

Basel II Pillar 3

December 2011

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

This following disclosure relate to ING Bank (Australia) Limited trading as ING Direct.

CAPITAL STRUCTURE

amount in millions of dollars	Capital
Tier 1 Capital	2,725.7
Paid-up ordinary share capital	1,334.0
General reserves	0.0
Capital profits reserve	0.0
Foreign currency translation reserve	0.0
Retained earnings	1,259.8
Current years's earnings net of expected dividends and tax expenses	303.1
Non-innovative residual Tier 1 capital instruments	0.0
Innovative Tier 1 capital instruments	0.0
Total deductions from Tier 1 capital	(171.2)
Tier 2 Capital	1,107.5
Total Capital Base	3,833.3

CAPITAL ADEQUACY

amount in millions of dollars	Risk Weighted Assets
Capital Requirements in Terms of Risk Weighted Assets	
Credit Risk	21,557.7
Residential mortgages	17,073.5
Commercial Property	3,529.7
Wholesale	
- Financial Institutions	803.7
- Governments	0.0
Other	95.9
Securitisation	54.9
Market Risk	0.0
Operational Risk	2,618.3
	Capital Ratios
Total Capital Ratio	15.9%
Tier 1 Capital Ratio	11.3%

CREDIT RISK

amount in millions of dollars	December 2011	4 th Quarter Average
Total Gross Credit Risk Exposure	52,860.2	53,129.0
Loans	45,879.6	45,869.3
Bank Guarantees	28.7	28.7
Derivatives	443.2	463.1
Wholesale	6,383.4	6,667.7
Other	125.4	100.2
Portfolio	52,860.2	53,129.0
Residential Mortgage	42,323.2	42,267.7
Commercial	3,585.0	3,630.3
Wholesale	6,826.6	7,130.9
Other	125.4	100.2
Impaired and Past Due Facilities		
Retail Mortgages		
- Impaired Facilities	225.8	
- Past Due Facilities	583.5	
- Specific Provisions	16.3	
- Charges for Specific Provisions and Write Offs during the Quarter	1.3	
Commercial Property		
- Impaired Facilities	231.4	
- Past Due Facilities	39.2	
- Specific Provisions	56.6	
- Charges for Specific Provisions and Write Offs during the Quarter	-0.0	
Wholesale		
- Impaired Facilities	0.0	
- Past Due Facilities	0.0	
- Specific Provisions	0.0	
- Charges for Specific Provisions and Write Offs during the Quarter	0.0	
General Reserve for Credit Losses	107.5	

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