



Pillar 3 Capital Adequacy & Risk Disclosure

June 2019

Contents

| | |
|----------------------|----|
| Capital | 2 |
| Credit risk | 3 |
| Securitisation | 15 |
| Market risk | 17 |
| Liquidity | 18 |

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 the ING Groep N.V.

The following information is presented in accordance with the APRA Prudential Standard APS 330, 'Public Disclosure'. Effective 1 April 2018, IBAL 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 initial disclosures herein reflect reporting requirements applicable to banks utilising the internal ratings-based approach (IRB) to capital measurement.

All credit exposures are managed in Sydney, Australia.

All amounts are stated in AUD.

Capital

APS 330 Table 6b to 6f - Capital requirements in terms of risk-weighted assets

| Asset category | June 2019 | December 2018 |
|---------------------------------------------------|---------------|---------------|
| Amounts in millions of dollars | | |
| Subject to AIRB approach | | |
| Residential mortgages | 15,680 | 15,636 |
| Total RWA subject to AIRB approach | 15,680 | 15,636 |
| Subject to FIRB approach | | |
| Banks & other financial institutions | 589 | 588 |
| Sovereign | 493 | 517 |
| Total RWA subject to FIRB approach | 1,082 | 1,105 |
| Subject to standardised approach | | |
| Residential mortgages ¹ | 84 | 89 |
| Property finance | 8,125 | 7,486 |
| Corporate | 4,028 | 3,891 |
| Other retail | 206 | 105 |
| Other assets | 126 | 125 |
| Total RWA subject to standardised approach | 12,569 | 11,696 |
| Securitisation | - | - |
| Credit valuation adjustment | 49 | 39 |
| Central counterparties | - | - |
| Total credit risk RWA | 29,380 | 28,476 |
| Interest rate risk in the banking book | - | 1,638 |
| Operational risk | 3,293 | 3,149 |
| Total RWA | 32,673 | 33,263 |

APS 330 Table 6g - Capital ratios

| | June 2019 | December 2018 |
|------------------------------------|--------------|---------------|
| Common equity tier 1 capital ratio | 13.3% | 12.6% |
| Tier 1 capital ratio | 13.3% | 12.6% |
| Total capital ratio | 13.7% | 12.9% |

Credit Risk

APS 330 Table 7b - Credit risk exposure by portfolio type

| June 2019 | | | | | |
|--------------------------------------|------------------|-------------------|--------------------|---------------|-----------------|
| amounts in millions of dollars | On-Balance sheet | Off-balance sheet | | Total | 6 month average |
| | | Market related | Non-market related | | |
| Residential mortgages | 49,569 | - | 7,054 | 56,623 | 56,612 |
| Property finance | 7,019 | - | 1,198 | 8,217 | 7,798 |
| Corporate | 3,063 | - | 965 | 4,028 | 4,053 |
| Banks & other financial institutions | 2,344 | 206 | - | 2,550 | 2,880 |
| Sovereign | 3,342 | - | - | 3,342 | 3,216 |
| Securitisation | - | - | - | - | - |
| Other retail | 206 | - | 103 | 309 | 258 |
| Other assets | 126 | - | - | 126 | 132 |
| Total credit exposures | 65,669 | 206 | 9,320 | 75,195 | 74,949 |

| December 2018 | | | | | |
|--------------------------------------|------------------|-------------------|--------------------|---------------|-----------------|
| amounts in millions of dollars | On-Balance sheet | Off-balance sheet | | Total | 6 month average |
| | | Market related | Non-market related | | |
| Residential mortgages | 48,768 | - | 7,537 | 56,305 | 54,817 |
| Property finance | 6,498 | - | 1,072 | 7,570 | 7,196 |
| Corporate | 2,925 | - | 965 | 3,890 | 3,773 |
| Banks & other financial institutions | 2,376 | 151 | - | 2,527 | 2,409 |
| Sovereign | 3,286 | - | - | 3,286 | 3,220 |
| Securitisation | - | - | - | - | - |
| Other retail | 105 | - | 73 | 178 | 173 |
| Other assets | 124 | - | 1 | 125 | 154 |
| Total credit exposures | 64,082 | 151 | 9,648 | 73,881 | 71,742 |

