



Pillar 3 - Capital Adequacy & Risk Disclosures March 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.



Quantitative disclosures

Capital

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

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

APS 330 Table 3f - Capital ratios

	March 2024	December 2023
Common equity tier 1 capital ratio	15.4%	17.1%
Tier 1 capital ratio	15.4%	17.1%
Total capital ratio	17.0%	18.7%

¹ The Residential Mortgages Risk Weighted Assets includes an overlay of \$322 million.

² The Interest Rate Risk in the Banking Book Risk Weighted Assets includes an overlay of \$625 million.



Credit risk³**APS 330 Table 4a - Credit risk exposure by portfolio type**

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

³ Excluding Securitisation

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

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

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



Securitisation

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

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 5b - Banking book securitisation exposures retained or purchased

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



Liquidity risk

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 10.1bn.

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 31 March 2024 was 160%, which is a slight decrease of 3% from 163% reported for the quarter ended 31 December 2023. The lowest LCR recorded during the quarter was 143%.

The Bank's AUD-only LCR was 160%, 5% higher than all-currency LCR as at the end of the quarter, driven mainly by the Bank's USD collateral account being funded short term (<30 days).

APS 330 Table 20 - Liquidity coverage ratio

		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	<i>stable deposits</i>	30,669	1,533
6	<i>less stable deposits</i>	13,891	3,210
7	Unsecured wholesale funding, of which:	1,201	1,055
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>	1,167	1,021
10	<i>unsecured debt</i>	34	34
11	Secured wholesale funding		581
12	Additional requirements, of which	11,289	1,550
13	<i>outflows related to derivatives exposures and other collateral requirements</i>	741	741
14	<i>outflows related to loss of funding on debt products</i>	109	109
15	<i>credit and liquidity facilities</i>	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)



APS 330 Table 20 - Liquidity coverage ratio (continued)

		December 2023	
Amounts in millions of dollars		Total unweighted value (daily average)	Total weighted value (daily average)
Liquid assets			
1	High-quality liquid assets (HQLA)		9,246
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:	45,096	4,790
5	<i>stable deposits</i>	31,123	1,556
6	<i>less stable deposits</i>	13,973	3,234
7	Unsecured wholesale funding, of which:	1,389	1,273
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>	1,321	1,205
10	<i>unsecured debt</i>	68	68
11	Secured wholesale funding		207
12	Additional requirements, of which	10,692	1,478
13	<i>outflows related to derivatives exposures and other collateral requirements</i>	766	766
14	<i>outflows related to loss of funding on debt products</i>	70	70
15	<i>credit and liquidity facilities</i>	9,856	643
16	Other contractual funding obligations	1,219	258
17	Other contingent funding obligations	1,513	212
18	Total cash outflows		8,218
Cash inflows			
19	Secured lending (e.g. reverse repos)		-
20	Inflows from fully performing exposures	3,375	2,378
21	Other cash inflows	156	156
22	Total cash inflows	3,531	2,534
23	Total liquid assets		9,246
24	Total net cash outflows		5,684
25	Liquidity Coverage Ratio (%)		163%

(No of observations: 63)



Leverage ratio

	March 2024	December 2023	September 2023	June 2023
Amounts in millions of dollars				
Tier 1 capital	4,883	5,397	5,300	5,197
Total exposures	96,588	95,981	94,980	92,020
Leverage ratio	5.1%	5.6%	5.6%	5.7%

