

Pillar 3

Capital Adequacy & Risk Disclosure

30 September 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	30 Sep 2016	30 Jun 2016
Common Equity Tier 1 Ratio	12.8%	13.1%
Tier 1 Capital Ratio	12.8%	13.1%
Total Capital Ratio	13.3%	13.6%

Risk Weighted Assets	30 Sep 2016	30 Jun 2016
Residential mortgages	17,121.2	16,846.2
Commercial property	4,684.1	4,266.9
Corporate	2,018.9	1,815.2
Banks & Other Financial Institutions	591.9	533.0
Sovereign	-	-
Securitisation	1.0	1.0
Other	130.0	121.7
Total Credit Risk	24,547.1	23,584.0
Operational Risk	2,741.7	2,741.7
Total Risk Weighted Assets	27,288.8	26,325.7

Table 4 Credit Risk

Credit Risk Exposure by portfolio	On balance sheet	Non-market related off-balance sheet	Market related off-balance sheet	Total 30 Sep 2016	Total 30 Jun 2016	Quarter Average
Residential Mortgages	39,805.5	5,973.4	-	45,778.9	44,731.2	45,261.6
Commercial Property	3,846.3	895.6	-	4,741.9	4,322.4	4,545.1
Corporate	1,716.1	392.0	-	2,108.1	1,904.8	2,025.0
Banks & Other Financial Institutions	2,364.0	-	154.1	2,518.1	2,318.8	2,426.6
Sovereign	3,199.2	-	-	3,199.2	3,523.9	3,219.4
Other	422.1	-	-	422.1	452.8	428.4
Total	51,353.2	7,261.0	154.1	58,768.3	57,253.9	57,906.1

Impaired and Past Due Facilities by portfolio	As at 30 Sep 2016			3 months ended 30 Sep 2016		3 months ended 30 Jun 2016	
	Past due facilities	Impaired facilities	Specific provisions	Specific Provisions Movement	Write offs	Specific Provisions Movement	Write offs
Residential Mortgages	71.4	47.6	6.6	(1.3)	0.9	(0.1)	0.5
Commercial Property	13.1	22.2	16.3	(2.5)	-	1.4	-
Corporate	-	-	-	-	-	-	-
Banks & Other Financial Institutions	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-
Total	84.5	69.8	22.9	(3.8)	0.9	1.3	0.5

General Reserve for Credit Losses (GRCL) ¹ & Specific Provisions	30 Sep 2016			30 Jun 2016		
	GRCL	Specific	Total	GRCL	Specific	Total
Collective provision	5.1	5.0	10.1	5.5	5.3	10.8
Individual provision	-	17.9	17.9	-	21.4	21.4
Total provisions	5.1	22.9	28.0	5.5	26.7	32.2
Additional GRCL requirement	129.1	-	129.1	128.7	-	128.7
Total regulatory provisions	134.2	22.9	157.1	134.2	26.7	160.9

¹ 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 ² by exposure type	As at 30 Sep 2016		As at 30 Jun 2016	
	Securitisation Activity	Gain or Loss on Sale	Securitisation Activity	Gain or Loss on Sale
Residential Mortgages	-	-	-	-
Other	-	-	-	-

As at 30 Sep 2016

Securitisation Exposures	Derivatives	Liquidity facilities	Holdings of securities	Other
On-balance sheet securitisation exposures retained or purchased	34.5	-	6,725.0	60.4
Off-balance sheet securitisation exposures	14.7	212.1	-	-

As at 30 Jun 2016

Securitisation Exposures	Derivatives	Liquidity facilities	Holdings of securities	Other
On-balance sheet securitisation exposures retained or purchased	36.7	-	6,737.9	64.2
Off-balance sheet securitisation exposures	16.0	215.9	-	-

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