

# Basel III Pillar 3 Risk Disclosure

As at 30 September 2014

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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 Group.

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.

## Capital Adequacy Ratios

Ratio	As at 30 September 2014	As at 30 June 2014
Common Equity Tier 1 Ratio	14.0%	13.9%
Tier 1 Capital Ratio	14.0%	13.9%
<b>Total Capital Ratio</b>	<b>14.6%</b>	<b>14.5%</b>

## Risk Weighted Assets<sup>1</sup>

Subject to Standardised Approach	As at 30 September 2014	As at 30 June 2014
Residential Mortgages <sup>2</sup>	17,566.0	17,387.5
Commercial Property	3,064.7	3,086.6
Corporate	1,202.7	729.9
Wholesale - Financial Institutions	547.2	883.0
Securitisation	8.5	9.3
Other	63.8	69.4
<b>Total Credit Risk</b>	<b>22,452.9</b>	<b>22,165.7</b>
Operational Risk	2,720.9	2,720.9
<b>Total Risk Weighted Assets</b>	<b>25,173.8</b>	<b>24,886.6</b>

## Credit Risk Exposure<sup>3</sup>

Portfolio Type	On balance sheet	Non-market related off-balance sheet	Market related off-balance sheet	Total as at 30 September 2014	Total as at 30 June 2014	Quarter Average
Residential Mortgages <sup>2</sup>	38,548.8	5,404.1	0.0	43,952.9	43,410.4	43,763.8
Commercial Property	2,791.8	329.0	0.0	3,120.8	3,144.8	3,132.9
Corporate	922.9	279.8	0.0	1,202.7	729.9	1,000.8
Wholesale	7,155.1	67.4	83.7	7,306.2	8,529.7	7,452.3
Other	398.6	0.0	0.0	398.6	386.6	379.0
<b>Total</b>	<b>49,817.2</b>	<b>6,080.3</b>	<b>83.7</b>	<b>55,981.2</b>	<b>56,201.4</b>	<b>55,728.8</b>

<sup>1</sup> IBAL does not have a trading book and therefore Market Risk RWA under standardised approach is \$0.

<sup>2</sup> On the 3<sup>rd</sup> October 2014, IBAL sold a \$1.4b portfolio of residential mortgages, disclosed at \$606.3m post the application of relevant risk weightings.

<sup>3</sup> This table does not include investments in Residential Mortgage Backed Securities ("RMBS").

## General Reserve for Credit Losses

	As at 30 September 2014	As at 30 June 2014
Collective provision	4.3	5.3
<b>Additional GRCL Requirement</b>		
Opening Quarter Balance	128.9	127.8
Transfer from retained earnings	1.0	1.1
<b>Total</b>	<b>129.9</b>	<b>128.9</b>
<b>Total GRCL</b>	<b>134.2</b>	<b>134.2</b>

## Impaired and Past Due Facilities

Portfolio Type	As at 30 September 2014			3 months ended 30 September 2014		3 months ended 30 June 2014	
	Past due facilities	Impaired facilities	Specific provisions	Specific Provisions Movement	Write offs	Specific Provisions Movement	Write offs
Residential Mortgages	174.8	88.7	4.3	(1.1)	2.9	(2.0)	2.1
Commercial Property	3.7	81.5	28.9	1.8	1.5	(0.7)	1.5
Corporate	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wholesale	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>178.5</b>	<b>170.2</b>	<b>33.2</b>	<b>0.7</b>	<b>4.4</b>	<b>(2.7)</b>	<b>3.6</b>

## Securitisation<sup>4</sup>

Securitisation Type	As at 30 September 2014			
	Residential Mortgages	Commercial Loans	Other	Gains/(losses) recognised
Current Quarter Securitisation	0.0	0.0	0.0	0.0
Total Internally Securitised Assets	7,390.3	0.0	0.0	0.0
Total External Issuance of Securitised Assets <sup>5</sup>	4,306.9	0.0	0.0	0.0
On-balance Securitisation Investments <sup>6</sup>	42.3	0.0	0.0	0.0

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

<sup>5</sup> This item includes Liquidity Facilities provided to the ING Direct Originated Loan Trust Series ("IDOL Series") for the amount of AUD 62.1m.

<sup>6</sup> As at 30 September 2014, Standard & Poor's (S&P) rating on the ING Direct's RMBS investment portfolio is AAA.