

Pillar 3

Capital Adequacy & Risk Disclosure

30 June 2016

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

The following information is presented in accordance with the APRA Prudential Standard APS 330, 'Public Disclosure'. The Bank utilises the Basel III Standardised Approach to Capital Adequacy.

All amounts are presented in Australian dollars and rounded to the nearest million.

Table 3 Capital Adequacy

Capital Adequacy Ratios	30 Jun 2016	31 Mar 2016
Common Equity Tier 1 Ratio	13.1%	13.1%
Tier 1 Capital Ratio	13.1%	13.1%
Total Capital Ratio	13.6%	13.6%

Risk Weighted Assets	30 Jun 2016	31 Mar 2016
Residential mortgages	16,846.2	16,696.1
Commercial property	4,266.9	3,996.8
Corporate	1,815.2	1,782.6
Banks & Other Financial Institutions	533.0	565.4
Sovereign	-	-
Securitisation	1.0	1.1
Other	121.7	110.8
Total Credit Risk	23,584.0	23,152.8
Operational Risk	2,741.7	2,737.8
Total Risk Weighted Assets	26,325.7	25,890.6

Table 4 Credit Risk

Credit Risk Exposure by portfolio	On balance sheet	Non-market related off-balance sheet	Market related off-balance sheet	Total 30 Jun 2016	Total 31 Mar 2016	Quarter Average
Residential Mortgages	39,286.8	5,444.4	-	44,731.2	44,011.7	44,406.7
Commercial Property	3,574.3	748.1	-	4,322.4	4,051.9	4,197.5
Corporate	1,526.2	378.6	-	1,904.8	1,782.6	1,832.1
Banks & Other Financial Institutions	2,168.6	-	150.2	2,318.8	2,507.6	2,549.8
Sovereign	3,523.9	-	-	3,523.9	3,849.0	3,601.7
Other	452.8	-	-	452.8	431.6	446.2
Total	50,532.6	6,571.1	150.2	57,253.9	56,634.4	57,034.0

Impaired and Past Due Facilities by portfolio	As at 30 Jun 2016			3 months ended 30 Jun 2016		3 months ended 31 Mar 2016	
	Past due facilities	Impaired facilities	Specific provisions	Specific Provisions Movement	Write offs	Specific Provisions Movement	Write offs
Residential Mortgages	78.8	67.3	7.9	(0.1)	0.5	1.6	0.3
Commercial Property	0.7	25.9	18.8	1.4	-	(0.1)	-
Corporate	-	-	-	-	-	-	-
Banks & Other Financial Institutions	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-
Total	79.5	93.3	26.7	1.3	0.5	1.5	0.3

General Reserve for Credit Losses (GRCL) ¹ & Specific Provisions	30 Jun 16			31 Mar 16		
	GRCL	Specific	Total	GRCL	Specific	Total
Collective provision	5.5	5.3	10.8	3.6	5.6	9.2
Individual provision	-	21.4	21.4	-	19.7	19.7
Total provisions	5.5	26.7	32.2	3.6	25.3	28.9
Additional GRCL requirement	128.7		128.7	130.6	-	130.6
Total regulatory provisions	134.2	26.7	160.9	134.2	25.3	159.5

¹ GRCL and specific provisions are calculated based on the requirements of APS 220 Credit Quality. Collective and individual provisions as reported in ING DIRECT's Annual Report are calculated according to Australian Accounting Standards (AAS).

Table 5 Securitisation

Summary of Securitisation Activity ² <i>by exposure type</i>	As at 30 Jun 2016		As at 31 Mar 2016	
	Securitisation Activity	Gain or Loss on Sale	Securitisation Activity	Gain or Loss on Sale
Residential Mortgages	-	-	883.2	-
Other	-	-	-	-

As at 30 Jun 2016

Securitisation Exposures	Derivatives	Liquidity facilities	Holdings of securities	Other
On-balance sheet securitisation exposures retained or purchased	36.7	-	6,737.9	64.2
Off-balance sheet securitisation exposures	16.0	215.9	-	-

As at 31 Mar 2016

Securitisation Exposures	Derivatives	Liquidity facilities	Holdings of securities	Other
On-balance sheet securitisation exposures retained or purchased	33.7	-	6,750.8	67.9
Off-balance sheet securitisation exposures	16.6	219.6	-	-

² All securitised loans remain on the balance sheet of ING Direct.