
ING DIRECT
Consolidated Interim Financial
Report for the period ended
30 June 2011



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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 entities, IDS Trust 2008-1, IDOL Trust Series 2010-1 and IDOL Trust Series 2011-1, ("the Group"), for the half year ended 30 June 2011.

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 resigned from these positions effective 31 March 2011. Mr Shirriff was a member of the Audit and Risk Committees as well as Chairman of the Remuneration and Nomination Committee. Mr Shirriff is succeeded by Mr Michael Katz as Chairman.

Michael Katz, BComm (Hons)

Mr Katz was appointed Director in January 2010. Mr Katz was appointed Chairman of the Bank upon the resignation of Mr Shirriff on 31 March 2011. Mr Katz is also a member of the Audit, Risk, and Remuneration and Nomination Committees.

Brunon Cezary Bartkiewicz, MEc

Mr Bartkiewicz was appointed Director in October 2010. Mr Bartkiewicz is a member of the Audit, Risk, and Remuneration and Nomination Committees.

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

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

Amanda Lacaze, BA

Ms Lacaze was appointed Director on 31 May 2011. Ms Lacaze is a member of the Audit and Risk Committees.

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, Remuneration and Nomination Committee, and Chair of the Risk 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)

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

Ann Sherry AO, BA

Ms Sherry AO was appointed Director on 30 August 2011. Ms Sherry AO is a member of the Audit and Risk Committees.

COMPANY SECRETARY

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

Mr Sinnamon was appointed Company Secretary in December 2007. Mr Sinnamon attends all meetings of the Board and its Committees. Mr Sinnamon is also the Head of Legal, Compliance and Operational Risk for the Bank.

REVIEW OF OPERATIONS

The Bank continued to strengthen its financial position in the first half of 2011. In an environment of increased competition and uncertainty, we sustained our position as Australia's 5th largest retail bank in household savings and mortgages.

Net profit for the half year ended 30 June 2011 was \$161.9 million, up 22% from the comparative half year period (\$133.1 million). This was mainly driven by an increase in net interest income of \$38.3 million or 13% from the prior comparative half year period.

Execution of our strategy to 2015 continues apace, with a strong focus on:

- Building deeper customer relationships
- Delivering innovative service to customers
- Driving higher customer acquisition and retention
- Continuing to optimise our lean bank model
- Building a more sustainable capital and funding base

Customers

Our customer service standards continue to lead the industry. Our Net Promoter Score (a net measure of the proportion of customers who would recommend the Bank) remains the highest amongst all financial institutions in Australia in 2011.

We have maintained a customer base of over 1.4 million, while developing our primary bank relationships – our Orange Everyday transaction account has been actively taken up by nearly 100,000 customers as at 30 June 2011.

In addition, our strong focus on customer centricity has prompted a change in organisational structure and the consolidation of several retail product-focused business units into two core customer-focused business units – Customer Propositions (all retail products, sales & marketing) and Customer Delivery (all retail distribution channels including direct and third parties). This restructure has positioned us well for delivering a customer-centric banking experience as we move forward.

Deposits

Our deposits portfolio has delivered a strong performance in a competitive market benefiting from increased consumer caution. As at 30 June 2011, our total deposits portfolio was \$25.1 billion, an increase of 8% from December 2010, and a year-on-year increase from 30 June 2010 of \$4.5 billion, up 22%. We reached a significant milestone in the first half of 2011, with our middle markets term deposits exceeding \$1.0 billion.

Residential Mortgages

The Bank's retail mortgage portfolio maintained steady growth in the first half of 2011 in a highly competitive, low-growth market, increasing by \$0.4 billion from December 2010. As at 30 June 2011 our total residential mortgage portfolio was \$37.1 billion and continued to demonstrate strong credit quality, with arrears and default levels in line with industry benchmarks.

