

## ING Belgium, 2019 annual results<sup>1</sup>

### More than 1 in 2 clients manage their bank transactions via smartphone or PC

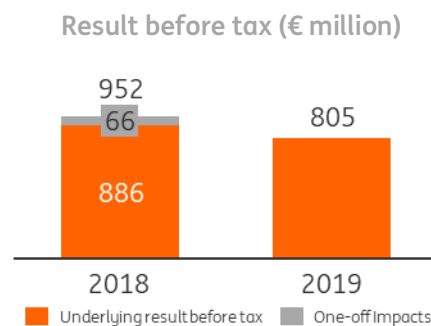
### ING Belgium reports solid result before tax

*“Our new bank model is starting to work,”* says Erik Van Den Eynden, CEO of ING Belgium. *“Today, we are offering a better experience to 3.1 million customers in Belgium. The fact that 5,000 of our 7,500 employees<sup>2</sup> started new jobs in the past two years makes this all the more impressive”.*

In 2019, ING Belgium took two important steps in the new bank model’s development. Thanks to the **Assisted Toolkit**, a platform that simplifies the way customer services and the branches work together, **clients are being helped by an ING employee within 90 seconds after contacting the client service**. ING Belgium also launched **new online and mobile banking channels** at the end of the year.

Thanks to the transition to a new and more efficient bank model, ING posted strong commercial results. **1.7 million customers** – in other words, more than half of all ING customers – **are managing their bank transactions online or via the app**. On the financial side, ING in Belgium earned a **result before tax of € 805 million**, bolstered mainly by strong growth in interest income and **a decrease in costs**.

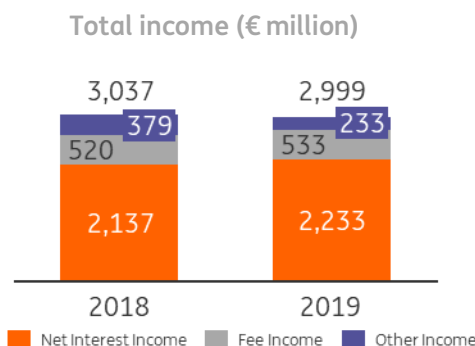
### Solid result before tax



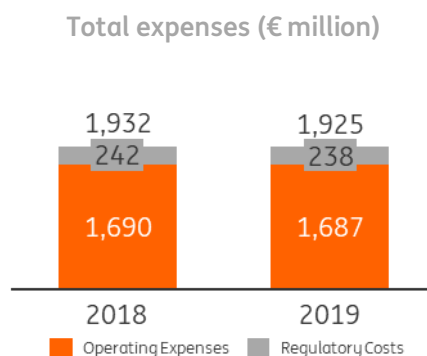
ING Belgium reports a solid **result before tax** of **€ 805 million** for 2019. This is 15.4% lower than last year with 2018 being positively impacted by a € 66 million gain on an equity-linked bond transaction. In addition, the risk costs were also € 115 million higher in 2019 than in 2018. A limited number of customers was responsible for the increase. The underlying result adjusted for the exceptional gain and the increased risk costs is € 35 million higher than in 2018.

<sup>1</sup> ING in Belgium is made up of the ING entities with banking and leasing activities in Belgium and Luxembourg, excluding their foreign branches.

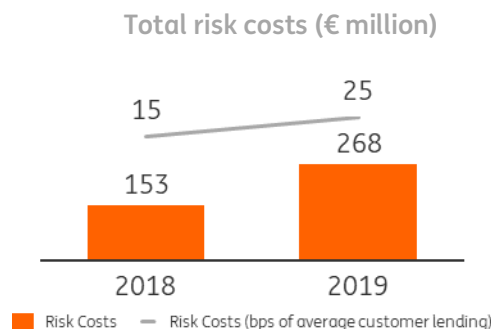
<sup>2</sup> Figure excluding Luxembourg Full Time Equivalentents (FTEs) and excluding ING Group allocation.



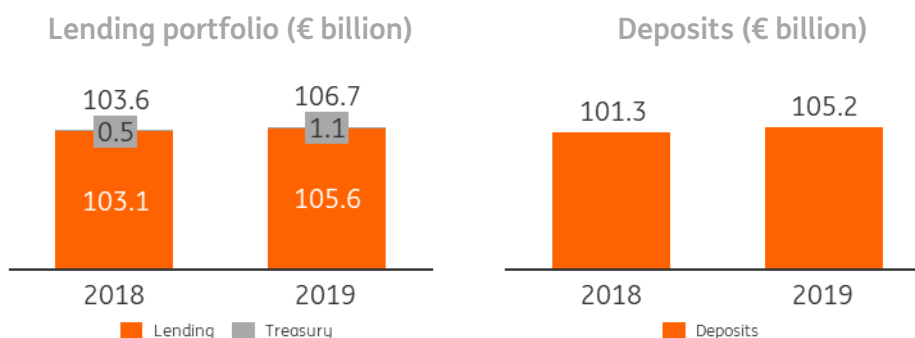
*“This solid underlying result is mainly because of higher interest income on the lending book,” says Hans De Munck, CFO of ING Belgium. “The higher interest margins in the lending portfolio compensated the lower income from savings and current accounts in a low interest rate environment. Higher fee income also contributed to the increase in underlying result”.*



The **cost side** is under control as well. The underlying cost base amounted to € 1.925 million, a year-on-year reduction of € 6 million. The decrease is thanks to lower staff-related expenses, partially offset by additional costs for ‘Know Your Customer’, the legal obligation to have correct customer information. Moreover, 2018 was positively impacted by the release of a legal provision in Luxembourg.



