

Pillar 3—Capital Adequacy & Risk Disclosures

June 2024



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ING Bank Australia Limited (IBAL), trading as ING, is an Authorised Deposit-taking Institution subject to regulation by the Australian Prudential Regulation Authority (APRA) and is a part of ING Groep N.V.

In the Pillar 3 Report, “The Group” refers to IBAL and its controlled entities and “The Bank” refers to IBAL standalone.

The following information is presented in accordance with the APRA Prudential Standard APS 330, ‘Public Disclosure’.

Effective 1 April 2018, the Group was accredited by APRA to determine its regulatory capital requirements using internal market risk models and internal credit risk models for selected portfolios. The Group is approved to use the Advanced Internal Ratings-Based (AIRB) approach for the Residential Mortgages portfolio and the Foundation Internal Ratings-Based (FIRB) approach for the Financial Institutions portfolio for regulatory capital purposes.

Effective 1 April 2020, the Group was accredited to apply the FIRB approach to its Corporate Lending portfolio, and the Supervisory Slotting approaches to calculate its capital requirements for its Project Finance portfolio and the majority of its Commercial Real Estate portfolio.

The initial disclosures herein reflect reporting requirements applicable to banks utilising the Internal Ratings-Based Approach (IRB) to capital measurement.

Most credit exposures are located within Australia with some non-significant exposures in other countries.

All credit exposures are managed or decisioned in Australia.

All amounts are stated in AUD.



Qualitative disclosures

Capital disclosures

The Group's capital management strategy aims to ensure adequate capital levels to protect deposit holders and to maximise shareholder returns. The Group's capital is measured and managed in line with Prudential Standards and minimum regulatory capital requirements for banks established by APRA¹ which are consistent with capital requirements legislation. APRA has set minimum ratios that compare the regulatory capital with risk weighted on and off-balance sheet assets for credit, operational and market risks as well as mandating a charge for other risks that may or may not be easily measured. The Group has been in compliance with the minimum capital requirements imposed by APRA throughout the year.

The Group chooses to hold capital in addition to prudential minimum levels by maintaining management buffers that are sufficient to absorb potential losses under stress scenarios of certain severities and are forward-looking in the sense that they take into account future regulation changes including increased minimum capital requirements. The Internal Capital Adequacy Assessment Process (ICAAP) supports the Group's Capital Management Policy which defines the framework for defining, measuring, management, monitoring and governance of the Group's capital position. Further the Group applies a risk appetite framework with annually reviewed trigger and tolerance levels.

Capital planning is a dynamic process which involves various teams and covers internal capital target ratios, potential capital transactions as well as projected dividend pay-outs. The integral parts of capital planning comprise business operating plans, stress-testing, ICAAP along with considerations of (future) regulatory capital requirements, accounting changes, taxation rules and expectations of rating agencies.

The management buffers and capital plan are established on an annual basis and adjusted when significant events require so. The capital plan is aligned with management actions included in the 3 year business plan, which includes forecast growth in assets and earnings taking into account the Group's business strategies, projected market and economic environment, upcoming regulation changes and peer positioning. All the components of the capital plan are monitored throughout the year and are revised as appropriate.

The Board has set internal targets and risk appetite trigger and tolerance levels on top of the prudential requirements to manage the capital ratio. The calibration of the targets and risk appetite trigger and tolerance levels includes consideration of upholding regulatory requirements and commitments in times of stress.

Credit risk capital

In accordance with APRA's methodology, measuring credit risk requires one of a number of risk weights to be applied to each asset on the Balance Sheet and to off-Balance Sheet obligations. The risk weights are applied based on APRA's Internal Ratings-Based Approach for the Residential Mortgage book, Foundation IRB for Financial Institutions and Corporate Lending, Supervisory slotting for the Real Estate related wholesale and commercial property portfolios and the project finance activities. The Supervisory Formula Approach is applied to the relevant securitisation exposures while Credit Cards, Priority Commercial Mortgages, Personal Loans, Sovereigns and niche portfolios in Wholesale Banking apply the Standardised Approach.

Market risk capital

Under the Advanced Accreditation from APRA, risk-weighted assets for Market Risk are calculated using a set of approved models (Embedded Mark-to-Market loss or gain, Optionality & Historical Value-at-Risk) to quantify the risks associated with the interest rate risk in the banking book.

Based on this modelled output the Group holds sufficient capital to cover interest rate risk in the banking book. The Group measures this risk by ascribing a portion of the capital adequacy limit to cover the calculated change in economic value from adverse movements in interest rates.

Operational risk capital

Risk-weighted assets for operational risk are calculated under the Standardised Measurement Approach to Operational Risk based on business indicators, which is a financial-statement-based proxy of the Groups operational risk exposure.

Total capital position

In the determination of the total Risk Weighted Assets (RWAs) the Group does apply the output floor of 72.5% of the RWAs determined when applying the standardised approach. The IRB risk weighted assets exceed the output floor.

Non-financial risks

As an ADI, the Group is subject to a range of non-financial risks. Examples are operational risk, business risk, compliance risk, conduct risk, reputation risk, and risk arising from workplace, health, and safety. Such risks are managed under a "Non-Financial Risk Governance Framework" and have dedicated training and culture programs tailored to appropriate (risk) behaviour throughout the company. The implementation of the Financial Accountability Regime (FAR) ensures that the preventive and remedial behaviours directed by the (executive) risk owners are associated with the day-to-day working of the business. Long-term thinking and behaviour is rewarded via the remuneration structure. Other than operational risk, non-financial risks are not subject to specific capital requirements.

¹ APRA capital framework builds on the pillars Prudential Capital Requirement (PCR), Capital Conservation Buffer (CCB) and Counter Cyclical Buffer (CCyB). The CCyB relates to exposure to counterparties in jurisdictions where a CCyB applies, including 1% for Australia. ING Australia has limited exposures in non-Australian jurisdictions, resulting in a ~0.99% CCyB. Given the small difference, ING Australia decided to apply a 1% CCyB.

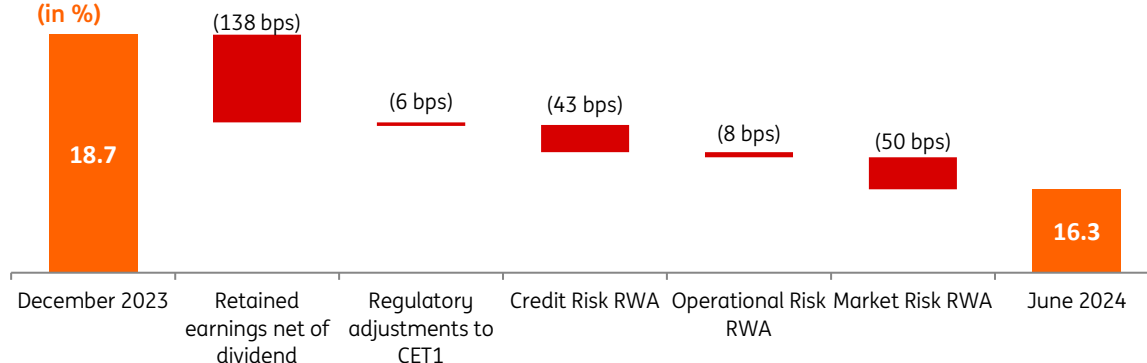


Capital summary

The Group's total capital ratio was 16.3% at 30 June 2024, decrease by 243 basis points from 31 December 2023. Capital movements are attributable to the following:

- An increase in earnings of \$296m, offset by dividend declared of \$654m in March (-138 bps);
- An increase in regulatory adjustments mainly attributed to an increase in intangible assets and in net deferred tax asset offset by a decrease in effective cash flow hedges (-6 bps);
- An increase in Credit Risk RWA of \$767m due to both growth and an increase in average risk weight (-43 bps);
- An increase in Operational Risk RWA of \$148m due to growth of the business indicators (-4 bps); and
- An increase in Market Risk RWA of \$912m, mainly due to a reduction in embedded gains in the banking book and an increase in High-Quality Liquid Assets (-50 bps).

Figure 1: Total Capital movement (in %)

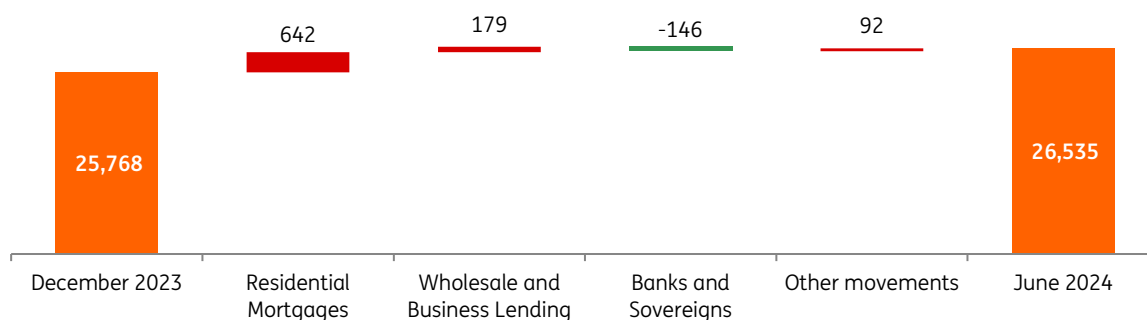


Credit Risk-Weighted Assets (CRWA)

The increase in CRWA is predominately explained by the following:

- Growth and an increase in defaulted exposures within the Residential Mortgages portfolio;
- Growth in the Wholesale and Business Lending portfolios; and
- Reduction in the Banks and Sovereigns portfolios.

Figure 2: Credit risk-weighted assets movement (in \$m)



Risk disclosures

Risk types

The following table explains the nature and extent of risks arising from financial instruments and how these risks could affect the Group's financial performance. The Group's major risk categories are detailed below.

| Risk | Exposure arising from | Measurement | Key Governance |
|-------------------------------------|---|--|---|
| Credit Risk | <ul style="list-style-type: none"> Cash and cash equivalents Due from other financial institutions Loans and advances Derivative financial instruments Financial assets at FVOCI Securities at amortised cost Undrawn loan commitments Bank accepted guarantees | <ul style="list-style-type: none"> Aging analysis Credit ratings Arrears analysis Internal ratings models Stress testing Financial analysis Covenant measures Loan to Value Loan to Income serviceability | <ul style="list-style-type: none"> Risk Management Approach Risk Strategy Risk Appetite Statement Credit Risk Framework Policy Retail Credit Risk (RCR) Policy Wholesale Banking and Group Treasury Credit Policy Risk Management Lending Guidance for Professional Real Estate Large Exposure and Related Entity (LEREP) Policy Small and Medium Enterprise (SME) Credit Policy Definition of Default (DoD) Policy (Retail) Loan Loss Provisioning (LLP) Policy Problem Loan Management (PLM) (Non-Retail) |
| Market Risk – Interest Rate Risk | <ul style="list-style-type: none"> Cash and cash equivalents Loans and advances Deposits and other borrowings Financial assets at FVOCI Securities at amortised cost Debt issuances | <ul style="list-style-type: none"> Historical Value-at-Risk (HVaR) Net Present Value and Net Interest Income at Risk (NPVaR; NIlaR) Interest Rate Risk in the Banking Book (IRRBB) stress testing Basis Point Value sensitivity | <ul style="list-style-type: none"> Risk Management Approach Risk Strategy Risk Appetite Statement IRRBB Stress Testing Methodology IRRBB Minimum Standards Asset and Liability Management Policy Funds Transfer Pricing Policy |
| Market Risk – Foreign Exchange Risk | <ul style="list-style-type: none"> Financial assets and liabilities not denominated in Australian dollars | <ul style="list-style-type: none"> Sensitivity analysis | <ul style="list-style-type: none"> Risk Management Approach Risk Strategy Risk Appetite Statement Asset and Liability Management Policy |
| Integrated Risk | <ul style="list-style-type: none"> Overarching risks in the balance sheet not specific to one risk type. | <ul style="list-style-type: none"> Solvency risk Model risk | <ul style="list-style-type: none"> Risk Management Approach Risk Strategy Risk Appetite Statement Internal Capital Adequacy Assessment Process Policy Stress Testing policy ING Groep Model Risk Management Policy with Local Annex |



