

**ING Americas Issuance B.V.**

Half-year financial statements  
for the period ended 30 June  
2011

Amsterdam, 26 August 2011

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## Directors' Half-year Report

### General

ING Americas Issuance B.V. (the "entity") is a wholly-owned subsidiary of ING Bank N.V. The entity's principal activity is the issuance of debt securities (structured notes or otherwise) to third parties under the Global Issuance Programme for general business purposes.

The entity is not exposed to material market risks since the financial instruments it issues are generally fully hedged by derivatives with other ING entities. The derivatives element of each structured note is measured consistently with the related hedging instrument.

The notes issued by the entity are fully guaranteed by ING Bank N.V.

The entity has no employees. The entity has entered into a service level agreement with ING Financial Markets LLC which provides for the development of commercial activities that are then submitted to the board of the entity.

The half-year financial statements have not been audited or subjected to a limited review by an auditor.

### ***Conformity statement pursuant to section 5:25c(2)(c) of the Financial Supervision Act (Wet op het financieel toezicht)***

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 and for making judgements 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(2)(c) of the Financial Supervision Act, each of the signatories hereby confirms that to the best of his or her knowledge:

- ING Americas Issuance B.V.'s 2011 half-year financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of ING Americas Issuance B.V.;
- ING Americas Issuance B.V.'s 2011 Directors' Half-year Report gives a true and fair view of the information which is required by section 5:25d(8) of the Financial Supervision Act with respect to ING Americas Issuance B.V.

### ***Financial developments***

The gross profit for the first half of 2011 was EUR 64,130 (EUR 51,182 for the first half of 2010).

In general the business has slightly grown. The outlook is stable but due to the currently stressed Euro-bond markets there might be a negative impact on the business in the future.

## **ING Americas Issuance B.V.**

### ***Outlook***

The entity will continue its current activities and perform its hedging strategy with care and attention, thus keeping its risks to a minimum.

### **Risks**

#### ***Market risk***

The structured notes issued by ING Americas Issuance B.V. are interest-linked, equity-linked, credit-linked, commodity-linked and inflation-linked structures. The market risks attaching to these notes are generally transferred in full by hedge transactions to ING counterparties. Consequently, ING Americas Issuance B.V. is generally market-risk neutral.

#### ***Credit risk***

Monitoring credit and market risk is embedded in the risk departments of ING Group. The company runs credit risk on ING Groep N.V., ING Bank N.V. and ING Capital Markets LLC, since all hedges are entered into with ING Bank N.V. and all funds raised are transferred to it.

#### ***Liquidity risk***

The financing structures are a source of funding for ING Bank N.V. The funds raised by the entity are transferred to ING Bank N.V. and ING Capital Markets LLC, and so the liquidity terms of the notes issued are the same as the transferred funds. The liquidity risk is very limited as there is no maturity mismatch.

Amsterdam, 26 August 2011

Directors

G.A.J. Wijnhoven

L. Veldink

D. Ravesteijn

M. van Balen

R.P.J. Graat

## Balance sheet

(after proposed appropriation of profit)

		€000s 30/06/2011	€000s 31/12/2010
<b>Non current assets</b>			
Receivables			
Amounts due from banks	1	120,556	158,057
Derivatives		55,231	52,808
Notes bought	2	227,485	248,301
Other receivables and prepayments	3	173	0
		403,445	459,166
<b>Current Assets</b>			
Receivables			
Amounts due from banks	1	100,724	57,690
Derivatives		77,414	55,785
Other receivables and prepayments	3	1,259	12,370
		179,397	125,845
Cash and cash equivalents		3,498	862
		586,340	585,873
<b>Shareholders' equity</b>	4		
Paid up and called up share capital		18	18
Retained profit		408	50
Unappropriated result		53	358
		479	426
<b>Non current Liabilities</b>			
Derivatives		8,630	9,456
Notes Issued	5	409,320	446,221
		417,950	455,677
<b>Current Liabilities</b>			
Derivatives		1,346	546
Notes Issued	5	160,767	116,026
Tax and social security contributions		133	122
Other creditors and accruals	6	5,665	13,076
		167,911	129,770
		586,340	585,873

## Profit and loss account for the period ended 30 June

	€000s 30/06/2011	€000s 30/06/2010
Interest income	4,109	2,959
Interest expense	-17,078	-13,018
Valuation changes in financial assets and liabilities	13,127	6,092
Exchange rate differences	-91	4,059
Commissions	-3	-41
<b>Financial income and expense</b>	<b>64</b>	<b>51</b>
<b>Result on ordinary activities before tax</b>	<b>64</b>	<b>51</b>
Tax on result on ordinary activities	-11	-13
<b>Result after tax</b>	<b>53</b>	<b>38</b>

## **Notes to the balance sheet and the profit and loss account**

### **General**

#### **Standards applied**

The accounting policies used by ING Americas Issuance B.V. in these half-year financial statements are the same as those used for its 2010 financial statements, being the statutory provisions of Part 9 of Book 2 of the Netherlands Civil Code. These financial statements do not contain all the information necessary for full financial statements and should be read in combination with ING Americas Issuance B.V.'s 2010 financial statements.

The company was incorporated on 16 May 2007. The company is fully consolidated by ING Bank N.V.

