person could place his orders by telephone, he inquired whether ABN AMRO would be willing to temper its digitalisation efforts in order to retain clients.

Mr **van Dijkhuizen** thanked him for his comments, which were tantamount to a complaint. He said that he also welcomed complaints because this would enable the bank to improve its services. Accessibility problems were of particular importance in the case of investing. This was in fact also the reason why the bank had in fact observed that almost all its clients actually appreciated these digital services. Such services worked directly, disregarding cases where there had been a DDoS attack (in which case things could go wrong).. Generally speaking, the systems had a reliability rating of over 99%. This meant that accessibility was in in fact greater in the case of the digital service because orders were placed directly. Nonetheless, as orders could also be placed by telephone it was necessary to ensure that the bank was accessible by phone. Putting clients on hold for half an hour is not acceptable. Mr **van Dijkhuizen** said that he would take this up with the Head of Private Banking to see whether this was viewed more widely as a problem that needed solving. However, the bank would not backtrack on digitalisation. On average, clients wanted more digitalisation. So this was something that would be continued.

But steps must be taken to ensure that clients who wished to contact the bank in some other way could do so.

Mr **van den Bos** pointed out that the number of branches was 178, not 179. The branch in Bovenkarspel had closed yesterday. The closest branch was now in Hoorn, which was twenty kilometres away and did not have any parking facilities. His question concerned ABN AMRO's leverage ratio, which was 4%. The figure on screen was 4% to 5%. That was the Dutch requirement. A figure of 3% had now been agreed in Europe. Mr **van den Bos** asked what would happen to the surplus capital that had had to be kept and whether this would go to the shareholders. He also observed that there were often failures and that the ABN AMRO's cost/benefit ratio was still too high. He also noted that account numbers had been duplicated in the past year and concluded that the level of knowledge within the internal audit department was substandard. This year he had also received a letter from the mortgage department which was dated 3 May but not delivered until 16 May. In his view, everything to do with mortgages was in a complete mess. Finally, he had a question about Ms Zoutendijk's salary. He was astonished that she was not at the meeting today. He considered that this showed contempt for the shareholders and asked how many meetings she had attended in the past year.

The **Chairman** answered the last question first. Ms Zoutendijk had attended the 21 meetings just mentioned. Her participation in the Supervisory Board and her functioning as its Chairman had been more than satisfactory.

Mr **van Dijkhuizen** confirmed that an agreement had indeed been concluded on a 3% leverage ratio for banks and that this would probably take effect in 2021. The Minister of Finance and the Dutch Central Bank (DNB) would clarify what exactly would apply to ABN AMRO. At present, the bank was at 4%. This was a given capital matrix, in addition to the Core Tier 1 capital ratio. The Core Tier 1 ratio would be affected mainly by the Basel agreements in the period between 2022 and 2027. The bank was amply capitalised. Not many banks in Europe could already say that they would be able to meet the Basel requirements in 2027, but ABN AMRO could do so. However, there could not be said to be a surplus. As far as the complaints about failures and correspondence were concerned, ABN AMRO was naturally not happy when such things happened. However, Mr **van Dijkhuizen** denied that the mortgage department was in chaos. It was not for nothing that ABN AMRO had been the market leader in the past eighteen months to two years. The Internal Audit Department was checked regularly. Mr **van Dijkhuizen** gave an assurance that it was not a chaos there either. Mr **van den Bos** said that it was about the level of knowledge. Mr **van Dijkhuizen** answered that the level of knowledge within the Internal Audit Department was excellent and was regularly tested. Mr **van den Bos** disputed this. If the department had highly qualified internal auditors, they could certainly, in his view, have prevented the duplication of bank numbers. They could also look in the systems to see why duplicated numbers had been issued. Mr **van Dijkhuizen** acknowledged that mistakes had been made. That was very vexing, but he noted that the Internal Audit Department was subject to regular checks, both internal and external.

Mr **van den Bos** pointed out that although he had mentioned these letters last year as well he had once again received such a letter this year. It was not a one-off. It was a structural issue. Mr **van Dijkhuizen** repeated that it was vexing when such things happened.

Ms **de Bakker** (Association of Investors for Sustainable Development – VBDO) said that her organisation had raised questions about sustainability issues during general meetings for more than twenty years. This year the VBDO had once again studied ABN AMRO's annual report very closely and wished to ask three questions about it. First of all, the VBDO complimented ABN AMRO for having adopted sustainability as a standard in both Retail and Private Banking. It had also made significant progress in the past year by launching Mission 2030. Ms **de Bakker** observed that this year ABN AMRO had started to apply the methodology of the Platform for Carbon Accounting Financials (PCAF) for measuring the carbon footprint of investments and loans and asked when ABN AMRO expected to be a so-called two grade bank. Ms **de Bakker** also pointed out that ABN AMRO was a leader in promoting the payment of a living wage that would enable workers to obtain the basic necessities of life, which was a human right. This was why she asked whether ABN AMRO could give an undertaking that the payment of a living wage would be routinely included in its negotiations with businesses operating in high-risk sectors. Finally, the VBDO wanted to congratulate ABN AMRO on its 2017 Sustainable Development Goals (SDG) Report, which included a description of how it helped to achieve SDGs 8, 12 and 13. The report also noted that in the context of its partnership with the World Economic Forum (WEF) ABN AMRO had undertaken to participate in projects that would help to achieve the SDGs. Ms **de Bakker** asked how this partnership helped to achieve SDGs, what actual projects had been undertaken and whether ABN AMRO could report on its progress in this respect in the coming years.

The **Chairman** thanked Ms De Bakker for her words of praise and noted that the credit should go to Mr van Dijkhuizen and his team. Mr **van Dijkhuizen** also thanked Ms De Bakker for her questions and compliments. He said that ABN AMRO had not yet made any pronouncement or indeed taken a position on when it would be a two-grade bank. A number of steps would yet have to be taken for this purpose and the bank was presently concentrating on the process of reporting on a large number of matters relevant to this issue. An example was the commercial property field, where the bank was ascertaining how much CO2 was saved in this sector. ABN AMRO was also aiming to cut emissions caused by employees travelling to and from bank branches by 50% in just a few years. Although the bank was already engaged in setting up an accounting system for this purpose, it was not yet in a position to give an undertaking that it could achieve the very ambitious aims mentioned by Ms De Bakker. However, ABN AMRO would continue to report on this since it was important not only to formulate goals but also to quantify and monitor them.

As regards the second question raised by VBDO, namely the living wage, Mr van Dijkhuizen indicated that this was an issue which certainly featured prominently in discussions with stakeholders in high-risk sectors such as the mining industry. He added that ABN AMRO was also active in the commodities, manufacturing and cocoa sectors, in which the risks were also known to be relatively high. The bank therefore actively sought to raise these matters with clients in these industries. Finally, Mr **van Dijkhuizen** said that ABN AMRO had endorsed SDGs 8, 12 and 13, which dealt with decent work and economic growth (SDG 8), responsible consumption and production (SDG 12) and climate action (SDG 13). Together these three goals formed the basis of the circular economy, which was basically designed to prevent wastage. Mr **van Dijkhuizen** mentioned, by way of example, that the operator of a mine could choose to continue until the mine was exhausted or could formulate a future-oriented policy of maximising the recycling of raw materials. In collaboration with the World Economic Forum (WEF), ABN AMRO had identified and was in the process of developing a number of subsectors. During the WEF, the bank had also won a prize for its efforts in relation to sustainability, in particular SDG 13, and had also received an Investor Award. In addition, ABN AMRO had lent approximately EUR 1 billion on terms designed to provide an incentive for hundreds of SMEs to enhance the sustainability of their operating model. The bank would continue to report on this in its annual report. In conclusion, Mr **van Dijkhuizen** said that he hoped that next year the VBDO would once again be satisfied with the progress ABN AMRO was trying to make in this field.

The **Chairman** thanked Mr **van Dijkhuizen** for his answers and gave the floor to Mr Koster. Mr **Koster** (Dutch Investors' Association – VEB) first of all complimented ABN AMRO on the results it had achieved in the past year. His first question concerned the bank's growth plans. As regards Private Banking, the Luxembourg and Asia branches had been sold and the Dubai branch closed. This was one of the segments of the banking sector over which Basel IV did not have much influence. Mr **Koster** noted that income this year was sharply down on last year and wondered why this was. He asked what the plans were for Private Banking, taking into account the competitiveness of the market in that segment. ABN AMRO was now more expensive than Deutsche Bank, which was a major competitor in north-west Europe. Consideration of this issue could perhaps yield interesting views on the importance of scale in this segment.

More generally, Mr **Koster** wondered where growth would come from for ABN AMRO. As regards the credit assessment, Mr Koster said that the rebooking of EUR 200 million in the first quarter of 2018, which was not related to IFRS 9, had been unexpected. The decline of the coverage ratio from 41.2% to 36.1% was particularly noteworthy. Mr **Koster** therefore asked how this was viewed by the bank, particularly by the Chairman of the Audit Committee, and what it meant. Finally, Mr **Koster** asked a question about disruption, which was a subject at which the regulator was also looking. ABN AMRO's loan portfolio of EUR 45 billion was concentrated in three very sensitive sectors, namely oil and gas, industrial goods and basic commodities. Political and public pressure could suddenly sweep away an activity. As an example, he mentioned diesel oil. All kinds of discussions were now under way about phasing out this technology. This might necessitate substantial write-downs, which could have immediate repercussions for ABN AMRO in the case of a loan. Mr Koster's question was therefore to what extent ABN AMRO was presently making extra allowance for possible disruption in this segment.