Risk types (continued)

| Risk | Exposure arising from | Measurement | Key Governance |
|--|---|--|--|
| Liquidity and funding risk | <ul style="list-style-type: none"> Deposits and other borrowings Debt issuances Undrawn loan commitments | <ul style="list-style-type: none"> Scenario analysis and stress testing Liquidity Coverage Ratio (LCR) Net Stable Funding Ratio (NSFR) Behavioural models | <ul style="list-style-type: none"> Risk Management Approach Risk Strategy Risk Appetite Statement Asset and Liability Management Policy Securitisation Policy Contingency Capital and Funding Plan Retail Deposit Run Plan IBAL Group Treasury Policy Covered Bond Policy Funding and Liquidity Risk Minimum Standards Liquidity Stress Testing Methodology |
| Non-Financial Risk (i.e. operational, compliance and legal risk) | <ul style="list-style-type: none"> Inadequate or failed internal processes, people and systems Failure or perceived failure to comply with relevant laws, regulations, the Group's policies | <ul style="list-style-type: none"> Risk and Control Self-Assessment Non-Financial Risk Score Incident reporting Scenario analysis Business Environment Analysis | <ul style="list-style-type: none"> Risk Management Approach Risk Strategy Risk Appetite Statement ING Groep Non-Financial Risk Framework with Local Annex ING Groep Risk Mitigation and Issue Tracking Procedure ING Groep Product Approval and Review (PARP) Policy & Minimum Standard with Local Annex ING Groep Risk Identification and Assessment Procedure ING Groep Information and Technology Risk Policy with Local Annex ING Groep Outsourcing Policy with Local Annex ING Groep Fraud Management Policy and Minimum Standard ING Groep Internal and External Event Management Procedure with Local Annex ING Groep Data Management Policy AML/CTF Program Part A and B Anti-Bribery and Corruption Policy Compliance Framework and Chart Conflict of Interest and Market Abuse Policy Customer Best Interest Policy FATCA and CRS Policy Fit and Proper Policy Obligation Management Policy Whistleblower Protection and Reporting Policy |



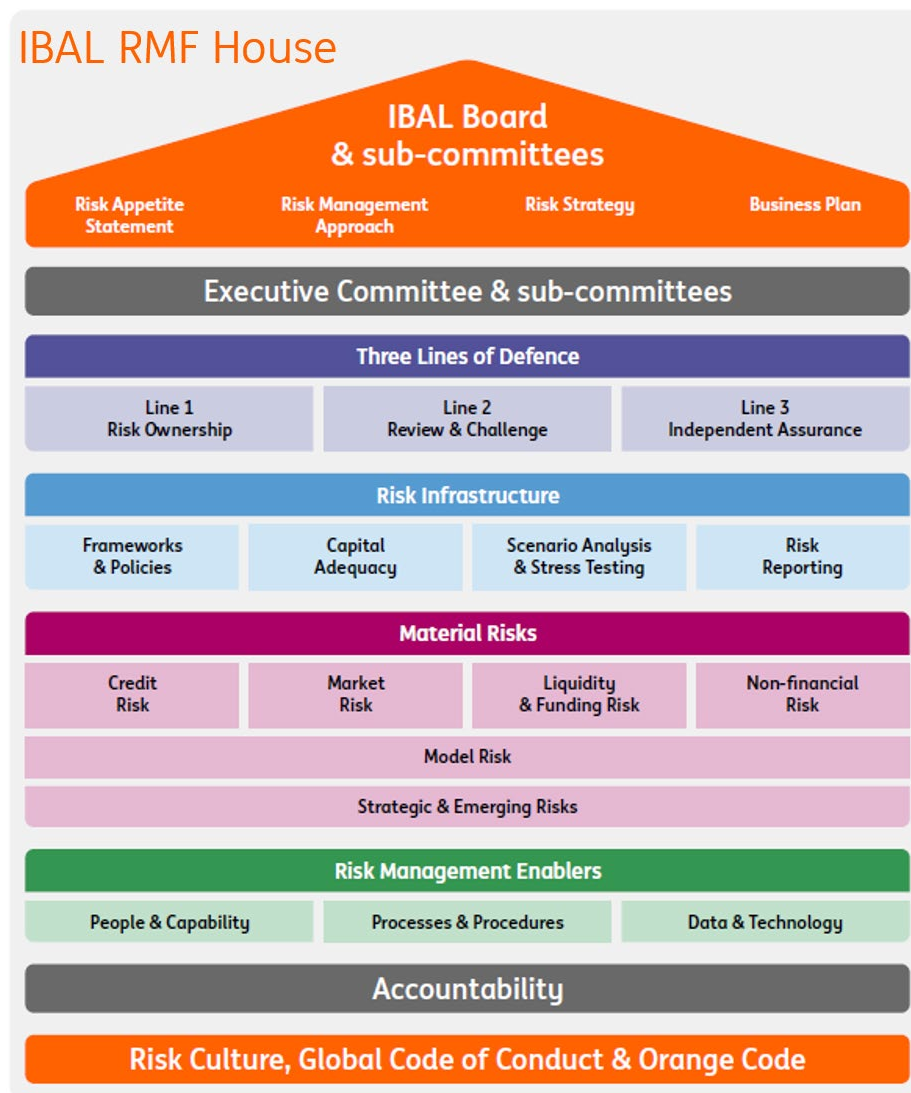
Risk Management Framework

Taking risk is inherent in the Group's business activities. To ensure prudent risk-taking across the organisation, the Group operates through a comprehensive Risk Management Framework (RMF) to ensure risks are identified, well understood, accurately measured, controlled and proactively managed at all levels of the organisation ensuring that the Group's financial strength is safeguarded. The Group's RMF incorporates the requirements of APRA's prudential standard CPS 220 Risk Management.

The key objectives of the Group's RMF are to ensure:

- the risk management objectives are linked to the Group's business strategy, ING Orange Code, Customer Golden Rules² and operations;
- all key risks are identified and appropriately managed by the risk owner;
- an appropriate risk culture and accountability framework are embedded across the organisation;
- systems, processes and tools are established to identify, monitor, manage and report on the key risks;
- the documentation for the risk management framework and supporting policies, procedures, tools and systems are kept accurate and current; and
- that the Group is compliant with all relevant legal and regulatory obligations, together with internal policy.

The key components that make up the Risk Management Framework are summarised in the diagram below, known as the "IBAL RMF House".



² The customer golden rules depict the principles on the interaction between ING and its customers throughout the customer life cycle.

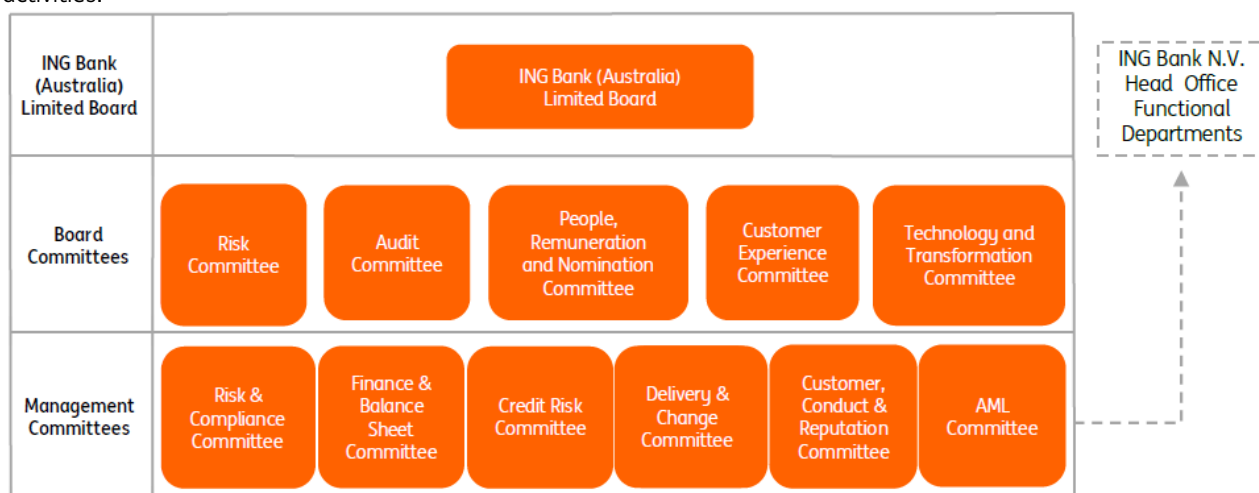


Risk Governance Framework

The Group regards risk management as a fundamental activity, performed at all levels of the organisation. Accountability in the risk management framework is based on the “three lines of defence” governance model. This approach reflects our belief that all employees have a role in identifying and managing risk and operating within the approved risk appetite. Each line of defence undertakes risk management activities that contribute to the effectiveness of the framework. The three lines of defence model is summarised as follows:

- Line 1 – Encompasses business line and support function employees and management. Line 1 is responsible for identifying and managing the risks that arise as a result of them carrying out their business activities.
- Line 2 – Risk Management provides oversight, advice, review and challenge of risk activities, ensuring Line 1 are managing risk in accordance with risk appetite and strategy.
- Line 3 – Corporate Audit Services (CAS) – Forms the 3rd Line and provides independent and objective assurance.

The Group's risk governance framework contains clear charters and mandates for the management of risk. Risk management in the Group is effected through a governance structure comprised of Management, Board and Head Office committees. The governance structure is independent of the day to day management of the Group's business activities.



Role of the Board

The Board is responsible for the Group's RMF and oversight of its operation. This includes setting the risk appetite for management to operate within and approving key RMF documents including the Risk Appetite Statement, Risk Management Approach and Risk Strategy. As a subsidiary of ING Groep N.V., the Group is also subject to the governance and control of the parent company. The Board utilises five committees to discharge its responsibilities:

- *Risk Committee* – the Board Risk Committee provides objective non-executive oversight of the implementation and operation of the Group's risk management framework. A key purpose of the Risk Committee is to help formulate the Group's risk strategy and appetite for consideration and approval by the Board.
- *Audit Committee* – the Board Audit Committee assists the Board by providing an objective non-executive review of the effectiveness of the Group's financial reporting and risk management framework. This includes internal controls to deal with both the design and effectiveness and efficiency of significant business processes, which involve safeguarding of assets and the maintenance of proper accounting records.
- *People, Remuneration and Nomination Committee* – the People, Remuneration and Nomination Committee is responsible for reviewing and making recommendations to the Board on the Group's Remuneration Policy, and making recommendations in relation to remuneration of the Chief Executive Officer (“CEO”), the direct reports of the CEO, other personnel who may affect the financial soundness of the Group and those persons covered by the Remuneration Policy.
- *Customer Experience Committee* – the Customer Experience Committee is responsible for reviewing and monitoring customer experience with the Group, including customer complaints, resolution and closure of customer outcomes.
- *Technology and Transformation Committee* – the Technology and Transformation Committee is responsible for reviewing the Group's technology strategy and planning, including priorities, budgets, deliverables and operational plans. In addition, it oversees and monitors the Group's strategic transformation initiatives, including technology, data and business transformation.

