



Pillar 3 - Capital Adequacy & Risk Disclosures September 2022



Contents

Disclaimer	2
Quantitative disclosures	3
Capital.....	3
Credit risk	4
Securitisation.....	7
Liquidity risk.....	8
Leverage ratio.....	11



ING Bank Australia Limited (IBAL), trading as ING, is an Authorised Deposit-taking Institution subject to regulation by the Australian Prudential Regulation Authority (APRA) and is a part of ING Groep N.V.

The following information is presented in accordance with the APRA Prudential Standard APS 330, 'Public Disclosure'.

Effective 1 April 2018, IBAL was accredited by APRA to determine its regulatory capital requirements using an internal market risk model and internal credit risk models for selected portfolios: IBAL is approved to use the Advanced Internal Ratings-Based (AIRB) approach for the Residential Mortgages portfolio and the Foundation Internal Ratings-Based (FIRB) approach for the Bank & other financial institutions portfolio for regulatory capital purposes.

Effective 1 April 2020, IBAL was accredited to apply the FIRB approach to its Corporate Lending portfolio, and the Supervisory Slotting approaches to calculate its capital requirements for its Project Finance portfolio and the majority of its Commercial Real Estate portfolio.

The initial disclosures herein reflect reporting requirements applicable to banks utilising the Internal Ratings-Based Approach (IRB) to capital measurement.

All credit exposures are located within Australia.

All credit exposures are managed in Sydney, Australia.

All amounts are stated in AUD.



Quantitative disclosures

Capital

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

	September 2022	June 2022
Amounts in millions of dollars		
Subject to AIRB approach		
Residential mortgages	14,842	15,032
Total RWA subject to AIRB approach	14,842	15,032
Subject to FIRB approach		
Banks & other financial institutions	475	444
Corporate	1,849	1,558
Total RWA subject to FIRB approach	2,324	2,002
Subject to supervisory slotting approach		
Property finance	5,783	5,489
Project finance	2,489	2,407
Total RWA subject to supervisory slotting approach	8,272	7,896
Subject to standardised approach		
Residential mortgages	43	47
Property finance	166	189
Sovereign	1,100	900
Corporate	1,556	1,637
Other retail	348	341
Other assets	91	117
Total RWA subject to standardised approach	3,304	3,231
Securitisation	45	38
Credit valuation adjustment	3	4
Total credit risk RWA	28,790	28,203
Interest rate risk in the banking book	2,659	3,410
Operational risk	4,143	4,143
Total RWA	35,592	35,757

APS 330 Table 3f – Capital ratios

	September 2022	June 2022
Common equity tier 1 capital ratio	14.9%	14.3%
Tier 1 capital ratio	14.9%	14.3%
Total capital ratio	15.2%	14.6%



Credit risk¹**APS 330 Table 4a - Credit risk exposure by portfolio type**

September 2022					
Amounts in millions of dollars	On-Balance sheet	Off-Balance sheet		Total	3-month average
		Market related	Non-market related		
Residential mortgages	55,780	-	8,734	64,514	64,844
Property finance	6,584	-	548	7,132	6,990
Project finance	3,190	-	219	3,409	3,271
Corporate	4,176	-	977	5,153	5,025
Banks & other financial institutions	2,332	342	22	2,696	2,426
Sovereign	9,391	-	-	9,391	8,727
Other retail	348	-	-	348	344
Other assets	91	-	-	91	157
Total credit exposures	81,892	342	10,500	92,734	91,784

June 2022					
Amounts in millions of dollars	On-Balance sheet	Off-Balance sheet		Total	6-month average
		Market related	Non-market related		
Residential mortgages	56,791	-	8,554	65,345	64,587
Property finance	6,095	-	498	6,593	6,440
Project finance	2,883	-	291	3,174	3,142
Corporate	4,113	-	752	4,865	4,575
Banks & other financial institutions	2,225	345	27	2,597	2,177
Sovereign	8,175	-	-	8,175	8,241
Other retail	341	-	-	341	322
Other assets	204	-	-	204	114
Total credit exposures	80,827	345	10,122	91,294	89,598

¹ Excluding Securitisation



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

September 2022					
Amounts in millions of dollars	Past due facilities	Impaired facilities	Specific provisions	Quarterly movement	
				Charge to specific provisions	Write offs
Residential mortgages	221	470	45	-	1
Property finance	3	7	1	1	-
Project finance	-	-	-	-	-
Corporate	8	28	3	1	-
Banks & other financial institutions	-	-	-	-	-
Sovereign	-	-	-	-	-
Other retail	-	8	8	(1)	1
Other assets	-	-	-	-	-
Total	232	513	57	1	2

June 2022					
Amounts in millions of dollars	Past due facilities	Impaired facilities	Specific provisions	Quarterly movement	
				Charge to specific provisions	Write offs
Residential mortgages	232	540	45	(22)	-
Property finance	2	7	-	(1)	-
Project finance	-	-	-	-	-
Corporate	5	35	2	(1)	-
Banks & other financial institutions	-	-	-	-	-
Sovereign	-	-	-	-	-
Other retail	-	8	9	(1)	1
Other assets	-	-	-	-	-
Total	239	590	56	(25)	1



APS 330 Table 4c - Reconciliation between APS 220 provisions and Australian accounting standards

September 2022			
Amounts in millions of dollars	General reserve for credit losses	Specific provisions	Total
Collective provision	59	57	116
Individual provision	-	-	-
Total provisions	59	57	116
Additional GRCL requirement	91	-	91
Total regulatory provisions	150	57	207

