

Pillar 3 Capital Adequacy & Risk Disclosure

31 March 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	31 Mar 2017	31 Dec 2016
Common Equity Tier 1 Capital Ratio	12.4%	12.3%
Tier 1 Capital Ratio	12.4%	12.3%
Total Capital Ratio	12.9%	12.8%

Capital Position	31 Mar 2017	31 Dec 2016
Paid-up ordinary share capital	1,334.0	1,334.0
Retained earnings	2,379.4	2,295.6
Other comprehensive income	(40.4)	(34.7)
less: Regulatory adjustments	(96.7)	(95.8)
Common Equity Tier 1 Capital	3,576.3	3,499.1
Tier 1 Capital	3,576.3	3,499.1
Tier 2 Capital	134.2	134.2
Total Capital	3,710.5	3,633.3

Risk Weighted Assets	31 Mar 2017	31 Dec 2016
Residential mortgages	17,590.5	17,560.9
Commercial property	5,205.7	4,753.5
Corporate	2,517.2	2,628.9
Banks & Other Financial Institutions	557.1	494.1
Sovereign	-	-
Securitisation	0.8	0.8
Other	145.4	137.4
Total Credit Risk	26,016.7	25,575.6
Operational Risk	2,772.1	2,772.1
Total Risk Weighted Assets	28,788.8	28,347.7

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 2017	Total 31 Dec 2016	Quarter Average
Residential Mortgages	42,151.0	5,715.3	0.0	47,866.3	47,388.8	47,949.3
Commercial Property	4,344.9	932.4	0.0	5,277.3	4,817.9	5,097.2
Corporate	2,158.0	410.7	0.0	2,568.7	2,682.3	2,656.0
Banks & Other Financial Institutions	2,341.1	0.0	170.2	2,511.3	2,213.2	2,428.8
Sovereign	2,921.4	0.0	0.0	2,921.4	3,054.4	2,924.5
Other	454.8	0.5	0.0	455.3	446.0	456.2
Total	54,371.2	7,058.9	170.2	61,600.3	60,602.6	61,512.0

Impaired and Past Due Facilities by portfolio	As at 31 Mar 2017			3 months ended 31 Mar 2017		3 months ended 31 Dec 2016	
	Past due facilities	Impaired facilities	Specific provisions	Specific Provisions Movement	Write offs	Specific Provisions Movement	Write offs
Residential Mortgages	67.0	48.9	5.3	0.3	0.6	(1.6)	1.3
Commercial Property	13.3	3.0	0.6	0.1	-	(15.8)	16.3
Corporate	-	41.5	5.0	-	-	5.0	-
Banks & Other Financial Institutions	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-
Total	80.3	93.4	10.9	0.4	0.6	(12.4)	17.6

General Reserve for Credit Losses (GRCL) and Specific Provisions ¹	31 Mar 2017			31 Dec 2016		
	GRCL	Specific	Total	GRCL	Specific	Total
Collective provision	5.4	5.0	10.4	5.6	4.6	10.2
Individual provision	-	5.9	5.9	-	5.9	5.9
Total provisions	5.4	10.9	16.3	5.6	10.5	16.1
Additional GRCL requirement	128.8	-	128.8	128.6	-	128.6
Total regulatory provisions	134.2	10.9	145.1	134.2	10.5	144.7

¹GRCL 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 by exposure type	As at 31 Mar 2017		As at 31 Dec 2016	
	Securitisation Activity	Gain or Loss on Sale	Securitisation Activity	Gain or Loss on Sale
Residential Mortgages	-	-	-	-
Other	-	-	-	-

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	-	-

As at 31 Dec 2016

Securitisation Exposures	Derivatives	Liquidity facilities	Holdings of securities	Other
On-balance sheet securitisation exposures retained or purchased	24.0	-	6,710.2	57.2
Off-balance sheet securitisation exposures	13.8	208.9	-	-

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

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