Management Risk Committees

The Executive Committee (“ExCo”) is the peak Management Committee, ensuring management reporting is appropriate and fulsome to enable effective Board and Management oversight and decision-making. The risk committees described below act within the overall risk policy and delegated authorities granted by the Board. The committees have a governing role and ensure a close link between the business lines and the Risk Management functions through joint representation on each committee:

| | |
|---|---|
| Risk and Compliance Committee | The Risk and Compliance Committee (RACC) provides assurance to ExCo that risk and compliance matters that impact IBAL’s operations and activities are managed through an appropriate framework which meet the Board’s and regulatory expectations. This includes oversight of enterprise risk management, non-financial risk, compliance and responsible managers, health, safety and well-being, product development and management, information security and data management, privacy and data ethics, as well as those risks impacting IBAL’s daily operations from an aggregate oversight perspective and emerging risks. The RACC also maintains an open dialogue with other Management Committees to ensure any risk appetite tolerances recommended by those Committees, is considered as part of the Risk Appetite Statement (RAS) development. |
| Finance and Balance Sheet Committee | The Finance and Balance Sheet Committee (FBSC) provides assurance to ExCo that finance, balance sheet, funding and pricing matters impacting IBAL’s operations and activities are managed through an appropriate framework which meet the Board’s and regulatory expectations. The FBSC also maintains an open dialogue with the RACC to ensure risk appetite tolerances and other relevant matters recommended by the Committee are communicated to the RACC. |
| Credit Risk Committee | The Credit Risk Committee (CRC) provides assurance to ExCo that credit risk and related risk matters that impact IBAL’s operations and activities are managed through an appropriate framework which meet the Board’s and regulatory expectations. The CRC also maintains an open dialogue with the RACC to ensure risk appetite tolerances and other relevant matters recommended by the Committee are communicated to the RACC. |
| Delivery and Change Committee | The Delivery and Change Committee (DCC) provides assurance to ExCo that the activities associated with delivery, change and transformation initiatives which impact IBAL’s operations are managed through an appropriate framework which meet the Board’s and regulatory expectations. The DCC also maintains an open dialogue with the RACC to ensure risk appetite tolerances and other relevant matters recommended by the Committee are communicated to the RACC. |
| Customer, Conduct and Reputation Committee | The Customer, Conduct and Reputation Committee (CCRC) provides assurance to ExCo that customer, conduct and reputational matters (including sustainability) impacting IBAL’s operations and activities are managed through an appropriate framework which meet the Board’s and regulatory expectations. The CCRC also maintains an open dialogue with the RACC and ExCo to ensure risk appetite tolerances or key performance indicators and other relevant matters recommended by the Committee are communicated to the RACC. |
| Anti-Money Laundering Committee | The Anti-Money Laundering Committee (AMLC) provides assurance to ExCo that anti-money laundering and counter-terrorism financing matters impacting IBAL’s operations and activities are managed through an appropriate framework which meet the Board’s and regulatory expectations. The AMLC also maintains an open dialogue with the RACC to ensure risk appetite tolerances and other relevant matters recommended by the Committee are communicated to the RACC. |

Risk Management infrastructure and enablers

The RMF is operationalised through key risk infrastructure such as frameworks and policies, capital adequacy assessments, stress testing and scenario analysis and risk reporting. This infrastructure supports the Group in identifying, managing and reporting our risks in a consistent way across throughout the organisation and define requirements that are binding on all business units.

The operationalisation of the RMF is supported by enablers that support our staff in executing risk management activities. These enablers include the use of risk data and technology to support the execution of activities, standardised processes and procedures aligned to risk policies, and the ongoing development of our people and their risk management capabilities.



Definition of default

The Group uses the definition of default for internal risk management purposes and has aligned the definition of non-performing (Stage 3) under accounting standard AASB 9 *Financial Instruments* with the definition of default for prudential purposes.

The definition of default may differ across products and considers both quantitative and qualitative factors, such as the terms of financial covenants and days past due. For retail and wholesale borrowers default occurs when the borrower is more than 90 days past due on any material obligation to the Group, and/or the Group considers the borrower unlikely to meet its credit obligations in full due to financial difficulties. An exposure is past-due when (i) any amount of principal, interest or fee has not been paid at the date it was due or (ii) an advised limit has been breached.

Material deviations from the applicable definition of default are not permitted.

Non-performing financial assets (Stage 3)

Financial assets are assessed for non-performance at each reporting date and more frequently when circumstances warrant further assessment. Evidence of non-performance may include indications that the borrower is experiencing significant financial difficulty, a breach of contract, probability of bankruptcy or other financial reorganisation, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payment status of the borrower or economic conditions that correlate with defaults.

An asset that is in stage 3 will move back to stage 2 when, as at the reporting date, it is no longer considered to be non-performing. The asset will migrate back to stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly from initial recognition.

When a financial asset has been identified as non-performing, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. For non-performing financial assets with drawn and undrawn components, expected credit losses also reflect any credit losses related to the portion of the loan commitment that is expected to be drawn down over the remaining life of the instrument. When a financial asset is non-performing, interest ceases to be recognised on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortised cost of the asset, which is the gross carrying amount less the related loan loss allowance.

The loan loss allowance for non-performing loans in Stage 3 are established at the borrower level, where losses related to non-performing loans are identified on individually significant loans, or collectively assessed and determined through the use of portfolio-based rates, without reference to particular loans.

Individually assessed loans (Stage 3)

The Group estimates individual impairment provisions for individually significant non-performing financial assets within Stage 3. Individual provisions are calculated using the discounted expected future cash flow method. To determine expected future cash flows, one or more scenarios are used. Each scenario is analysed based on the probability of occurrence and including forward looking information.

The best estimate of loan loss is calculated as the weighted average of the shortfall (gross carrying amount minus discounted expected future cash flow using the original effective interest rate) per scenario. The expected future cash flows are based on the restructuring officers' best estimate when recoveries are likely to occur. Recoveries can be from different sources including repayment of the loan, additional drawing, collateral recovery, asset sale. Cash flows from collateral and other credit enhancements are included in the measurement of the expected credit losses of the related financial asset when it is part of or integral to the contractual terms of the financial asset and the credit enhancement is not recognised separately. The estimation of future cash flows are subject to significant estimation uncertainty and assumptions.



Collectively assessed loans (Stages 1 to 3)

Loans that are collectively assessed are grouped on the basis of similar risk characteristics, taking into account loan type, industry, geographic location, collateral type, past due status and other relevant factors. The collectively-assessed loan loss allowance reflects: (i) the expected amount of principal and interest calculated under the terms of the original loan agreement that will not be recovered, and (ii) the impact of time delays in collecting principal and/or interest (time value of money).

Write-off and debt forgiveness

Loans and the related ECL are written off, either partially or in full, when there is no realistic prospect of recovery. Write-offs are made:

- after a restructuring has been completed and there is a high improbability of recovery of part of the remaining loan exposure (including partial debt waivers);
- in a bankruptcy liquidation scenario (not as a result of a re-organisation);
- when there is a high improbability of recovery of the remaining loan exposure or certainty that no recovery can be realised;
- after divestment or sale of a credit facility at a discount;
- upon conversion of a credit facility into equity; or
- the Group releases a legal (monetary) claim it has on its customer.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in other comprehensive income, instead of deducting the carrying amount of the asset. Impairment losses on debt securities measured at amortised cost is presented in the profit or loss in addition to loan loss allowance.



Portfolios subject to Internal Ratings-Based approach

Effective from 1 April 2018, IBAL was accredited to use the Internal Ratings-Based (IRB) approaches to calculate its capital requirements under APRA Prudential Standard APS 113 '*Capital Adequacy: Internal Ratings-based Approach to Credit Risk*'. IBAL is approved to use the Advanced Internal Ratings-Based (AIRB) approach for the Residential mortgages portfolio, and the Foundation Internal Ratings-Based (FIRB) approach for the Financial Institution portfolios for regulatory capital purposes. As per 1 April 2020 IBAL was accredited to apply the FIRB approach to its Corporate Lending portfolio.

There are different elements that drive the determination of risk-weighted assets under the IRB approach. These include:

- **Probability of Default (PD):** an estimate of a counterparty or facility's likelihood to go into default within the next 12 months.
- **Loss Given Default (LGD):** measures the portion of the exposure that is not expected to be recovered in the event of default.
- **Exposure at Default (EAD):** estimates of the gross exposure at the moment of default. For a defaulted exposure, it is the exposure at observation.

The following paragraphs explain how these are derived for IBAL's portfolios.

Internal Ratings-Based approach for Residential Mortgages

PD is derived by mapping a score to a risk class with an assigned PD. The score is calculated using a statistical scorecard with static (origination) and dynamic (behavioural) attributes at a facility level.

LGD is determined by mapping a score to a risk class with an assigned LGD value. The score is computed using two statistical scorecards that assess the cure and recovery rates, using product, collateral, and behavioural attributes at a facility level.

EAD is estimated using balance and limit of an account and a fixed Credit Conversion Factor (CCF) of 100%.

Foundation Internal Ratings-Based approach for Financial Institution and Corporate exposures

Each Financial Institution and Corporate counterparty is assigned a PD derived from a risk rating that is based on a variety of qualitative and quantitative risk drivers. Each facility is assigned an LGD per the FIRB approach which is set out in APS 113 *Capital Adequacy: Internal Ratings-based Approach to Credit Risk*. EAD is calculated in accordance with the supervisory estimates for on-balance sheet components and off-balance sheet exposures, which are converted to on-balance sheet equivalents using the FIRB conversion factors detailed in APS 112 *Capital Adequacy: Standardised Approach to Credit Risk*.

Internal Rating system

The outcomes of the different PD models are mapped to a 'Master scale' of 22 risk ratings (1=highest rating; 22=lowest rating). The 22 grades are composed of the following categories:

| Risk category | Risk Rating | S&P Global Rating | Moody's Rating | Fitch Rating |
|----------------|-------------|-------------------|----------------|--------------|
| Lower risk | 1 to 10 | AAA to BBB- | Aaa to Baa3 | AAA to BBB- |
| Medium risk | 11 to 17 | BB+ to CCC- | Ba1 to Caa3 | BB+ to CCC |
| High risk | 18 to 19 | CC to C | Ca to C | CC to C |
| Non-performing | 20 to 22 | D | C | D |

IBAL's IRB models are subject to annual monitoring and validation, and full review on a 3 year cycle under the 'Monitoring and Testing Standards for credit risk IRB models'. The standard provides a model acceptance framework which defines the properties of a good performing model and allows for the independent testing and validation of the IRB models and rating system.



Portfolios subject to Supervisory Slotting approach

Effective 1 April 2020, IBAL was accredited to use the Supervisory Slotting approaches to calculate its capital requirements for its Project Finance portfolio and the majority of its Commercial Real Estate portfolio, under APRA Prudential Standard APS 113 *Capital Adequacy: Internal Ratings-based Approach to Credit Risk*.

The entirety of IBAL's Project Finance book is treated using this approach, as are eligible commercial real estate exposures (defined per requirements under APRA Reporting Form 230) in IBAL's Real Estate Finance and Commercial Property Finance portfolios. Certain exposures in the IBAL Commercial Property Finance book do not meet all of the commercial real estate eligibility criteria per APRA Reporting Form 230 and these continue to be subject of the Standardised Approach.

For the Project Finance portfolio, IBAL uses a 'single dimension' slotting approach, which maps the Probability of Default (PD) of a borrower to a pre-determined risk weight for capital calculation purposes.

For the eligible parts of its Commercial Real Estate portfolio, IBAL uses a 'dual dimension' slotting approach, which utilises a combination of the Probability of Default (PD) of a borrower and the attendant Loan-to-Value ratio for the various exposures, to map to a pre-determined risk weight for capital calculation purposes.

There are different elements that drive the determination of risk-weighted assets under the Supervisory Slotting approach.

1. The **risk weight** is determined using the following input:
 - **Probability of Default (PD):** an estimate of a counterparty or facility's likelihood to go into default within the next 12 months.
 - **Loan to Value Ratio:** measures the degree of collateral value coverage relative to the size of the borrower exposure.
2. **Exposure at Default (EAD):** estimates of the outstanding amount at the moment of default. For a defaulted exposure, it is the exposure at observation. EAD estimates are determined in accordance with the supervisory estimates for on-balance sheet components and off-balance sheet exposures, which are converted to on-balance sheet equivalents using the FIRB conversion factors detailed in APS 112 *Capital Adequacy: Standardised Approach to Credit Risk*.