The bank notices the effect of a global economic slowdown in higher risk costs, which are € 268 million in 2019. This amount is higher than in 2018, when ING Belgium reported € 153 million risk costs. *“The increase is mostly driven by business loans. Macro-economic trends, such as brexit, the trade war and continuous digitalisation, affected mainly a small number of international customers. Finally, the increase in risk costs has to be viewed against the background of a lending portfolio that has doubled in size over the past ten years”*, says De Munck. Full year risk costs were 25 base points of average lending. This is higher than the 15 basis points reported in the previous year, but still in line with the longer-term horizon.



The past year, the lending portfolio<sup>3</sup> has increased once again: €3.2 billion was added in 2019, taking it to € 106.7 billion. This growth was mainly driven by business loans. In the same period, deposits grew by € 3.9 billion, as a result of which ING Belgium had a total of € 105.2 billion deposits under management at the end of the year.

## ING Belgium launches new mobile and online banking channels and Assisted Toolkit

There are three pillars to ING Belgium's new business model, which was introduced three years ago in anticipation of changing customer expectations: new channels for mobile and online banking, contact by telephone via the client service, and personal advise in the branches and Client Houses.

## New ING Banking app soon to welcome forecasting functionality

We live in a rapidly digitalising world. By now, **1.7 million customers** – in other words, more than half of all ING customers in Belgium – **manage their bank transactions online or via the app**. In addition, more customers are using the app than the online banking facility. At the end of 2019, 1.3 million

<sup>3</sup> Excluding volatile part of credit facilities.

customers were dealing with bank transactions via the app, while one million customers used online banking.

ING Belgium launched its new mobile and online banking channels against this background of rapidly accelerating digital adoption. The new ING Banking app has been downloaded 25,000 times since its introduction in December. The first 105,000 customers have also been welcomed to the new ING Home'Bank platform, which is more clearly structured and user-friendly and offers more intuitive navigation.

25 teams of eight employees in Belgium, the Netherlands, Germany and Spain developed **the new ING Banking app**, which has been available to Belgian customers from the App Store and the Google Play store since December. These 200 internationally based developers are currently working to extend the app by adding new functionalities. This app also runs on the same basis as the ING Banking apps in the Netherlands and Germany, which have already won several awards. The ING Banking app in the Netherlands has a score of 4.6/5 in the App Store and 4.5/5 in the Google Play store.

*"The digital channels' launch is an important step forward in ING's transformation, which aims to create a single integrated bank in Belgium and the Netherlands. By serving 11 million customers in the two countries from the same platform, ING will become one of the biggest banking platforms in the Benelux. The resulting economies of scale will put ING in a position to develop innovations for customers faster. An innovation in one country can be immediately adopted by the other countries on the same platform",* explains Van Den Eynden.

Today, in the new ING Banking app Belgian clients can already use a scanner that enables them to create a new profile or transfer money by automatically registering the details of a bank card. Furthermore, a number of popular functions from the Dutch app is planned for the Belgian one. The forecasting functionality for example is a popular module in the Netherlands which enables customers to improve their budgeting by providing insights in expected income and expense flows.

## **Customers help to develop new ING Banking app**

The new digital channels are being developed on a modular basis in collaboration with customers. They can share their opinions via a feedback button in the app. With this co-creative approach, ING aims to ensure that the digital channels respond to customer needs and expectations. Moreover, it helps to differentiate the channels from the competitors.

Since the launch, a couple of hundred customers have already given feedback on the existing functionalities and have requested specific new features. The feedback is used to decide the order in which new functionalities will be added to improve the quality of currently available products and services. ING also asks for feedback on the user-friendliness.

## **One single tool helps 6,500 customer services employees in Belgium and the Netherlands**

In 2019 ING also invested in the second pillar of the new banking model with the introduction of the Assisted Toolkit. This new tool records all interactions between ING and the customer, whether they take place by phone or through the branches. It is also a CRM tool which displays all relevant

information about the customer. This facilitates collaboration between the branches and the client service and also between client service employees, as a result of which customers receive faster and more personalised service. The tool also ensures better alignment of customer processes in Belgium and the Netherlands, which in turn helps to improve cross-border collaboration. Today, the customer services employees at ING Belgium answer an average of 10,000 calls within 90 seconds every day.

## Agile customer service combines forces across borders to help customers

The agile way of working in the different ING countries also supports the transformation. It ensures that employees work together much more efficiently as one organisation across national borders. For example, the agile way of working is the foundation for the migration of ING customers to a single integrated bank platform for Belgium and the Netherlands, with the IT staff now applying the same agile method in both countries.

As part of this vision the customer services in Ghent moved from two different locations to the new ING 9000 building, which is specifically designed to support the agile way of working. Because these staff members now work from the same building as self-managing teams, they can meet each other more easily and therefore require fewer transfer moments. Customer requests can be dealt with more quickly as a result. Customer services in Namur and Louvain-La-Neuve are also relocating to a single new site in October 2021.

## 8th new Client House opened its doors

The fact that customers are increasingly going digital, and are financially independent for longer, has a positive impact on ING employees, who are able to concentrate more and more on personalised advice to customers.

For this purpose, they are accommodated in eight different Client Houses spread across Belgium. Following Waver, Brussels, Ghent, Aalst and Liège, the latest new ING Client Houses opened in Namur, Antwerp and Leuven in January of this year. Once more, the focus is on the customer experience, linking the digital approach to personalised advice. Customers can receive help with using the digital channels, but advisers are also available to help them with all their practical or financial queries and requests.

ING Belgium aims to have opened 15 Client Houses by the end of 2021. In addition to opening Client Houses in the large, strategically important cities, ING Belgium continues in the renovation of its existing branches.

### **Additional information:**

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