
ING DIRECT
Consolidated Interim Financial
Report for the period ended
30 June 2010



ING Bank (Australia) Limited
ABN 24 000 893 292
140 Sussex Street, Sydney, NSW, 2000
GPO Box 4094, Sydney, NSW, 2001

Telephone: +61 2 9028 4000
Facsimile: +61 2 9028 4708

Web: www.ingdirect.com.au

Contents

Interim Report

Interim Report	3
----------------	---

Consolidated Interim Financial Statements

Consolidated Income Statement	6
Consolidated Statement of Comprehensive Income	7
Consolidated Balance Sheet	8
Consolidated Statement of Changes in Equity	9
Consolidated Cash Flow Statement	10

Notes to Consolidated Interim Financial Statements

1	Corporate information	11
2	Significant accounting policies	11
3	Profit from ordinary activities	12
4	Income tax expense	14
5	Cash and cash equivalents	15
6	Available for sale financial assets	15
7	Loans and advances	15
8	Asset quality	16
9	Provision for impairment	16
10	Deposits payable to other financial institutions	17
11	Debt issues	17
12	Segment reporting	18
13	Contingent assets and liabilities	19
14	Credit commitments	19
15	Subsequent events	19

Other

Directors' Declaration	20
Conformity Statement	21
Independent Review Report	22

The Directors of ING Bank (Australia) Limited ("the Bank") submit their report, together with the consolidated interim financial statements of the Bank and its controlled entity, IDS Trust 2008-1 ("the Group"), for the half year ended 30 June 2010.

The names and details of the Directors of the Bank holding office during the half year and until the date of this report are set out below.

DIRECTORS

Phillip Robert Shirriff, BA, FCPA, FCIS, FCIM, AAIL, AICD, Chairman

Mr Shirriff was appointed Director of the Bank in July 1985 and Chairman in May 2004. Mr Shirriff is a member of the Audit and Risk Committees. He is also Chairman of the Remuneration and Nomination Committee.

Donald Joseph Koch, Masters in Banking and Finance, Chief Executive Officer

Mr Koch was appointed Director and Chief Executive Officer on 1 June 2009. Mr Koch is a member of the Risk Committee.

Irene Yun Lien Lee, BA, Barrister-at-Law

Ms Lee was appointed Director in December 2005. Ms Lee is a member of the Audit Committee and Chair of the Risk Committee.

Simonis Maria Hubertus Tellings

Mr Tellings was appointed Director in March 2007. Mr Tellings is a member of the Audit and Risk Committees. He is also a member of the Remuneration and Nomination Committee. Mr Tellings has announced his resignation as a Director of the Bank effective 1 October 2010.

Michael Katz, BComm (Hons)

Mr Katz was appointed Director in January 2010. Mr Katz is a member of the Audit and Risk Committees. He is also a member of the Remuneration and Nomination Committee.

John Masters, BComm (Hons), CA, Barrister-at-Law

Mr Masters was appointed Director in January 2010. Mr Masters is a member of the Risk Committee and Chairman of the Audit Committee.

Vaughn Nigel Richtor, BA (Hons), MCT Dip (Corp Fin)

Mr Richtor was appointed Director in February 2010. Mr Richtor is a member of the Audit and Risk Committees.

Hugh Douglas Harley, LLB (Hons), BEc (Hons), M.Phil, SF (Fin)

Mr Harley was a member of the Risk Committee and Chairman of the Audit Committee until his resignation as Director on 26 February 2010.

COMPANY SECRETARY

Matthew Wade Sinnamon, LLB, B.Bus, CSA, Solicitor

Mr Sinnamon was appointed Company Secretary and Head of Legal & Compliance in December 2007. Mr Sinnamon attends all meetings of the Board and its Committees.

REVIEW OF OPERATIONS

ING DIRECT has performed strongly in the first half of 2010 despite challenging market conditions, maintaining its position as Australia's 5th largest retail bank in household savings and mortgages.