APS 330 Table 7d - Credit risk exposure by portfolio type and industry sector

| June 2019 | | | | | | | | |
|--------------------------------------|-------------------|--------------|--------------|------------------|-----------------|-----------------|--------------|---------------|
| amounts in millions of dollars | Counterparty type | | | | | | | Total |
| | Retail | Bank | Sovereign | Property finance | Infra-structure | Utility & Power | Other | |
| Residential mortgages | 56,623 | - | - | - | - | - | - | 56,623 |
| Property finance | - | - | - | 8,217 | - | - | - | 8,217 |
| Corporate | - | - | - | - | 1,203 | 1,070 | 1,755 | 4,028 |
| Banks & other financial institutions | - | 2,550 | - | - | - | - | - | 2,550 |
| Sovereign | - | - | 3,342 | - | - | - | - | 3,342 |
| Securitisation | - | - | - | - | - | - | - | - |
| Other retail | 309 | - | - | - | - | - | - | 309 |
| Other assets | - | - | - | - | - | - | 126 | 126 |
| Total credit exposures | 56,932 | 2,550 | 3,342 | 8,217 | 1,203 | 1,070 | 1,881 | 75,195 |

| December 2018 | | | | | | | | |
|--------------------------------------|-------------------|--------------|--------------|------------------|-----------------|-----------------|--------------|---------------|
| amounts in millions of dollars | Counterparty type | | | | | | | Total |
| | Retail | Bank | Sovereign | Property finance | Infra-structure | Utility & Power | Other | |
| Residential mortgages | 56,305 | - | - | - | - | - | - | 56,305 |
| Property finance | - | - | - | 7,569 | - | - | - | 7,569 |
| Corporate | - | - | - | - | 1,421 | 1,026 | 1,443 | 3,891 |
| Banks & other financial institutions | - | 2,527 | - | - | - | - | - | 2,527 |
| Sovereign | - | - | 3,286 | - | - | - | - | 3,286 |
| Securitisation | - | - | - | - | - | - | - | - |
| Other retail | 178 | - | - | - | - | - | - | 178 |
| Other assets | - | - | - | - | - | - | 125 | 125 |
| Total credit exposures | 56,483 | 2,527 | 3,286 | 7,569 | 1,421 | 1,026 | 1,568 | 73,881 |

APS 330 Table 7e - Credit risk exposure by portfolio type and residual contractual maturity

| June 2019 | | | | | | |
|--------------------------------------|--------------|-----------------------|----------------------|---------------|--------------------------|---------------|
| amounts in millions of dollars | <=3 months | >3 months <=1 year | >1 year <=5 years | >5 years | No maturity specified | Total |
| Residential mortgages | 1 | - | 34 | 55,862 | 726 | 56,623 |
| Property finance | 360 | 980 | 4,911 | 1,959 | 7 | 8,217 |
| Corporate | 53 | 380 | 2,594 | 1,001 | - | 4,028 |
| Banks & other financial institutions | 1,268 | 132 | 1,129 | 21 | - | 2,550 |
| Sovereign | 358 | 21 | 1,392 | 1,571 | - | 3,342 |
| Securitisation | - | - | - | - | - | - |
| Other retail | - | - | 165 | - | 144 | 309 |
| Other assets | - | - | - | - | 126 | 126 |
| Total credit exposures | 2,040 | 1,513 | 10,227 | 60,414 | 1,002 | 75,196 |