Portfolios subject to Standardised Approach

Exposures subject to the standardised approach include:

- All exposures in the IBAL Priority Commercial Mortgage (PCM) portfolio.
- Sovereign exposures in the IBAL Treasury portfolio.
- Certain exposures in the Commercial Property Finance book not meeting all of the eligibility criteria for the Supervisory Slotting Approach.
- Certain Corporate exposures in IBAL's Wholesale Banking portfolio remain subject of the Standardised Approach, as they do not meet all of the eligibility criteria for the Supervisory Slotting Approach or for the Foundation Internal Ratings Based Approach. These are small portfolios in niche markets for ING Australia.
- Legacy Residential mortgages, such as the loans to Self-Managed Superannuation Funds.
- Other Retail exposures, including the Credit Card and Personal Loan products.

Risk weights and exposure determination are applied in accordance with APS 112 *Capital Adequacy: Standardised Approach to Credit Risk*.



Credit Risk Mitigation

The following section describes the approach that the Group takes as credit risk mitigation on its market related exposures.

Collateral

The Group has entered into various collateralisation arrangements (documented via the Credit Support Annexes (CSAs)) with all individual Bank counterparties which allow the Group to issue margin (collateral) calls in support of any adverse mark-to-market adjustments on the aggregate value of outstanding derivative positions between the Group and the individual Bank counterparties. CSAs require individual counterparties to post collateral when mark-to-market positions exceed agreed thresholds. The Group has policies and procedures in place for the acceptance of collateral for the purposes of mitigating credit risk, and only accepts cash collateral in respect of obligations under the CSAs and bonds in respect of any repurchase agreements.

The Group has formal processes in place to ensure that calls for collateral top-up or exposure reductions are made promptly.

Netting

The Group does not use Master Netting Arrangements and instead relies on the specific CSAs appended to the global market product specific ISDA (International Swaps and Derivatives Association) Master Agreement. The Group recognises the netting benefits included in the CSAs when calculating replacement costs of netting sets, and exposure after credit risk mitigation for regulatory reporting purposes.

Close-out netting is not used by the Group for the off-balance sheet financial market transactions when calculating credit risk exposure.

Guarantor Creditworthiness

The Group does not accept any other forms of credit risk mitigation (apart from cash) and the purchase of credit derivatives and / or guarantees from eligible counterparties is not accepted as an eligible credit risk mitigant for the purposes of regulatory reporting.

Concentrations

The Group manages counterparty (or groups of related counterparties) credit risk concentrations in accordance with its Large Exposure Policy. The Group applies exposure limits within both the counterparty type and related counterparty group and reviews these limits annually.

Counterparty Credit Risk

Counterparty credit risk arises in respect of the Group's derivatives and liquidity portfolios. The Group's exposure to individual counterparties is measured using the Standardised Approach to Counterparty Credit Risk. This method is the sum of current credit exposure and potential future credit exposure (the add-on) of these contracts. Current credit exposure is defined as the sum of the positive mark-to-market value (or replacement cost) of these contracts.

The credit approval process for counterparty credit risk limits is completed and limits are approved on an uncommitted and unadvised basis following a bespoke assessment of the creditworthiness of each counterparty / group of related counterparties. Capital (and if required, credit provisions) is allocated in respect of individual counterparties in accordance with their Risk Rating, Exposure and Collateral (if any).

Collateral - Derivatives

The Group documents and manages its counterparty credit risk exposure in respect of its hedging activities via standalone CSAs and clearing of eligible trades via Central Counterparties (CCPs). The Group re-values the mark-to-market of derivatives positions and the resultant net exposure position against the various Bank counterparties, on a daily basis. The Group collateralises the derivative portfolio with Cash only.



Wrong Way Risk

Wrong way risk is a description of the positive correlation between the level of exposure and the default probability of a counterparty. In respect of collateral, wrong way risk describes the negative correlation between the value of the collateral that is held and the default probability of the counterparty that the collateral is held in respect of. The Group's Wrong Way Risk (WWR) Policy provides a framework of regulatory and internal minimum standards for identifying, monitoring and managing WWR for Financial Markets transactions.

The policy identifies two sources of WWR:

- Over-the counter (OTC) derivatives, both cleared and centrally cleared, where there is a correlation between exposures – driving risk factors and the counterparty default probability.
- Financial Collateral: Variation margin, initial margin, OTC margin collateral and Securities Financing Transactions (SFT) collateral – where there is a correlation between the counterparty default and the liquidation value of collateral. Tri-Party SFTs are also in scope of this policy.

Where WWR exposure is identified, available avenues of remediation include (but are not limited to) reduction in limits, acceptance of substitute collateral or purchase of credit insurance.

Consequence of a Downgrade in the Group's credit rating

Downgrades in the Group's credit rating may, due to its CSA obligations, trigger a requirement for the Group to post additional collateral to its derivatives counterparties. The impact of a downgrade of the Group credit rating has been calculated at \$119m of additional collateral to be provided. This is the same across a 1, 2 or 3 notches downgrade due to the fact that the collateral amount does not vary once the minimum rating requirement is triggered.

Interest rate risk in the banking book

Broadly defined, interest rate risk is the risk of a change in income or economic value of the Group as a result of movements in market interest rates. The term "interest rate risk" can be classified into four main categories:

- **Repricing risk** - the risk of loss in earnings or economic value caused by a change in the overall level of interest rates. This risk arises from mismatches in the repricing dates of banking book assets and liabilities. The repricing date of an asset, liability or other banking book item is the date on which the principal of that item is repaid (in whole or part) to, or by the Bank or on which the interest rate on that principal is reset, if earlier.
- **Yield curve risk** - the risk of loss in earnings or economic value caused by a change in the relative levels of interest rates for different tenors (that is, a change in the slope or shape of the yield curve). Yield curve risk also arises from repricing mismatches between assets and liabilities, so, for most purposes these are grouped together.
- **Basis risk** - the risk of loss in earnings or economic value of the banking book arising from imperfect correlation in the adjustment of the interest rates earned and paid on different instruments with otherwise similar repricing characteristics.
- **Optionality risk** - the risk of loss in earnings or economic value due to the existence of stand-alone or embedded options to the extent that the potential for those losses is not included in the measurement of repricing, yield curve or basis risks. An option provides the holder the right but not the obligation to buy, sell or in some manner alter the cash flow of an instrument or financial contract. In the case of options embedded in customer products, losses from optionality risk will arise from customers exercising choices that cause the actual repricing dates to deviate from those specified by the repricing assumptions.



Managing and monitoring interest rate risk

The Bank's Treasury department is responsible for managing IRRBB, while the Market Risk unit (reporting into the Chief Risk Officer) provides independent oversight of this management. Treasury hedges residual market risk exposures using derivatives.

The Bank measures its sensitivity to the above types of interest rate risk, and supplements this with regular stress testing of the underlying variables. Triggers and early warning indicators are in place to ensure that potential limit breaches are identified and acted upon early. Risk mitigation is further explained in Note 9 of the Group Annual Report 2023 in relation to hedging using derivatives to mitigate exposure to interest, market and foreign exchange risk. The Bank also has APRA model accreditation to determine IRRBB regulatory capital. Under the model, regulatory capital is determined using a Historical Value-at-Risk (HVaR) model based on 10 years of historical data with a scaled 1 year, 99th percentile, one-tailed confidence interval. The calculated HVaR exposure is measured relative to a Board-approved risk appetite limit.

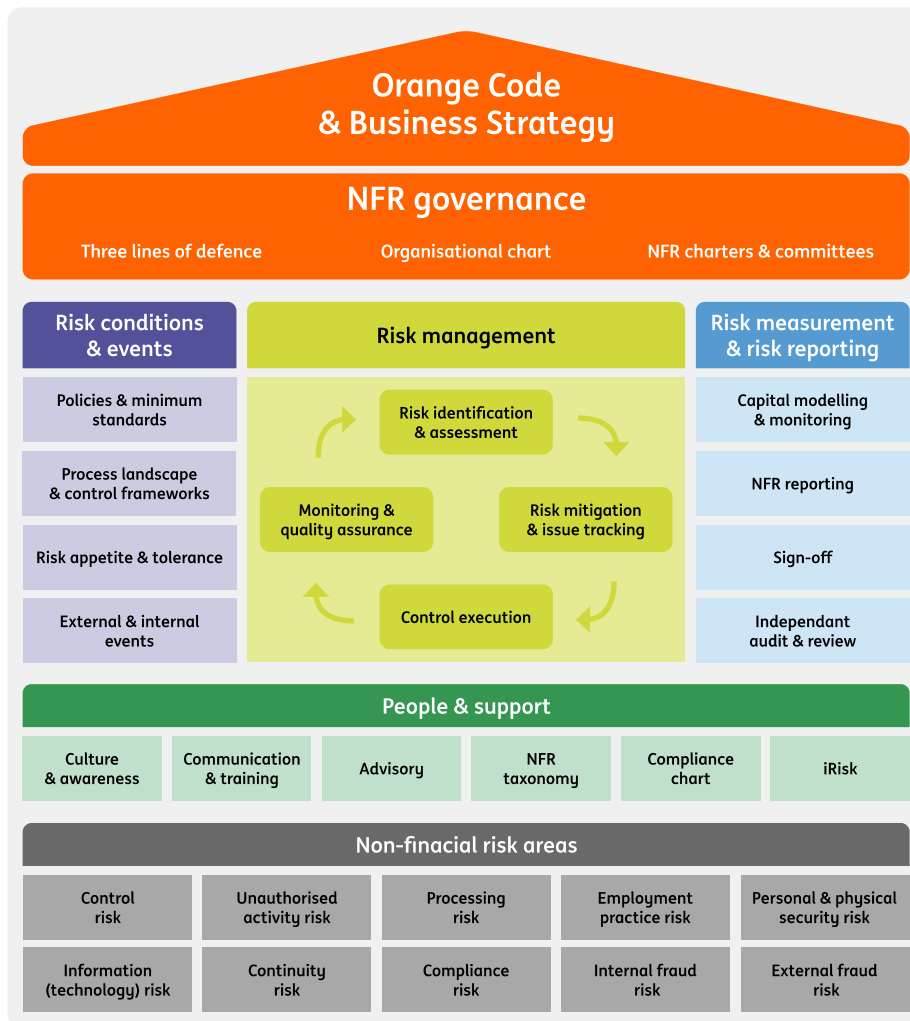
The Bank also measures and manages the structural interest rate mismatch associated with the transfer priced balance sheet. This is done by measuring the net interest income (NII) and net present value (NPV) sensitivity of the balance sheet to changes in interest rates, which is reported to and overseen by FBSC. Another key metric used to manage IRRBB is the sensitivity of NII, which is measured using NII-at-Risk (NIIaR). NIIaR is calculated by measuring projected earnings over a 1, 2 and 3 year time horizon using a number of predefined scenarios specifying changes in the level and term structure of interest rates. Measurement of NIIaR incorporates forecasts of runoff in existing business, as well as new business over the projected time horizon. Both NIIaR and NPVaR take into account behavioural assumptions relating to the Bank's mortgage products and those without contractual maturity (such as savings and current accounts). They are subject to Board approved risk appetite limits.

The Bank's operations are primarily carried out in Australian dollars, therefore appetite for foreign exchange risk is low and monitored on a daily basis by the Market Risk unit.

Daily monitoring of market risk exposures is carried out independently by the Market Risk unit. The exposures are reported to senior management across a number of stakeholder groups (Treasury, Finance and Risk). Monthly reports are produced for the FBSC, while quarterly reports are also prepared for Board Risk Committee to fully and transparently disclose all material market risk exposures and any issues that might have arisen during the reporting period.