Profit for the half year ended 30 June 2010 was \$133.1 million, down 6% from the comparative half year period (\$141.6 million). This was mainly driven by a decrease in net interest income of \$31 million or 9% from the prior comparative half year period. The result is a reflection of intense price competition in the savings market.

Savings

Our savings portfolio has been impacted by strong price competition in the first half of 2010, with a year to date net portfolio decrease. As at 30 June 2010, our total savings portfolio was \$20.6 billion, a decrease of 3% for the first half, but a year-on-year increase from 30 June 2009 of \$0.7 billion.

Residential Mortgages

The Bank's retail mortgage portfolio increased by \$1.1 billion in the first half of 2010. As at 30 June 2010, our total residential mortgage portfolio was \$36.7 billion, an increase of 3% from December 2009.

We achieved a significant milestone in June 2010, with our Direct Mortgages portfolio reaching \$2 billion, or more than 5% of the total mortgage portfolio.

Commercial Loans

In line with ING's global strategy, the Bank has continued to pursue a flat-line growth strategy for the commercial loans portfolio in the first half of 2010. Commercial loans at 30 June 2010 were \$3.4 billion, of which the Commercial Property Finance portfolio comprised \$2.7 billion.

Cost Management

Operating expenses increased by \$7.9 million to \$104.6 million, up 8% from the comparative half year period, mainly due to the launch of the Orange Everyday ("OE") product in Q3 2009. Our cost to income ratio of 33.4% for the half year to 30 June 2010 continues to highlight the effectiveness of our low cost model relative to our competitors and the efficiency gains achieved throughout the year.

Risk Management

Risk costs have stabilised markedly since 2009, particularly in our commercial portfolio. Loan loss provisions recorded for this half year period were \$17.9 million. This was a decrease of \$33 million from the amount provided for in the half year ended 30 June 2009 (\$50.9 million).

Capital

The Bank's total regulatory capital ratio remained steady at 13%, consistent with 31 December 2009. This represents a very conservative level of capitalisation, which is adequate to support current growth plans over the medium term.

Our program to achieve Basel II Advanced accreditation continues to progress strongly, including active and ongoing engagement with the regulator.

Customers

Our customer service standards continue to lead the industry. We continue to have the highest Net Promoter Score (a measure of the number of customers who would recommend the Bank) amongst all financial institutions in Australia in 2010.

Our total customer base has grown to over 1.4 million, particularly as a result of the take up of our OE transaction account. OE had over 50,000 active accounts as at 30 June 2010.

Awards

The Bank was voted Australia's *Most Trusted Brand* in banking in 2010 by Reader's Digest. The OE transaction account has also achieved fantastic recognition in 2010 including:

- receiving a 5-Star rating from CANSTAR CANNEX;
- finalist for the *Australian Business and Finance Awards 2010: Innovative Retail Banking Product of the Year* and
- finalist for the *Innovative Card and Payment Product of the Year* award.

Dividends

No dividends were paid or declared during the period.

Significant events during the half year ended 30 June 2010

There were no significant events during the half year ended 30 June 2010.

Risks & uncertainties

Whilst the outlook for ING DIRECT for the remainder of 2010 and beyond is positive, strong competition for deposits is expected to continue in the Australian market as banks and other financial institutions look to re-align their balance sheet mix of savings and loans. This is likely to continue to place pressure on ING Direct's net interest margins.

Outlook

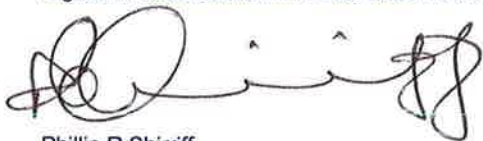
ING Direct is well positioned for the remainder of 2010 and into the future. Our continued strong profit performance and the launch of OE to the market have reinforced ING DIRECT's position as the real alternative to the "Big 4" banks in Australia.

We continue to work towards achieving our vision to become *"Australian's favourite place for money"* and delivering long term, sustainable profit growth.