The **Chairman** said that grouping Mr Koster's questions into three categories was in itself a challenge. As regards the second question, he proposed that this should initially be answered by Mr van Dijkhuizen. Afterwards it could be decided whether Mr Tiemstra, as Chairman of the Audit Committee, wished to add anything to what had already been said. Mr **van Dijkhuizen** said that he would like to refer the question about the coverage ratio to Ms Cuppen. Ms **Cuppen** stated that a number of developments had taken place during 2017, including a large write-down on an item that had been completely unforeseen. This had greatly depressed the coverage ratio. In addition, ABN AMRO had benefited from the improving economy in the Netherlands and the rest of Europe. As a result, there had been scarcely any increase in the collective and individual provisions (also known as IBNI - Incurred but not identified). This had also affected the coverage ratio. Mr **van Dijkhuizen** asked **Mr Tiemstra** and **Mr Dorland** for their views on this subject, but both indicated they had nothing to add to what Ms Cuppen had said. An increase In the coverage ratio was not an indication of an improvement and vice versa. The coverage ratio was determined by a combination of factors, as Ms Cuppen had explained.

Mr **Koster** pointed out that disruption could have a huge impact in certain sectors. If an accelerated write-down were to occur, ABN AMRO contracts could suffer, with all the consequences that this would entail. He therefore wondered whether it would not be sensible to form a reserve while times were good. He cited, for example, the situation in Italy and Turkey, although he did not see any direct connection with the increased provisions in the first quarter of 2018. Nonetheless, Mr Koster questioned was whether it was right that the provisions should be falling and whether the Audit Committee, in cooperation with the Risk & Capital Committee, should not scrutinise this matter more closely.

The **Chairman** said that he would treat this as a plea for reflection and possible action. Mr **Koster** said that he was satisfied with this. The **Chairman** then asked Mr van Dijkhuizen to deal with the other matters raised by Mr Koster. Mr **van Dijkhuizen** said that the question about disruption was justified, particularly as regards diesel oil. This did indeed show that stranded assets were a possibility in this industry. ABN AMRO's business model, with its emphasis on increased sustainability, would help to prevent this in the future. This meant that the bank should work above all with clients willing to take account of this aspect. For example, the Australian bank Westpac is ranked first on the Dell Jones Sustainability Index despite the fact that it operates in all natural resources sectors. Its high ranking is due to the fact that it works with the best clients in terms of willingness to focus on sustainability. Mr **van Dijkhuizen** explained that these were the very same clients with which ABN AMRO wished to work on a lasting basis. As regards Private Banking, it was correct that the Asia branch had closed some time ago and the Luxembourg branch more recently. The decision in both cases was due to scale. The scale of operations in other countries such as Germany and France was larger and structural expectations of growth were also better in north-west Europe. Nonetheless, growth in north-west Europe was not as great as in Asia, but as ABN AMRO is based in the Netherlands and north-west Europe this was where it invested.

Mr van Dijkhuizen then said that he had recently talked to various CEOs in Paris. It transpired that their companies were now investing heavily in IT and product harmonisation within the Private Banking sector. ABN AMRO was also engaged in this process, with particular focus on north-west Europe. This was why the bank considered that Private Banking had a rosy future, especially since it generated funding and would not be hard hit by Basel IV. Moreover, customer turnover tended to be lower in the case of close client relationships of the kind that existed in the case of Private Banking. Another advantage of Private Banking was that it generated fees as well as interest income. In all these respects ABN AMRO had a strong position, which it wished to maintain and expand. Only five years ago, the bank completed a takeover in Germany. ABN AMRO was still amendable to the idea of acquisitions if it came across an interesting proposition.

Mr **Koster** wondered about the fall in Private Banking's income, which had been striking in both France and Germany.

Mr **van Dijkhuizen** said that in so far as there had been a decline in income it had been mainly caused by what he termed the 'Asia effect'. However, fees were still falling slightly due to the intense competition in this sector. Like Mr Abrahams, Mr van Dijkhuizen believed that fees had now more or less bottomed out and would rise again in the next few years. However, he acknowledged that competition in this segment was fierce.

The **Chairman** invited the next speaker to put his questions.

Mr **Vreeken** of We Connect You Public Affairs & Investor Relations said that his contact with ABN AMRO had always been very pleasant. This was true of both management and staff. He complimented the bank on this and trusted that it would continue. He also described ABN AMRO's 2017 results as 'fantastic' since profits were almost EUR 3 billion.

However, Mr **Vreeken** did wonder about the benchmarking of the CEO's salary. What he considered even more interesting was the question of who earned more than the CEO. He assumed that such people would be based in London, New York and Hong Kong. Mr **Vreeken** went on to note that he believed ABN AMRO to have a debt of approximately EUR 16 billion to the Dutch State. He wondered about the position and what would happen in the future. He also said that he was pleased that the VEB had taken up sustainability as a theme. Although ABN AMRO and many other Dutch companies gave a high priority to sustainability, the Netherlands was still lagging behind in this respect. For example, there were daily traffic jams in the Zuidas financial district. And Netherlands Railways (NS) had insufficient capacity. He argued that rail services should be more frequent so that staff could have a pleasant way of getting to work. A related issue was how people could be encouraged to take more exercise, for example by using e-bikes and thus reduce traffic congestion. Finally, Mr **Vreeken** remarked that Circl was a splendid initiative of ABN AMRO. However, he felt that the list of events was rather sparse and that Maurits Groen of Pakhuis De Zwijger could certainly help this sustainability initiative succeed.

The **Chairman** responded to Mr Vreeken's first question by observing that determining the CEO's value to the bank was difficult. Moreover, ABN AMRO had a policy of moderate remuneration for which it was itself responsible. This policy was fully endorsed by the Supervisory Board and would therefore be adhered to in this case.

Mr **van Dijkhuizen** answered Mr Vreeken's second and third questions. At present, 56% of the issued share capital was held by the State. What would happen in the future was a matter for the State. ABN AMRO too would have to wait and see, although it hoped that this interest would be scaled back as quickly as possible. All kinds of matters were taken into account, including the share price. On the subject of sustainability, Mr **van Dijkhuizen** confirmed that traffic in the vicinity of the Zuidas often ground to a halt. ABN AMRO's target was to reduce by 50% CO2 emissions generated by its staff travelling to and from work. The aim was to achieve this within three or four years. Ways in which this could be achieved included car sharing and more intensive use of electric cars. The frequency of rail services was a matter for Netherlands Railways and was thus an entirely different issue. Finally, Mr **van Dijkhuizen** acknowledged that ABN AMRO too was proud of Circl as an example of the circular economy. Mr Van Hall deserved compliments for this as it was he who realised at an early stage that such a building would be possible. Everything possible was being done to maximise its utilisation rate.

The **Chairman** thanked Mr van Dijkhuizen and asked Mr Dorland to answer the second part of Mr Vreeken's question about the salary of other people within the bank.

Mr **Dorland** said that the remuneration report, which was part of the annual report, contained a table on page 178 listing employees earning in excess of EUR 1 million. The four people listed all worked abroad.

The **Chairman** thanked Mr Vreeken for his clear contribution and positive questions and then gave the floor to Mr van den Bos.

Mr **van den Bos** first commented on the minutes of last year's meeting (page 22) where the matters he had raised last year were mentioned. He suggested that Mr van Dijkhuizen read through them again. He then moved on to matters for the auditor, for whom he had many questions.

The **Chairman** asked him to raise the most important points.

Mr **van den Bos** said that all these points were important. For example, he had doubts about the audit approach. The presentation by the external auditor had gone rather fast. Mr Smit had not wished to say whether ABN AMRO operated defensively or offensively, but Mr **van den Bos** felt that the shareholders were entitled to an answer to this question since they were to some extent guided by the auditor's findings. As regards the risk control framework, he returned to the issue of the duplication of bank account numbers. Mr **van den Bos** considered that the internal auditing was substandard.

On the subject of the management letter, Mr **van den Bos** wondered whether it was any better than last year's since it mentioned fewer serious points. He also had a question about the qualifications of Mr Smit's team. Were the audits performed solely by staff? He also wished to know the average number of years of study of the team members. Finally, he turned to the materiality threshold of 5% (EUR 150 million). Mr **van den Bos** wished to know what material items this concerned and how many points raised in the previous management letter had been addressed.

The **Chairman** thanked Mr van den Bos for his concise questions and asked Mr Smit of EY to answer them.

Mr **Smit** said that as a question about the management letter had been raised last year as well, he had prepared himself. He had drawn up a schedule of the points raised last year and this year. Various points were mentioned in the management letter, but it was hard to count them. There were seven points, although they did not necessarily deal with the same themes. Two of the points had been resolved, and four others were still being dealt with. This did not mean that nothing was being done by the bank in these fields, but rather that the matters concerned could not be resolved in a year. As far as the risk control framework was concerned, Mr **Smit** said that for reasons of efficiency EY was guided as far as possible by the bank's approach. He added that it should be noted in this connection that EY was also entitled to rely on this approach, according to the latest standards imposed by the sector and the regulators. Where this was not possible, EY relied on the work it had itself performed. These were also known as substantive controls.

Mr **van den Bos** observed that blindly trusting what had been delivered by ABN AMRO entailed a considerable risk.

Mr **Smit** replied that there was no question of blind trust by EY. This was why EY carried out tests to assure itself that the systems within the bank were really working. This was guaranteed by all kinds of audit tests. Only when EY had gained this assurance did it support this approach.

Mr **van den Bos** asked how it was then possible for duplicated bank numbers to have been issued.

Mr **Smit** said that he could not comment on this as ABN AMRO was a large bank and had a correspondingly large balance sheet. EY did not know all the details of the bank. As EY was broadly conversant with the bank's affairs, however, the materiality threshold had been set at EUR 150 million. EY therefore examined and checked all large items. Almost all items on the balance sheet exceeded this amount. This meant that all items on the balance sheet and the income statement were examined by EY with the degree of attention to detail he had just outlined in his presentation.

Mr **van den Bos** asked whether EY also checked manual entries if they were under the 5% threshold.

Mr **Smit** replied that this was certainly the case. Moreover, data analytics were making it possible to carry out ever more effective checks. He then turned to the question about the qualifications of the EY team members. Every accountant, manager, senior manager and partner had completed a course leading to qualification as a registered accountant. All of them had therefore had many years of training.

Mr **van den Bos** interrupted Mr Smit to say that to his knowledge many audits were performed by what were formerly known as junior and senior staff. Nowadays both these groups were simply referred to as staff and none of them was qualified.