Managing and monitoring non-financial risk

The Bank manages non-financial risk (NFR) via the Non-Financial Risk Framework, which consists of the following components:



- **NFR Governance** - details the main principles and key organisational structures of the Group, governing the management practices that apply to all operations of the bank relevant for managing and measuring non-financial risk.
- **Risk Conditions & Events** – takes into account the external and internal constraints and events for managing nonfinancial risk.
- **Risk Management** - involves Identifying risks to the bank, measuring exposures to those risks, ensuring effective monitoring of risk exposures and corresponding capital needs on an ongoing basis, taking steps to control or mitigate risk and reporting to management.
- **Risk Measurement & Risk Reporting** - relates periodic reporting containing material non-financial risk related information (NFRD) in order to measure and monitor risk exposure against the risk appetite and tolerance. Metrics used are preferably generated/calculated automatically based on iRisk (a GRC system) data and translated in clear messages for the relevant target audience and decision-makers, allowing for a timely response.
- **People & Support** - further supports the risk management processes by:
 - Embracing the Group Values and behaviours;
 - Developing skills and expertise of employees through training and communication within all lines of defence;
 - Providing challenge, advice & support to the Business and the Functional Line on significant NFR matters and the interpretation and application of NFR Policies, Minimum Standards and regulatory requirements.



Securitisation disclosures

Securitisation is the process of transferring assets into a Special Purpose Vehicle (“SPV”) and then using those assets as collateral for the issuance of debt securities. The cash flow from the pool of assets is used to make payments of interest and principal to the holders of the debt securities. There are generally at least two classes of securities issued by an SPV, with each class being exposed to a different degree of credit risk.

Securitisation Activities

The Group uses securitisation for the management of its funding and liquidity requirements. The Group equitably assigns residential mortgages that it has originated to SPVs which in turn issue notes.

The IDS Trust 2008-1 is the Group’s internal securitisation transaction. The ING Direct Originated Loans (IDOL) program is the Group’s external securitisation program. The Group provides a range of facilities to the various IDOL trusts as well as IDS 2008-1, including interest rate swaps, basis swaps, redraw facilities, liquidity facilities and bank accounts. In 2021, as part of the wholesale banking activities, the Group commenced activities including the provision of facilities and funding to securitisation special purpose vehicles (SPVs) funding third party originated assets.

Risk Assessment

When providing various facilities to the IDOL Trusts and IDS Trust 2008-1, the Group does take on some market risk and liquidity risks. The relevant risks are considered at the inception of each trust and the transactions are recorded in the relevant systems against approved limits. Exposures are monitored on an ongoing basis.

The Group does not employ credit risk mitigation techniques such as guarantees and credit derivatives.

When the Group undertakes a securitisation under the IDOL program it uses S&P Global Ratings and Moody’s Investors Service to provide ratings on the securities issued by the trust. Securities issued by the IDS 2008-1 Trust are rated by S&P Global Ratings.

The Group only undertakes funding-only securitisations and therefore includes the underlying exposures in the pool in the calculation of its regulatory capital under APS 113.

When a new securitisation trust is established, the Group conducts a full self-assessment against APS 120 to ensure that it is compliant with the standard.

Accounting Policies

The Bank conducts loan securitisation programs whereby the equitable rights to selected mortgage loans are sold to a Trust. The Trust then uses those assets as collateral for the issuance of debt securities.

The investors in the securities issued by a Trust have full recourse to the assets transferred to that Trust. The Bank receives the residual income distributed by each Trust after all payments due to investors and associated costs of the program have been met. In addition to this, the Bank retains the junior notes issued by each Trust and interest rate risk from each Trust is transferred back to the Bank by way of interest rate swaps. Hence, the Bank is considered to retain the risks and rewards of these cash flows. Accordingly, the original sale of the mortgages from the Bank to each Trust does not meet the derecognition criteria set out in AASB 9.

The Bank continues to reflect the securitised loans in their entirety due to retaining substantially all the risks and rewards associated with the loans. Each trust has an obligation to repay all notes that it has issued and these amounts are recognised as financial liabilities of the Controlled Entities of the Bank.

In addition, the Bank discloses securitisation income, which represents income received from the Trusts including the residual spread income, trust manager fees, servicer fees and liquidity facility fees. All transactions between the Bank and the Trusts are eliminated on consolidation.

Liquidity disclosures

Liquidity and Funding Risk

Liquidity risk is the risk that the Group cannot meet its financial liabilities as and when they become due, at reasonable cost and in a timely manner. Treasury is responsible for ensuring that the Group has continuous access to funds in accordance with policies established and monitored by the Board Risk Committee and FBSC. The primary objective is to maintain sufficient liquidity in order to ensure safe and sound operations.

The key objectives of the Group's liquidity management policy are to measure, monitor and report expected liquidity flows and maintain a level of liquidity in excess of regulatory and internal defined limits and also to provide early warning signals of potential adverse developments, so that preventative actions may be taken before any liquidity strain is experienced.

The Group's Liquidity policy has been developed in accordance with the liquidity management policies of ING Groep N.V. and APRA prudential standards. APRA Prudential Standard APS 210 Liquidity includes the liquidity coverage ratio (LCR) that measures the Bank's ability to sustain a 30-day pre-defined liquidity stress scenario. The current internal policy requires the Group to maintain a buffer of marketable liquid assets throughout the year.

The net stable funding ratio (NSFR) establishes a minimum stable funding requirement based on the liquidity profile of the Bank's assets and off balance sheet activity over a one-year horizon.

Part of the Group's liquidity strategy is to have adequate and up to date contingency funding plans and early warning liquidity triggers in place. The contingency funding plans were established to address temporary and long-term liquidity disruptions caused by a general event in the market or an the Group specific event. These plans ensure that all roles and responsibilities are clearly defined and all necessary management information is in place.

The main objective of the Group's contingency funding plan and early warning liquidity triggers is to enable senior management to act effectively and efficiently in times of crisis. The ING contingency funding plan is regularly tested using crisis simulation, the most recent simulation having been carried out in October 2023.



Liquidity coverage ratio

The Liquidity Coverage Ratio (LCR), as defined in APRA Prudential Standard 210 Liquidity (APS 210), measures the Bank's ability to sustain a 30-day pre-defined liquidity stress scenario.

The LCR is calculated as a simple daily average, excluding weekends and public holidays. Liquid assets refers to High Quality Liquid Assets (HQLA), made up of cash balances held with the RBA, Australian Semi Government and Commonwealth Government securities. The average HQLA for the quarter was AUD 10.0bn.

The main funding sources for the Bank are deposits from retail and business customers. Funding is also sourced from within the ING Group in the form of deposits and the Bank also raises funds from the wholesale market in the form of corporate and bank deposits and by issuing Residential Mortgage-backed Securities (RMBS) and covered bonds. All wholesale funding activity is managed centrally by the Bank's Group Treasury department, which is also responsible for managing the funding gap between retail and business and wholesale assets and liabilities on the Bank's balance sheet.

Derivatives exposures, potential collateral calls and any contingent funding requirements are taken into account in the daily calculation of LCR as per the requirements in the APRA Prudential Standard, APS 210. The weightings and run-off factors prescribed in APS 210 are also used to determine outflows from each of the Bank's funding sources.

The Bank manages its LCR position daily with a Board approved buffer above the regulatory limit of 100%.

The Bank's average LCR for the quarter ended 30 June 2024 was 167%, which is a slight increase of 7% from 160% reported for the quarter ended 31 March 2024. The lowest LCR recorded during the quarter was 146%.

The Bank's AUD-only LCR was 152%, 2% higher than all-currency LCR as at the end of the quarter.



Quantitative disclosures

Capital

APS 330 Table 6b to 6f - Capital requirements in terms of risk-weighted assets

| | June 2024 | March 2024 | December 2023 |
|---|---------------|---------------|---------------|
| Amounts in millions of dollars | | | |
| Subject to AIRB approach | | | |
| Residential mortgages ³ | 12,871 | 12,532 | 12,445 |
| Total RWA subject to AIRB approach | 12,871 | 12,532 | 12,445 |
| Subject to FIRB approach | | | |
| Financial institution | 316 | 407 | 460 |
| Corporate | 2,471 | 2,233 | 2,228 |
| Total RWA subject to FIRB approach | 2,787 | 2,640 | 2,688 |
| Subject to supervisory slotting approach | | | |
| Property finance | 5,233 | 5,144 | 5,297 |
| Project finance | 2,445 | 2,574 | 2,480 |
| Total RWA subject to supervisory slotting approach | 7,678 | 7,718 | 7,777 |
| Subject to standardised approach | | | |
| Residential mortgages | 1,046 | 906 | 828 |
| Property finance | 49 | 65 | 68 |
| Sovereign | - | - | - |
| Corporate | 1,326 | 1,331 | 1,272 |
| Other retail | 542 | 511 | 480 |
| Other assets | 66 | 69 | 73 |
| Total RWA subject to standardised approach | 3,029 | 2,882 | 2,721 |
| Securitisation | 165 | 165 | 128 |
| Credit valuation adjustment | - | - | - |
| Central counterparties | 5 | 6 | 8 |
| Total credit risk RWA | 26,535 | 25,943 | 25,767 |
| Interest rate risk in the banking book ⁴ | 4,748 | 3,649 | 3,837 |
| Operational risk | 2,065 | 2,065 | 1,916 |
| Total RWA | 33,348 | 31,657 | 31,520 |

APS 330 Table 6g - Capital ratios

| | June 2024 | March 2024 | December 2023 |
|------------------------------------|--------------|--------------|---------------|
| Common equity tier 1 capital ratio | 14.8% | 15.4% | 17.1% |
| Tier 1 capital ratio | 14.8% | 15.4% | 17.1% |
| Total capital ratio | 16.3% | 17.0% | 18.7% |

³ The Residential Mortgages Risk Weighted Assets includes an overlay of \$296 million.

⁴ The Interest Rate Risk in the Banking Book Risk Weighted Assets includes an overlay of \$625 million.



APS 330 Table 6i - Capital floor⁵

| | June 2024 | December 2023 |
|---|---------------|---------------|
| Risk weighted assets under the standardised approach | | |
| Credit risk | 37,796 | 36,741 |
| Interest rate risk in the banking book | n/a | n/a |
| Operational risk | 2,065 | 1,916 |
| Total | 39,860 | 38,657 |
| Risk weighted assets prior to application of floor | | |
| Credit risk | 26,535 | 25,767 |
| Interest rate risk in the banking book | 4,748 | 3,837 |
| Operational risk | 2,065 | 1,916 |
| Total | 33,348 | 31,520 |
| Capital floor at 72.5% | 28,899 | 28,026 |
| Capital floor adjustment | - | - |

⁵ RWA for residential mortgages measured under the IRB approach is \$21,290 million when calculated under the standardised approach.