Significant events after the balance sheet date

No events or transactions have occurred since 30 June 2010 or are pending that would have a material effect on the Financial Statements at that date or for the period then ended, or that are of such significance in relation to the Bank's affairs, in order to make such Financial Statements misleading regarding the Bank's financial position, results of operations or cash flows.

Signed in accordance with a resolution of the Directors.



Phillip R Shirriff
Chairman



Donald J Koch
Chief Executive Officer

Consolidated Interim Financial Statements

Consolidated Income Statement for the six month period ended

amounts in thousands of Australian dollars	Note	30 June 2010	30 June 2009
Interest income		1,420,912	1,298,233
Interest expense		(1,116,556)	(963,094)
Net interest income		304,356	335,139
Net non-interest income		8,604	14,980
Total operating income	3	312,960	350,119
Employment expenses		(50,285)	(44,005)
Advertising expenses		(19,115)	(19,733)
Depreciation and amortisation expenses		(9,253)	(6,909)
Occupancy expenses		(6,444)	(6,173)
Technology expenses		(6,619)	(5,057)
Other expenses		(12,878)	(14,862)
Total operating expenses	3	(104,594)	(96,739)
Loan loss provisions	3	(17,937)	(50,871)
Operating profit before tax		190,429	202,509
Income tax expense	4	(57,309)	(60,958)
Profit for the period		133,120	141,551

Consolidated Interim Financial Statements

Consolidated Statement of Comprehensive Income for the six month period ended

amounts in thousands of Australian dollars	30 June 2010	30 June 2009
Profit for the period	133,120	141,551
Unrealised revaluations net of tax:		
Available for sale financial assets	(692)	(1,198)
Cash flow hedges	(10,880)	64,837
Total amount recognised directly in equity	(11,572)	63,639
Total comprehensive income	121,548	205,190

Consolidated Interim Financial Statements

Consolidated Balance Sheet as at

amounts in thousands of Australian dollars	Note	30 June 2010	31 December 2009
ASSETS			
Cash and cash equivalents	5	20,958	661,479
Available for sale financial assets	6	5,470,123	7,123,035
Loans and advances	7	40,776,657	39,307,885
Derivative assets		70,946	58,648
Receivables and other assets		212,663	163,104
Deferred tax assets		59,165	39,942
Property, plant and equipment		36,110	43,104
Total assets		46,646,622	47,397,197
LIABILITIES			
Deposits		20,553,491	21,221,810
Deposits payable to other financial institutions	10	7,470,845	9,070,008
Derivative liabilities		406,089	261,331
Creditors and other liabilities		331,041	387,748
Debt issues	11	15,397,299	14,091,464
Provisions		9,666	8,597
Total liabilities		44,168,431	45,040,958
Net assets		2,478,191	2,356,239
EQUITY			
Contributed equity		1,334,000	1,334,000
Reserves		26,817	40,528
Retained profits		1,117,374	981,711
Total equity		2,478,191	2,356,239

Consolidated Interim Financial Statements

Consolidated Statement of Changes in Equity for the six month period ended

30 June 2010

amounts in thousands of Australian dollars	Issued capital	Other capital reserves	Retained earnings	Cash flow hedge reserve	Available for sale reserve	Total equity
As at 1 January 2010	1,334,000	86,944	981,711	(61,070)	14,654	2,356,239
Total comprehensive income	-	-	133,120	(10,880)	(692)	121,548
General Reserve for Credit Losses	-	(2,543)	2,543	-	-	-
Share-based payment plan	-	404	-	-	-	404
As at 30 June 2010	1,334,000	84,805	1,117,374	(71,950)	13,962	2,478,191

30 June 2009

amounts in thousands of Australian dollars	Issued capital	Other capital reserves	Retained earnings	Cash flow hedge reserve	Available for sale reserve	Total equity
As at 1 January 2009	1,334,000	2,495	801,496	(188,836)	(10,830)	1,938,325
Total comprehensive income	-	-	141,551	64,837	(1,198)	205,190
General Reserve for Credit Losses	-	84,996	(84,996)	-	-	-
Share-based payment plan	-	505	-	-	-	505
As at 30 June 2009	1,334,000	87,996	858,051	(123,999)	(12,028)	2,144,020