Mr **Smit** answered that 35% of the hours of audit work were carried out by staff and senior staff. These were people who had not yet graduated. Over 50% of the hours were performed by people who were qualified accountants. As they therefore did indeed have many years of training behind them, they supervised the younger staff. He added that all these people had worked in the banking industry or had many years' experience of auditing other large banks in the Netherlands. Mr **Smit** explained that EY therefore had very relevant in-house expertise, although it was certainly recognised in the accountancy profession that working in the banking industry was challenging. He then moved on to deal with the audit approach and said that he would gladly brief Mr Van den Bos about this after the meeting. Finally, Mr **Smit** explained that EY did not judge the risk assessment process in terms of whether the bank operated offensively or defensively. EY merely examined whether assessments of this kind and the processes involved had been correctly performed within the IFRS framework. This was what was ultimately contained in the audit opinion.

Mr **Koster (**VEB) said that he had been struck by the fact that the key audit matters made no mention of corruption and sanctions, although the risk they posed from America was rising. In addition, ABN AMRO had a branch in Moscow, which also merited extra attention. Mr **Koster** said that he would like to hear from the Audit Committee or the Risk & Capital Committee and from the external auditor whether these subjects did indeed merit extra attention. In view of the importance of having a 'clean' bank, this was a matter that deserved consideration. Finally, Mr **Koster** noted that nowhere in its report had the Audit Committee said what it thought of developments taking place within ABN AMRO. He wondered whether it would be possible to provide a more detailed explanation so that shareholders too would be aware of the points under consideration.

The **Chairman** thanked Mr Koster for this last analysis, which the Supervisory Board could use to its advantage. As regards the key audit matters, he first gave the floor to Mr Tiemstra who, together with the Chairman of the Risk & Capital Committee, could say something about this.

Mr **Tiemstra** replied that it was not the Audit Committee but EY which decided on the key audit matters. Nonetheless, corruption and sanctions and how to deal with them were matters that had the full attention of the Supervisory Board, It was part of the bank's risk profile, which was a given In the financial world. However, as this was primarily a matter for the Risk & Capital Committee, he would ask Mr Stegmann to deal with this point.

Mr **Stegmann** explained that there was a division of duties between the various committees of the Supervisory Board. Generally speaking, corruption, sanctions and legislation received much attention within ABN AMRO. Many staff of the Compliance Department were engaged in this work on a daily basis in order to ensure that the bank did not get into difficulties and that everyone was aware of the rules and any developments. While it might not be a key audit matter, it was certainly a key risk matter. The Risk & Capital Committee always dealt with these matters and advised the Supervisory Board as a whole on them.

Mr **Koster** explained that in view of events in Russia, the United States had introduced sanctions against people facilitating those transactions. This meant that branches abroad could have an impact on ABN AMRO's head office. The possible consequence is that activity could be expected in this area and that a more definite indication should be given of how all employees can be protected from this risk.

Ms **Cuppen** explained that ABN AMRO was engaged in this on a daily basis. This involvement stemmed not only from Risk or Compliance but above all from the First Line of Defence. Everyone in the commercial Business Lines was therefore receiving training in this area in order to be able to know and identify risks. The bank had also established a control and filter framework to identify potentially suspect transactions and take action on them. An extensive system of procedures had therefore been put in place to ensure that risks of this kind were identified and that no mistakes were made. Geopolitical developments were monitored closely to ensure that the sanction lists were always up to date.

Mr **Smit** added that, despite what Mr Koster had said, this was indeed a key audit matter as part of 'Other provisions' and 'Legal provisions'. In EY's view, the risk described by Mr Koster was a conduct risk. This received much attention within the bank and was therefore discussed on a quarterly basis with the Compliance and Legal Departments. EY therefore carefully examined whether a provision would be necessary for the activities currently undertaken by ABN AMRO or undertaken by it in the past 5 to 10 years.

Mr **Koster** remarked that this was therefore a subject which, like sustainability, could receive extra attention in the annual report.

Mr **Tiemstra** said that the Audit Committee always took a factual approach as far as possible. However, opinion-forming did occur in the Supervisory Board, which the Audit Committee advised. A distinction was made in this connection between a professional opinion and an opinion of a professional. The former was reasoned, structured and based on research and facts. The latter was of a more subjective nature. In addition, the Supervisory Board considered that the annual report was not a suitable medium for inclusion of opinions on progress. Naturally, other organisations could adopt a different approach.

Mr **Koster** said that he would give a few examples of organisations where this had been done very successfully. The **Chairman** and Mr **Tiemstra** thanked him for this.

Mr **Coenen** said he would like to raise the issue of the policy on branches and business locations, which had also been discussed in the two previous years. The number of branches was declining sharply. For example, in the Zuid-Nederland region a branch had closed last April/May and another was due to close in June. This meant that there would be no ABN AMRO branch at all in an area with a population of between 80,000 and 120,000. By contrast, Rabobank and ING still had branches in this region. Other banks had chosen to open branches in, say, a community centre or nursing home. Mr **Coenen** wished to know ABN AMRO's views on this. Last year the bank had answered the same question by saying that all business would be transacted digitally and that physical branches would no longer be necessary. He said that he would be very disappointed if the only remaining branches were in large cities.

The **Chairman** said he was pleased that Mr Coenen, who had arrived later, had been able to attend. He noted that Mr van Dijkhuizen had dealt with this point before Mr Coenen's arrival. However, he would invite him to comment briefly on it again.

Mr **van Dijkhuizen** explained that this development was client-driven. Branches that were scheduled to close were kept open for a few days a week during an interim period. A branch was then closed if and when clients no longer came. One reason for this was that ABN AMRO considered that a full service should be provided to clients generally through the remaining branches. It was certainly not the case, therefore, that the bank only wished to have branches in the big cities. ABN AMRO still had 179 branches in the Netherlands and these were not established solely in the big cities.

Mr **Coenen** asked whether the bank could nonetheless indicate at some other time what cases this concerned and what region in the province of Brabant with a population of 120,000 no longer had a branch. He had raised this same point two years ago, when he had pointed out that some branches were phasing out first the safe-deposit box service and thereafter the cash-handling service. This was despite the fact that these services were precisely why clients came to the physical branches. This was not the case for the online banking services, although Mr Coenen would like this to be the case in order to be certain that he had a secure internet connection. He felt that the bank should introduce a policy of maintaining the cash-handling and safe-deposit box services, particularly since similar services were being offered by a new player in some of the locations where ABN AMRO was formerly present. Mr **Coenen** said that this was why he would like to know what services ABN AMRO would continue to provide at the branches that would not be closed.

Mr **van Dijkhuizen** replied that what Mr Coenen had said was not correct. Decisions to close a branch were ultimately based on the fact that it was being visited by fewer and fewer clients. If other banks were still offering a safe-deposit box service or pursuing a different policy than ABN AMRO, this was up to them.

Mr **Coenen** said that he had suggested two years ago that ABN AMRO could visit clients at home in areas where there was no longer a branch. He said that he disliked having to travel 40 kilometres to the nearest branch when other banks had branches that were just a 10-minute walk away. He had heard similar sentiments expressed by others in his family circle.

Mr **van Dijkhuizen** explained that ABN AMRO employed financial coaches to assist clients both generally and with matters of security. Given the rapid pace of digital developments, the bank had to respond effectively and find an adequate solution to problems.

Mr **Coenen** saw it as missed chance that Mr van Dijkhuizen was not providing an opening by agreeing that the bank should visit its clients more. This would enable ABN AMRO to distinguish itself from other banks. This was why he suggested that the bank should consider returning to some locations and offering other services at locations where it was still active.

The **Chairman** thanked Mr Coenen for this suggestion and invited the next speaker to put his questions.

Mr **Hammink** raised the subject of shareholder confidence in ABN AMRO. The bank had been through a difficult period and had eventually been kept afloat by the State. The bank that remained was largely Dutch. He would like to know whether the strategy remained focused on the Netherlands and north-west Europe. Owing to the scale of its operations ABN AMRO was well able to handle the competition in the Netherlands, but things were very different abroad (with some exceptions). Mr **Hammink** noted that he had indicated last year that he had gained more confidence in the non-financial plans of the new management, while believing that the financial framework was and continued to be in good order. However, the provisions that had had to be made in the first quarter had dented this confidence. The question whether this had been carefully audited by the accountant was therefore justified. Last year he had also suggested a possible change of name for ABN AMRO. In view of the latest developments, Mr **Hammink** would now ask the same question again.

The **Chairman** referred the questions about strategy to Mr van Dijkhuizen.

Mr **van Dijkhuizen** said that ABN AMRO had a good name. Its brand value was high, not just in the Netherlands but abroad as well. While it was true that the bank was less active outside the Netherlands than previously, it was also growing there. For example, Private Banking was focusing on north-west Europe, and Clearing was a leading player globally. The same was true of the segment that focused on energy, commodities and shipping. The mortgage portfolio in the Netherlands was worth approximately EUR 150 billion and was stable. The SME business was worth EUR 140 billion. This had grown by 5% in the past year. As ABN AMRO was achieving sound growth abroad as well, its strategy was not focused solely on the Netherlands.

The **Chairman** thanked Mr **van Dijkhuizen** for his answers and gave the floor to Mr Van den Bos.

Mr **van den Bos** said that Mr van Dijkhuizen was incorrect in asserting that there were still 179 branches, since the true number was 178 following the closure of the branch in Bovenkarspel. The Bovenkarspel branch had always been busy and had thus had long waiting times. In his view, it was therefore incorrect to say that fewer people were coming to the branches; actually, it was a cost-cutting exercise. Mr **van den Bos** said that partly in this light he would like to ask the same question he had put to Mr Hamers of ING, namely whether ABN AMRO had considered the possibility of establishing a private company by the name of B.V. Bankkantoren. This would be staffed by people who were independent and capable of operating on behalf of different banks. This was his advice to the bank. Mr **van den Bos** then inquired whether the answer given about the leverage ratio could be repeated in the light of Basel III and Basel IV. He also referred to the penalties imposed on ING and others, and felt that it would therefore be advisable to await a ruling by the courts. Finally, Mr **van den Bos** commented that he found it strange that questions were passed to and fro between the members of the Supervisory Board.

