



Pillar 3 - Capital Adequacy & Risk Disclosures March 2023



Contents

Disclaimer	2
Quantitative disclosures	3
Capital.....	3
Credit risk	5
Securitisation.....	8
Liquidity risk.....	9
Leverage ratio.....	12



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.

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 an internal market risk model 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 Bank & other 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.

All credit exposures are located within Australia.

All credit exposures are managed in Sydney, Australia.

All amounts are stated in AUD.



Quantitative disclosures

Capital

APS 330 Table 3a to 3e - Capital requirements in terms of risk-weighted assets

March 2023¹

Amounts in millions of dollars

Subject to AIRB approach	
Residential mortgages	11,801
Total RWA subject to AIRB approach	11,801
Subject to FIRB approach	
Financial Institution	389
Corporate	1,818
Total RWA subject to FIRB approach	2,207
Subject to supervisory slotting approach	
Property finance	5,551
Project finance	2,446
Total RWA subject to supervisory slotting approach	7,997
Subject to standardised approach	
Residential mortgages	288
Property finance	102
Sovereign	-
Corporate	1,236
Other retail	414
Other assets	82
Total RWA subject to standardised approach	2,122
Securitisation	75
Credit valuation adjustment	-
Central counterparties	9
Total credit risk RWA	24,211
Interest rate risk in the banking book	3,669
Operational risk	1,916
Total RWA	29,796

¹ Prepared under the APRA revised capital framework effective from 1 January 2023

December 2022²

Amounts in millions of dollars

Subject to AIRB approach	
Residential mortgages	14,704
Total RWA subject to AIRB approach	14,704
Subject to FIRB approach	
Banks & other financial institutions	534
Corporate	1,959
Total RWA subject to FIRB approach	2,493
Subject to supervisory slotting approach	
Property finance	5,661
Project finance	2,514
Total RWA subject to supervisory slotting approach	8,175
Subject to standardised approach	
Residential mortgages	40
Property finance	149
Sovereign	1,200
Corporate	1,481
Other retail	372
Other assets	103
Total RWA subject to standardised approach	3,345
Securitisation	68
Credit valuation adjustment	-
Central counterparties	-
Total credit risk RWA	28,785
Interest rate risk in the banking book	3,935
Operational risk	4,272
Total RWA	36,992

APS 330 Table 3f - Capital ratios

	March 2023	December 2022
Common equity tier 1 capital ratio	17.0%	14.7%
Tier 1 capital ratio	17.0%	14.7%
Total capital ratio	17.8%	15.4%

² Prepared under the APRA capital framework effective until 31 December 2022

Credit risk³

APS 330 Table 4a - Credit risk exposure by portfolio type

March 2023 ⁴					
Amounts in millions of dollars	On-Balance sheet	Off-Balance sheet		Total	3-month average ⁵
		Market related	Non-market related		
Residential mortgages	55,240	-	7,344	62,584	-
Property finance	6,108	-	491	6,599	-
Project finance	3,179	-	200	3,379	-
Corporate	4,286	-	1,096	5,382	-
Financial institution	1,130	669	501	2,300	-
Sovereign	9,681	-	-	9,681	-
Other retail	369	-	96	465	-
Other assets	82	-	-	82	-
Total credit exposures	80,075	669	9,728	90,472	-

December 2022 ⁶					
Amounts in millions of dollars	On-Balance sheet	Off-Balance sheet		Total	6-month average
		Market related	Non-market related		
Residential mortgages	55,233	-	8,672	63,905	64,535
Property finance	6,318	-	613	6,931	7,017
Project finance	3,195	-	250	3,445	3,334
Corporate	4,225	-	1,232	5,457	5,165
Banks & other financial institutions	2,916	409	24	3,349	2,536
Sovereign	8,887	-	-	8,887	8,791
Other retail	372	-	-	372	352
Other assets	159	-	-	159	148
Total credit exposures	81,305	409	10,791	92,505	91,878

³ Excluding Securitisation

⁴ Prepared under the APRA revised capital framework effective from 1 January 2023

⁵ Average exposures are not presented for this period due to the revised capital framework

⁶ Prepared under the APRA capital framework effective until 31 December 2022



APS 330 Table 4b - Impaired and past due by portfolio type

March 2023 ⁷				
Amounts in millions of dollars	Non-performing facilities	Specific provisions	Quarterly movement	
			Charge to specific provisions	Write offs
Residential mortgages	543	37	(3)	-
Property finance	7	-	-	-
Project finance	-	-	-	-
Corporate	19	2	(1)	-
Financial institution	-	-	-	-
Sovereign	-	-	-	-
Other retail	2	8	-	1
Other assets	-	-	-	-
Total	571	47	(4)	1

December 2022 ⁸					
Amounts in millions of dollars	Past due facilities	Impaired facilities	Specific provisions	Quarterly movement	
				Charge to specific provisions	Write offs
Residential mortgages	226	341	40	(5)	-
Property finance	7	6	-	(1)	-
Project finance	-	-	-	-	-
Corporate	14	11	3	-	-
Banks & other financial institutions	-	-	-	-	-
Sovereign	-	-	-	-	-
Other retail	-	8	8	-	1
Other assets	-	-	-	-	-
Total	247	366	51	(6)	1

⁷ Prepared under the revised ASP330 requirements effective from 1 January 2023

⁸ Prepared under the APRA capital framework and APS330 requirements effective until 31 December 2022



APS 330 Table 4c - Reconciliation between APS 220 provisions and Australian accounting standards

March 2023			
Amounts in millions of dollars	General provisions	Specific provisions	Total
Collective provision	81	47	128
Individual provision	-	-	-
Total provisions	81	47	128