Consolidated Interim Financial Statements

Consolidated Cash Flow Statement for the six month period ended

amounts in thousands of Australian dollars	30 June 2010	30 June 2009
Cash flows from operating activities		
Operating profit before tax	190,429	202,509
Adjustments for:		
depreciation and amortisation expenses	9,253	6,909
loan loss provisions	17,937	50,871
other	(16,129)	(81,715)
Taxes paid	(137,437)	(38,481)
Changes in:		
loans and advances	(1,486,709)	(68,750)
derivatives	132,460	551,961
receivables and other assets	(49,559)	196,559
creditors and other liabilities	10,228	(15,279)
deposits	(668,319)	1,076,257
Net cash flows from operating activities	(1,997,846)	1,880,841
Cash flows from investing activities		
Changes in:		
available for sale financial assets	1,652,912	(1,343,525)
property, plant and equipment	(2,259)	(14,062)
Net cash flows from investing activities	1,650,653	(1,357,587)
Cash flows from financing activities		
Changes in:		
deposits payable to other financial institutions	(1,599,163)	(1,032,332)
debt issues	1,305,835	33,085
Net cash flows from financing activities	(293,328)	(999,247)
Net cash flows	(640,521)	(475,993)
Cash and cash equivalents at beginning of period	661,479	718,843
Cash and cash equivalents at end of period	20,958	242,850

Interest income recognised for the 6 month period included \$1.370 billion in cash received for the Group (6 months to 30 June 09 - \$1.356 billion). Interest expense recognised for the 6 month period included \$1.115 billion in cash paid for the Group (6 months to 30 June 09 - \$0.977 billion).

Notes to the Consolidated Interim Financial Statements

1. CORPORATE INFORMATION

ING Bank (Australia) Limited ("the Bank") is a company incorporated and domiciled in Australia. The registered office and principal place of business of the Bank is Level 14, 140 Sussex Street, Sydney NSW 2000. Its ultimate parent entity is ING Groep NV.

The interim financial report for the half year ended 30 June 2010 is comprised of the Bank and its controlled entity, IDS Trust 2008-1 ("the Group").

This interim financial report does not contain all disclosures of the type normally found within a full annual financial report and therefore cannot be expected to provide as full an understanding of the financial position and financial performance of the Group as that given by the annual financial report. As a result, this report should be read in conjunction with the annual financial report for the year ended 31 December 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

Presented below are the principal accounting policies adopted in preparing the accounts of the Group.

Basis of preparation

The interim financial report is a general purpose financial report which has been prepared on a historical cost basis, except for financial instruments stated at fair value, in accordance with the requirements of the Australian Accounting Standard AASB 134 'Interim Financial Reporting'.

The interim financial report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

Certain amounts recorded in the interim financial report reflect estimates and assumptions made by management based on currently available information.

For the purpose of preparing the interim financial report, the half year has been treated as a discrete reporting period.

Statement of compliance

The interim financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") and interpretations. It has been prepared on a basis of accounting policies consistent with those applied in the 31 December 2009 annual financial report which was prepared in accordance with Australian Accounting Standards, and IFRS.

New accounting standards and interpretations

The following standard became effective in 2010 and is relevant to the Group:

- AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'. As part of the Annual Improvements Project, this standard makes amendments to several other accounting standards. The only applicable amendment for the Group is the amendment to AASB 107 'Statement of Cash Flows', which amends the classification requirements of certain expenditures.

There have been no changes to accounting policy as a result of the implementation of the new standard. New disclosure requirements have been complied with as applicable in preparing the financial report under AASB 134.

The following standards and interpretations became effective in 2010 and have no impact on the Group financial statements:

- AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions';
- AASB 2009-9 'Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters';
- AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues'.