On the last point made by Mr van den Bos, the **Chairman** answered that in his experience the various committees of the Supervisory Board were fully conversant with their tasks and responsibilities. In areas of overlap they sometimes had to work together.

Mr **van Dijkhuizen** then discussed the suggestion that branches of different banks could be merged, which was in itself a good idea. However, this was a very sensitive issue from the perspective of competition law, and sufficient competition must continue to exist. The installation of so-called white-label ATMs would in any event enable banks to work more closely together in this field. The idea of merging branches of different banks would go a step further, since every bank had its own culture and digital environment. This suggestion was therefore more complex, although the idea certainly merited consideration.

Mr **van den Bos** added that the people staffing such branches would be independent and would work in a separate location of the company known as B.V. Bankkantoren.

Mr **van Dijkhuizen** then clarified his answer about the leverage ratio. Suppose that ABN AMRO had total assets of EUR 500 billion and equity of EUR 20 billion. Both amounts were divided by each other, regardless of the content of the portfolio. This gave a leverage ratio of 4%. If the leverage ratio fell to 3%, this would release an amount of EUR 5 billion. However, there was another ratio to be taken into account here, as the bank must also satisfy various capital requirements. This ratio was affected by Basel IV and was also, in a sense, more intelligent. As this ratio weighted the risk, the figure to be taken into account was no longer EUR 500 billion but approximately EUR 110 billion. The equity divided by this last amount gave a ratio of approximately 18%. This was known as the Core Tier 1 Leverage Ratio. As a result of Basel IV, this figure of EUR 110 billion in risk-weighted assets would grow to approximately EUR 150 billion, causing this ratio to fall and leaving no scope for payment of extra dividend. In other words, although there might be scope according to the leverage ratio, other capital requirements dictated a different policy.

Mr **van den Bos** said that this had it made it clearer for him. However, he thought it was strange that EUR 360 million in provisions had been released in 2017 in view of the fact that EUR 200 million was added to provisions in the first quarter of 2018. It seemed to him that this was playing around with items.

Mr **van Dijkhuizen** emphasised that the bank did not move items around. The bank was primarily responsible for ensuring that this did not happen, but the external auditor was also very strict in checking this. ABN AMRO had outstanding loans totalling EUR 270 billion. 1% of this was EUR 2.7 billion and 0.1% was in turn EUR 270 million. These were large amounts to work with, and the same was true of loans to offshore companies. This did not therefore concern a single provision of EUR 200 million. It was instead an aggregation of several provisions which had happened to coincide in the first quarter. The bank did not manipulate profit or provisions in any way whatever. Mr **van den Bos** observed that this was how it appeared. Mr **van Dijkhuizen** replied that this was certainly not the case.

Mr **Coenen** raised a question about ABN AMRO’s policy on account holders abroad, notably its clients outside the European Union. He had understood that some banks preferred not to keep Dutch clients with a foreign address on their books.

The **Chairman** asked Mr van Dijkhuizen to answer this question.

Mr **van Dijkhuizen** replied that the accounts of clients who were no longer resident in the Netherlands and thus living permanently abroad had been closed. Regulatory requirements meant that ABN AMRO had no option but to pursue this policy, as allowing the accounts to remain open would otherwise be too complex and expensive. Other banks had adopted the same policy.

Mr **Coenen** considered that ABN AMRO could set itself apart by being the only Dutch bank to continue providing this service. He hoped that others would share his view as it would be regrettable if clients were to switch to foreign banks.

The **Chairman** thanked Mr Coenen for his suggestion and then moved on to agenda item 2.g, the adoption of the audited annual financial statements for 2017.

g) **Adoption of the audited annual financial statements (voting item)**

The **Chairman** referred to the annual financial statements as included in the 2017 annual report. These financial statements were drawn up by the Executive Board on 13 March 2018 and had been available on ABN AMRO's website since 14 March 2018. The annual report, including the annual financial statements, had been deposited for inspection at the head office of ABN AMRO and could be obtained there by the shareholders and depositary receipt holders. A signed copy was available for inspection at the information desk. The annual financial statements for 2017 had been examined by the external auditor EY. It had issued an unqualified audit opinion on them. The **Chairman** then gave those present the opportunity to ask questions.

Mr **Stevense** (SRB) first put a question to the external auditor. He inquired how many errors had been discovered above the materiality threshold of EUR 7.5 million. Second, he wished to obtain more information about the legal aspects of the audit. Third, he would like to have additional information about the use of ICT in the process. Finally, Mr **Stevense** felt it was strange that the publication of the quarterly figures had been delayed in connection with the introduction of IFRS 9 and he would therefore like to have more information about this as well.

The **Chairman** thanked Mr Stevense and gave the floor first of all to Mr Smit of EY.

Mr **Smit** explained that a list of errors in excess of the EUR 7.5 million threshold had been supplied to the Audit Committee. The aim was to ensure that in the end the total amount was not substantial as it would otherwise be impossible to give an unqualified opinion. EY could therefore confirm that the cumulative figure was not material and that an unqualified opinion had therefore been given. He would not discuss individual figures, but these had been communicated to the Executive Board and the Supervisory Board.

Mr **Stevense** then asked, by way of addition, whether the amount had increased or decreased since last year.

Mr **Smit** said that the amount was not material in either year. As regards the question about the legal aspects, he answered that if Mr Stevense was referring to law suits or was asking whether provisions had been made in the balance sheet, this was one of the key audit matters. An amount of EUR 700 million had been specified for this in EY's opinion. This had been the subject of an extensive audit carried out in consultation with external third parties in order to arrive at a sound valuation. He confirmed that ICT was also one of EY's key audit matters. This aspect was therefore receiving close attention and had been the subject of an extensive report in the opinion. Mention was made of what was seen as the greatest risk and what EY's observations were about this. As these observations had been communicated to the Executive Board and the Supervisory Board, an unqualified opinion was issued. This should be a source of certainty for every shareholder.

Mr **van Dijkhuizen** observed that in the end IFRS had had only a limited impact on the capital ratios of ABN AMRO, despite the previous estimates of a much larger impact. The final outcome was that the CET 1 ratio had fallen by 12 basis points. That was modest, certainly in comparison with other banks. As regards IT, Mr **van Dijkhuizen** noted that ABN AMRO's availability rate for online banking and the mobile app had been 99.68% in 2017. The bank did everything possible to maintain the availability of its systems. The first few months of 2018 had seen many DDoS attacks. To prevent data leakages from the organisation, the systems sometimes had to be closed down in the event of attacks. This had the disadvantage that the systems were then unavailable to clients as well. Banks were engaged in a constant battle with criminals, and were in frequent contact with one another to agree on optimal forms of protection. The availability rate of ABN AMRO's services was 99.86% in April 2018. The figure in March had been 99.04%. The bank considered the latter figure to be too low. This was why the organisation was working hard to improve availability. Although DDoS attacks were not especially complex, they did have adverse consequences.

Mr **Stevense** inquired whether it was correct that publication of the quarterly figures had been postponed.

Mr **van Dijkhuizen** explained that the new accounting practices introduced as a result of IFRS 9 not only affected the results but were also a process that had to be implemented within the organisation. To be sure that the process was functioning well, ABN AMRO had decided to take an extra week so that it could guarantee the reliability of the figures.

The **Chairman** thanked Mr van Dijkhuizen and inquired whether there were any more questions about the 2017 annual financial statements.

Mr **Vreeken** said that it would be wise to formulate a Plan B to deal with instances of cybercrime. This was because cybercriminals' budgets were larger than those of the private and public sectors. This also posed a danger to banks, including ABN AMRO. He advised the bank to buy Apple equipment wherever possible as the number of viruses targeting Apple software was substantially lower than in the case of other suppliers. Finally, he recommended that all account holders should be given the opportunity to have a safe-deposit box as a form of back-up for the eventuality that the entire IT system crashed and was down for a week.

The **Chairman** thanked the depositary receipt holder for this clear advice and noted that cybercrime was indeed a very important topic. He then moved to the first voting item, namely the 2017 annual financial statements. For this purpose he gave the floor to the meeting's secretary, Mr van Outersterp.

Mr **van Outersterp** explained the voting procedure. Before the meeting the shareholders and depositary receipt holders had had the opportunity to exercise their voting right by means of e-voting. Votes cast in this way would be taken into account in the voting. One thousand and seventy-eight (1,078) shareholders and depositary receipt holders were either present or represented at the meeting. Measured on the statutory registration date of 1 May 2018, they represented eight hundred and sixteen million, one hundred and seventy-five thousand and sixty-five (816,175,065) votes, which was equivalent to 86.83% of ABN AMRO's issued capital. After explaining what needed to be done in order to cast a valid vote, Mr **van Outersterp** opened the voting on agenda item 2.g.

After the close of voting, the **Chairman** noted that the resolution had been passed and that the 2017 annual financial statements has thus been adopted. He then moved on to agenda item 3.1, the explanation of the dividend policy by Mr van Dijkhuizen.

3. Dividend

a) Explanation of dividend policy (discussion item)

Mr **van Dijkhuizen** explained that ABN AMRO's dividend policy took account of the current and expected capital requirements as well as the risk profile, growth and market factors. A moderate risk profile of ABN AMRO and regulatory levies were used as a basis when determining the payout ratio, with a view to enabling dividend distributions to be maintained in the future too. The dividend policy had been changed with effect from 2018. The payout ratio had been set at 50% of the 'lasting profit' available for distribution to shareholders. Lasting profit was defined as profit exclusive of one-off items, which significantly distort profitability. Examples from the past would have been the provision made in 2016 for reaching a solution with SME clients to problems with interest rate derivatives and the capital gain made on last year's sale of the Private Banking operations in Asia. Mr **van Dijkhuizen** mentioned that an extra payout in the form of either dividend or buyback of own shares was under consideration, subject to approval by the regulator, if the Basel III Core Tier 1 capital ratio were to be in or above the intended bandwidth of 17.5% to 18.5%, subject to the influence of other relevant factors (including regulatory and commercial considerations). The combined payout ratio would then be at least 50% of the lasting profit.

