

## ING Bank Australia Limited

ABN 24 000 893 292

ACL 229823

### Basel III Pillar 3 quarterly disclosure

30 June 2013

ING DIRECT (the trading name of ING Bank (Australia) Limited) is an Authorised Deposit-taking Institution subject to regulation by the Australian Prudential Regulation Authority (APRA) and is a wholly owned subsidiary of the ING Group.

The following information is presented to meet the APRA Prudential Standard (APS 330) under Basel III Accord utilising the Standardised Approach to Capital Adequacy. This report fulfills the Pillar 3 requirements of Public Disclosure of Prudential Information to be published on a quarterly basis.

### Capital Ratios

	As at 30 June 2013 %	As at 31 March 2013 %
<b>Common Equity Tier 1 Ratio</b>	<b>12.6%</b>	<b>12.2%</b>
<b>Tier 1 Capital Ratio</b>	<b>12.6%</b>	<b>12.2%</b>
<b>Total Capital Ratio</b>	<b>13.2%</b>	<b>12.8%</b>

### Risk Weighted Assets<sup>1</sup>

	As at 30 June 2013 \$m	As at 31 March 2013 \$m
<b>Credit Risk subject to standardised approach</b>		
Residential mortgages	16,790.8	17,262.1
Commercial Property	3,829.3	3,705.3
Wholesale		
- Financial Institutions	1,326.7	1,032.6
Other	83.4	136.9
Securitisation	23.8	35.6
<b>Total Credit Risk</b>	<b>22,054.0</b>	<b>22,172.5</b>
Operational Risk	2,671.3	2,629.8
<b>Total RWA</b>	<b>24,683.8</b>	<b>24,802.3</b>

<sup>1</sup> IBAL does not have a trading book and therefore Market Risk RWA under standardised approach is \$0.

### Credit Risk Exposure<sup>2</sup>

Portfolio Type	As at 30 June 2013				As at 31 March 2013 \$m	2nd Quarter Average \$m
	On balance sheet \$m	Non-market related off-balance sheet \$m	Market related off-balance sheet \$m	Total \$m		
Residential Mortgages	36,629.2	4,965.7	0.0	41,595.0	42,943.2	42,473.1
Commercial Mortgages	3,514.0	370.5	0.0	3,884.5	3,782.4	3,936.1
Wholesale <sup>3</sup>	9,324.2	26.7	197.3	9,548.3	8,431.6	8,744.1
Other	88.9	0.0	0.0	88.9	141.9	86.7
<b>Total</b>	<b>49,556.3</b>	<b>5,362.9</b>	<b>197.3</b>	<b>55,116.6</b>	<b>55,299.1</b>	<b>55,240.0</b>

<sup>2</sup> This table does not include investments in the RMBS or CMBS or any other securitisation type products. Balances noted on balance sheet do not include fees and default interest.

<sup>3</sup> Wholesale market related off-balance sheet exposure is net of credit risk mitigation in the form of financial collateral.

## General Reserve for Credit Losses (GRCL)

	GRCL as at 30 June 2013 \$m	GRCL as at 31 March 2013 \$m
Collective provision (after tax basis)	8.9	8.9
<b>Additional GRCL Requirement</b>		
Additional GRCL requirement (opening quarter balance)	134.4	130.9
Transfer from retained earnings	(9.1)	3.5
<b>Total</b>	<b>125.3</b>	<b>134.4</b>
<b>Total GRCL (after tax basis)</b>	<b>134.2</b>	<b>143.3</b>

## Impaired and Past Due Facilities

Exposure Type	As at 30 June 2013			3 months ended 30 June 2013		3 months ended 31 March 2013	
	Past due facilities	Impaired facilities	Specific provisions	Specific Provisions Movement	Write offs	Specific Provisions Movement	Write offs
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Retail Mortgages	275.9	150.3	9.6	1.6	1.4	0.2	2.3
Commercial	1.9	331.7	73.4	2.6	0.0	(0.1)	0.0
Wholesale	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total:</b>	<b>277.8</b>	<b>482.0</b>	<b>83.0</b>	<b>4.2</b>	<b>1.4</b>	<b>0.1</b>	<b>2.3</b>

## Securitisation

Securitisation Type	As at 30 June 2013			
	Residential Mortgage \$m	Commercial Loans \$m	Other \$m	Gains / Losses recognised \$m
Current Quarter Securitisation \$m	911.1	0.0	0.0	0.0
Total Internally Securitised Assets \$m <sup>4</sup>	7,412.3	0.0	0.0	0.0
Total External Issuance of Securitised Assets \$m <sup>5</sup>	3,664.6	0.0	0.0	0.0
On-balance Securitisation Investments \$m <sup>6</sup>	130.6	0.0	0.0	0.0

<sup>4</sup> The securitised mortgages are not being excluded from the Bank's balance sheet and therefore will continue to be included within the accounts of the Bank. Therefore the risk weights applied to the securitised exposures including off-balance component are consistent with risk weights applied to non-securitised residential mortgages portfolio.

<sup>5</sup> This item includes Liquidity Facilities provided to the IDOL Trusts for the amount of AUD 53m as well as Current Exposure of IDOL derivatives instruments for the amount of AUD (6.4m).

<sup>6</sup> As at 30 June 2013 S&P rating on Bank's RMBS investment portfolio is AAA.

All amounts are in Australian dollars. Any discrepancies between totals and sums of components in these tables are due to rounding.