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 2011. Commercial loans at 30 June 2011 were \$3.2 billion, of which the Commercial Property Finance portfolio comprised \$2.5 billion and continues to perform strongly.

Cost Management

Operating expenses increased by \$3.2 million to \$104.4 million, up 3.2% from the comparative half year period, as we invest in the execution of our strategy. Our cost to income ratio of 30.0% for the half year to 30 June 2011 was within our local and global goals for 2011. It also highlights the continued effectiveness of our lean model relative to our competitors and ongoing efficiency gains achieved throughout the year.

Risk Management

Our program to achieve Basel II Advanced accreditation continues to progress, including active and ongoing engagement with the regulator. The Bank is on track towards completing accreditation for the credit, market and operational risk components in the first half of 2012.

Risk costs are slightly higher compared to the 2010 half year. Loan loss provisions recorded for this half year period were \$19.6 million. This was an increase of \$1.7 million, up 10% from the amount provided for in the half year ended 30 June 2010 (\$17.9 million).

Capital

The Bank's total regulatory capital ratio improved from 14.3% at 31 December 2010 to 15.2% at 30 June 2011. This represents a very conservative level of capitalisation, which is adequate to support current growth plans over the medium term and provides a solid foundation for fulfilling Basel III requirements as they are progressively introduced.

Funding

The Bank issued its second Residential Mortgage Backed Securities ("RMBS") transaction through the IDOL Trust Series 2011-1 to the market in June 2011. The \$750 million transaction continued to reinforce securitisation as an important source of long-term wholesale funding for the Bank.

The Bank also commenced integration with ING Bank NV Sydney Branch, thereby consolidating ING banking operations in Australia. This has resulted in the operation of a shared treasury which will increase the efficiency of local funding activity.

Awards

The energy and commitment of our staff has resulted in the Bank receiving a number of awards through the first half of 2011:

- Financial Institution of the Year – Non Big Four
Australian Banking & Finance Awards 2011
- Best Value Product – Orange Everyday
Australian Business Awards 2011
- Recommended Employer
Australian Business Awards 2011

Dividends

No dividends were paid or declared during the period.

Significant events during the half year ended 30 June 2011

During the year the Bank continued to hold notes issued by the IDS Trust 2008-1 which is a special purpose entity consolidated by the Bank. The Bank also continued to consolidate IDOL Trust Series 2010-1 and the newly formed IDOL Trust Series 2011-1 (which was established in June 2011). The IDOL trusts have facilitated the Bank to issue notes to external investors.

Risks & uncertainties

Whilst the outlook for the Bank for the remainder of 2011 and beyond is positive, strong competition for residential mortgages in a low system growth environment is expected to continue in the Australian market. This is likely to continue to place pressure on the Bank's net interest margins.

Outlook

The Bank is well placed for the remainder of 2011 despite challenging market conditions. Our continued strong revenue performance, lean bank model and the launch of the Orange Everyday transaction account to the market have reinforced our position as the real alternative to the "Big 4" banks in Australia.

We continue to work towards delivering sustainable profits in the long term and further optimise allocation of our strong capital base in line with business objectives and regulatory requirements.

Significant events after the balance sheet date

No events or transactions have occurred since 30 June 2011 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.



Michael Katz
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 2011	30 June 2010
Interest income		1,574,455	1,420,912
Interest expense ¹		(1,234,064)	(1,118,782)
Net interest income		340,391	302,130
Net non-interest income ¹		7,464	7,422
Total operating income	3	347,855	309,552
Employment expenses		(55,392)	(50,285)
Advertising expenses		(18,331)	(19,115)
Depreciation and amortisation expenses		(8,507)	(9,253)
Occupancy expenses		(6,289)	(6,444)
Technology expenses		(6,123)	(6,619)
Other expenses ¹		(9,785)	(9,470)
Total operating expenses	3	(104,427)	(101,186)
Loan loss provisions	3	(19,639)	(17,937)
Operating profit before tax		223,789	190,429
Income tax expense	4	(61,926)	(57,309)
Profit for the period		161,863	133,120

¹ To align prior year comparative information with the current year, we have reclassified other interest expense and fees and commissions previously disclosed under "other expenses" to "interest expense" and "net non-interest income" respectively. Refer to Note 3 for more details.