The **Chairman** thanked Mr van Dijkhuizen for his explanation and asked whether there were any questions about this agenda item.

Mr **Coenen** referred to the discussion that had taken place during the general meeting last year and the previous year and proposed that shareholders and depositary receipt holders should be able to choose between a scrip dividend and a cash dividend. He would like to hear ABN AMRO's views on this and what the expectations were for the period ahead.

Mr **Abrahams** explained that the bank did not have any plan to introduce a scrip dividend and that such dividends were actually becoming increasingly uncommon. ABN AMRO did, however, have a Dividend Re-Investment Plan (DRIP) which enabled shareholders to make immediate use of cash dividends for the purchase by the bank of depositary receipts for shares. The bank felt that it was only right to offer shareholders a choice without the company having to offer additional shares for this purpose. As ABN AMRO was basically well-capitalised, it did not wish to facilitate a new issue of shares in the form of a scrip dividend. According to the bank, a scrip dividend was not in the shareholders' interests either. But by making DRIP available, the bank had offered shareholders and depositary receipts holders a choice after all.

Mr **Coenen** asked whether account was also taken of government policy on dividend distributions, in particular as this affects foreign shareholders.

Mr **Abrahams** answered that ABN AMRO took account of the interests of all stakeholders and believed that this was fully reflected in the proposed dividend policy.

Mr **van den Bos** stated that the dividend had been paid out in cash last year, although it had also been possible to opt for the purchase of shares. He wondered where ABN AMRO acquired these shares.

Mr **Abrahams** confirmed that these shares or depositary receipts for shares were purchased on the exchange by a dealer acting on behalf of the shareholders. These shares or depositary receipts for shares were not therefore kept back by ABN AMRO for this purpose.

Mr **Brunink** said that he would be grateful to have a more detailed explanation of the term 'lasting profit'.

Mr **van Dijkhuizen** defined the term by explaining that in previous years a given percentage of the reported profit had been distributed. This meant that the dividend payment could fluctuate quite a lot. For example, a one-off sum of EUR 200 million was earned on the sale of the Private Banking operations in Asia in 2017, but just a year earlier profits had been reduced as it had been necessary a make a reservation of EUR 300 to 400 million for SME interest rate derivatives remediation. Shareholders and investors were generally averse to fluctuations of this kind. The new approach had therefore ensured a more constant return. It was therefore not about a higher or lower dividend.

Mr **Brunink** asked whether it was correct that ABN AMRO was aiming for a regular, constant and preferably rising dividend.

Mr **van Dijkhuizen** replied that this was not necessarily the case. He cited as an example the provisions recognised in the first quarter of 2018 which, when rounded, had had not any impact on the results in the past two years. Before, however, these reservations had once amounted to EUR 1.5 billion. No corrections would be made to the provisions item because this reflected the economic context in which the bank operated.

The **Chairman** thanked Mr van Dijkhuizen for his answer and moved on to agenda item 3.b, the resolution to approve the 2017 dividend, and once again gave the floor to Mr van Dijkhuizen.

b) Resolution to approve the 2017 dividend (voting item).

Mr **van Dijkhuizen** referred to the resolution, with explanatory notes, which had been included in the notice calling the General Meeting. ABN AMRO Group was proposing a final dividend of EUR 752 million or 80 euro cents (EUR 0.80) per share in cash. Together with the interim dividend of EUR 611 million in cash, this brought the total dividend for 2017 to EUR 1,363 million or EUR 1.45 per share. This was equal to a payout ratio of 50% of the reported profit, after deduction of the coupon payment on the AR1 instruments and minority interests for third parties, which was in keeping with the dividend policy.

The **Chairman** thanked Mr van Dijkhuizen for this explanation and asked whether there were any questions about this agenda item. He then gave the floor to Mr van Outersterp to take charge of the voting.

After briefly explaining the procedure Mr **van Outersterp** opened and subsequently closed the voting.

The **Chairman** then noted that the resolution to approve the dividend had been passed, and moved on to agenda item 4.a.

4. Discharge from liability

a) **Granting of a discharge from liability to the individual members of the Executive Board in office during the 2017 financial year for the performance of their duties in 2017 (voting item)**

The **Chairman** explained that this resolution also concerned the members of the Executive Board (or the Managing Board as it was then known) who had since left ABN AMRO, but had been in office in 2017 or part of it. The **Chairman** noted that there were no questions and then asked Mr van Outersterp to take charge of the voting.

Mr **van Outersterp** opened and subsequently closed the voting.

The **Chairman** noted that the discharge had been granted by the General Meeting and moved on to agenda item 4.b, granting of a discharge from liability to the individual members of the Supervisory Board in office during the 2017 financial year for the performance of their duties in 2017 (voting item).

b) **Granting of a discharge from liability to the individual members of the Supervisory Board in office during the 2017 financial year for the performance of their duties in 2017 (voting item).**

The **Chairman** explained that this was the same resolution as dealt with in agenda item 4.a, but applied to the members of the Supervisory Board in office in the 2017 financial year. He noted that there were no questions and then asked Mr van Outersterp to take charge of the voting.

Mr **van Outersterp** opened and subsequently closed the voting.

The **Chairman** noted that the discharge had been granted by the General Meeting and moved on to agenda item 5.

5. Report on the evaluation of the external auditor (discussion item)

The **Chairman** gave the floor to Mr Tiemstra, Chairman of the Audit Committee. He proceeded to explain the most important findings from the annual evaluation of the external auditor's performance.

Mr **Tiemstra** noted that this evaluation took place each year on the basis of an internal survey conducted among the management and staff of ABN AMRO who had had dealings with the external auditor (EY) in the course of their work. The survey carried out this year (the second year in which EY had acted as ABN AMRO's auditor) had produced a rating of 'adequate', but also identified a number of points needing attention. Matters that received a positive assessment were the level of independence, objectivity, professional capacities and expertise of EY and, above all, the quality of communication. Matters requiring attention included the need for prompt discussion of any problems that arise. The Audit Committee endorsed this assessment by EY. This was the last year that EY would be auditing ABN AMRO under its current mandate. This was why it was necessary to consider and decide this year whether an extension of EY's mandate should be proposed to the General Meeting.

The **Chairman** thanked Mr Tiemstra for his explanation and moved on to agenda item 6.

6. Composition of the Supervisory Board:

The **Chairman** explained that this agenda item included his own reappointment as a member of the Supervisory Board. This was why he would now pass the gavel to Mr Dorland, Acting Chairman of the Remuneration, Selection and Nomination Committee.

Mr **Dorland** moved on to agenda item 6.a.

a) Collective profile of the Supervisory Board **(discussion item)**;

Mr Dorland explained that as part of the changes made to the rules of procedure of the Supervisory Board in November and December 2017 the collective profile of the Supervisory Board, as described in annexe 3 to the rules of procedure, had also been changed. These changes were mainly of a technical nature and had been prompted firstly by the introduction of ABN AMRO's new senior management structure and, secondly, by the new Dutch Corporate Governance Code. This amended collective profile had been included as one of the meeting documents. He inquired whether there were any questions of comments about this collective profile of the Supervisory Board.

Mr **Koster** (VEB) asked whether the profile of the Supervisory Board took account of the major developments taking place in the field of technology and digitalisation.

Mr **Dorland** said that his own background was in IT, innovation and technology. He had more than 35 years' experience in these fields with large Dutch and international companies. When he joined the Supervisory Board of ABN AMRO this had formed the basis of his individual job profile. Mr **Dorland** suspected that Mr Koster may have raised this question because he thought this aspect had not been sufficiently reflected in the collective profile. If that was indeed the case, it might have to be given more weight. According to Mr **Dorland**, however, the Supervisory Board currently had sufficient knowledge of this field.

Mr **Koster** said he did not doubt this. In his experience, however, the tone and approach adopted by people primarily involved in driving technological development was of a completely different dimension. He had asked this question because the success of this process was crucial to the bank's survival. Given the enormous competition from the biggest players in this field, many of which had unlimited resources, he wondered whether the collective profile should not be adjusted to give more prominence to this aspect.

Mr **Dorland** said that he wholeheartedly accepted this recommendation. After noting that there were no further questions about this, he proceeded to the following agenda item: b) Notice of vacancies on the Supervisory Board **(discussion item).**

Mr **Dorland** said that, as stated in the notice calling the meeting, there were at present three vacancies on the Supervisory Board. On 5 February Ms Zoutendijk had announced her decision not to stand as a candidate for a second term as member of the Supervisory Board as of 1 July 2018 and to transfer her duties as Chairmanperson with immediate effect. This was why there was a vacancy for this position. This was referred to here as the first vacancy. As mentioned previously, the bank announced on 25 May 2018 that the Supervisory Board would nominate Mr Tom de Swaan to fill this vacancy. This appointment was for a term of four years and was subject to regulatory approval. A separate General Meeting would be convened for this purpose.

The second vacancy had arisen because the term of office of Steven ten Have was scheduled to finish at the end of this General Meeting. The Employee Council had an enhanced right of recommendation in respect of this vacancy.

In the General Meeting of 30 May 2017 the term of office of Ms Roobeek was extended until such time as a new member of the Supervisory Board had been appointed. At that time the General Meeting was informed of a vacancy on the Supervisory Board for a member with banking and/or financial experience at senior executive level. On 19 March 2018 ABN AMRO gave notice that the person whose candidacy had been announced on 26 October 2017 had withdrawn for personal reasons. This meant that there was still a vacancy on the Supervisory Board for a new member with the specified experience. This was the third vacancy. Mr **Dorland** noted for the record that the existence of three vacancies did not mean that the Supervisory Board was short of three members. Ms Roobeek would withdraw once her successor had been appointed. In Mr Ter Have's case the vacancy would be filled by his reappointment.

