

Date
8 August 2019

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Subject
Update following 2019 AGM

Dear Shareholder,

A quarter has passed since our Annual General Meeting (AGM) in April of this year. First of all we want to thank you for your trust in and continued support for ING and our Think Forward strategy. As you are well aware, at the AGM a majority of shareholders showed their dissatisfaction by not discharging the Executive Board and Supervisory Board for the year 2018 - the year in which the settlement with the Dutch authorities had a significant negative impact on our reputation, as did several subsequent media articles negatively mentioning ING. As we clearly stated at the AGM and in all other contacts with shareholders and investors before and since the meeting, we fully understand this dissatisfaction and take this very seriously.

As it has become clear in our contacts with many of you, the AGM-vote should serve as a clear signal for us to continue with vigour the Know Your Customer (KYC) enhancement programme launched in 2017 and announced with the settlement. The programme is designed to ensure we structurally bring our gatekeeping function in the area of Customer Due Diligence (CDD) and Anti-Money Laundering (AML) to a sustainable high level.

With this letter, at the time of our 2019 Second Quarter Results, we would like to share an update with you on the measures and actions we have taken under the global KYC enhancement programme, both in the company and by the Supervisory Board. Managing our non-financial risks is the number one priority for the Executive Board and the progress and milestones are closely overseen by the Supervisory Board. Besides having the regular updates on progress of the enhancement programme and a direct dialogue with corporate audit services, the Supervisory Board makes on-site visits to KYC centres as well as local offices to discuss the importance and challenges of KYC with employees who are working on this topic on a daily basis. Another effective way to keep the pulse is that the Supervisory Board has regular meet & greet sessions with ING staff from all levels and areas. Not just the Risk domain is tasked with KYC, it is part of the regular meeting of the Management Board Banking and the Supervisory Board. The importance of non-financial risk is also embedded in KPI's and remuneration considerations.

As we explained at our Investor Day in March 2019 and at the AGM, our enhancement plan consists of three large parts:

- Screening of transactions executed in the past. In case unusual transactions are identified, ING is committed to following the applicable reporting process.
- A client due diligence (CDD) file enhancement part, where we improve the client documentation, client data & identity verification.

- A structural solutions part, so we become sustainably better in the execution of our KYC policies that focuses on 5 pillars: Policy & Risks, Tooling & Digital Service, Governance, Monitoring & Screening, Knowledge and Mindset.

Since the start of the programme we have significantly increased the capacity for the KYC programme issue. ING now employs over 3,000 full time employees covering KYC related activities. This includes employees focusing on the implementation of the enhancement plan, which includes CDD file enhancement and structural solutions

On the Policy and risks side, ING has rolled out a global KYC policy and risk-appetite statements across all locations. ING has also implemented a Systematic Integrated Risk Approach ('SIRA') globally, which takes various elements into account, such as location of the client, type of product and sector to determine client acceptance and type and frequency of monitoring.

In order to support our staff and to increase effectiveness, we are developing global tooling. In addition we are working on promising new solutions that for instance use machine learning and artificial intelligence to increase the effectiveness of our KYC operations. These include a virtual alert handler in the Netherlands that through an algorithm may reduce false positives by more than a half. Another tool is being co-developed by ING in Turkey and the Netherlands to detect instances of fraudulent transactions being broken up into smaller amounts ('smurfing') to evade conventional rules-based monitoring systems. ING Belgium is developing an anomaly-detection model to detect suspicious transactions when we do currency clearing and settlement on behalf of other banks. Furthermore we are piloting CorpID, a digital vault where businesses can file and share their KYC documents in a safe way, not only with us but also with third parties.

In the area of governance a central KYC organisation has been set up to develop consistent processes, work instructions and roles and responsibilities across the globe. KYC Committees, overseen by the Global KYC, track progress of the KYC Enhancement Programme chaired by local CEO and COO. Countries now also have a Client Integrity Risk Committee (CIRC), which is chaired by Risk Management and responsible for client acceptance and off-boarding based purely on compliance criteria.

With regard to CDD file enhancement, we are undertaking a risk-based review of our 39 million customers. This entails ensuring customer data is up to date, files are complete and have a correct risk classification. This file enhancement and extensive look-back operations regarding transactions are resulting in improved reporting of suspicious or unusual activities to authorities in various countries. Furthermore, also in the context of our ongoing efforts to streamline our operations, the increased focus on KYC is leading to an increased number of accounts that are being closed, including a number of inactive accounts of which the customers were insufficiently responsive to information requests. We have also started a re-evaluation of certain client and business relationships. This focus on the quality of our customer data is continuous.

Last year's settlement and the preceding investigation have brought the awareness of non-financial risks front and centre in our entire organisation. Regular communication and knowledge sessions are held. In order to further embed this awareness, we have put in place a behavioural risk team. On a scientific basis this team interviews and examines cooperation and functioning of teams and is thus able to identify behavioural patterns that may not be conducive to managing non-financial risks.

As previously disclosed, after our September 2018 settlement with Dutch authorities concerning Anti-Money Laundering matters, and in the context of significantly increased attention on the prevention of financial economic crime, ING has experienced heightened scrutiny by authorities in various countries. The interactions with such regulatory and judicial authorities have included, and can be expected to

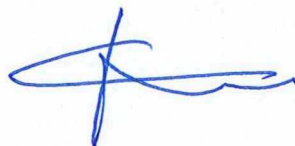
The interactions with such regulatory and judicial authorities have included, and can be expected to continue to include, onsite visits, information requests, investigations and other enquiries. Such interactions, as well as ING's internal assessments in connection with its global enhancement programme, have in some cases resulted in satisfactory outcomes, and also have resulted in, and may continue to result in, findings, or other conclusions which may require appropriate remedial actions by ING, or may have other consequences. We intend to continue to work in close cooperation with authorities as we seek to improve our management of non-financial risks in terms of policies, tooling, monitoring, governance, knowledge and behaviour.

Anti-Money Laundering cannot be tackled by a single market operator, it requires an industry-wide cooperation. Over the past period other banks, governments, regulators and other organisations have recognised the challenges in combating money laundering and other forms of financial crime. This has resulted in a further increased focus on this issue throughout the sector. Together with other banks we are now in dialogue with governments, law enforcement agencies and regulators to improve the effectiveness of transaction monitoring. Privacy law restrictions and capacity restrictions at regulators and law enforcement are on the political agenda and with the right adjustments should make a consolidated view of payments of a certain client possible, making the fight against financial and economic crime more effective.

We strongly support coming to a better solution for the industry and we therefore welcome the steps taken by authorities to achieve wider cooperation between banks, law enforcement and regulators, including the plan of action, presented by the Dutch ministers of Justice and Finance, under which data-sharing will be investigated to increase the effectiveness of the role of gatekeepers. We will work together both on a national and on a European level to strengthen the financial system's resilience in the fight against financial economic crime.

We trust this letter gives you a better understanding of how focused we are on KYC and improving our bank and how seriously we take the signal we received at the AGM. For more information we would also like to refer you to our quarterly disclosures or invite you to contact our Investor Relations team.

On behalf of the Executive Board and Supervisory Board,
Kind regards,



Ralph Hamers, CEO



Hans Wijers, Chairman