Consolidated Interim Financial Statements

Consolidated Statement of Comprehensive Income for the six month period ended

amounts in thousands of Australian dollars	30 June 2011	30 June 2010
Profit for the period	161,863	133,120
Unrealised revaluations net of tax:		
Cash flow hedges	(3,233)	(10,880)
Available for sale financial assets	4,174	(692)
Total amount recognised directly in equity	941	(11,572)
Total comprehensive income	162,804	121,548

Consolidated Interim Financial Statements

Consolidated Balance Sheet as at

amounts in thousands of Australian dollars	Note	30 June 2011	31 December 2010
ASSETS			
Cash and cash equivalents	5	46,017	42,882
Available for sale financial assets	6	7,102,459	7,417,504
Loans and advances	7	40,615,125	40,450,234
Derivative assets		38,550	49,661
Receivables and other assets		317,347	313,383
Deferred tax assets		56,013	48,178
Property, plant and equipment		27,626	31,295
Total assets		48,203,137	48,353,137
LIABILITIES			
Deposits		25,073,157	23,283,854
Deposits payable to other financial institutions	10	4,585,526	6,397,364
Derivative liabilities		414,590	498,749
Creditors and other liabilities		417,031	387,705
Debt issues	11	14,881,353	15,117,889
Provisions		9,880	9,411
Total liabilities		45,381,537	45,694,972
Net assets		2,821,600	2,658,165
EQUITY			
Contributed equity		1,334,000	1,334,000
Reserves		69,943	64,403
Retained profits		1,417,657	1,259,762
Total equity		2,821,600	2,658,165

Consolidated Interim Financial Statements

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

30 June 2011

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 2011	1,334,000	85,726	1,259,762	(38,723)	17,400	2,658,165
Total comprehensive income	-	-	161,863	(3,233)	4,174	162,804
General reserve for credit losses	-	3,968	(3,968)	-	-	-
Share-based payment plan	-	631	-	-	-	631
As at 30 June 2011	1,334,000	90,325	1,417,657	(41,956)	21,574	2,821,600

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

Consolidated Interim Financial Statements

Consolidated Cash Flow Statement for the six month period ended

amounts in thousands of Australian dollars	30 June 2011	30 June 2010
Cash flows from operating activities		
Operating profit before tax	223,789	190,429
Adjustments for:		
depreciation and amortisation expenses	8,507	9,253
loan loss provisions	19,639	17,937
other	1,975	(16,129)
Taxes paid	(89,167)	(137,437)
Changes in:		
loans and advances	(184,530)	(1,486,709)
derivatives	(73,048)	132,460
receivables and other assets	(3,964)	(49,559)
creditors and other liabilities	48,798	10,228
deposits	1,789,303	(668,319)
Net cash flows from operating activities	1,741,302	(1,997,846)
Cash flows from Investing activities		
Changes in:		
available for sale financial assets	315,045	1,652,912
property, plant and equipment	(4,838)	(2,259)
Net cash flows from Investing activities	310,207	1,650,653
Cash flows from financing activities		
Changes in:		
deposits payable to other financial institutions	(1,811,838)	(1,599,163)
debt issues	(236,536)	1,305,835
Net cash flows from financing activities	(2,048,374)	(293,328)
Net cash flows	3,135	(640,521)
Cash and cash equivalents at beginning of period	42,882	661,479
Cash and cash equivalents at end of period	46,017	20,958

Interest income recognised for the 6 month period included \$1.570 billion in cash received for the Group (6 months to 30 June 10 - \$1.370 billion). Interest expense recognised for the 6 month period included \$1.188 billion in cash paid for the Group (6 months to 30 June 10 - \$1.115 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 2011 is comprised of the Bank and its controlled entities: IDS Trust 2008-1, IDOL Trust Series 2010-1, and IDOL Trust Series 2011-1 ("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 2010.