Before giving the General Meeting the opportunity to ask questions or make comments, Mr **Dorland** moved on to the next agenda item.

c) Opportunity for the General Meeting to make recommendations, taking into account the profiles **(discussion item)**

Mr **Dorland** said that the Supervisory Board would give the General Meeting the opportunity to present reasoned nominations of candidates for appointment as members of the Supervisory Board to fill the first, second and third vacancies. He emphasised that these candidates would in each case have to satisfy the requirements of the articles of association, the collective profile of the Supervisory Board and the individual job profiles. In addition, any appointment would be subject to a positive result of the fit and proper assessments conducted by the European Central Bank (ECB) and other relevant regulators. Upon appointment, the candidate for the first vacancy would be designated as Chairman by the Supervisory Board. The individual profiles of the Chairman and the other members and the collective profile of the Supervisory Board had been included among the meeting documents. For the record, Mr **Dorland** noted once again that the Supervisory Board had announced last Friday (25 May 2018) that it would nominate Mr Tom de Swaan for the first vacancy.

Mr **Dorland** said that, as already stated, the Employee Council had an enhanced right of recommendation in respect of the second vacancy. This meant that the General Meeting's nomination of the candidate for the second vacancy required the support of the Employee Council. As noted in the meeting documents, the Employee Council had recommended the reappointment of Mr ten Have. The Employee Council stated in its reasoned recommendation that it judged the appointment of Mr ten Have to be in the interests of ABN AMRO and the continuity of the Supervisory Board.

As regards the third vacancy, Mr Dorland stated that the General Meeting had been given the opportunity on 30 May 2070 to nominate suitable candidates. However, in view of the period that has elapsed since then, the Supervisory Board wishes to give the General Meeting a fresh opportunity to do so.

To date, ABN AMRO has not received from its shareholders and depositary receipt holders any reasoned recommendations for the nominations in respect of the said vacancies in accordance with the procedures adopted for that purpose This is why Mr **Dorland** assumes that the General Meeting does not wish to exercise its right of recommendation. Nonetheless, he would like to give the General Meeting the opportunity to ask questions or make comments on this agenda item.

A **depositary receipt holder** reported that it had become known this morning (29 May 2018) that a good many problems had arisen in relation to Mr Tom de Swaan at Zürich Insurance Group involving interest rate swaps and that a letter about this had been sent to the House of Representatives. If that letter did not receive an answer, the person who had lodged the complaint would take the matter to the European Central Bank (ECB). The **depositary receipt holder** therefore inquired whether the Supervisory Board had assumed in making its nomination that there were evidently no objections. He would like to know how this matter is viewed.

Mr **Dorland** replied that the decision had not been taken lightly. Ultimately, the Supervisory Board had decided that there was nothing in his past to prevent the nomination of Mr Tom de Swaan. He was adjudged to be an excellent candidate in view of his experience as a regulator and executive director.

The **depositary receipt holder** contended that by making this decision the Supervisory Board had disregarded the right of complaint, parliamentary democracy, the House of Representatives and the European Central Bank.

Mr **Dorland** explained that the Corporate Governance Code was the instrument which had to be taken into account here. The House of Representatives did not decide on the membership of the Supervisory Board of ABN AMRO. This was done by the Supervisory Board in consultation with the NLFI and other parties involved, as already stated. Naturally, any appointment would be reviewed by the ECB. This process was under way at present. The Supervisory Board assumed there would be a positive outcome.

The **depositary receipt holder** would like to know what this would mean in the intervening period before the positive outcome became known.

Mr **Dorland** explained that a separate meeting of shareholders would be convened to make the appointment. Mr de Swaan's appointment would not be voted on now. This would be dealt with at an Extraordinary General Meeting. A date would be sought for this, taking into account the 42-day period of notice required to call the meeting.

The **depositary receipt holder** said that he was curious as to how this procedure would turn out. He hoped that it would not show ABN AMRO in a bad light.

Mr **Dorland** explained that Mr Lakeman, who had said that he would lodge a complaint with the ECB, was entitled to object to the appointment of Tom de Swaan. That was his right. The Supervisory Board had closely scrutinised Mr de Swaan's past and saw no reason not to nominate him.

Mr **van Kalt** stated that he had assumed that Mr de Swaan, as a banker, would be a good candidate for this Supervisory Board. He inquired whether DNB had already approved his candidacy or whether this procedure did not need to be followed.

Mr **Dorland** stated that the screening process was currently under way and that approval had not yet been given. As soon as this was received, an Extraordinary General Meeting would be convened.

Mr **van Kalt** had a second question. ABN AMRO had seven positions on the Supervisory Board, of which three were vacant. Was it necessary for the Supervisory Board to have seven members or would a lesser number be sufficient?

Mr **Dorland** confirmed that the Supervisory Board consisted of seven members. As they had had to work very hard in the past year, he would be inclined to think that eight rather than five members were needed. There were also a number of committees that needed to be staffed. All in all, the work was very time-consuming.

Mr **Vreeken** said that It seemed to him that Mr de Swaan was a very good candidate. He could serve as a link between the old and the new bank. He dated from the era when ABN AMRO was still a global player. As regards candidates for the current vacancies on the Supervisory Board, Mr Vreeken had various suggestions which might help to cement the ties with the world of politics, Including European politics. Mr Jeroen Dijsselbloem might possibly be a suitable candidate. Arnoud Boot would be an ideal person to fill this position, as would Jan Kees de Jager. He also mentioned Ms Mirjam van Praag, Mr Maurits Groen and Mr Wouter Bos. Mr **Vreeken** felt that serious consideration could perhaps be given to these possible candidates.

Mr **Dorland** thanked Mr **Vreeken** for his suggestions and proposed that they be considered for the first and third vacancies, once the second vacancy had been voted on today in accordance with the agenda. He also requested that these names, together with supporting arguments, should be submitted to the secretary within two weeks, so that the formal procedure could be initiated.

Mr **van den Bos** added that Mr Joop Wijn would also be a suitable candidate. He also said that he had previously passed on to Mr van Outersterp two names as candidates to succeed Ms Roobeek. There was also probably a good candidate in the financial field who was free.

Mr **Dorland** said that this message had not reached him and requested Mr van den Bos to pass on these names again to Mr van Outersterp within two weeks.

Mr **van den Bos** said that he would do this.

Mr **van Outersterp** added that ABN AMRO had contacted the candidate proposed last year. Although the candidate had not matched the profile. Mr van Outersterp said that he would be perfectly willing to reconsider the recommendation.

Mr **van den Bos** said that it was someone who was well-versed in financial matters and was also IT savvy. However, there was also an even more highly qualified person now available. He would approach her and ask her whether she would be interested in a position with the bank.

Mr **van Outersterp** said that he would look forward to receiving this recommendation again.

Mr **Stevense** of SRB foresaw that if Mr Dijsselbloem were to be proposed as the new member of the Supervisory Board it would be a very lively Extraordinary General Meeting.

Mr **Coenen** argued that the Supervisory Board should have as varied a composition as possible and should not be too large. He did not know whether the Board really needed eight members. If the work could be done by five members, then six might a good number. He also said that an undertaking had been given to produce a retirement roster. It was apparent from pages 142 and 143 of the annual report that a number of Supervisory Board members would retire simultaneously in 2020. He had also pointed this out at the previous AGM. This was why he hoped that a schedule could be drawn up showing when each person had his or her first, second and possibly third appointment. This would make it possible to determine whether too many Supervisory Board members would retire or be eligible for reappointment at any given time.

Mr **Dorland** expressed his appreciation of the previous observation. The Supervisory Board was actually working on this. Once the present members had been reappointed and the new members appointed, this would be re-examined with a view to drawing up a new roster and a clear schedule for presentation at next year's General Meeting.

Mr **Coenen** then asked whether there would be five members in office at the close of the meeting.

Mr **Dorland** said that there were more members in office. Ms Zoutendijk too was still formally a member of the Supervisory Board. So there seven members in office in total. No one was retiring today. He said that the General Meeting would shortly be voting on the reappointment of Mr ten Have. The appointment of Mr de Swaan would be the subject of a separate meeting of shareholders. If a good candidate were found for the vacancy created by Ms Roobeek's retirement, a separate meeting of shareholders would again be convened. Mr **Dorland** did not expect that two appointments could be arranged simultaneously in one Extraordinary General Meeting. If that were to be the case, an additional candidate would already have had to be nominated since a period of 42 days' notice must be given.

Mr **van den Bos** asked whether it would not be possible to extend Mr ten Have's term of office to four years. Then Mr ten Have would remain in office until 2022, thereby providing some continuity.

Mr **Dorland** answered that the basic principle in the new Dutch Corporate Governance Code was that members could serve two terms of four years, with a possible extension of two years. This could be extended for two years, provided that good reasons were given. However, the new Code no longer permitted a third period of four years.

Mr **van Altstad** asked why a third term of office was being proposed for Mr ten Have and for what reason it was thought necessary to depart from the guideline contained in the Corporate Governance Code.

Mr **Dorland** replied that it was proposed in agenda item 6.d to nominate Mr ten Have for a third term of two years. This was because the Supervisory Board wished to safeguard continuity and knowledge of the past. As Ms Zoutendijk would be retiring on 1 July and Ms Roobeek was also about to retire, the Supervisory Board would otherwise lose too much knowledge of the bank's past. This was one of the reasons. The second reason was that Mr ten Have had proved to be an excellent member of the Supervisory Board. This was why the Supervisory Board wished to retain his services for some time to come. The Corporate

Governance Code permitted a third term of office, albeit not for a four-year period. This was now about a third term of office for two years, which was what would be voted on in today's resolution.

Mr **Brunink** considered that Ms Zoutendijk's appointment had not been a great success. He therefore wished to know what guarantees had been built into the procedures to ensure that things would go better this time.

Mr **Dorland** replied that he thought Ms Zoutendijk had contributed a lot to the bank and that ABN AMRO should be very grateful for that.

Mr **Brunink** then stated that as a shareholder his assessment of the situation was that it was painful and messy. He did not wish to experience it again.