December 2022			
Amounts in millions of dollars	General reserve for credit losses	Specific provisions	Total
Collective provision	70	51	121
Individual provision	-	-	-
Total provisions	70	51	121
Additional GRCL requirement	94	-	94
Total regulatory provisions	164	51	215



Securitisation

APS 330 Table 5a - Banking book activity for the reporting period

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

December 2022		
Amounts in millions of dollars	Total exposures securitised	Recognised gain or loss on sale
Underlying asset		
Residential mortgages	-	-
Total	-	-

APS 330 Table 5b - Banking book securitisation exposures retained or purchased

March 2023			
Amounts in millions of dollars	On-balance sheet	Off-balance sheet	Total exposures
Securitisation facility type			
Liquidity support facilities	-	325	325
Credit enhancements	-	21	21
Redraw facilities	-	19	19
Derivative facilities	17	-	17
Holding of securities	13,148	-	13,148
Total securitisation exposures	13,165	365	13,530

December 2022			
Amounts in millions of dollars	On-balance sheet	Off-balance sheet	Total exposures
Securitisation facility type			
Liquidity support facilities	-	326	326
Credit enhancements	-	21	21
Redraw facilities	-	20	20
Derivative facilities	14	-	14
Holding of securities	13,116	-	13,116
Total securitisation exposures	13,130	367	13,497



Liquidity risk

Liquidity coverage ratio

The Liquidity Coverage Ratio (LCR), as defined in APRA Prudential Standard 210 Liquidity (APS 210), measures IBAL'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 9.57bn. The RBA's Committed Liquidity Facility was reduced to zero effective from 1 January 2023.

The main funding sources for IBAL are deposits from retail and small business customers. Funding is also sourced from within the global ING Group in the form of deposits. IBAL also raises funds from the wholesale market in the form of corporate and bank deposits and by issuing Retail Mortgage backed Securities (RMBS) and covered bonds. The weighted outflows from each of these funding sources are based on APRA determined run-off factors.

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.

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

IBAL's average LCR for the quarter ended 31 March 2023 was 158%, which is an increase of 8% from 150% reported for the quarter ended 31 December 2022.



APS 330 Table 20 - Liquidity coverage ratio

		March 2023	
Amounts in millions of dollars		Total unweighted value (daily average)	Total weighted value (daily average)
Liquid assets			
1	High-quality liquid assets (HQLA)		9,572
2	Alternative liquid assets (ALA)		0
3	Reserve Bank of New Zealand (RBNZ) securities		n/a
Cash outflows			
4	Retail deposits and deposits from small business customers, of which:	45,049	4,807
5	<i>stable deposits</i>	31,047	1,552
6	<i>less stable deposits</i>	14,001	3,255
7	Unsecured wholesale funding, of which:	1,810	1,579
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>	1,676	1,446
10	<i>unsecured debt</i>	134	134
11	Secured wholesale funding		-
12	Additional requirements, of which	9,895	1,311
13	<i>outflows related to derivatives exposures and other collateral requirements</i>	712	712
14	<i>outflows related to loss of funding on debt products</i>	23	23
15	<i>credit and liquidity facilities</i>	9,160	575
16	Other contractual funding obligations	689	6
17	Other contingent funding obligations	1,277	300
18	Total cash outflows		8,003
Cash inflows			
19	Secured lending (e.g. reverse repos)		-
20	Inflows from fully performing exposures	2,815	1,876
21	Other cash inflows	70	70
22	Total cash inflows	2,885	1,946
23	Total liquid assets		9,572
24	Total net cash outflows		6,056
25	Liquidity Coverage Ratio (%)		158%

(No of observations: 63)



APS 330 Table 20 - Liquidity coverage ratio (continued)

		December 2022	
Amounts in millions of dollars		Total unweighted value (daily average)	Total weighted value (daily average)
Liquid assets			
1	High-quality liquid assets (HQLA)		8,030
2	Alternative liquid assets (ALA)		532
3	Reserve Bank of New Zealand (RBNZ) securities		n/a
Cash outflows			
4	Retail deposits and deposits from small business customers, of which:	45,175	4,857
5	<i>stable deposits</i>	30,991	1,550
6	<i>less stable deposits</i>	14,184	3,307
7	Unsecured wholesale funding, of which:	1,472	1,264
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>	1,336	1,128
10	<i>unsecured debt</i>	136	136
11	Secured wholesale funding		-
12	Additional requirements, of which	9,589	1,226
13	<i>outflows related to derivatives exposures and other collateral requirements</i>	650	650
14	<i>outflows related to loss of funding on debt products</i>	26	26
15	<i>credit and liquidity facilities</i>	8,913	550
16	Other contractual funding obligations	618	0
17	Other contingent funding obligations	1,381	192
18	Total cash outflows		7,538
Cash inflows			
19	Secured lending (e.g. reverse repos)		-
20	Inflows from fully performing exposures	2,700	1,773
21	Other cash inflows	56	56
22	Total cash inflows	2,756	1,829
23	Total liquid assets		8,562
24	Total net cash outflows		5,709
25	Liquidity Coverage Ratio (%)		150%

(No of observations: 63)



Leverage ratio

	March 2023 ⁹	December 2022	September 2022	June 2022
Amounts in millions of dollars				
Tier 1 capital	5,063	5,448	5,301	5,109
Total exposures	91,056	89,156	85,511	85,364
Leverage ratio	5.6%	6.1%	6.2%	6.0%

⁹ Prepared under the APRA revised capital framework effective from 1 January 2023

