

# Pillar 3

## Capital Adequacy & Risk Disclosure

31 March 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	31 Mar 2016	31 Dec 2015
Common Equity Tier 1 Ratio	13.1%	12.9%
Tier 1 Capital Ratio	13.1%	12.9%
<b>Total Capital Ratio</b>	<b>13.6%</b>	<b>13.4%</b>

Risk Weighted Assets	31 Mar 2016	31 Dec 2015
Residential mortgages	16,696.1	16,896.6
Commercial property	3,996.8	3,778.7
Corporate	1,782.6	1,798.0
Banks & Other Financial Institutions	565.4	488.5
Sovereign	-	-
Securitisation	1.1	1.2
Other	110.8	100.0
<b>Total Credit Risk</b>	<b>23,152.8</b>	<b>23,063.0</b>
Operational Risk	2,737.8	2,737.8
<b>Total Risk Weighted Assets</b>	<b>25,890.6</b>	<b>25,800.8</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 31 Mar 2016	Total 31 Dec 2015	Quarter Average
Residential Mortgages	38,922.3	5,089.4	-	44,011.7	44,111.1	43,989.3
Commercial Property	3,475.2	576.7	-	4,051.9	3,831.7	3,940.6
Corporate	1,514.5	268.1	-	1,782.6	1,798.0	1,791.7
Banks & Other Financial Institutions	2,363.6	-	144.0	2,507.6	2,114.6	2,517.3
Sovereign	3,849.0	-	-	3,849.0	3,800.6	3,899.0
Other	431.6	-	-	431.6	478.9	417.8
<b>Total</b>	<b>50,556.2</b>	<b>5,934.2</b>	<b>144.0</b>	<b>56,634.4</b>	<b>56,134.9</b>	<b>56,555.7</b>

Impaired and Past Due Facilities by portfolio	As at 31 Mar 2016			3 months ended 31 Mar 2016		3 months ended 31 Dec 2015	
	Past due facilities	Impaired facilities	Specific provisions	Specific Provisions Movement	Write offs	Specific Provisions Movement	Write offs
Residential Mortgages	63.9	63.2	8.0	1.6	0.3	(1.1)	1.1
Commercial Property	1.1	26.0	17.3	(0.1)	-	(0.1)	-
Corporate	-	-	-	-	-	-	-
Banks & Other Financial Institutions	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-
<b>Total</b>	<b>65.0</b>	<b>89.2</b>	<b>25.3</b>	<b>1.5</b>	<b>0.3</b>	<b>(1.2)</b>	<b>1.1</b>

General Reserve for Credit Losses (GRCL) <sup>1</sup> & Specific Provisions	31 Mar 16			31 Dec 15		
	GRCL	Specific	Total	GRCL	Specific	Total
Collective provision	3.6	5.6	9.2	3.7	3.8	7.5
Individual provision	-	19.7	19.7	-	20.0	20.0
<b>Total provisions</b>	<b>3.6</b>	<b>25.3</b>	<b>28.9</b>	<b>3.7</b>	<b>23.8</b>	<b>27.5</b>
Additional GRCL requirement	130.6	-	130.6	130.5	-	130.5
<b>Total regulatory provisions</b>	<b>134.2</b>	<b>25.3</b>	<b>159.5</b>	<b>134.2</b>	<b>23.8</b>	<b>158.0</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> <i>by exposure type</i>	As at 31 Mar 2016		As at 31 Dec 2015	
	Securitisation Activity	Gain or Loss on Sale	Securitisation Activity	Gain or Loss on Sale
Residential Mortgages	883.2	-	730.6	-
Other	-	-	-	-

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		

As at 31 Dec 2015

Securitisation Exposures	Derivatives	Liquidity facilities	Holdings of securities	Other
On-balance sheet securitisation exposures retained or purchased	26.7	-	6,691.0	57.5
Off-balance sheet securitisation exposures	12.6	210.2	-	-

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