Mr **Dorland** said that no one wanted that and that if Mr de Swaan were nominated he could put his experience and wisdom at the service of the Supervisory Board. Mr Dorland then moved on to the next agenda item.

d) Reappointment of Mr Steven ten Have as member of the Supervisory Board:

(i) Notice to the General Meeting of the nomination by the Supervisory Board of Mr Steven ten Have for reappointment **(discussion item)**

Mr **Dorland** explained that it was proposed to nominate Mr ten Have with effect from the close of the General Meeting as a member of the Supervisory Board for a term of two years. The Supervisory Board had proposed this resolution in recognition of the valuable role played by Mr ten Have in recent years as Vice-Chairman of the Board and in order to safeguard the continuity of the knowledge of ABN AMRO present in the Supervisory Board, in view of all the changes that had been announced. The reappointment would take effect from the close of this General Meeting for a term of two years, as just described at length, and would end at the close of the first Annual General Meeting in 2020. As a result of this reappointment, the total term of office of Mr Steven ten Have would be eight years. As noted, in view of the changes to its composition as previously announced, the Supervisory Board thus wished to guarantee continuity. The Employee Council had recommended the reappointment for the stated term, thereby exercising its enhanced right of recommendation. For more information about Mr ten Have's background and experience, Mr **Dorland** referred to the resolution with explanatory notes and Mr ten Have's curriculum vitae, which were among the meeting documents.

(ii) Resolution to be passed by the General Meeting for the reappointment of Mr Steven ten Have as member of the Supervisory Board **(voting item)**

Mr **Dorland** inquired whether there were any questions or comments about the proposed reappointment of Mr ten Have.

Mr **Stevense** (SRB) said that he would like to hear why Mr ten Have had decided to agree to an extension for a further two years.

Mr **ten Have** said that such a decision should not be taken as a matter of course. During his past terms of office he had been able to devote himself to the work of ABN AMRO's Supervisory Board with much pleasure and energy. Due to a combination of circumstances, the terms of office of the board members with whom he had served had been relatively short. Fortunately they were people who were quickly able to find their feet in the bank. Nonetheless, they could lack experience within the organisation. This was why not only the other members of the Supervisory Board but also the Employee Council had called on him to serve another term. When he was faced with this question, he decided that he wished to accept the responsibility and to devote all his energies to the job. He would therefore continue to perform his duties as board member for the Bank with total commitment.

Mr **Coenen** advised the board members not to identify too closely with the Supervisory Board by entering into too many terms of office. His did acknowledge, however, that there had been a high rate of turnover on the Executive Board and the Supervisory Board. For the sake of continuity and the collective memory, it would therefore be a good thing if Mr ten Have were to remain. However, it would be necessary to prevent a situation in which a number of board members retired simultaneously. If Mr ten Have were to continue for two years he would then retire at around the same time as the other members whose current term of office was also due to expire in 2020. He remarked that this should be interpreted as a reminder to the Supervisory Board as a whole to adopt a more future-oriented policy.

Mr **Verhoek** asked whether making the appointment of new members of the Supervisory Board so complicated that two Extraordinary General Meetings were necessary had been a deliberate choice. He wondered whether it would not have been more practical to limit this to one meeting.

Mr **Dorland** answered that the process of selecting candidates had to be carried out with due care. Afterwards it was necessary to observe the 42-day period of notice for calling an extraordinary general meeting. As the date of this Annual General Meeting had already been fixed, efforts were made to be able to put Mr Tom de Swaan's nomination to the vote here. However, this had not proved possible as not all the necessary steps had been taken. Mr **Dorland** did stress, however, that he acknowledged the point Mr Verhoek was making.

A **depositary receipt holder** inquired whether it was legally possible to disregard the right of complaint in relation to the proposed appointment of Mr de Swaan.

Mr **Dorland** stated that this appointment was not under consideration at this meeting. A vote on this would be held during an extraordinary general meeting (EGM).

The depositary receipt holder said that this much was clear. but wondered whether the ECB's answer should not be awaited before Mr de Swaan's appointment was put to the vote at an EGM.

Mr **Dorland** explained that a vote on the appointment of Mr de Swaan would held during an EGM only after consent had been received from the ECB. Let there no misunderstanding about that. Formally speaking, the House of Representatives was not legally involved in the process of appointing new members of ABN AMRO's Supervisory Board.

After noting that there were no further questions on this matter, Mr **Dorland** proceeded to the vote on the reappointment of Mr ten Have as member of the Supervisory Board. For this purpose he gave the floor to the meeting's secretary, Mr van Outersterp.

After noting that the resolution had been passed, Mr **Dorland** congratulated Mr ten Have on his reappointment and handed him back the gavel.

The **Chairman** thanked Mr **van Dijkhuizen** and the shareholders for the confidence they had placed in him and moved on to the next agenda item.

7. Issuance and buyback of shares or depositary receipts for shares by ABN AMRO Group

The **Chairman** explained that under Dutch law the general meeting of shareholders may authorise the Executive Board to issue shares or grant rights to subscribe for shares, to exclude pre-emptive rights and to acquire shares or depositary receipts for shares in ABN AMRO Group N.V.'s own capital. Such authorisations were usually placed on the agenda of the annual general meetings of most Dutch listed companies. On 30 May 2017, the Annual General Meeting granted these authorisations to the Executive Board for a period of 18 months from 30 May 2017. The Executive Board now proposed, with the approval of the Supervisory Board, that as of today (29 May 2018) these authorisations be replaced with the new authorisations, as proposed in agenda items 7.a, 7.b and 7.c. The authorisations would give ABN AMRO the flexibility to act quickly when necessary in order to issue or buy back shares or depositary receipts for shares. Agenda item 7 therefore consisted of three underlying items. The **Chairman** proposed that agenda items 7.a, 7.b and 7.c be dealt with first and that afterwards the General Meeting be given the opportunity to ask questions concerning agenda item 7 as a whole. The three separate agenda items would then be put to the vote one after the other.

a) Authorisation to issue shares and/or grant rights to subscribe for shares **(voting item)**

The **Chairman** explained that the proposed resolution was to authorise the Executive Board to issue ordinary shares for a period of 18 months with effect from today (29 May 2018). For the record, he noted that the resolution related exclusively to ordinary shares and to the awarding of rights to subscribe for ordinary shares, up to a maximum of 10% of the issuable share capital of ABN AMRO Group N.V. on today's date (29 May 2018). An issuance of shares and/or the granting of rights to subscribe for shares might be necessary, for example, to meet the regulator's capital requirements. Under the proposed authorisation, it was possible, for example, to issue Additional Tier 1 (AT1) instruments which converted automatically into shares as soon as certain prescribed capital requirements were no longer met. In each case the Executive Board could exercise such authorisations only with the approval of the Supervisory Board Another limitation was that these authorisations could not be used to make a dividend distribution in shares or to award performance-related pay to management or other employees.

The **Chairman** noted for the record that under the Relationship Agreement the NFLI's consent was required for the exercise of the authorisation. The NLFI's consent was required for as long as it held at least 33.33% of the shares in ABN AMRO Group N.V. After noting that there were no questions or comments about the proposed resolution, he moved on to the next agenda item.

b) Authorisation to limit or exclude pre-emptive rights **(voting item)**

The **Chairman** stated that the proposed resolution was to authorise the Executive Board to limit or exclude the pre-emptive rights of existing shareholders connected to the issuance of ordinary shares pursuant to the authorisation requested under agenda item 7.a. (which would be put to the vote shortly) for a period of eighteen months with effect from today (29

May 2018). In each case the Executive Board could exercise such an authorisation only with the approval of the Supervisory Board. As over half of the issued capital was represented today, the General Meeting could pass the resolution by a simple majority of votes. After noting that there were no questions or comments about the proposed resolution, the **Chairman** moved on to the next agenda item.

c) Authorisation to acquire shares or depositary receipts for shares in ABN AMRO Group's own capital **(voting item)**

The **Chairman** noted that the proposed resolution was to authorise the Executive Board to acquire fully paid-up ordinary shares in ABN AMRO Group N.V.'s own capital, excluding ordinary B shares or depositary receipts for shares, on the stock exchange or by other means for or a period of eighteen months with effect from today (29 May 2018). In each case the Executive Board could exercise such an authorisation only with the approval of the Supervisory Board. A buyback of shares or depositary receipts for shares in ABN AMRO Group's own capital could take place for such purposes as a restructuring or capital reduction, for example a return of capital to shareholders and/or depositary receipt holders. The **Chairman** added that this would be done only if the existing and future solvency requirements imposed by regulators were met and would continue to be met after the buyback. The price of each purchased depositary receipt or share in ABN AMRO Group N.V.'s own capital must be at least equal to the nominal value of the ordinary shares and must not exceed the highest price at which the depositary receipts were traded on Euronext Amsterdam on the transaction date or on the preceding trading day. This was conditional upon the number of depositary receipts or shares held or pledged by ABN AMRO Group N.V., including its subsidiaries, being limited at all times to a maximum of 10% of the issued share capital of ABN AMRO Group N.V. This authorisation replaced the authorisation issued by the Annual General Meeting of 30 May 2017. The **Chairman** inquired whether there were any questions about this agenda item.

Mr **Koster** (VEB) asked whether such a purchase would be made publicly.

Mr **Abrahams** answered that it would be made in public. The applicable procedure would be followed, but this resolution would give ABN AMRO the flexibility it needed for this purpose.

Mr **Koster** (VEB) inquired whether such a purchase of shares (or depositary receipts for shares) in ABN AMRO Group N.V.'s own capital would be made public on the day of the transaction.

Mr **Abrahams** stated that ABN AMRO did not at present have any buyback plans. The resolution had therefore been proposed for a possible general buyback. An announcement of this kind was customarily made if a buyback of this kind was being considered.

The **Chairman** thanked Mr Abrahams for his explanation and moved on to hold the vote in respect of agenda items 7.a, 7.b and 7.c, for which purpose he gave Mr van Outersterp the vote.

Mr **van Outersterp** opened the voting on agenda item 7.a and subsequently closed it.

The **Chairman** noted that the resolution had been passed.

Mr **van Outersterp** then opened the voting on agenda item 7.b and subsequently closed it.