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 2010 annual financial report which was prepared in accordance with Australian Accounting Standards, and IFRS.

New accounting standards and interpretations

The following standards became effective in 2011 and are relevant to the Group:

- AASB 2010-4 *'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'* [AASB 1, 7, 101 & 134 and Interpretation 13];
- AASB 2010-5 *'Amendments to Australian Accounting Standards'* [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 117, 127, 132, & 1042].

There have been no changes to accounting policy as a result of the implementation of the new standards. 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 2011 and have no impact on the Group financial statements:

- AASB 2009-12 *'Amendments to Australian Accounting Standards'* [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052].

Notes to the Consolidated Interim Financial Statements

3. PROFIT FROM ORDINARY ACTIVITIES

	Half Year to	
amounts in thousands of Australian dollars	30 June 2011	30 June 2010
Operating profit before tax has been determined as follows:		
Interest Income		
Cash and cash equivalents	1,687	2,041
Available for sale financial assets	181,745	160,281
Loans and advances	1,399,344	1,255,952
(Loss)/gain on non-trading derivatives ¹	(8,321)	2,638
Total Interest Income	1,574,455	1,420,912
Interest expense		
Deposits ²	614,043	494,577
Deposits payable to other financial institutions	211,991	207,472
Debt issues	387,076	377,715
Loss on non-trading derivatives ¹	18,124	36,729
Other interest expense ²	2,830	2,289
Total Interest expense	1,234,064	1,118,782
Net interest Income	340,391	302,130
Non-Interest Income		
Account fees	4,518	4,519
Discharge fees and penalties	2,420	6,688
Profit/(loss) from sale of available for sale financial assets	975	(754)
Loss/(profit) from repurchase of debt securities	(148)	31
Cash flow hedge ineffectiveness	62	(1,277)
Fees and commissions ²	(1,300)	(1,182)
Other	937	(603)
Net non-Interest Income	7,464	7,422
Total operating Income	347,855	309,552

Notes to the Consolidated Interim Financial Statements

3. PROFIT FROM ORDINARY ACTIVITIES (CONTINUED)

	Half Year to	
amounts in thousands of Australian dollars	30 June 2011	30 June 2010
Operating expenses		
Employment expenses		
Wages and salaries	48,963	44,297
Superannuation	3,760	3,505
Share-based payment plan	631	403
Workers compensation	162	248
Other employee costs	1,876	1,832
Advertising expenses	18,331	19,115
Depreciation and amortisation expenses		
Computer hardware	3,117	3,123
Computer software	4,389	4,926
Leasehold improvements	993	1,194
Motor vehicles	8	10
Occupancy expenses	6,289	6,444
Technology expenses	6,123	6,619
Other expenses		
Professional services	2,196	2,038
Stationery and printing	170	199
Management costs		
- Parent company	2,545	2,757
- Related entities	42	32
Telephone and communication	2,091	2,376
Other ²	2,741	2,068
Total operating expenses	104,427	101,186
Loan loss provisions		
Collective provisions	1,752	3,630
Specific provisions	17,887	14,307
Total loan loss provisions	19,639	17,937

¹ Gains and losses on non-trading derivatives have been attributed to interest income or interest expenses based on the nature of the underlying items hedged.

² To align prior year comparative information with the current year, we have reclassified other interest expense and fees and commissions previously disclosed under "other expenses" to "interest expense" and "net non-interest income" respectively.