| December 2018 | | | | | | |
|--------------------------------------|--------------|-----------------------|----------------------|---------------|--------------------------|---------------|
| amounts in millions of dollars | <=3 months | >3 months <=1 year | >1 year <=5 years | >5 years | No maturity specified | Total |
| Residential mortgages | 1 | 1 | 30 | 55,503 | 770 | 56,305 |
| Property finance | 430 | 877 | 4,371 | 1,884 | 8 | 7,570 |
| Corporate | - | 173 | 2,842 | 875 | - | 3,890 |
| Banks & other financial institutions | 1,298 | 105 | 1,044 | 80 | - | 2,527 |
| Sovereign | 366 | 41 | 1,120 | 1,759 | - | 3,286 |
| Securitisation | - | - | - | - | - | - |
| Other retail | - | - | 75 | - | 103 | 178 |
| Other assets | - | - | - | - | 125 | 125 |
| Total credit exposures | 2,095 | 1,197 | 9,482 | 60,101 | 1,006 | 73,881 |

APS 330 Table 7f - Impaired and past due by portfolio type

| June 2019 | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|-------------------------------|------------|
| amounts in millions of dollars | Past due facilities | Impaired facilities | Specific provisions | Half year movement | |
| | | | | Charge to specific provisions | Write offs |
| Residential mortgages | 204 | 199 | 26 | 8 | 1 |
| Commercial property | 15 | - | 2 | - | - |
| Corporate | - | 28 | 5 | - | - |
| Banks & other financial institutions | - | - | - | - | - |
| Sovereign | - | - | - | - | - |
| Securitisation | - | - | - | - | - |
| Other retail | - | 1 | 1 | - | 2 |
| Other assets | - | - | - | - | - |
| Total | 219 | 228 | 34 | 8 | 3 |

| December 2018 | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|-------------------------------|------------|
| amounts in millions of dollars | Past due facilities | Impaired facilities | Specific provisions | Half year movement | |
| | | | | Charge to specific provisions | Write offs |
| Residential mortgages | 138 | 191 | 18 | (1) | 2 |
| Commercial property | 7 | - | 1 | - | - |
| Corporate | - | 27 | 5 | - | - |
| Banks & other financial institutions | - | - | - | - | - |
| Sovereign | - | - | - | - | - |
| Securitisation | - | - | - | - | - |
| Other retail | - | - | - | - | - |
| Other assets | - | - | - | - | - |
| Total | 145 | 218 | 24 | (1) | 2 |

APS 330 Table 7h - Movement in collective and individual provisions

| Movement in collective provisions | June 2019 | December 2018 |
|-----------------------------------------------------------------------------------|------------|---------------|
| amounts in millions of dollars | | |
| Opening balance | 43 | 39 |
| Net charge against profit and loss | 24 | 6 |
| Recoveries | - | - |
| Write-offs | (3) | (2) |
| Less collective provisions transferred to specific provisions | - | - |
| Total collective provisions | 64 | 43 |
| Less collective provisions treated as specific provisions for regulatory purposes | (28) | (19) |
| Additional GRCL requirement | 98 | 110 |
| General reserve for credit losses | 134 | 134 |

| Movement in individual provisions | June 2019 | December 2018 |
|--------------------------------------------------------------|-----------|---------------|
| amounts in millions of dollars | | |
| Opening balance | 5 | 5 |
| New and increase provisioning | - | - |
| Write back of provisions no longer required | - | - |
| Write-offs | - | - |
| Discount unwind to interest income | - | - |
| Add collective provisions transferred to specific provisions | - | - |
| Total individual provisions | 5 | 5 |