Notes to the Consolidated Interim Financial Statements

3. PROFIT FROM ORDINARY ACTIVITIES

	Half Year to	
	30 June	30 June
amounts in thousands of Australian dollars	2010	2009
Operating profit before tax has been determined as follows:		
Interest income		
Cash and cash equivalents	2,041	10,629
Available for sale financial assets	160,281	150,442
Loans and advances	1,255,952	1,112,518
Non-trading derivatives	2,638	24,644
Total interest income	1,420,912	1,298,233
Interest expense		
Deposits	494,640	400,346
Deposits payable to other financial institutions	207,472	313,830
Debt issues	377,715	219,001
Non-trading derivatives	36,729	29,917
Total interest expense	1,116,556	963,094
Net interest income	304,356	335,139
Non-Interest income		
Account fees	4,519	4,293
Discharge fees and penalties	6,688	16,903
(Loss)/profit from sale of available for sale financial assets	(754)	161
Profit/(loss) from repurchase of debt securities	31	(2,129)
Cash flow hedge ineffectiveness	(1,277)	2,299
Other	(603)	(6,547)
Net non-interest income	8,604	14,980
Total operating income	312,960	350,119

Notes to the Consolidated Interim Financial Statements

3. PROFIT FROM ORDINARY ACTIVITIES (CONTINUED)

	Half Year to	
amounts in thousands of Australian dollars	30 June 2010	30 June 2009
Operating expenses		
Employment expenses		
Wages and salaries	44,297	38,320
Superannuation	3,505	3,462
Share-based payment plan	403	505
Workers compensation	248	324
Other employee costs	1,832	1,394
Advertising expenses	19,115	19,733
Depreciation and amortisation expenses		
Computer hardware	3,123	3,388
Computer software	4,926	1,943
Leasehold improvements	1,194	1,564
Motor vehicles	10	14
Occupancy expenses	6,444	6,173
Technology expenses	6,619	5,057
Other expenses		
Fees and commissions	3,296	3,092
Professional services	2,038	1,140
Stationery and printing	199	232
Management costs		
- Parent company	2,757	6,166
- Related entities	32	157
Telephone and communication	2,376	2,205
Other	2,180	1,870
Total operating expenses	104,594	96,739
Loan loss provisions		
Collective provisions	3,630	9,690
Specific provisions	14,307	41,181
Total loan loss provisions	17,937	50,871

Notes to the Consolidated Interim Financial Statements

4. INCOME TAX EXPENSE

amounts in thousands of Australian dollars	Half Year to	
	30 June 2010	30 June 2009
Income statement		
Current income tax	73,491	79,771
Deferred income tax	(16,182)	(18,813)
Income tax expense reported in Income Statement	57,309	60,958
Statement of Comprehensive income		
Deferred income tax		
Revaluation of available for sale financial assets	297	(513)
Revaluation of cash flow hedge	2,744	27,787
Income tax expense reported in Statement of Comprehensive Income	3,041	27,274
Reconciliation of prima facie income tax expense on accounting profit before income tax expense:		
Operating profit before tax	190,429	202,509
Prima facie income tax on operating profit at 30% (2009 – 30%)	57,129	60,753
Effects of amounts which are not deductible	180	205
Income tax expense reported in Income Statement	57,309	60,958

Notes to the Consolidated Interim Financial Statements

5. CASH AND CASH EQUIVALENTS

amounts in thousands of Australian dollars	30 June 2010	31 December 2009
Cash and liquid assets	20,947	11,480
Due from other banks	11	649,999
Total cash and cash equivalents	20,958	661,479

6. AVAILABLE FOR SALE FINANCIAL ASSETS

amounts in thousands of Australian dollars	30 June 2010	31 December 2009
Corporate bonds	664,991	471,621
Discount securities	422,058	2,355,258
Government bonds	2,676,479	2,502,074
Mortgage backed securities	437,454	494,322
Other securities	1,269,141	1,299,760
Total available for sale financial assets	5,470,123	7,123,035

7. LOANS AND ADVANCES

amounts in thousands of Australian dollars	30 June 2010	31 December 2009
Retail loans	36,709,991	35,636,712
Commercial loans	3,390,249	3,549,235
Other loans – parent entity	150,000	150,000
– other financial institutions	622,000	52,700
Gross loans and advances	40,872,240	39,388,647
Specific provision for impairment	(64,800)	(53,609)
	40,807,440	39,335,038
Collective provision for impairment	(30,783)	(27,153)
Total loans and advances	40,776,657	39,307,885