The **Chairman** noted that the resolution had been passed.

Finally, Mr **van Outersterp** opened the voting on agenda item 7.c and subsequently closed it.

8. Cancellation of shares or depositary receipts for shares in the issued capital of ABN AMRO Group (voting item).

The **Chairman** explained that the resolution put before the General Meeting, on the suggestion of the Executive Board and subject to approval by the Supervisory Board and the ECB and other relevant regulators, was that it should cancel the fully paid-up ordinary shares, or part thereof, in ABN AMRO Group N.V.'s own share capital, which had been obtained by ABN AMRO Group N.V. either on the stock exchange or through the purchase of its own shares or depositary receipts for shares pursuant to the authorisation granted under agenda item 7.c.

The **Chairman** added that the cancellation by ABN AMRO Group N.V. of the shares acquired in its own capital would be limited to 10% of its total outstanding share capital on the date of the General Meeting and was permitted for a period of 18 months after the date of this General Meeting. The cancellation of part of the shares was proposed with a view to facilitating the flexible and efficient management of surplus capital, including a capital restructuring or reduction in the form of capital returned to the shareholders and or depositary receipt holders. This was conditional on ABN AMRO complying and continuing to comply with both existing and future regulatory requirements in respect of its capital. The Executive Board was not obliged to implement the cancellation of all or part of the own shares bought back in accordance with this resolution of the General Meeting.

The **Chairman** noted that there were no questions about this agenda item and then gave the floor to Mr van Outersterp.

Mr **van Outersterp** opened and subsequently closed the voting on agenda item 8.

The **Chairman** then noted that the resolution had been passed, and moved on to the next agenda item.

9. Alteration to the articles of association and authorisation to have the instrument of alteration executed before the civil-law notary (voting item).

The Chairman explained that by law the issued capital of ABN AMRO Group N.V. may not be less than 20% of the authorised capital. At present the authorised capital of ABN AMRO Group N.V. amounted to approximately five times the current issued capital. To allow future cancellation of the shares acquired by ABN AMRO Group N.V. in its own capital as discussed under agenda item 8, it would therefore be necessary to alter the articles of association in order to reduce its authorised capital. This was why the resolution put to the General Meeting was that it should alter the articles of association in order to reduce the authorised capital of ABN AMRO Group N.V. from 4,700,000,000 to 2,400,000,000 shares and to authorise each civil-law notary or junior civil-law notary and employee of De Brauw Blackstone Westbroek to have the instrument of alteration executed. The draft instrument altering the articles of association and the complete continuous text of the articles after the said alteration had been included in the meeting documents.

The **Chairman** noted that there were no questions about this agenda item and then gave the floor to Mr van Outersterp.

Mr **van Outersterp** opened and subsequently closed the voting on agenda item 9.

The **Chairman** then noted that the resolution had been passed, and moved on to the next agenda item.

10. Any other business and closure of the meeting

The Chairman gave those present the opportunity to ask questions.

Mr **Zee** said that he was disappointed that from 1 July onwards ABN AMRO would charge for monthly bank statements. In his view, this meant that ABN AMRO was no longer any different from an ordinary internet bank. He therefore inquired whether other clients had complained about the charge and whether they had switched to another bank as a result.

In response to Mr Zee's questions, Mr **van Dijkhuizen** said that the costs of a payment package would indeed be raised by 5-10% as of 1 July 2018. This was due to the fact that there had been no price increases in recent years in this area although investments had been made. It would therefore eventually be necessary at some point to make increases, as had also happened at other banks.

Mr **Zee** stated in reply to Mr van Dijkhuizen that he was referring in particular to the costs of sending a monthly bank statement. These were now charged for separately.

Mr v**an Dijkhuizen** confirmed that this was indeed the case and explained that there were two reasons for this. First, it was in the interests of the environment and, second, much more banking business was currently transacted digitally. People who still wished to receive paper bank statements therefore had to pay a charge for them.

Mr **Rienks** said that after hearing the deliberations he still did not precisely understand what ABN AMRO´s strategy was in respect of foreign branches. By contrast, the strategy for the Netherlands was clear. Mr **Rienks** also asked about the policy in respect of clients abroad who have no connection whatever with the Netherlands. As the approach seemed to him to be haphazard, he wished to know what ambitions ABN AMRO had abroad. As regards the second question, Mr **Rienks** referred to the presentation on the New10 app given earlier at this General Meeting. Using artificial intelligence (AI), this app was designed to make it easier for small businesses to apply for loans. This dismayed him because a cooling-off period of a few weeks should be built into the process and he felt that bank staff should know how to deal with AI.

Mr **van Dijkhuizen** explained that ABN AMRO did business abroad very selectively and concentrated on three areas in which it had a competitive advantage. The first was Private Banking, with the focus on north-west Europe, for which purpose its IT systems and products were being harmonised. Second, ABN AMRO operated worldwide in the Clearing sector, in which it had a top-3 ranking. And, finally, ABN AMRO was active in the fields of energy, commodities and trade finance, including shipping of which it had long experience and relevant expertise. As regards New10, Mr **van Dijkhuizen** explained that the loans in question were relatively small. The app was still in the trial phase, although clients had been very enthusiastic about the service. The app was based on an algorithm which had been extensively tested for all relevant risk factors. In addition, this new service was not yet available throughout the bank, although it would continue to be rolled out if the findings remained positive.

Mr **Rienks** amplified his previous remarks by saying that he suspected that an announcement would follow in two or three years' time that mortgages too would be made available in the same way, just as would loans to large companies. He felt that start-ups deserved to be given an opportunity, but that this should be done in a responsible manner. He said that he did not believe that an app could assess this with due care.

Mr **van den Bos** first of all complimented the Chairman on how he had presided over the meeting. He then went on to say that persons attending the meeting had been informed they needed to reserve a parking space for the meeting. He had never come across this before, even at other companies, and in his view space should be provided for shareholders in the underground car park. Mr **van den Bos** also stated that there was an obligation to send shareholders, on request, a copy of the annual report and a physical print out of the draft minutes. ABN AMRO's failure to do this at first request struck Mr Van den Bos as contemptuous of shareholders. Mr **van den Bos** also requested ABN AMRO to stop selling legal assistance insurance as the Complaints Management Department could not itself hear complaints concerning legal assistance insurance. He also felt that the main concern of the Complaints Management Department was to evade its own responsibilities. The specific case to which he was referring involved an erroneous mortgage recommendation, in which facts were being misrepresented. He indicated that this was not good client relations policy. Finally, Mr **van den Bos** mentioned the major changes taking place in the IT field, as a result of which banks were increasingly becoming technology companies. This was why the Supervisory Board needed tech heavyweights who could adequately monitor the bank's progress.

The **Chairman** stated that Mr van den Bos's last two points had been noted. He then gave the floor to Mr van Outersterp to answer the first two points.

Mr **van Outersterp** thanked Mr van den Bos for his questions and assured those present that there was absolutely no contempt for shareholders. He went to say that ABN AMRO complied with the provisions of the Corporate Governance Code on minutes. These draft minutes would be posted on ABN AMRO's website within three months and everyone was more than welcome to comment on them. Mr **van Outersterp** explained that Mr Van den Bos had requested a physical copy and that in a departure from the normal procedure he had also emailed him the draft minutes. Mr van Outersterp said that he tried to be of service wherever possible, but it was unfortunately not possible to send the minutes by post to every shareholder. He had sought to steer a middle course and offered to send the minutes again by email the next time. Mr **van den Bos** said that he felt that every shareholder who so requested was entitled to receive a physical copy and that he did not wish to have to get the minutes off the internet. Mr **van Outersterp** said that he would take Mr van den Bos's request into consideration.

As regards the point about parking spaces, ABN AMRO had only a limited number. This was why it had been decided to provide spaces for some of the shareholders in ABN AMRO's own underground car park and to reserve space for others in the Q-park opposite. Mr **van den Bos** thought that ABN AMRO staff should park elsewhere for a day so that there was sufficient space for shareholders. Mr **van Outersterp** said that he would consider this suggestion. As he also explained, efforts had been made to ensure that everyone had a parking space either in ABN AMRO's own office building or opposite. Naturally, no charge was made for this.

Mr **Vreeken** suggested that one possible solution to the previous question about the number of parking spaces might be to assign half of the available spaces for shared cars.

Mr Koster (VEB) asked about relations with the NFLI. He wished to know in particular whether the organisation was capable of generating sufficient conviction and decisiveness and indicated that state ownership above 50% could be a hindrance. It was sometimes ambiguous whether the business was subject to political control, although ABN AMRO operated in an industry in which a wave of mergers and acquisitions is a possibility.

The **Chairman** said that he understood what Mr Koster was asking and referred to the Relationship Agreement, which set out clear agreements. Much experience had been gained on all sides in the different phases of the establishment of the new ABN AMRO. This did not create an additional hindrance. On the contrary, the NFLI had recently been supportive in some difficult times, with everyone competently playing his or her role. The **Chairman** added that a continuous check was made to determine whether existing agreements were still sufficient and all parties were clear about the division of responsibilities, including the human factor. These aspects together meant that there was a strong basis to ensure that the structure and existing agreements remained workable.

Mr **Schoenmaker** indicated that he too occasionally encountered problems in registering to attend the General Meeting. As ABN AMRO sometimes forgot to send documents during the process, he had to say that Mr Van den Bos was correct in this respect. However, he felt he should point out to Mr Van den Bos that he himself sent post which was sometimes delivered late. Not all the blame for this could be attributed to ABN AMRO.

The **Chairman** thanked Mr Schoenmaker and noted that there were no further questions or points. He went on to express his appreciation for the shareholders and depositary receipt holders who had attended the meeting. As there had been a constructive dialogue on a great many points, ABN AMRO would be able to benefit from this from both a strategic and a practical perspective. The **Chairman** concluded by noting that an EGM would shortly be held for the appointment of Mr de Swaan as a member of the Supervisory Board. Finally, he thanked everyone for their presence.

After noting that there were no further questions, the **Chairman** closed the meeting at 18.30 hrs and thanked all present for their contributions to the meeting.