APS 330 Table 7i - Credit risk exposures by portfolio type and modelling approach

| | | | | June 2019 |
|--------------------------------------|---------------|--------------|---------------|---------------|
| amounts in millions of dollars | AIRB | FIRB | Standardised | Total |
| Portfolio type | | | | |
| Residential mortgages | 56,498 | - | 125 | 56,623 |
| Property finance | - | - | 8,217 | 8,217 |
| Corporate | - | - | 4,028 | 4,028 |
| Banks & other financial institutions | - | 2,550 | - | 2,550 |
| Sovereign | - | 3,342 | - | 3,342 |
| Securitisation | - | - | - | - |
| Other Retail | - | - | 309 | 309 |
| Other Assets | - | - | 126 | 126 |
| Total credit exposures | 56,498 | 5,892 | 12,805 | 75,195 |

| | | | | December 2018 |
|--------------------------------------|---------------|--------------|---------------|---------------|
| amounts in millions of dollars | AIRB | FIRB | Standardised | Total |
| Portfolio type | | | | |
| Residential mortgages | 56,173 | - | 132 | 56,305 |
| Property finance | - | - | 7,570 | 7,570 |
| Corporate | - | - | 3,890 | 3,890 |
| Banks & other financial institutions | - | 2,527 | - | 2,527 |
| Sovereign | - | 3,286 | - | 3,286 |
| Securitisation | - | - | - | - |
| Other Retail | - | - | 178 | 178 |
| Other Assets | - | - | 125 | 125 |
| Total credit exposures | 56,173 | 5,813 | 11,895 | 73,881 |

Table 7j - Reconciliation between APS 220 provisions and Australian accounting standards

| June 2019 | | | |
|------------------------------------|-----------------------------------|---------------------|------------|
| amounts in millions of dollars | General reserve for credit losses | Specific provisions | Total |
| Collective provision | 36 | 28 | 64 |
| Individual provision | - | 5 | 5 |
| Total provisions | 36 | 33 | 69 |
| Additional GRCL requirement | 98 | - | 98 |
| Total regulatory provisions | 134 | 33 | 167 |

| December 2018 | | | |
|------------------------------------|-----------------------------------|---------------------|------------|
| amounts in millions of dollars | General reserve for credit losses | Specific provisions | Total |
| Collective provision | 24 | 19 | 43 |
| Individual provision | - | 5 | 5 |
| Total provisions | 24 | 24 | 48 |
| Additional GRCL requirement | 110 | - | 110 |
| Total regulatory provisions | 134 | 24 | 158 |

Table 8b - Exposures subject a standardised approach by risk weight

| Exposure after credit risk mitigation | | |
|---------------------------------------|---------------|---------------|
| amounts in millions of dollars | June 2019 | December 2018 |
| Risk weight | | |
| 0% | - | - |
| 20% | - | - |
| 35% | - | - |
| 50% | 23 | 24 |
| 75% | 101 | 108 |
| 100% | 12,681 | 11,763 |
| 150% | - | - |
| >150% | - | - |
| Capital deductions | - | - |
| Total | 12,805 | 11,895 |