Notes to the Consolidated Interim Financial Statements

4. INCOME TAX EXPENSE

amounts in thousands of Australian dollars	Half Year to	
	30 June 2011	30 June 2010
Income statement		
Current income tax	70,557	73,491
Deferred income tax	(8,631)	(16,182)
Income tax expense reported in Income Statement	61,926	57,309
Statement of Comprehensive income		
Deferred income tax		
Revaluation of cash flow hedge	(993)	(2,744)
Revaluation of available for sale financial assets	1,789	(297)
Income tax expense/(credit) recognised in other comprehensive income	796	(3,041)
Reconciliation of prima facie income tax expense on accounting profit before income tax expense:		
Operating profit before tax	223,789	190,429
Prima facie income tax on operating profit at 30% (2010 – 30%)	67,137	57,129
Effects of amounts which are not deductible	111	180
Prior year adjustments ¹	(5,322)	-
Income tax expense reported in Income Statement	61,926	57,309

¹ This mainly relates to the refund of incremental research and development tax concession claims from prior years.

Notes to the Consolidated Interim Financial Statements

5. CASH AND CASH EQUIVALENTS

amounts in thousands of Australian dollars	30 June 2011	31 December 2010
Cash and liquid assets	33,904	32,803
Cash equivalents due from other financial institutions	12,113	10,079
Total cash and cash equivalents	46,017	42,882

6. AVAILABLE FOR SALE FINANCIAL ASSETS

amounts in thousands of Australian dollars	30 June 2011	31 December 2010
Corporate bonds	728,469	659,440
Discount securities	2,939,139	2,740,748
Government bonds	1,749,025	2,239,272
Mortgage backed securities	331,122	369,052
Floating rate notes	1,353,113	1,407,654
Other securities	1,591	1,338
Total available for sale financial assets	7,102,459	7,417,504

7. LOANS AND ADVANCES

amounts in thousands of Australian dollars	30 June 2011	31 December 2010
Retail loans	37,069,020	36,706,150
Commercial loans	3,246,034	3,264,348
Other loans – parent entity	150,000	150,000
– other financial institutions	257,200	422,800
Gross loans and advances	40,722,254	40,543,298
Specific provision for impairment	(75,101)	(62,788)
	40,647,153	40,480,510
Collective provision for impairment	(32,028)	(30,276)
Total loans and advances	40,615,125	40,450,234

Notes to the Consolidated Interim Financial Statements

8. ASSET QUALITY

amounts in thousands of Australian dollars	30 June 2011	31 December 2010
Loans by credit quality		
Neither past due nor impaired	37,372,713	37,362,884
Past due but not impaired	2,371,247	2,134,729
Impaired	511,174	408,191
	40,255,134	39,905,804
Ageing analysis (past due but not impaired)		
Less than 1 payment past due	1,700,949	1,591,487
1 payment past due	466,430	365,271
2 payments past due	203,868	177,971
	2,371,247	2,134,729

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	287,304	201,148
Construction & commercial real estate	223,870	207,043
	511,174	408,191

9. PROVISION FOR IMPAIRMENT

amounts in thousands of Australian dollars	30 June 2011	31 December 2010
Specific provisions		
Opening balance	62,788	53,609
Net movement recognised in the Income Statement	17,887	26,050
Sub-total	80,675	79,659
Bad debts written off	(5,574)	(16,871)
Closing balance – specific provisions	75,101	62,788
Collective provisions		
Opening balance	30,276	27,153
Net movement recognised in the Income Statement	1,752	3,123
Closing balance – collective provisions	32,028	30,276
Total provision for impairment	107,129	93,064

Notes to the Consolidated Interim Financial Statements

10. DEPOSITS PAYABLE TO OTHER FINANCIAL INSTITUTIONS

amounts in thousands of Australian dollars	30 June 2011	31 December 2010
Certificates of deposits	3,992,955	4,805,605
Deposits	592,671	1,591,759
Total deposits payable to other financial institutions	4,585,526	6,397,364

