

# Pillar 3 Capital Adequacy & Risk Disclosure

30 June 2017

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ING Bank (Australia) Limited, trading as ING DIRECT, 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 2017	31 Mar 2017
Common Equity Tier 1 Capital Ratio	12.4%	12.4%
Tier 1 Capital Ratio	12.4%	12.4%
<b>Total Capital Ratio</b>	<b>12.9%</b>	<b>12.9%</b>

Capital Position	30 Jun 2017	31 Mar 2017
Paid-up ordinary share capital	1,334.0	1,334.0
Retained earnings	2,467.9	2,379.4
Other comprehensive income	(25.7)	(40.4)
less: Regulatory adjustments	(122.4)	(96.7)
<b>Common Equity Tier 1 Capital</b>	<b>3,653.8</b>	<b>3,576.3</b>
<b>Tier 1 Capital</b>	<b>3,653.8</b>	<b>3,576.3</b>
Tier 2 Capital	134.2	134.2
<b>Total Capital</b>	<b>3,788.0</b>	<b>3,710.5</b>

Risk Weighted Assets	30 Jun 2017	31 Mar 2017
Residential mortgages	17,692.7	17,590.5
Commercial property	5,406.8	5,205.7
Corporate	2,770.1	2,517.2
Banks & Other Financial Institutions	614.7	557.1
Sovereign	-	-
Securitisation	0.7	0.8
Other	148.7	145.4
<b>Total Credit Risk</b>	<b>26,633.7</b>	<b>26,016.7</b>
Operational Risk	2,821.1	2,772.1
<b>Total Risk Weighted Assets</b>	<b>29,454.8</b>	<b>28,788.8</b>

**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 2017	Total 31 Mar 2017	Quarter Average
Residential Mortgages	42,674.7	5,733.0	0.0	48,407.7	47,866.3	48,150.1
Commercial Property	4,596.8	883.0	0.0	5,479.8	5,277.3	5,471.7
Corporate	2,326.4	501.6	0.0	2,828.0	2,568.7	2,662.8
Banks & Other Financial Institutions	2,701.0	0.0	189.7	2,890.7	2,511.3	2,682.3
Sovereign	3,134.0	0.0	0.0	3,134.0	2,921.4	3,078.1
Other	445.4	9.2	0.0	454.6	455.3	449.7
<b>Total</b>	<b>55,878.3</b>	<b>7,126.8</b>	<b>189.7</b>	<b>63,194.8</b>	<b>61,600.3</b>	<b>62,494.7</b>

Impaired and Past Due Facilities by portfolio	As at 30 Jun 2017			3 months ended 30 Jun 2017		3 months ended 31 Mar 2017	
	Past due facilities	Impaired facilities	Specific provisions	Specific Provisions Movement	Write offs	Specific Provisions Movement	Write offs
Residential Mortgages	62.4	46.6	5.1	(0.2)	1.5	0.3	0.6
Commercial Property	5.8	2.9	-	(0.5)	-	0.1	-
Corporate	-	35.0	5.0	-	-	-	-
Banks & Other Financial Institutions	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-
<b>Total</b>	<b>68.1</b>	<b>84.5</b>	<b>10.1</b>	<b>(0.8)</b>	<b>1.5</b>	<b>0.4</b>	<b>0.6</b>

General Reserve for Credit Losses (GRCL) and Specific Provisions <sup>1</sup>	30 Jun 2017			31 Mar 2017		
	GRCL	Specific	Total	GRCL	Specific	Total
Collective provision	4.9	4.7	9.6	5.4	5.0	10.4
Individual provision	-	5.4	5.4	-	5.9	5.9
<b>Total provisions</b>	<b>4.9</b>	<b>10.1</b>	<b>15.0</b>	<b>5.4</b>	<b>10.9</b>	<b>16.3</b>
Additional GRCL requirement	129.3	-	129.3	128.8	-	128.6
<b>Total regulatory provisions</b>	<b>134.2</b>	<b>10.1</b>	<b>144.3</b>	<b>134.2</b>	<b>10.9</b>	<b>145.1</b>

<sup>1</sup>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 <sup>2</sup> by exposure type	As at 30 Jun 2017		As at 31 Mar 2017	
	Securitisation Activity	Gain or Loss on Sale	Securitisation Activity	Gain or Loss on Sale
Residential Mortgages	1,184.2	-	-	-
Other	-	-	-	-

As at 30 Jun 2017

Securitisation Exposures	Derivatives	Liquidity facilities	Holdings of securities	Other
On-balance sheet securitisation exposures retained or purchased	21.9	-	6,799.6	69.0
Off-balance sheet securitisation exposures	17.8	218.8	-	-

As at 31 Mar 2017

Securitisation Exposures	Derivatives	Liquidity facilities	Holdings of securities	Other
On-balance sheet securitisation exposures retained or purchased	24.4	-	6,699.4	54.0
Off-balance sheet securitisation exposures	13.1	205.6	-	-

<sup>2</sup>All securitised loans remain on the balance sheet of ING DIRECT.

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