Table 9d – Exposures by portfolio type and PD band

| Portfolios subject to IRB approach | | | | | | | | | | | | | | June 2019 | |
|----------------------------------------------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|------------|---------------|
| amounts in millions of dollars | PD band | | | | | | | | | | | | | Default | Total |
| | 0.0% to < 0.03% | 0.03% to < 0.1% | 0.1% to < 0.2% | 0.2% to < 0.3% | 0.3% to < 0.5% | 0.5% to < 0.7% | 0.7% to < 1.0% | 1.0% to < 2.0% | 2.0% to < 3.0% | 3.0% to < 5.0% | 5.0% to < 7.0% | 7.0% to < 10.0% | 10.0% to < 100% | | |
| Credit risk exposures | | | | | | | | | | | | | | | |
| Residential mortgages | - | 23,994 | 9,659 | 2,605 | 8,462 | 2,893 | 1,560 | 3,656 | 816 | 1,401 | - | 566 | 442 | 442 | 56,496 |
| Banks & other financial institutions | - | 2,470 | 81 | - | - | - | - | - | - | - | - | - | - | - | 2,551 |
| Sovereign | 3,150 | 192 | - | - | - | - | - | - | - | - | - | - | - | - | 3,342 |
| Total credit risk exposures | 3,150 | 26,656 | 9,740 | 2,605 | 8,462 | 2,893 | 1,560 | 3,656 | 816 | 1,401 | - | 566 | 442 | 442 | 62,389 |
| Undrawn commitments | | | | | | | | | | | | | | | |
| Residential mortgages | - | 4,447 | 715 | 119 | 448 | 114 | 101 | 1,016 | 21 | 36 | - | 14 | 9 | 1 | 7,041 |
| Banks & other financial institutions | - | 202 | 4 | - | - | - | - | - | - | - | - | - | - | - | 206 |
| Sovereign | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total credit risk exposures | - | 4,649 | 719 | 119 | 448 | 114 | 101 | 1,016 | 21 | 36 | - | 14 | 9 | 1 | 7,247 |
| Exposure - weighted average EAD | | | | | | | | | | | | | | | |
| Residential mortgages | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | 0 | 0 | 0 |
| Banks & other financial institutions | - | 9 | 6 | - | - | - | - | - | - | - | - | - | - | - | 9 |
| Sovereign | 58 | 24 | - | - | - | - | - | - | - | - | - | - | - | - | 54 |
| Exposure - weighted average LGD (%) | | | | | | | | | | | | | | | |
| Residential mortgages | - | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 23 | 23 | - | 22 | 22 | 26 | 22 |
| Exposure - weighted average risk weight (%) | | | | | | | | | | | | | | | |
| Residential mortgages | - | 5 | 15 | 25 | 32 | 44 | 46 | 67 | 87 | 120 | - | 160 | 165 | 245 | 28 |
| Banks & other financial institutions | - | 23 | 36 | - | - | - | - | - | - | - | - | - | - | - | 23 |
| Sovereign | 14 | 25 | - | - | - | - | - | - | - | - | - | - | - | - | 15 |

Table 9d – Exposures by portfolio type and PD band

| Portfolios subject to IRB approach | | | | | | | | | | | | | | December 2018 | |
|----------------------------------------------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|---------------|---------------|
| amounts in millions of dollars | PD band | | | | | | | | | | | | | Default | Total |
| | 0.0% to < 0.03% | 0.03% to < 0.1% | 0.1% to < 0.2% | 0.2% to < 0.3% | 0.3% to < 0.5% | 0.5% to < 0.7% | 0.7% to < 1.0% | 1.0% to < 2.0% | 2.0% to < 3.0% | 3.0% to < 5.0% | 5.0% to < 7.0% | 7.0% to < 10.0% | 10.0% to < 100% | | |
| Credit risk exposures | | | | | | | | | | | | | | | |
| Residential mortgages | - | 22,749 | 9,388 | 2,812 | 8,639 | 2,928 | 1,750 | 4,210 | 750 | 1,520 | - | 578 | 479 | 370 | 56,173 |
| Banks & other financial institutions | - | 2,527 | - | - | - | - | - | - | - | - | - | - | - | - | 2,527 |
| Sovereign | 3,101 | 185 | - | - | - | - | - | - | - | - | - | - | - | - | 3,286 |
| Total credit risk exposures | 3,101 | 25,461 | 9,388 | 2,812 | 8,639 | 2,928 | 1,750 | 4,210 | 750 | 1,520 | - | 578 | 479 | 370 | 61,986 |
| Undrawn commitments | | | | | | | | | | | | | | | |
| Residential mortgages | - | 4,355 | 749 | 135 | 468 | 121 | 128 | 1,475 | 23 | 41 | - | 15 | 10 | 2 | 7,523 |
| Banks & other financial institutions | - | 151 | - | - | - | - | - | - | - | - | - | - | - | - | 151 |
| Sovereign | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total credit risk exposures | - | 4,506 | 749 | 135 | 468 | 121 | 128 | 1,475 | 23 | 41 | - | 15 | 10 | 2 | 7,673 |
| Exposure - weighted average EAD | | | | | | | | | | | | | | | |
| Residential mortgages | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Banks & other financial institutions | - | 9 | - | - | - | - | - | - | - | - | - | - | - | - | 9 |
| Sovereign | 56 | 23 | - | - | - | - | - | - | - | - | - | - | - | - | 52 |
| Exposure - weighted average LGD (%) | | | | | | | | | | | | | | | |
| Residential mortgages | - | 21 | 21 | 21 | 21 | 22 | 22 | 22 | 22 | 22 | - | 21 | 21 | 24 | 21 |
| Exposure - weighted average risk weight (%) | | | | | | | | | | | | | | | |
| Residential mortgages | - | 5 | 15 | 25 | 31 | 43 | 44 | 66 | 83 | 116 | - | 154 | 161 | 237 | 28 |
| Banks & other financial institutions | - | 23 | - | - | - | - | - | - | - | - | - | - | - | - | 23 |
| Sovereign | 15 | 26 | - | - | - | - | - | - | - | - | - | - | - | - | 16 |