11. DEBT ISSUES

amounts in thousands of Australian dollars	30 June 2011	31 December 2010
Short term – not longer than 1 year to maturity		
Floating rate notes	885,000	1,284,996
Corporate bonds	402,889	501,240
Euro floating rate notes	1,352,268	1,306,817
Total short term debt issues	2,640,157	3,093,053
Long term		
Corporate bonds	4,523,598	4,673,849
Floating rate notes	5,252,347	5,553,065
Mortgage backed securities	1,465,251	797,922
Redeemable preference shares – related bodies corporate	1,000,000	1,000,000
Total long term debt issues	12,241,196	12,024,836
Total debt issues	14,881,353	15,117,889

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. Under the current organisational structure, *Mortgages* and *Savings* are both managed with the Customer Propositions and Customer Delivery businesses.

The head of each segment is represented by a member of the Executive Committee. The Board sets the performance targets and approves and monitors the budgets prepared by the divisions. The divisions 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 2011

amounts in thousands of Australian dollars	Mortgages	Savings	Commercial loans	Total
Operating income	267,125	46,395	34,335	347,855
Loan loss provisioning	(8,722)	-	(10,917)	(19,639)
Allocated expenses	(48,270)	(52,499)	(3,658)	(104,427)
Net segment earnings	210,133	(6,104)	19,760	223,789
Reportable segment assets and liabilities				
Loans and advances	37,277,785	150,000	3,187,340	40,615,125
Deposits	-	25,073,157	-	25,073,157

Half year ended 30 June 2010

amounts in thousands of Australian dollars	Mortgages	Savings	Commercial loans	Total
Operating income	230,042	46,433	33,077	309,552
Loan loss provisioning	(9,537)	-	(8,400)	(17,937)
Allocated expenses	(44,228)	(53,810)	(3,148)	(101,186)
Net segment earnings	176,277	(7,377)	21,529	190,429
Reportable segment assets and liabilities				
Loans and advances	37,288,648	150,000	3,338,009	40,776,657
Deposits	-	20,553,491	-	20,553,491

Notes to the Consolidated Interim Financial Statements

13. CONTINGENT ASSETS AND LIABILITIES

The Group has no contingent assets or liabilities at 30 June 2011 (31 December 2010 – nil).

14. CREDIT COMMITMENTS

Irrevocable commitments to extend credit at call 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 2011	31 December 2010
Commitments to extend credit		
- irrevocable commitments to extend credit	5,272,826	5,054,462
- bank accepted guarantees	32,464	31,010
Total commitments to extend credit	5,305,290	5,085,472

15. SUBSEQUENT EVENTS

No subsequent events or transactions have occurred since 30 June 2011 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 2011 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



Michael Katz
Chairman



Donald J Koch
Director

Sydney
Date: 31 August 2011

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 2011 give a true and fair view of the assets, liabilities, financial position and profit or loss of ING Bank (Australia) Limited and the entities 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 2011 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 entities included in the consolidation taken as a whole, being at least a list of the significant events regarding ING Bank (Australia) Limited and the entities included in the consolidation taken as a whole that occurred during the period ended 30 June 2011 and their effect on the Interim Accounts as included in the Interim Financial Report for the period ended 30 June 2011 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 2011 regarding ING Bank (Australia) Limited and the entities included in the consolidation taken as a whole.

Signed in accordance with a resolution of the Directors.



Michael Katz
Chairman



Donald J Koch
Director and Chief Executive Officer

Sydney
Date: 31 August 2011

Independent review report to the members 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 consolidated balance sheet as at 30 June 2011, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Bank and the entities it controlled at 30 June 2011 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 of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of ING Bank (Australia) Limited and the entities it controlled during the half year, 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 the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration.

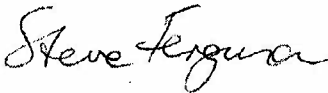
Conclusion

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 is not in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

Ernst & Young

A handwritten signature of 'Steve Ferguson' in a cursive script.

Steve Ferguson
Partner
Sydney
31 August 2011