



Pillar 3 Capital Adequacy & Risk Disclosures

March 2020

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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'. Effective April 2018, ING was granted approval by APRA to begin determining its capital requirements using internal credit and market risk models, across certain portfolios.

All credit exposures are managed from ING's head office in Sydney, Australia.

All amounts are stated in AUD.

Capital adequacy

APS 330 Table 3a to 3e - Capital requirements in terms of risk-weighted assets

	March 2020	December 2019
Amounts in millions of dollars		
Subject to AIRB approach		
Residential mortgages	16,118	16,187
Total RWA subject to AIRB approach	16,118	16,187
Subject to FIRB approach		
Banks & other financial institutions	400	378
Sovereign	525	513
Total RWA subject to FIRB approach	925	891
Subject to standardised approach		
Residential mortgages	78	80
Property finance	6,532	6,447
Corporate	6,787	6,889
Other retail	352	302
Other assets	132	149
Total RWA subject to standardised approach	13,881	13,867
Securitisation	-	-
Credit valuation adjustment	7	5
Central counterparties	-	-
Total credit risk RWA	30,930	30,950
Interest rate risk in the banking book	125	125
Operational risk	3,449	3,449
Total RWA	34,504	34,524

APS 330 Table 3f - Capital ratios

	March 2020	December 2019
Common equity tier 1 capital ratio	13.5%	13.2%
Tier 1 capital ratio	13.5%	13.2%
Total capital ratio	13.9%	13.6%

Credit risk

APS 330 Table 4a - Credit risk exposure by portfolio

March 2020					
Amounts in millions of dollars	On-balance sheet	Off-balance sheet		Total	3-month average
		Market related	Non-market related		
Residential mortgages	52,097	-	7,600	59,697	59,468
Property finance	5,963	-	591	6,554	6,512
Corporate	5,451	-	1,689	7,140	6,915
Banks & other financial institutions	2,005	62	-	2,067	2,152
Sovereign	4,438	-	-	4,438	3,969
Securitisation	-	-	-	-	-
Other retail	352	-	154	506	473
Other assets	132	-	-	132	138
Total credit exposures	70,438	62	10,034	80,534	79,627

December 2019					
Amounts in millions of dollars	On-balance sheet	Off-balance sheet		Total	3-month average
		Market related	Non-market related		
Residential mortgages	51,826	-	7,594	59,420	58,938
Property finance	5,696	-	775	6,471	8,048
Corporate	4,975	-	1,985	6,960	5,041
Banks & other financial institutions	1,731	864	-	2,595	2,203
Sovereign	3,772	-	-	3,772	3,762
Securitisation	-	-	-	-	-
Other retail	302	-	134	436	403
Other assets	149	-	-	149	173
Total credit exposures	68,451	864	10,488	79,803	78,567

APS 330 Table 4b - Impaired and past due by portfolio

Amounts in millions of dollars	Past due facilities	Impaired facilities	Specific provisions	March 2020	
				Quarterly-year movement	
				Charge to specific provisions	Write offs
Residential mortgages	187	212	28	(1)	-
Property finance	2	-	-	-	-
Corporate	16	33	7	2	-
Banks & other financial institutions	-	-	-	-	-
Sovereign	-	-	-	-	-
Securitisation	-	-	-	-	-
Other retail	-	2	2	1	1
Other assets	-	-	-	-	-
Total	205	247	37	2	1

Amounts in millions of dollars	Past due facilities	Impaired facilities	Specific provisions	December 2019	
				Quarterly-year movement	
				Charge to specific provisions	Write offs
Residential mortgages	200	211	29	-	1
Property finance	7	-	-	(1)	-
Corporate	7	28	5	-	-
Banks & other financial institutions	-	-	-	-	-
Sovereign	-	-	-	-	-
Securitisation	-	-	-	-	-
Other retail	-	1	1	-	-
Other assets	-	-	-	-	-
Total	214	240	35	(1)	1

Table 4c - Reconciliation between APS 220 provisions and Australian accounting standards

March 2020			
Amounts in millions of dollars	General reserve for credit losses	Specific provisions	Total
Collective provision	57	32	89
Individual provision	-	5	5
Total provisions	57	37	94
Additional GRCL requirement	77	-	77
Total regulatory provisions	134	37	171

December 2019			
Amounts in millions of dollars	General reserve for credit losses	Specific provisions	Total
Collective provision	40	30	70
Individual provision	-	5	5
Total provisions	40	35	75
Additional GRCL requirement	94	-	94
Total regulatory provisions	134	35	169