Table 9e - Actual losses by portfolio type

| Half year losses in reporting period (Portfolios subject to IRB approach) | June 2019 | December 2018 |
|---------------------------------------------------------------------------|------------|---------------|
| amounts in millions of dollars | Write-offs | Write-offs |
| Residential mortgages | 1 | 2 |
| Banks & other financial institutions | - | - |
| Sovereign | - | - |
| Total | 1 | 2 |

Table 9f - Historical loss analysis by portfolio type

| Portfolios subject to IRB approach | June 2019 | |
|--------------------------------------|-----------------------|------------------------------------------------|
| amounts in millions of dollars | Half year actual loss | Regulatory 1 year expected loss estimate |
| Residential mortgages | 1 | 124 |
| Banks & other financial institutions | - | 1 |
| Sovereign | - | - |
| Total | 1 | 125 |

| Portfolios subject to IRB approach | December 2018 | |
|--------------------------------------|-----------------------|------------------------------------------------|
| amounts in millions of dollars | Half year actual loss | Regulatory 1 year expected loss estimate |
| Residential mortgages | 2 | 118 |
| Banks & other financial institutions | - | 1 |
| Sovereign | - | - |
| Total | 2 | 119 |

Table 10b and 10c - Credit risk mitigation

| | | | June 2019 | |
|--------------------------------------|----------------|-------------------------------|---------------------------|--|
| amounts in millions of dollars | Total exposure | Eligible financial collateral | Other eligible collateral | |
| Advanced approach | | | | |
| Residential mortgages | 56,498 | - | - | |
| Banks & other financial institutions | 2,550 | - | - | |
| Sovereign | 3,342 | - | - | |
| Total advanced approach | 62,390 | - | - | |
| Standardised approach | | | | |
| Residential mortgages | 125 | - | - | |
| Property finance | 8,217 | - | - | |
| Corporate | 4,028 | - | - | |
| Other retail | 309 | - | - | |
| Other assets | 126 | - | - | |
| Total standardised approach | 12,805 | - | - | |
| Securitisation | - | - | - | |
| Total exposures | 75,195 | - | - | |

| | | | December 2018 | |
|--------------------------------------|----------------|-------------------------------|---------------------------|--|
| amounts in millions of dollars | Total exposure | Eligible financial collateral | Other eligible collateral | |
| Advanced approach | | | | |
| Residential mortgages | 56,173 | - | - | |
| Banks & other financial institutions | 2,527 | - | - | |
| Sovereign | 3,286 | - | - | |
| Total advanced approach | 61,986 | - | - | |
| Standardised approach | | | | |
| Residential mortgages | 132 | - | - | |
| Property finance | 7,570 | - | - | |
| Corporate | 3,890 | - | - | |
| Other retail | 178 | - | - | |
| Other assets | 125 | - | - | |
| Total standardised approach | 11,895 | - | - | |
| Securitisation | - | - | - | |
| Total exposures | 73,881 | - | - | |

