

Basel II Pillar 3

December 2009

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	2,204.3
Paid-up ordinary share capital	1,334.0
General reserves	0.0
Capital profits reserve	0.0
Foreign currency translation reserve	0.0
Retained earnings	801.5
Current year's earnings net of expected dividends and tax expenses	180.3
Non-innovative residual Tier 1 capital instruments	0.0
Innovative Tier 1 capital instruments	0.0
Total deductions from Tier 1 capital	(111.5)
Tier 2 Capital	1,111.9
Total Capital Base	3,316.2

CAPITAL ADEQUACY

amount in millions of dollars	Risk Weighted Assets
Capital Requirements in Terms of Risk Weighted Assets	
Credit Risk	22,926.8
Retail	
- Residential Mortgages	18,531.0
- Commercial Property	3,091.8
Wholesale	
- Financial Institutions	1,104.1
- Governments	0.0
Other	100.9
Securitisation	99.1
Market Risk	0.0
Operational Risk	2,441.3
	Capital Ratios
Total Capital Ratio	13.1%
Tier 1 Capital Ratio	8.7%

CREDIT RISK

amount in millions of dollars	December 2009	4 th Quarter Average
Total Gross Credit Risk Exposure	52,104.2	52,251.3
Loans	43,623.8	43,399.1
Bank Guarantee	30.0	29.8
Derivatives	329.4	347.2
Wholesale	8,009.3	8,364.1
Other	111.7	111.1
Portfolio	52,104.2	52,251.3
Residential Mortgage	40,562.0	40,296.4
Commercial	3,091.8	3,132.6
Wholesale	8,338.7	8,711.3
Other	111.7	111.1
Impaired and Past Due Facilities		
Retail Mortgages		
- Impaired Facilities	169.1	
- Past Due Facilities	396.5	
- Specific Provisions	12.3	
- Charges for Specific Provisions and Write Offs during the Quarter	3.8	
Commercial Property		
- Impaired Facilities	182.3	
- Past Due Facilities	68.3	
- Specific Provisions	41.2	
- Charges for Specific Provisions and Write Offs during the Quarter	13.9	
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	102.0	

Total Capital Base above is \$6.0m higher than the Total Qualifying Capital reported in the ING Bank (Australia) Limited 2009 annual report. The difference represents certain tier 2 capital amounts (incorrectly) excluded from Total Qualifying Capital in the annual report.

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.