Credit risk⁶**APS 330 Table 7b - Credit risk exposure by portfolio type**

| June 2024 | | | | | |
|--------------------------------|------------------|-------------------|--------------------|---------------|-----------------|
| Amounts in millions of dollars | On-Balance sheet | Off-Balance sheet | | Total | 6-month average |
| | | Market related | Non-market related | | |
| Residential mortgages | 60,218 | - | 7,650 | 67,868 | 66,680 |
| Property finance | 5,682 | - | 327 | 6,009 | 6,062 |
| Project finance | 3,063 | - | 276 | 3,339 | 3,424 |
| Corporate | 4,447 | - | 1,793 | 6,240 | 6,051 |
| Financial institution | 731 | - | 618 | 1,349 | 1,673 |
| Sovereign | 9,430 | - | - | 9,430 | 10,647 |
| Other retail | 488 | - | 121 | 609 | 575 |
| Other assets | 66 | - | - | 66 | 69 |
| Central counterparties | - | 269 | - | 269 | 321 |
| Total credit exposures | 84,125 | 269 | 10,785 | 95,179 | 95,503 |

| March 2024 | | | | | |
|--------------------------------|------------------|-------------------|--------------------|---------------|-----------------|
| Amounts in millions of dollars | On-Balance sheet | Off-Balance sheet | | Total | 3-month average |
| | | Market related | Non-market related | | |
| Residential mortgages | 58,814 | - | 7,287 | 66,101 | 66,087 |
| Property finance | 5,626 | - | 408 | 6,034 | 6,089 |
| Project finance | 3,252 | - | 279 | 3,531 | 3,466 |
| Corporate | 4,356 | - | 1,652 | 6,008 | 5,956 |
| Financial institution | 1,094 | - | 619 | 1,713 | 1,836 |
| Sovereign | 11,337 | 274 | - | 11,611 | 11,256 |
| Other retail | 459 | - | 116 | 575 | 559 |
| Other assets | 69 | - | - | 69 | 71 |
| Central counterparties | - | 275 | - | 275 | 348 |
| Total credit exposures | 85,007 | 549 | 10,361 | 95,917 | 95,666 |

| December 2023 | | | | | |
|--------------------------------|------------------|-------------------|--------------------|---------------|-----------------|
| Amounts in millions of dollars | On-Balance sheet | Off-Balance sheet | | Total | 6-month average |
| | | Market related | Non-market related | | |
| Residential mortgages | 58,548 | - | 7,524 | 66,072 | 64,938 |
| Property finance | 5,716 | - | 428 | 6,144 | 6,237 |
| Project finance | 3,077 | - | 324 | 3,401 | 3,436 |
| Corporate | 4,369 | - | 1,535 | 5,904 | 5,781 |
| Financial institution | 1,339 | - | 619 | 1,958 | 2,228 |
| Sovereign | 10,590 | 310 | - | 10,900 | 10,097 |
| Other retail | 434 | - | 108 | 542 | 508 |
| Other assets | 73 | - | - | 73 | 76 |
| Central counterparties | - | 420 | - | 420 | 483 |
| Total credit exposures | 84,146 | 730 | 10,538 | 95,414 | 93,784 |

⁶ Excluding Securitisation

APS 330 Table 7d - Credit risk exposure by portfolio type and industry sector

| June 2024 | | | | | | | | |
|--------------------------------|-------------------|-----------------------|--------------|------------------|-----------------|-----------------|--------------|---------------|
| Amounts in millions of dollars | Counterparty type | | | | | | | Total |
| | Retail | Financial institution | Sovereign | Property finance | Infra-structure | Utility & Power | Other | |
| Residential mortgages | 67,868 | - | - | - | - | - | - | 67,868 |
| Property finance | - | - | - | 6,009 | - | - | - | 6,009 |
| Project finance | - | - | - | - | 905 | 1,923 | 511 | 3,339 |
| Corporate | - | - | - | - | 236 | 1,554 | 4,450 | 6,240 |
| Financial institution | - | 1,349 | - | - | - | - | - | 1,349 |
| Sovereign | - | - | 9,430 | - | - | - | - | 9,430 |
| Other retail | 609 | - | - | - | - | - | - | 609 |
| Other assets | - | - | - | - | - | - | 66 | 66 |
| Central counterparties | - | 269 | - | - | - | - | - | 269 |
| Total credit exposures | 68,477 | 1,618 | 9,430 | 6,009 | 1,141 | 3,477 | 5,027 | 95,179 |

| December 2023 | | | | | | | | |
|--------------------------------|-------------------|-----------------------|---------------|------------------|-----------------|-----------------|--------------|---------------|
| Amounts in millions of dollars | Counterparty type | | | | | | | Total |
| | Retail | Financial institution | Sovereign | Property finance | Infra-structure | Utility & Power | Other | |
| Residential mortgages | 66,072 | - | - | - | - | - | - | 66,072 |
| Property finance | - | - | - | 6,144 | - | - | - | 6,144 |
| Project finance | - | - | - | - | 1,031 | 1,806 | 564 | 3,401 |
| Corporate | - | - | - | - | 257 | 1,492 | 4,155 | 5,904 |
| Financial institution | - | 1,958 | - | - | - | - | - | 1,958 |
| Sovereign | - | - | 10,900 | - | - | - | - | 10,900 |
| Other retail | 542 | - | - | - | - | - | - | 542 |
| Other assets | - | - | - | - | - | - | 73 | 73 |
| Central counterparties | - | 420 | - | - | - | - | - | 420 |
| Total credit exposures | 66,614 | 2,378 | 10,900 | 6,144 | 1,288 | 3,298 | 4,792 | 95,414 |



APS 330 Table 7e - Credit risk exposure by portfolio type and residual contractual maturity⁷

| June 2024 | | | | | | |
|--------------------------------|--------------|-----------------------|----------------------|---------------|--------------------------|---------------|
| Amounts in millions of dollars | <=3 months | >3 months <=1 year | >1 year <=5 years | >5 years | No maturity specified | Total |
| Residential mortgages | - | 355 | 40 | 67,473 | - | 67,868 |
| Property finance | 1,596 | 1,322 | 2,912 | 179 | - | 6,009 |
| Project finance | 202 | 520 | 2,290 | 327 | - | 3,339 |
| Corporate | 1,444 | 746 | 2,848 | 1,202 | - | 6,240 |
| Financial institution | 628 | 324 | 396 | 1 | - | 1,349 |
| Sovereign | 1,337 | 359 | 3,334 | 4,400 | - | 9,430 |
| Other retail | - | 8 | 542 | 58 | 1 | 609 |
| Other assets | - | - | - | - | 66 | 66 |
| Central counterparties | - | - | 269 | - | - | 269 |
| Total credit exposures | 5,207 | 3,634 | 12,631 | 73,640 | 67 | 95,179 |

| December 2023 | | | | | | |
|--------------------------------|--------------|-----------------------|----------------------|---------------|--------------------------|---------------|
| Amounts in millions of dollars | <=3 months | >3 months <=1 year | >1 year <=5 years | >5 years | No maturity specified | Total |
| Residential mortgages | - | 381 | 40 | 65,651 | - | 66,072 |
| Property finance | 1,585 | 1,218 | 3,210 | 131 | - | 6,144 |
| Project finance | 73 | 270 | 2,675 | 383 | - | 3,401 |
| Corporate | 1,409 | 615 | 2,658 | 1,222 | - | 5,904 |
| Financial institution | 1,129 | 429 | 399 | 1 | - | 1,958 |
| Sovereign | 2,872 | 568 | 3,291 | 4,169 | - | 10,900 |
| Other retail | - | 8 | 484 | 49 | 1 | 542 |
| Other assets | - | - | - | - | 73 | 73 |
| Central counterparties | - | - | 420 | - | - | 420 |
| Total credit exposures | 7,068 | 3,489 | 13,177 | 71,606 | 74 | 95,414 |

⁷ Market related exposures are reported as the notional amount weighted average maturity



APS 330 Table 7f - Non-performing by portfolio type

| June 2024 | | | | |
|--------------------------------|---------------------------|---------------------|-------------------------------|------------|
| Amounts in millions of dollars | Non-performing facilities | Specific provisions | Quarterly movement | |
| | | | Charge to specific provisions | Write offs |
| Residential mortgages | 737 | 61 | 4 | 1 |
| Property finance | 45 | 7 | 3 | - |
| Project finance | - | - | - | - |
| Corporate | 24 | 3 | - | - |
| Financial institution | - | - | - | - |
| Sovereign | - | - | - | - |
| Other retail | 16 | 16 | 4 | 2 |
| Other assets | - | - | - | - |
| Central counterparties | - | - | - | - |
| Total | 822 | 87 | 11 | 3 |

| March 2024 | | | | |
|--------------------------------|---------------------------|---------------------|-------------------------------|------------|
| Amounts in millions of dollars | Non-performing facilities | Specific provisions | Quarterly movement | |
| | | | Charge to specific provisions | Write offs |
| Residential mortgages | 673 | 57 | (1) | - |
| Property finance | 24 | 4 | 1 | 1 |
| Project finance | - | - | - | - |
| Corporate | 19 | 3 | - | - |
| Financial institution | - | - | - | - |
| Sovereign | - | - | - | - |
| Other retail | 13 | 12 | 1 | 1 |
| Other assets | - | - | - | - |
| Central counterparties | - | - | - | - |
| Total | 729 | 76 | 1 | 2 |

| December 2023 | | | | |
|--------------------------------|---------------------------|---------------------|-------------------------------|------------|
| Amounts in millions of dollars | Non-performing facilities | Specific provisions | Quarterly movement | |
| | | | Charge to specific provisions | Write offs |
| Residential mortgages | 611 | 58 | 21 | 1 |
| Property finance | 24 | 3 | 3 | - |
| Project finance | - | - | - | - |
| Corporate | 20 | 3 | - | - |
| Financial institution | - | - | - | - |
| Sovereign | - | - | - | - |
| Other retail | 12 | 11 | - | 1 |
| Other assets | - | - | - | - |
| Central counterparties | - | - | - | - |
| Total | 667 | 75 | 24 | 2 |



APS 330 Table 7h - Movement in collective and individual provisions

| Movement in collective provisions | June 2024 | December 2023 |
|---|------------------|----------------------|
| <i>Amounts in millions of dollars</i> | | |
| Opening balance | 157 | 156 |
| Net charge against profit and loss | 7 | 5 |
| Recoveries | - | - |
| Write-offs | (5) | (4) |
| Less collective provisions transferred to specific provisions | - | - |
| Total collective provisions | 159 | 157 |
| Less collective provisions treated as specific provisions for regulatory purposes | (80) | (72) |
| General provisions | 79 | 85 |

| Movement in individual provisions | June 2024 | December 2023 |
|--|------------------|----------------------|
| <i>Amounts in millions of dollars</i> | | |
| Opening balance | 4 | - |
| New and increase provisioning | 3 | 3 |
| Write back of provisions no longer required | - | - |
| Write-offs | - | - |
| Discount unwind to interest income | - | - |
| Add collective provisions transferred to specific provisions | - | - |
| Total individual provisions | 7 | 3 |



APS 330 Table 7i - Credit risk exposures by portfolio type and modelling approach

| June 2024 | | | | | |
|--------------------------------|---------------|--------------|--------------|---------------|---------------|
| Amounts in millions of dollars | AIRB | FIRB | Slotting | Standardised | Total |
| Portfolio type | | | | | |
| Residential mortgages | 66,763 | - | - | 1,105 | 67,868 |
| Property finance | - | - | 5,951 | 58 | 6,009 |
| Project finance | - | - | 3,339 | - | 3,339 |
| Corporate | - | 4,490 | - | 1,750 | 6,240 |
| Financial institution | - | 1,349 | - | - | 1,349 |
| Sovereign | - | - | - | 9,430 | 9,430 |
| Other retail | - | - | - | 609 | 609 |
| Other assets | - | - | - | 66 | 66 |
| Central counterparties | - | - | - | 269 | 269 |
| Total credit exposures | 66,763 | 5,839 | 9,290 | 13,287 | 95,179 |

| December 2023 | | | | | |
|--------------------------------|---------------|--------------|--------------|---------------|---------------|
| Amounts in millions of dollars | AIRB | FIRB | Slotting | Standardised | Total |
| Portfolio type | | | | | |
| Residential mortgages | 65,175 | - | - | 897 | 66,072 |
| Property finance | - | - | 6,060 | 84 | 6,144 |
| Project finance | - | - | 3,401 | - | 3,401 |
| Corporate | - | 4,244 | - | 1,660 | 5,904 |
| Financial institution | - | 1,958 | - | - | 1,958 |
| Sovereign | - | - | - | 10,900 | 10,900 |
| Other retail | - | - | - | 542 | 542 |
| Other assets | - | - | - | 73 | 73 |
| Central counterparties | - | - | - | 420 | 420 |
| Total credit exposures | 65,175 | 6,202 | 9,461 | 14,576 | 95,414 |



APS 330 Table 7j - Reconciliation between APS 220 provisions and Australian accounting standards

| June 2024 | | | |
|--------------------------------|--------------------|---------------------|------------|
| Amounts in millions of dollars | General provisions | Specific provisions | Total |
| Collective provision | 79 | 80 | 159 |
| Individual provision | - | 7 | 7 |
| Total provisions | 79 | 87 | 166 |

| March 2024 | | | |
|--------------------------------|--------------------|---------------------|------------|
| Amounts in millions of dollars | General provisions | Specific provisions | Total |
| Collective provision | 93 | 72 | 165 |
| Individual provision | - | 4 | 4 |
| Total provisions | 93 | 76 | 169 |

| December 2023 | | | |
|--------------------------------|--------------------|---------------------|------------|
| Amounts in millions of dollars | General provisions | Specific provisions | Total |
| Collective provision | 85 | 72 | 157 |
| Individual provision | - | 3 | 3 |
| Total provisions | 85 | 75 | 160 |