Table 11b - Counterparty credit risk derivative exposure

| Effects of netting on the balance sheet | | |
|-------------------------------------------------------------|-----------|---------------|
| amounts in millions of dollars | June 2019 | December 2018 |
| Gross positive fair value | 133 | 74 |
| Netting benefits | (133) | (52) |
| Netted current credit exposure | - | 22 |
| Collateral held, of which: | | |
| Cash | - | (24) |
| Net derivatives credit exposure | - | (2) |
| Potential future exposure under the Current Exposure method | 29 | 37 |
| Exposure at default | 29 | 35 |

| Exposure at default using the current exposure method | | |
|--------------------------------------------------------------|------------|---------------|
| amounts in millions of dollars | June 2019 | December 2018 |
| Advanced approach | | |
| Interest Rate Contracts | 206 | 148 |
| Foreign Currency Contracts | - | 3 |
| Total | 206 | 151 |

Securitisation

Table 12g - Banking book exposures securitised - traditional securitisation

| June 2019 | | |
|--------------------------------|-----------------------|------------------------|
| amounts in millions of dollars | Originated by the ADI | Third party originated |
| Underlying asset | | |
| Residential mortgages | 9,533 | - |
| Total | 9,533 | - |

| December 2018 | | |
|--------------------------------|-----------------------|------------------------|
| amounts in millions of dollars | Originated by the ADI | Third party originated |
| Underlying asset | | |
| Residential mortgages | 9,880 | - |
| Total | 9,880 | - |

Table 12h - Past due and impaired banking book exposures by asset type

| June 2019 | | | | |
|--------------------------------|----------------------|-----------|-----------|-------------------|
| amounts in millions of dollars | Outstanding exposure | Impaired | Past due | Losses recognised |
| Underlying asset | | | | |
| Residential mortgages | 9,533 | 64 | 52 | - |
| Total | 9,533 | 64 | 52 | - |

| December 2018 | | | | |
|--------------------------------|----------------------|-----------|-----------|-------------------|
| amounts in millions of dollars | Outstanding exposure | Impaired | Past due | Losses recognised |
| Underlying asset | | | | |
| Residential mortgages | 9,880 | 58 | 47 | - |
| Total | 9,880 | 58 | 47 | - |

Table 12i-j - Banking book securitisation activity for the reporting period

| June 2019 | | |
|--------------------------------|-----------------------------|---------------------------------|
| amounts in millions of dollars | Total exposures securitised | Recognised gain or loss on sale |
| Underlying asset | | |
| Residential mortgages | - | - |
| Total | - | - |

| December 2018 | | |
|--------------------------------|-----------------------------|---------------------------------|
| amounts in millions of dollars | Total exposures securitised | Recognised gain or loss on sale |
| Underlying asset | | |
| Residential mortgages | - | - |
| Total | - | - |

Table 12k - Banking book securitisation exposures retained or purchased

| | | | June 2019 |
|---------------------------------------|------------------|-------------------|-----------------|
| amounts in millions of dollars | On-balance sheet | Off-balance sheet | Total exposures |
| Securitisation facility type | | | |
| Liquidity support facilities | - | 215 | 215 |
| Warehouse facilities | - | 10 | 10 |
| Derivative facilities | 27 | 14 | 41 |
| Holding of securities | 7,501 | - | 7,501 |
| Total securitisation exposures | 7,528 | 239 | 7,767 |

| | | | December 2018 |
|---------------------------------------|------------------|-------------------|-----------------|
| amounts in millions of dollars | On-balance sheet | Off-balance sheet | Total exposures |
| Securitisation facility type | | | |
| Liquidity support facilities | - | 220 | 220 |
| Warehouse facilities | - | 10 | 10 |
| Derivative facilities | 8 | 24 | 32 |
| Holding of securities | 7,521 | - | 7,521 |
| Total securitisation exposures | 7,529 | 254 | 7,783 |