Notes to the Consolidated Interim Financial Statements

8. ASSET QUALITY

amounts in thousands of Australian dollars	30 June 2010	31 December 2009
Loans by credit quality		
Neither past due nor impaired	37,418,594	36,980,571
Past due but not impaired	2,185,484	1,765,792
Impaired	420,488	351,321
	40,024,566	39,097,684
Ageing analysis (past due but not impaired)		
Less than 1 payment past due	1,614,417	1,301,012
1 payment past due	397,863	301,929
2 payments past due	173,204	162,851
	2,185,484	1,765,792

The Group uses the payments past due method for measurement of arrears, where payments past due is measured as monthly equivalent payments. 1 payment past due is equivalent to 30 days past due.

Impaired loans by economic sector		
Private individuals	197,986	169,058
Construction & commercial real estate	222,502	182,263
	420,488	351,321

9. PROVISION FOR IMPAIRMENT

amounts in thousands of Australian dollars	30 June 2010	31 December 2009
Specific provisions		
Opening balance	53,609	10,115
Net movement in provision	14,307	63,722
Sub-total	67,916	73,837
Bad debts written off	(3,116)	(20,228)
Closing balance – specific provisions	64,800	53,609
Collective provisions		
Opening balance	27,153	14,601
Net movement in provision	3,630	12,552
Closing balance – collective provisions	30,783	27,153
Total provision for impairment	95,583	80,762

Notes to the Consolidated Interim Financial Statements

10. DEPOSITS PAYABLE TO OTHER FINANCIAL INSTITUTIONS

amounts in thousands of Australian dollars	30 June 2010	31 December 2009
Certificates of deposits	5,913,000	6,079,761
Deposits	1,557,845	2,990,247
Total deposits payable to other financial institutions	7,470,845	9,070,008

11. DEBT ISSUES

amounts in thousands of Australian dollars	30 June 2010	31 December 2009
Short term – not longer than 1 year to maturity		
Floating rate notes	1,425,000	1,255,012
Corporate bonds	451,195	1,217,326
Total short term debt issues	1,876,195	2,472,338
Long term		
Corporate bonds	4,948,316	4,032,066
Euro floating rate notes	1,434,000	1,602,072
Floating rate notes	6,138,788	4,984,988
Redeemable preference shares – related bodies corporate	1,000,000	1,000,000
Total long term debt issues	13,521,104	11,619,126
Total debt issues	15,397,299	14,091,464

Notes to the Consolidated Interim Financial Statements

12. SEGMENT REPORTING

The Group has three operating segments being Mortgages, Savings and Commercial loans. The segments have been identified based on internal reports that are reviewed and used by the Executive Committee in assessing performance and in determining the allocation of resources.

Each segment is headed by a member of the Executive Committee. The Board sets the performance targets and approves and monitors the budgets prepared by the segment. The segments formulate strategic, commercial and financial policy in conformity with the overall strategy and performance targets set by the Board.

Operating income materially comprises of a combination of transactions directly identifiable to each of the segments and internal transfer pricing. Transfer pricing is set on an arm's length basis for inter-segment transactions. Allocation of expenses is a combination of directly identifiable allocation and segment weighting.

