

Basel II Pillar 3

December 2008

The following information is presented to meet the APRA Prudential Standard (APS330) under the Basel II Accord utilising the Standardised Approach to Capital Adequacy. This prudential standard fulfills the Pillar 3 requirements of Public Disclosure of Prudential Information to be published on a quarterly basis.

This following disclosures relate to ING Bank (Australia) Limited trading as ING Direct.

CAPITAL STRUCTURE

amount in millions of dollars	Capital
Tier 1 Capital	2,057.7
Paid-up ordinary share capital	1,334.0
General reserves	2.5
Capital profits reserve	0.0
Foreign currency translation reserve	0.0
Retained earnings	619.4
Current year's earnings net of expected dividends and tax expenses	182.1
Non-innovative residual Tier 1 capital instruments	0.0
Innovative Tier 1 capital instruments	0.0
Total deductions from Tier 1 capital	(80.3)
Tier 2 Capital	1,010.2
Total Capital Base	3,067.9

CAPITAL ADEQUACY

amount in millions of dollars	Risk Weighted Assets
Capital Requirements in Terms of Risk Weighted Assets	
Credit Risk	21,682.8
Retail	
- Residential Mortgages	16,193.9
- Commercial Property	3,789.5
Wholesale	
- Financial Institutions	1,605.4
- Governments	0.0
Other	93.9
Securitisation	144.7
Market Risk	0
Operational Risk	2,187.4
	Capital Ratios
Total Capital Ratio	12.8%
Tier 1 Capital Ratio	8.6%

CREDIT RISK EQUIVALENT EXPOSURES¹

amount in millions of dollars	December 2008	4 th Quarter Average
Total Gross Credit Risk Exposure	51,501.6	50,746.3
Retail and Commercial Loans	42,391.7	42,281.6
Bank Guarantees	45.9	46.6
Derivatives	547.2	572.3
Wholesale Loans and Securities	8,379.2	7,734.2
Other	137.4	111.6
Portfolio	51,501.6	50,746.3
Residential Mortgages	38,648.2	38,532.4
Commercial Loans	3,789.5	3,795.8
Wholesale Loans, Securities and Derivatives	8,926.4	8,306.5
Other	137.4	111.6
Impaired and Past Due Facilities		
Retail Mortgages		
- Impaired Facilities	222.4	
- Past Due Facilities	197.0	
- Specific Provisions	10.1	
- Write Offs during the Quarter	0.9	
Commercial Property		
- Impaired Facilities	44.3	
- Past Due Facilities	81.1	
- Specific Provisions	0.0	
- Write Offs during the Quarter	0.0	
Wholesale		
- Impaired Facilities	0.0	
- Past Due Facilities	0.0	
- Specific Provisions	0.0	
- Write Offs during the Quarter	0.0	
General Reserve for Credit Losses	14.6	

¹ The exposures in the above table are the credit risk equivalent exposures based on APRA defined methodologies for calculating capital adequacy under the Standardised Methodology.

In this document, references to 'dollar amounts', '\$', 'AUD' or 'A\$' are to Australian dollars. Any discrepancies between totals and sums of components in these tables are due to rounding.