Table 12l - Banking book securitisation exposure deducted from capital

| Common equity Tier 1 capital | June 2019 | December 2018 |
|--------------------------------|-----------|---------------|
| amounts in millions of dollars | | |
| Underlying asset | | |
| Credit enhancements | 7 | 7 |
| Total | 7 | 7 |

Market risk

Table 17b - Interest rate risk in the banking book

| Change in economic value | June 2019 | December 2018 |
|--------------------------------|-----------|---------------|
| amounts in millions of dollars | | |
| +200 basis point shock | 34 | 25 |
| -200 basis point shock | (34) | (25) |

| Regulatory RWA | June 2019 | December 2018 |
|----------------------------------------|-----------|---------------|
| amounts in millions of dollars | | |
| Interest rate risk in the banking book | - | 1,638 |

Liquidity

Liquidity coverage ratio

The Liquidity Coverage Ratio (LCR) as defined in APS 210 measures the Bank's ability to sustain a 30-day pre-defined liquidity stress scenario.

IBAL's LCR for the quarter ended 30 June 2019 was calculated as simple daily averages, excluding weekends and public holidays.

Liquid assets comprise High Quality Liquid Assets (HQLA) and Alternative Liquid Assets (ALA). ALA comprises qualifying assets held in the Committed Liquidity Facility (CLF) as approved by the Reserve Bank of Australia (RBA). The average HQLA for the quarter consists of Level 1 assets including balances held with the RBA, Australian Semi Government and Commonwealth Government securities.

The main funding sources for IBAL were deposits from retail and small business customers. Funding was also sourced from the wholesale market in the form of corporate and bank deposits, Retail Mortgage backed Securities (RMBS), Covered Bonds and bond issuances. 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%.

June 2019

| amounts in millions of dollars | | Total unweighted value (daily average) | Total weighted value (daily average) |
|--------------------------------|-------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------|
| Liquid assets | | | |
| 1 | High-quality liquid assets (HQLA) | | 3,388 |
| 2 | Alternative liquid assets (ALA) | | 4,285 |
| 3 | Reserve Bank of New Zealand (RBNZ) securities | | n.a. |
| Cash outflows | | | |
| 4 | Retail deposits and deposits from small business customers, of which: | 31,631 | 4,169 |
| 5 | <i>stable deposits</i> | 17,770 | 857 |
| 6 | <i>less stable deposits</i> | 13,861 | 3,311 |
| 7 | Unsecured wholesale funding, of which: | 1,967 | 1,605 |
| 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> | 1,871 | 1,509 |
| 10 | <i>unsecured debt</i> | 96 | 96 |
| 11 | <i>Secured wholesale funding</i> | | - |
| 12 | <i>Additional requirements, of which</i> | 6,502 | 831 |
| 13 | <i>outflows related to derivatives exposures and other collateral requirements</i> | 340 | 340 |
| 14 | <i>outflows related to loss of funding on debt products</i> | 160 | 160 |
| 15 | <i>credit and liquidity facilities</i> | 6,002 | 331 |
| 16 | Other contractual funding obligations | 573 | 81 |
| 17 | Other contingent funding obligations | 660 | 84 |
| 18 | Total cash outflows | | 6,770 |
| Cash inflows | | | |
| 19 | Secured lending (e.g. reverse repos) | - | - |
| 20 | Inflows from fully performing exposures | 1,247 | 753 |
| 21 | Other cash inflows | 82 | 82 |
| 22 | Total cash inflows | | 835 |
| 23 | Total liquid assets | | 7,673 |
| 24 | Total net cash outflows | | 5,934 |
| 25 | Liquidity Coverage Ratio (%) | | 129% |

(No of observations: 62)

Leverage ratio disclosures

| Leverage Ratio summary | June 2019 | December 2018 |
|--------------------------------|-------------|---------------|
| amounts in millions of dollars | | |
| Tier 1 capital | 4,353 | 4,174 |
| Total exposures | 70,184 | 68,651 |
| Leverage ratio | 6.2% | 6.2% |