Consolidated

Half year ended 30 June 2010

amounts in thousands of Australian dollars	Mortgages	Savings	Commercial loans	Total
Operating income	231,564	48,016	33,380	312,960
Loan loss provisioning	(9,537)	-	(8,400)	(17,937)
Allocated expenses	(45,750)	(55,393)	(3,451)	(104,594)
Net segment earnings	176,277	(7,377)	21,529	190,429
Loans and advances	37,288,648	150,000	3,338,009	40,776,657
Deposits	-	20,553,491	-	20,553,491

Half year ended 30 June 2009

amounts in thousands of Australian dollars	Mortgages	Savings	Commercial loans	Total
Operating income	205,169	106,793	38,157	350,119
Loan loss provisioning	(23,586)	-	(27,285)	(50,871)
Allocated expenses	(49,546)	(43,332)	(3,861)	(96,739)
Net segment earnings	132,037	63,461	7,011	202,509
Loans and advances	35,134,328	150,000	3,766,669	39,050,997
Deposits	-	19,876,464	-	19,876,464

Notes to the Consolidated Interim Financial Statements

13. CONTINGENT ASSETS AND LIABILITIES

The Group has no contingent assets or liabilities at 30 June 2010 (31 December 2009 – nil).

14. CREDIT COMMITMENTS

Irrevocable commitments to extend credit include all obligations on the part of the Group to provide credit facilities and bank accepted guarantees represent unconditional undertakings by the Group to support the obligations of its customers to third parties.

amounts in thousands of Australian dollars	30 June 2010	31 December 2009
Commitments to extend credit		
- irrevocable commitments to extend credit	4,815,621	4,714,175
- bank accepted guarantees	33,216	29,975
Total commitments to extend credit	4,848,837	4,744,150

15. SUBSEQUENT EVENTS

No subsequent events or transactions have occurred since 30 June 2010 or are pending that would have a material effect on the Interim Financial Statements.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of ING Bank (Australia) Limited, we state that

- 1) in the opinion of the Directors:
 - a) the Financial Statements and notes of the Group,
 - i) present fairly the Group's financial position as at 30 June 2010 and its performance for the half year ended on that date; and
 - ii) comply with Australian Accounting Standard AASB 134 – '*Interim Financial Reporting*'; and
 - b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Phillip R Shirriff
Chairman



Donald J Koch
Director

Sydney
Date: 12 August 2010

CONFORMITY STATEMENT

Conformity statement pursuant to section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act

The Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgments and estimates that are prudent and reasonable. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Board, so that the timeliness, completeness and correctness of the external financial reporting are assured.

As required by section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act, each of the signatories hereby confirms that to the best of their knowledge:

- the ING Bank (Australia) Limited Interim Accounts as included in the Interim Financial Report for the period ended 30 June 2010 gives a true and fair view of the assets, liabilities, financial position and profit or loss of ING Bank (Australia) Limited and the enterprises included in the consolidation taken as a whole;
- the ING Bank (Australia) Limited Interim Report as included in the Interim Financial Report for the period ended 30 June 2010 gives a true and fair view of the information required pursuant to article 5:25d, subsection 8 of the Dutch Financial Supervision Act (Wet op het financieel toezicht) regarding ING Bank (Australia) Limited and the enterprises included in the consolidation taken as a whole, being at least a list of the significant events regarding ING Bank (Australia) Limited and the enterprises included in the consolidation taken as a whole that occurred during the period ended 30 June 2010 and their effect on the Interim Accounts as included in the Interim Financial Report for the period ended 30 June 2010 of ING Bank (Australia) Limited as well as a description of the principal risks and uncertainties for the remaining six months of the financial year ending 31 December 2010 regarding ING Bank (Australia) Limited and the enterprises included in the consolidation taken as a whole.

Signed in accordance with a resolution of the Directors.



Phillip R Shirriff
Chairman



Donald J Koch
Director and Chief Executive Officer

Sydney
Date: 13 August 2010

To the Board Audit Committee of ING Bank (Australia) Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of ING Bank (Australia) Limited (the company), which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 30 June 2010 or from time to time during the half-year.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the accompanying financial report is not presented fairly, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*. As the auditor of ING Bank (Australia) Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of Australian professional ethical pronouncements.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of ING Bank (Australia) Limited does not present fairly, in all material respects, the financial position of ING Bank (Australia) Limited as at 30 June 2010 and its financial performance and its cash flows for the half-year ended on that date, in accordance with IAS 34 *Interim Financial Reporting*.

A stylized, handwritten signature of 'Ernst & Young' in a cursive script.

Ernst & Young

Sydney
12 August 2010