APS 330 Table 8b - Exposures subject to the standardised approach and supervisory risk-weights in the IRB approaches
Standardised approach

| Exposure after credit risk mitigation | June 2024 | December 2023 |
|---------------------------------------|---------------|---------------|
| Amounts in millions of dollars | | |
| Risk weight | | |
| 0% | 9,429 | 10,901 |
| 2% | 269 | 420 |
| 25% | 41 | 50 |
| 30% | 21 | 26 |
| 40% | 33 | 38 |
| 45% | 47 | 57 |
| 50% | 353 | 204 |
| 60% | 340 | 325 |
| 65% | 4 | 3 |
| 70% | 34 | 48 |
| 75% | 557 | 652 |
| 85% | 214 | 230 |
| 90% | 17 | 33 |
| 95% | 1 | - |
| 100% | 1,859 | 1,529 |
| 105% | 6 | 8 |
| 110% | 1 | 1 |
| 120% | 6 | 5 |
| 150% | 55 | 46 |
| >150% | - | - |
| Capital deductions | - | - |
| Total | 13,287 | 14,576 |

Supervisory Slotting

| Exposure after credit risk mitigation | June 2024 | December 2023 |
|---------------------------------------|--------------|---------------|
| Amounts in millions of dollars | | |
| Supervisory category | | |
| Strong (70%) | 5,604 | 5,904 |
| Good (90%) | 2,871 | 2,757 |
| Satisfactory (115%) | 564 | 578 |
| Weak (250%) | 209 | 199 |
| Default (0%) | 42 | 23 |
| Total | 9,290 | 9,461 |



APS 330 Table 9d – Exposures by portfolio type and PD band (Portfolios subject to IRB approach)⁸

| June 2024 | | | | | | | | | | | | | | | |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|---------|--------|
| Amounts in millions of dollars | PD band | | | | | | | | | | | | | | Total |
| | 0.0% to < 0.03% | 0.03% to < 0.1% | 0.1% to < 0.2% | 0.2% to < 0.3% | 0.3% to < 0.5% | 0.5% to < 0.7% | 0.7% to < 1.0% | 1.0% to < 2.0% | 2.0% to < 3.0% | 3.0% to < 5.0% | 5.0% to < 7.0% | 7.0% to < 10.0% | 10.0% to < 100% | Default | |
| Credit risk exposures | | | | | | | | | | | | | | | |
| Residential mortgages | - | 23,609 | 8,788 | 7,283 | 6,441 | 13,406 | - | 4,251 | 444 | 831 | 513 | - | 482 | 715 | 66,763 |
| Financial institution | - | 1,349 | - | - | - | - | - | - | - | - | - | - | - | - | 1,349 |
| Corporate | - | 381 | 1,832 | 837 | 1,187 | - | 253 | - | - | - | - | - | - | - | 4,490 |
| Total credit risk exposures | - | 25,339 | 10,620 | 8,120 | 7,628 | 13,406 | 253 | 4,251 | 444 | 831 | 513 | - | 482 | 715 | 72,602 |
| Undrawn commitments | | | | | | | | | | | | | | | |
| Residential mortgages | - | 4,591 | 1,078 | 226 | 197 | 1,398 | - | 43 | 2 | 4 | 2 | - | 2 | - | 7,543 |
| Financial institution | - | 618 | - | - | - | - | - | - | - | - | - | - | - | - | 618 |
| Corporate | - | 312 | 359 | 312 | 532 | - | 44 | - | - | - | - | - | - | - | 1,559 |
| Total undrawn commitments | - | 5,521 | 1,437 | 538 | 729 | 1,398 | 44 | 43 | 2 | 4 | 2 | - | 2 | - | 9,720 |
| Exposure - weighted average EAD | | | | | | | | | | | | | | | |
| Residential mortgages | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Financial institution | - | 26 | - | - | - | - | - | - | - | - | - | - | - | - | 26 |
| Corporate | - | 48 | 44 | 11 | 12 | - | 8 | - | - | - | - | - | - | - | 17 |
| Exposure - weighted average LGD (%) | | | | | | | | | | | | | | | |
| Residential mortgages | - | 15 | 15 | 16 | 16 | 17 | - | 17 | 17 | 16 | 16 | - | 16 | 29 | 16 |
| Exposure - weighted average risk weight (%) | | | | | | | | | | | | | | | |
| Residential mortgages | - | 6 | 9 | 13 | 18 | 24 | - | 40 | 59 | 72 | 99 | - | 143 | 230 | 19 |
| Financial institution | - | 23 | - | - | - | - | - | - | - | - | - | - | - | - | 23 |
| Corporate | - | 34 | 34 | 51 | 85 | - | 115 | - | - | - | - | - | - | - | 55 |

⁸ This table is rounded to the nearest million and, as a result, where individual deals in each PD category are, on average, less than \$0.5m this will appear as 'nil' in this disclosure.

APS 330 Table 9d – Exposures by portfolio type and PD band (Portfolios subject to IRB approach)⁹ (continued)

| December 2023 | | | | | | | | | | | | | | | | |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|-----|---------|-------|
| Amounts in millions of dollars | PD band | | | | | | | | | | | | | | Default | Total |
| | 0.0% to < 0.03% | 0.03% to < 0.1% | 0.1% to < 0.2% | 0.2% to < 0.3% | 0.3% to < 0.5% | 0.5% to < 0.7% | 0.7% to < 1.0% | 1.0% to < 2.0% | 2.0% to < 3.0% | 3.0% to < 5.0% | 5.0% to < 7.0% | 7.0% to < 10.0% | 10.0% to < 100% | | | |
| Credit risk exposures | | | | | | | | | | | | | | | | |
| Residential mortgages | - | 24,006 | 8,581 | 6,661 | 6,096 | 12,918 | - | 4,415 | 430 | 748 | 347 | - | 378 | 595 | 65,175 | |
| Financial institution | - | 1,958 | - | - | - | - | - | - | - | - | - | - | - | - | 1,958 | |
| Corporate | - | 376 | 1,923 | 857 | 906 | - | 154 | - | 28 | - | - | - | - | - | 4,244 | |
| Total credit risk exposures | - | 26,340 | 10,504 | 7,518 | 7,002 | 12,918 | 154 | 4,415 | 458 | 748 | 347 | - | 378 | 595 | 71,377 | |
| Undrawn commitments | | | | | | | | | | | | | | | | |
| Residential mortgages | - | 4,699 | 1,060 | 226 | 180 | 1,212 | - | 42 | 1 | 2 | 1 | - | 1 | - | 7,424 | |
| Financial institution | - | 619 | - | - | - | - | - | - | - | - | - | - | - | - | 619 | |
| Corporate | - | 309 | 354 | 295 | 365 | - | 38 | - | - | - | - | - | - | - | 1,361 | |
| Total undrawn commitments | - | 5,627 | 1,414 | 521 | 545 | 1,212 | 38 | 42 | 1 | 2 | 1 | - | 1 | - | 9,404 | |
| Exposure - weighted average EAD | | | | | | | | | | | | | | | | |
| Residential mortgages | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Financial institution | - | 37 | - | - | - | - | - | - | - | - | - | - | - | - | 37 | |
| Corporate | - | 47 | 42 | 11 | 11 | - | 7 | - | 14 | - | - | - | - | - | 18 | |
| Exposure - weighted average LGD (%) | | | | | | | | | | | | | | | | |
| Residential mortgages | - | 15 | 15 | 16 | 16 | 17 | - | 17 | 16 | 17 | 17 | - | 16 | 31 | 16 | |
| Exposure - weighted average risk weight (%) | | | | | | | | | | | | | | | | |
| Residential mortgages | - | 6 | 9 | 13 | 19 | 25 | - | 42 | 60 | 75 | 104 | - | 146 | 247 | 19 | |
| Financial institution | - | 23 | - | - | - | - | - | - | - | - | - | - | - | - | 23 | |
| Corporate | - | 32 | 34 | 55 | 84 | - | 126 | - | 141 | - | - | - | - | - | 53 | |

⁹ This table is rounded to the nearest million and, as a result, where individual deals in each PD category are, on average, less than \$0.5m this will appear as 'nil' in this disclosure.

APS 330 Table 9e - Actual losses in reporting period by portfolio type

| Portfolios subject to IRB approach | | June 2024 | | December 2023 | |
|------------------------------------|-------------------------------|------------|-------------------------------|---------------|--|
| Amounts in millions of dollars | Charge to specific provisions | Write-offs | Charge to specific provisions | Write-offs | |
| Residential mortgages | 4 | 1 | - | 1 | |
| Financial institution | - | - | - | - | |
| Corporate | - | - | - | - | |
| Total | 4 | 1 | - | 1 | |

APS 330 Table 9f (i) - Historical loss analysis by portfolio type

| Portfolios subject to IRB approach | | June 2024 | |
|------------------------------------|--|-----------------------|--|
| Amounts in millions of dollars | | Half year actual loss | Regulatory 1 year expected loss estimate |
| Residential mortgages | | 1 | 150 |
| Financial institution | | - | 0 |
| Corporate | | - | 5 |
| Total | | 1 | 156 |

| Portfolios subject to IRB approach | | December 2023 | |
|------------------------------------|--|-----------------------|--|
| Amounts in millions of dollars | | Half year actual loss | Regulatory 1 year expected loss estimate |
| Residential mortgages | | 1 | 137 |
| Financial institution | | - | 1 |
| Corporate | | - | 5 |
| Total | | 1 | 142 |

APS 330 Table 9f (ii) – Accuracy of risk estimates by portfolio type

| June 2024 | | | | | |
|--------------------------------|------------------|----------------|------------------|----------------|--------------------------|
| Amounts in millions of dollars | PD | | LGD | | EAD |
| | Average estimate | Average actual | Average estimate | Average actual | Estimate to actual ratio |
| Residential mortgages | 0.63% | 0.66% | 19.29% | 0.99% | 101% |
| Financial institution | 0.24% | 0.00% | N/A | N/A | N/A |
| Corporate | 0.31% | 0.00% | N/A | N/A | N/A |



APS 330 Table 10b and 10c - Credit risk mitigation¹⁰

| June 2024 | | | |
|---|----------------|---------------------|---------------|
| Amounts in millions of dollars | Gross exposure | Eligible collateral | Net exposure |
| Subject to AIRB and FIRB approach | | | |
| Residential mortgages | 66,763 | - | 66,763 |
| Financial institution | 1,349 | - | 1,349 |
| Corporate | 4,490 | - | 4,490 |
| Total advanced approach | 72,602 | - | 72,602 |
| Subject to supervisory slotting approach | | | |
| Property finance | 5,951 | - | 5,951 |
| Project finance | 3,339 | - | 3,339 |
| Total supervisory slotting approach | 9,290 | - | 9,290 |
| Subject to standardised approach | | | |
| Residential mortgages | 1,105 | - | 1,105 |
| Property finance | 58 | - | 58 |
| Sovereign | 9,430 | - | 9,430 |
| Corporate | 1,750 | - | 1,750 |
| Other retail | 609 | - | 609 |
| Other assets | 66 | - | 66 |
| Total standardised approach | 13,018 | - | 13,018 |
| Securitisation | 1,101 | - | 1,101 |
| Central counterparties | 269 | - | 269 |
| Total exposures | 96,280 | - | 96,280 |

| December 2023 | | | |
|---|----------------|---------------------|---------------|
| Amounts in millions of dollars | Gross exposure | Eligible collateral | Net exposure |
| Subject to AIRB and FIRB approach | | | |
| Residential mortgages | 65,175 | - | 65,175 |
| Financial institution | 1,958 | - | 1,958 |
| Corporate | 4,244 | - | 4,244 |
| Total advanced approach | 71,377 | - | 71,377 |
| Subject to supervisory slotting approach | | | |
| Property finance | 6,060 | - | 6,060 |
| Project finance | 3,401 | - | 3,401 |
| Total supervisory slotting approach | 9,461 | - | 9,461 |
| Subject to standardised approach | | | |
| Residential mortgages | 897 | - | 897 |
| Property finance | 84 | - | 84 |
| Sovereign | 10,900 | - | 10,900 |
| Corporate | 1,660 | - | 1,660 |
| Other retail | 542 | - | 542 |
| Other assets | 73 | - | 73 |
| Total standardised approach | 14,156 | - | 14,156 |
| Securitisation | 851 | - | 851 |
| Central counterparties | 420 | - | 420 |
| Total exposures | 96,265 | - | 96,265 |

