

# Pillar 3 Capital adequacy & risk disclosure

31 March 2018

# Table of contents

Table 3 Capital adequacy	3
Table 4 Credit risk	4
Table 5 Securitisation	5

ING Bank (Australia) Limited, 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'. 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 2018	31 Dec 2017
Common equity tier 1 capital ratio	12.4%	12.3%
Tier 1 capital ratio	12.4%	12.3%
<b>Total capital ratio</b>	<b>12.8%</b>	<b>12.8%</b>

Capital position	31 Mar 2018	31 Dec 2017
Paid-up ordinary share capital	1,334.0	1,334.0
Retained earnings	2,751.3	2,646.3
Other comprehensive income	(32.8)	(19.7)
less: regulatory adjustments	(163.0)	(155.1)
<b>Common equity tier 1 capital</b>	<b>3,889.5</b>	<b>3,805.5</b>
<b>Tier 1 capital</b>	<b>3,889.5</b>	<b>3,805.5</b>
Tier 2 capital	134.2	134.2
<b>Total capital</b>	<b>4,023.7</b>	<b>3,939.7</b>

Risk weighted assets	31 Mar 2018	31 Dec 2017
Residential mortgages	18,314.8	18,288.6
Commercial property	6,385.5	5,805.0
Corporate	3,228.6	3,309.3
Banks & other financial institutions	496.5	470.5
Sovereign	-	-
Securitisation	-	-
Other	136.7	136.5
<b>Total credit risk</b>	<b>28,562.1</b>	<b>28,009.9</b>
Operational risk	2,887.3	2,887.3
<b>Total risk weighted assets</b>	<b>31,449.4</b>	<b>30,897.2</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 2018	Total 31 Dec 2017	Quarter average
Residential mortgages	45,134.6	5,811.4	0.0	50,945.9	50,586.6	50,766.4
Commercial property	5,313.7	1,158.7	0.0	6,472.4	5,940.3	6,206.4
Corporate	2,663.4	565.3	0.0	3,228.6	3,242.0	3,235.3
Banks & other financial institutions	2,120.1	0.0	148.6	2,268.7	2,140.1	2,204.4
Sovereign	3,162.9	0.0	0.0	3,162.9	3,116.5	3,139.7
Other	409.6	238.1	0.0	647.8	635.8	422.7
<b>Total</b>	<b>58,804.3</b>	<b>7,773.5</b>	<b>148.6</b>	<b>66,726.4</b>	<b>65,661.3</b>	<b>65,974.9</b>

Impaired and past due Facilities by portfolio	As at 31 Mar 2018			3 months ended 31 Mar 2018		3 months ended 31 Dec 2017	
	Past due facilities	Impaired facilities	Specific provisions	Specific provisions movement	Write offs	Specific provisions movement	Write offs
Residential mortgages	107.1	155.9	13.4	1.8	1.2	4.4	2.3
Commercial property	5.5	-	-	-	-	-	-
Corporate	0.7	23.1	5.0	-	-	-	-
Banks & other financial institutions	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-
<b>Total</b>	<b>113.2</b>	<b>179.0</b>	<b>18.4</b>	<b>1.8</b>	<b>1.2</b>	<b>4.4</b>	<b>2.3</b>

General reserve for credit losses (GRCL) and specific provisions <sup>2</sup>	31 Mar 2018			31 Dec 2017		
	GRCL	Specific	Total	GRCL	Specific	Total
Collective provision <sup>3</sup>	21.4	13.4	34.8	7.7	11.6	19.3
Individual provision	-	5.0	5.0	-	5.0	5.0
<b>Total provisions</b>	<b>21.4</b>	<b>18.4</b>	<b>39.8</b>	<b>7.7</b>	<b>16.6</b>	<b>24.3</b>
Additional GRCL requirement	112.8	-	112.8	126.5	-	126.5
<b>Total regulatory provisions</b>	<b>134.2</b>	<b>18.4</b>	<b>152.6</b>	<b>134.2</b>	<b>16.6</b>	<b>150.8</b>

<sup>1</sup>The volume of Impaired and Past Due loans increased in the quarter as a result of APRA's recent industry wide clarification of the treatment of hardship facilities

<sup>2</sup>GRCL and specific provisions are calculated based on the requirements of APS 220 Credit Quality. Collective and individual provisions as reported in ING's Annual Report are calculated according to Australia Accounting Standards (AAS).

<sup>3</sup>AASB 9 Financial Instruments became effective from 1 January 2018.

**Table 5 Securitisation**

Summary of securitisation activity <sup>4</sup> by exposure type	As at 31 Mar 2018		As at 31 Dec 2017	
	Securitisation activity	Gain or loss on sale	Securitisation activity	Gain or loss on sale
Residential Mortgages	-	-	-	-
Other	-	-	-	-

As at 31 Mar 2018

Securitisation exposures	Derivatives	Liquidity facilities	Holdings of securities	Other
On-balance sheet securitisation exposures retained or purchased	20.2	-	6,747.8	52.7
Off-balance sheet securitisation exposures	16.7	208.2	-	-

As at 31 Dec 2017

Securitisation exposures	Derivatives	Liquidity facilities	Holdings of securities	Other
On-balance sheet securitisation exposures retained or purchased	20.2	-	6,756.7	62.4
Off-balance sheet securitisation exposures	16.7	212.2	-	-

<sup>4</sup>All securitised loans remain on the balance sheet of ING.

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