Securitisation

Table 5a - Securitisation activity

		March 2020	
Amounts in millions of dollars		Total exposures securitised	Recognised gain or loss on sale
Underlying asset			
Residential mortgages		-	-
Total		-	-

		December 2019	
Amounts in millions of dollars		Total exposures securitised	Recognised gain or loss on sale
Underlying asset			
Residential mortgages		1,590	-
Total		1,590	-

Table 5b – Banking book securitisation exposures retained or purchased

			March 2020
Amounts in millions of dollars	On-balance sheet	Off-balance sheet	Total exposures
Securitisation facility type			
Liquidity support facilities	-	228	228
Credit enhancements	-	11	11
Derivative facilities	40	16	56
Holding of securities	7,574	-	7,574
Total securitisation exposures	7,614	255	7,869

			December 2019
Amounts in millions of dollars	On-balance sheet	Off-balance sheet	Total exposures
Securitisation facility type			
Liquidity support facilities	-	233	233
Credit enhancements	-	11	11
Derivative facilities	35	14	49
Holding of securities	7,599	-	7,599
Total securitisation exposures	7,634	258	7,892

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 ending 31 March 2020 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 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.

ING manages its LCR position, daily, with a Board approved buffer above the regulatory limit of 100%.

Liquidity

Liquidity coverage ratio

		March 2020	
Amounts in millions of dollars		Total unweighted value (daily average)	Total weighted value (daily average)
Liquid assets			
1	High-quality liquid assets (HQLA)		4,531
2	Alternative liquid assets (ALA)		3,632
3	Reserve Bank of New Zealand (RBNZ) securities		n.a.
Cash outflows			
4	Retail deposits and deposits from small business customers, of which:	32,838	4,299
5	<i>stable deposits</i>	18,507	925
6	<i>less stable deposits</i>	14,332	3,374
7	Unsecured wholesale funding, of which:	2,255	1,895
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>	2,182	1,822
10	<i>unsecured debt</i>	73	73
11	<i>Secured wholesale funding</i>		-
12	<i>Additional requirements, of which:</i>	7,853	969
13	<i>outflows related to derivatives exposures and other collateral requirements</i>	428	428
14	<i>outflows related to loss of funding on debt products</i>	94	94
15	<i>credit and liquidity facilities</i>	7,331	448
16	Other contractual funding obligations	770	93
17	Other contingent funding obligations	860	151
18	Total cash outflows		7,407
Cash inflows			
19	Secured lending (e.g. reverse repos)	-	-
20	Inflows from fully performing exposures	1,910	1,220
21	Other cash inflows	43	43
22	Total cash inflows		1,263
23	Total liquid assets		8,163
24	Total net cash outflows		6,144
25	Liquidity Coverage Ratio (%)		133

(No of observations: 63)

Liquidity

Liquidity coverage ratio

		December 2019	
Amounts in millions of dollars		Total unweighted value (daily average)	Total weighted value (daily average)
Liquid assets			
1	High-quality liquid assets (HQLA)		4,368
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:	33,290	4,434
5	<i>stable deposits</i>	18,377	919
6	<i>less stable deposits</i>	14,913	3,515
7	Unsecured wholesale funding, of which:	1,792	1,430
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>	1,725	1,363
10	<i>unsecured debt</i>	67	67
11	<i>Secured wholesale funding</i>	0	0
12	<i>Additional requirements, of which:</i>	7,794	1,001
13	<i>outflows related to derivatives exposures and other collateral requirements</i>	433	433
14	<i>outflows related to loss of funding on debt products</i>	124	124
15	<i>credit and liquidity facilities</i>	7,237	444
16	Other contractual funding obligations	1,007	471
17	Other contingent funding obligations	789	106
18	Total cash outflows		7,442
Cash inflows			
19	Secured lending (e.g. reverse repos)	-	-
20	Inflows from fully performing exposures	1,488	952
21	Other cash inflows	32	32
22	Total cash inflows		984
23	Total liquid assets		8,653
24	Total net cash outflows		6,458
25	Liquidity Coverage Ratio (%)		134

Leverage ratio

	March 2020	December 2019
Amounts in millions of dollars		
Tier 1 capital	4,641	4,562
Total exposures	79,033	74,377
Leverage ratio	5.9%	6.1%