¹⁰ Exposures for derivatives and securities financing transactions are after netting and financial collateral



APS 330 Table 11b - Counterparty credit risk derivative exposure

| Effects of netting on the balance sheet | June 2024 | December 2023 |
|--|------------|---------------|
| Amounts in millions of dollars | | |
| Gross positive fair value | 938 | 903 |
| Netting benefits | (216) | (221) |
| Netted current credit exposure | 722 | 682 |
| Net collateral benefit, of which: | | |
| From cash collateral held | (571) | (422) |
| Replacement cost | 151 | 260 |
| Potential future exposure (PFE) and impact of 1.4 scaling factor | 118 | 160 |
| Exposure at default | 269 | 420 |

| Exposure at default | June 2024 | December 2023 |
|---|------------|---------------|
| Amounts in millions of dollars | | |
| Interest Rate Contracts | | |
| Standardised Approach to Counterparty Credit Risk | 269 | 420 |
| Total | 269 | 420 |



Securitisation

APS 330 Table 12g - Banking book exposures securitised - traditional securitisation

| June 2024 | | |
|--------------------------------|-----------------------|------------------------|
| Amounts in millions of dollars | Originated by the ADI | Third party originated |
| Underlying asset | | |
| Residential mortgages | 15,857 | - |
| Total | 15,857 | - |

| December 2023 | | |
|--------------------------------|-----------------------|------------------------|
| Amounts in millions of dollars | Originated by the ADI | Third party originated |
| Underlying asset | | |
| Residential mortgages | 14,809 | - |
| Total | 14,809 | - |

APS 330 Table 12h - Past due and impaired banking book exposures by asset type

| June 2024 | | | | |
|--------------------------------|----------------------|----------------|----------|-------------------|
| Amounts in millions of dollars | Outstanding exposure | Non-performing | | Losses recognised |
| Underlying asset | | | | |
| Residential mortgages | 15,857 | 29 | - | - |
| Total | 15,857 | 29 | - | - |

| December 2023 | | | | |
|--------------------------------|----------------------|-----------|----------|-------------------|
| Amounts in millions of dollars | Outstanding exposure | Impaired | Past due | Losses recognised |
| Underlying asset | | | | |
| Residential mortgages | 14,809 | 18 | - | - |
| Total | 14,809 | 18 | - | - |



APS 330 Table 12i - Banking book exposures intended to be securitised

| | June 2024 | December 2023 |
|--------------------------------|-----------|---------------|
| Amounts in millions of dollars | | |
| Underlying asset | | |
| Residential mortgages | - | - |
| Total | - | - |

APS 330 Table 12j - Banking book activity for the reporting period

| | June 2024 | |
|--------------------------------|-----------------------------|---------------------------------|
| Amounts in millions of dollars | Total exposures securitised | Recognised gain or loss on sale |
| Underlying asset | | |
| Residential mortgages | 1,456 | - |
| Total | 1,456 | - |

| | March 2024 | |
|--------------------------------|-----------------------------|---------------------------------|
| Amounts in millions of dollars | Total exposures securitised | Recognised gain or loss on sale |
| Underlying asset | | |
| Residential mortgages | - | - |
| Total | - | - |

| | December 2023 | |
|--------------------------------|-----------------------------|---------------------------------|
| Amounts in millions of dollars | Total exposures securitised | Recognised gain or loss on sale |
| Underlying asset | | |
| Residential mortgages | - | - |
| Total | - | - |



APS 330 Table 12k - Banking book securitisation exposures retained or purchased

| June 2024 | | | |
|---------------------------------------|------------------|-------------------|-----------------|
| Amounts in millions of dollars | On-balance sheet | Off-balance sheet | Total exposures |
| Securitisation facility type | | | |
| Liquidity support facilities | - | 363 | 363 |
| Credit enhancements | - | 23 | 23 |
| Redraw facilities | - | 73 | 73 |
| Derivative facilities | 7 | - | 7 |
| Holding of securities | 13,951 | - | 13,951 |
| Total securitisation exposures | 13,958 | 459 | 14,417 |

| March 2024 | | | |
|---------------------------------------|------------------|-------------------|-----------------|
| Amounts in millions of dollars | On-balance sheet | Off-balance sheet | Total exposures |
| Securitisation facility type | | | |
| Liquidity support facilities | - | 345 | 345 |
| Credit enhancements | - | 22 | 22 |
| Redraw facilities | - | 47 | 47 |
| Derivative facilities | 15 | - | 15 |
| Holding of securities | 13,854 | - | 13,854 |
| Total securitisation exposures | 13,869 | 414 | 14,283 |

| December 2023 | | | |
|---------------------------------------|------------------|-------------------|-----------------|
| Amounts in millions of dollars | On-balance sheet | Off-balance sheet | Total exposures |
| Securitisation facility type | | | |
| Liquidity support facilities | - | 348 | 348 |
| Credit enhancements | - | 23 | 23 |
| Redraw facilities | - | 52 | 52 |
| Derivative facilities | 18 | - | 18 |
| Holding of securities | 13,624 | - | 13,624 |
| Total securitisation exposures | 13,642 | 423 | 14,065 |



APS 330 Table 12l (i) – Banking book exposure by risk weight band

| June 2024 | | | December 2023 | |
|--------------------------------|-----------------------|---|-----------------------|----------------------|
| Amounts in millions of dollars | | Securitisation exposures subject to SFA | | |
| Risk weight band | Gross Credit Exposure | Risk Weighted Assets | Gross Credit Exposure | Risk Weighted Assets |
| =<20% | 1,101 | 165 | 851 | 128 |
| >20%–50% | - | - | - | - |
| >50%–100% | - | - | - | - |
| >100%–150% | - | - | - | - |
| >150%–650% | - | - | - | - |
| >650%–<1250% | - | - | - | - |
| Total | 1,101 | 165 | 851 | 128 |

APS 330 Table 12l (ii) – Banking book securitisation exposure deducted from common equity Tier 1 capital

| | June 2024 | December 2023 |
|--------------------------------|-----------|---------------|
| Amounts in millions of dollars | | |
| Underlying asset | | |
| Credit enhancements | 17 | 17 |
| Total | 17 | 17 |



Market risk

APS 330 Table 17b - Interest rate risk in the banking book

| Change in economic value | June 2024 | December 2023 |
|--------------------------------|-----------|---------------|
| Amounts in millions of dollars | | |
| +200 basis point shock | 238 | 272 |
| -200 basis point shock | (238) | (272) |

| Regulatory RWA | June 2024 | December 2023 |
|--|-----------|---------------|
| Amounts in millions of dollars | | |
| Interest rate risk in the banking book | 4,748 | 3,837 |



Liquidity risk

APS 330 Table 20 - Liquidity coverage ratio

| | | June 2024 | |
|--------------------------------|---|--|--------------------------------------|
| Amounts in millions of dollars | | Total unweighted value (daily average) | Total weighted value (daily average) |
| Liquid assets | | | |
| 1 | High-quality liquid assets (HQLA) | | 9,993 |
| 2 | Alternative liquid assets (ALA) | | - |
| 3 | Reserve Bank of New Zealand (RBNZ) securities | | n/a |
| Cash outflows | | | |
| 4 | Retail deposits and deposits from small business customers, of which: | 44,768 | 4,800 |
| 5 | <i>stable deposits</i> | 30,629 | 1,531 |
| 6 | <i>less stable deposits</i> | 14,139 | 3,268 |
| 7 | Unsecured wholesale funding, of which: | 899 | 725 |
| 8 | <i>operational deposits (all counterparties) and deposits in networks for cooperative banks</i> | n/a | n/a |
| 9 | <i>non-operational deposits (all counterparties)</i> | 874 | 701 |
| 10 | <i>unsecured debt</i> | 24 | 24 |
| 11 | Secured wholesale funding | | 389 |
| 12 | Additional requirements, of which | 11,846 | 1,550 |
| 13 | <i>outflows related to derivatives exposures and other collateral requirements</i> | 729 | 729 |
| 14 | <i>outflows related to loss of funding on debt products</i> | 59 | 59 |
| 15 | <i>credit and liquidity facilities</i> | 11,057 | 761 |
| 16 | Other contractual funding obligations | 1,144 | 98 |
| 17 | Other contingent funding obligations | 1,739 | 255 |
| 18 | Total cash outflows | | 7,817 |
| Cash inflows | | | |
| 19 | Secured lending (e.g. reverse repos) | | - |
| 20 | Inflows from fully performing exposures | 2,601 | 1,523 |
| 21 | Other cash inflows | 305 | 305 |
| 22 | Total cash inflows | 2,906 | 1,828 |
| 23 | Total liquid assets | | 9,993 |
| 24 | Total net cash outflows | | 5,989 |
| 25 | Liquidity Coverage Ratio (%) | | 167% |

(No of observations: 63)



APS 330 Table 20 - Liquidity coverage ratio (continued)

| | | March 2024 | |
|--------------------------------|--|---|---|
| Amounts in millions of dollars | | Total unweighted value (daily average) | Total weighted value (daily average) |
| Liquid assets | | | |
| 1 | High-quality liquid assets (HQLA) | | 10,080 |
| 2 | Alternative liquid assets (ALA) | | - |
| 3 | Reserve Bank of New Zealand (RBNZ) securities | | n/a |
| Cash outflows | | | |
| 4 | Retail deposits and deposits from small business customers, of which: | 44,560 | 4,743 |
| 5 | stable deposits | 30,669 | 1,533 |
| 6 | less stable deposits | 13,891 | 3,210 |
| 7 | Unsecured wholesale funding, of which: | 1,201 | 1,055 |
| 8 | operational deposits (all counterparties) and deposits in networks for cooperative banks | n/a | n/a |
| 9 | non-operational deposits (all counterparties) | 1,167 | 1,021 |
| 10 | unsecured debt | 34 | 34 |
| 11 | Secured wholesale funding | | 581 |
| 12 | Additional requirements, of which | 11,289 | 1,550 |
| 13 | outflows related to derivatives exposures and other collateral requirements | 741 | 741 |
| 14 | outflows related to loss of funding on debt products | 109 | 109 |
| 15 | credit and liquidity facilities | 10,439 | 700 |
| 16 | Other contractual funding obligations | 747 | 13 |
| 17 | Other contingent funding obligations | 1,760 | 297 |
| 18 | Total cash outflows | | 8,239 |
| Cash inflows | | | |
| 19 | Secured lending (e.g. reverse repos) | | - |
| 20 | Inflows from fully performing exposures | 2,753 | 1,777 |
| 21 | Other cash inflows | 150 | 150 |
| 22 | Total cash inflows | 2,903 | 1,927 |
| 23 | Total liquid assets | | 10,080 |
| 24 | Total net cash outflows | | 6,312 |
| 25 | Liquidity Coverage Ratio (%) | | 160% |

(No of observations: 63)



Leverage ratio

| | June 2024 | March 2024 | December 2023 | September 2023 |
|--------------------------------|-------------|-------------|---------------|----------------|
| Amounts in millions of dollars | | | | |
| Tier 1 capital | 4,925 | 4,883 | 5,397 | 5,300 |
| Total exposures | 96,666 | 96,588 | 95,981 | 94,980 |
| Leverage ratio | 5.1% | 5.1% | 5.6% | 5.6% |