June 2022			
Amounts in millions of dollars	General reserve for credit losses	Specific provisions	Total
Collective provision	41	56	97
Individual provision	-	-	-
Total provisions	41	56	97
Additional GRCL requirement	94	-	94
Total regulatory provisions	135	56	191



Securitisation

APS 330 Table 5a - Banking book activity for the reporting period

		September 2022	
Amounts in millions of dollars		Total exposures securitised	Recognised gain or loss on sale
Underlying asset			
Residential mortgages		-	-
Total		-	-

		June 2022	
Amounts in millions of dollars		Total exposures securitised	Recognised gain or loss on sale
Underlying asset			
Residential mortgages		-	-
Total		-	-

APS 330 Table 5b - Banking book securitisation exposures retained or purchased

			September 2022
Amounts in millions of dollars	On-balance sheet	Off-balance sheet	Total exposures
Securitisation facility type			
Liquidity support facilities	-	327	327
Credit enhancements	-	11	11
Redraw facilities	-	22	22
Derivative facilities	14	-	14
Holding of securities	12,973	-	12,973
Total securitisation exposures	12,987	360	13,347

			June 2022
Amounts in millions of dollars	On-balance sheet	Off-balance sheet	Total exposures
Securitisation facility type			
Liquidity support facilities	-	330	330
Credit enhancements	-	13	13
Redraw facilities	-	24	24
Derivative facilities	17	-	17
Holding of securities	12,955	-	12,955
Total securitisation exposures	12,972	367	13,339



Liquidity risk

Liquidity coverage ratio

The Liquidity Coverage Ratio (LCR), as defined in APRA Prudential Standard 210 *Liquidity* (APS 210), measures the Bank's ability to sustain a 30-day pre-defined liquidity stress scenario.

The LCR is calculated as a simple daily average, 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) and Term Funding Facility (TFF) as approved by the Reserve Bank of Australia (RBA). The average HQLA for the quarter consists of Level 1 assets including balances held with the 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, Residential Mortgage-Backed Securities (RMBS), Covered Bonds and bond issuances, as well as from the RBA's term funding facility. The weighted outflows from each of these funding sources are based on APRA determined run-off factors. The funding mix is regularly monitored in relation to an optimal funding mix, which forms part of the Bank's risk appetite statement.

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 APS 210.

IBAL's average LCR for the quarter ended 30 September 2022 was 143%, which is an increase of 6% from 137% reported for the quarter ended 30 June 2022.

APS 330 Table 20 - Liquidity coverage ratio

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

		September 2022	
Amounts in millions of dollars		Total unweighted value (daily average)	Total weighted value (daily average)
Liquid assets			
1	High-quality liquid assets (HQLA)		7,429
2	Alternative liquid assets (ALA)		532
3	Reserve Bank of New Zealand (RBNZ) securities		n/a
Cash outflows			
4	Retail deposits and deposits from small business customers, of which:	44,566	4,817
5	<i>stable deposits</i>	30,493	1,525
6	<i>less stable deposits</i>	14,074	3,292
7	Unsecured wholesale funding, of which:	1,702	1,468
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>	1,561	1,326
10	<i>unsecured debt</i>	142	142
11	Secured wholesale funding		-
12	Additional requirements, of which	9,296	1,138
13	<i>outflows related to derivatives exposures and other collateral requirements</i>	537	537
14	<i>outflows related to loss of funding on debt products</i>	69	69
15	<i>credit and liquidity facilities</i>	8,690	532
16	Other contractual funding obligations	687	2
17	Other contingent funding obligations	1,522	217
18	Total cash outflows		7,642
Cash inflows			
19	Secured lending (e.g. reverse repos)		-
20	Inflows from fully performing exposures	2,757	1,827
21	Other cash inflows	256	256
22	Total cash inflows	3,013	2,083
23	Total liquid assets		7,961
24	Total net cash outflows		5,559
25	Liquidity Coverage Ratio (%)		143%

(No of observations: 64)



APS 330 Table 20 - Liquidity coverage ratio (continued)

		June 2022	
Amounts in millions of dollars		Total unweighted value (daily average)	Total weighted value (daily average)
Liquid assets			
1	High-quality liquid assets (HQLA)		7,397
2	Alternative liquid assets (ALA)		833
3	Reserve Bank of New Zealand (RBNZ) securities		n/a
Cash outflows			
4	Retail deposits and deposits from small business customers, of which:	44,307	4,843
5	<i>stable deposits</i>	29,939	1,497
6	<i>less stable deposits</i>	14,368	3,346
7	Unsecured wholesale funding, of which:	1,446	1,147
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>	1,366	1,067
10	<i>unsecured debt</i>	80	80
11	Secured wholesale funding		-
12	Additional requirements, of which	9,187	1,097
13	<i>outflows related to derivatives exposures and other collateral requirements</i>	521	521
14	<i>outflows related to loss of funding on debt products</i>	40	40
15	<i>credit and liquidity facilities</i>	8,626	535
16	Other contractual funding obligations	1,121	439
17	Other contingent funding obligations	1,526	293
18	Total cash outflows		7,820
Cash inflows			
19	Secured lending (e.g. reverse repos)		-
20	Inflows from fully performing exposures	2,158	1,476
21	Other cash inflows	334	334
22	Total cash inflows	2,492	1,810
23	Total liquid assets		8,230
24	Total net cash outflows		6,010
25	Liquidity Coverage Ratio (%)		137%

(No of observations: 61)



Leverage ratio

	September 2022	June 2022	March 2022	December 2021
Amounts in millions of dollars				
Tier 1 capital	5,301	5,109	4,997	5,322
Total exposures	85,511	85,364	83,074	82,951
Leverage ratio	6.2%	6.0%	6.0%	6.4%