#### **Activities**

ING Americas Issuance B.V. is a wholly-owned subsidiary of ING Bank N.V.. ING Americas Issuance B.V.'s activities comprise setting up structured funds guaranteed by ING Bank N.V., including the issue of bonds, promissory notes and securities, which resources are then lent to ING Bank N.V.

ING Americas Issuance BV has hedged the market risks arising from the notes issued with units of ING Group, with the greatest portion of the hedges being entered into with ING Capital Markets LLC. The counterparty with whom the risk is hedged pays ING Americas Issuance B.V. on the relevant dates all amounts that ING Americas Issuance B.V. has to pay in respect of the issued securities, being coupon interest, early redemption, optional early redemption and the final redemption, or if the issued securities are redeemed in shares, the quantity of shares.

The company's registered office is in Amsterdam and its registered address is ING Americas Issuance BV, Amstelveenseweg 500, 1081 KL Amsterdam.

#### **Cash flow statement**

The cash flow statement of ING Americas Issuance B.V. is included in the cash flow statement in the half-year financial statements of ING Bank N.V. and so the company is making use of the exemption from presenting a cash flow statement in the financial statements, pursuant to RJ 360.104.

#### **Judgements, estimates and assumptions**

When preparing the half-year financial statements, management made judgements involving estimates and assumptions affecting the application of the accounting policies and measurement of assets and liabilities and revenues and expenses. Actual results could, however, differ from these estimates. Interim results do not necessarily form a forecast of the full year's results.

The judgements formed by management on the application of the accounting policies of ING Americas Issuance B.V. and principal sources of information for the estimates used when preparing the half-year financial statements are the same as those used when preparing the 2010 financial statements.

## **1 Amounts due from banks**

The maturity of the amounts due from banks was as follows:

	<b>30/06/2011</b>	<b>31/12/2010</b>
> 5 Years	15,200	167,072
> 1 Year < 5 Years	105,357	27,316
-Total non current assets	<u>120,557</u>	<u>194,388</u>
> 3 Months < 1 Year	82,964	-
> 1 Month < 3 Months	-	-
< 1 Month	17,759	-
-Total current assets	<u>100,723</u>	<u>-</u>
Total Amounts due from banks	<u>221,280</u>	<u>194,388</u>

## **2 Notes bought**

	<b>€000s 30/06/2011</b>	<b>€000s 31/12/2010</b>
The maturity of the notes bought is as follows:		
> 1 Year < 5 Years	<u>227,485</u>	<u>248,301</u>

## **3 Other receivables and prepayments**

	<b>€000s 30/06/2011</b>	<b>€000s 31/12/2010</b>
Accrued interest	229	6,733
- Notes to be settled	1,203	0
- Over the counter equity options to be settled	0	5,637
Total Other receivables and prepayments	<u>1,432</u>	<u>12,370</u>



## 4 Shareholders' equity

	<u>Paid up and called up share capital 2011</u>	<u>Retained profit 2011</u>	<u>Unappropri ated result 2011</u>	<u>Total shareholders' equity 2011</u>	<u>Total shareholders' equity 2010</u>
<b>€000s</b>					
Balance at 1 January	18	50	358	426	68
Movements:					
□ Ordinary shares issued	0	0	0	0	0
□ Retained profit	0	358	-358	0	0
□ Unappropriated result	0	0	53	53	358
Balance at 30 June 2011/ 31 December 2010/	18	408	53	479	426

## 5 Notes issued

Movements during the year in the notes issued were as follows:

	<b>01/01/2011 to 30/06/2011</b>	<b>01/01/2010 to 31/12/2010</b>
Balance sheet at 01 January	562,247	201,876
New issues	159,688	737,652
Repurchased	0	-25,065
Redemptions	-122,897	-390,321
Unrealised revaluations	15,923	11,133
Foreign exchange	-44,874	26,972
Balance sheet at 30 June 2011 / 31 December 2010	570,087	562,247
Total Movements	7,840	360,371

## ING Americas Issuance B.V.

The maturity of the notes issued was as follows:

	30/06/2011	31/12/2010
> 5 Years	10,714	20,200
> 1 Year < 5 Years	398,607	426,021
> 3 Months < 1 Year	132,565	83,386
> 1 Month < 3 Months	22,103	21,651
< 1 Month	6,098	10,989
Total notes issued	<u>570,087</u>	<u>562,247</u>

The notes at year end were of the following types:

Sub-product Code	Quantity	30/06/2011 €000s	Weighted average interest%	Quantity	31/12/2010 €000s	Weighted average interest%
Reverse Convertible Bonds *	76	98,445	5.67%	54	76,612	6.98%
Equity Linked Bonds	25	31,454	0.00%	27	33,176	0.00%
Credit Linked Loans	17	396,037	8.97%	16	443,787	7.88%
Commodity Linked Notes	1	585	0.00%	2	8,672	0.00%
Other	3	43,566	12.25%	0	0	0.00%
Total	<u>122</u>	<u>570,087</u>	<u>7.41%</u>	<u>99</u>	<u>562,247</u>	<u>7.16%</u>

\* Reverse convertible means that the bond is redeemed at par if the underlying shares close on the market above an agreed level on the expiry date. These reverse convertible bonds can be broken down into bonds with an underlying share and bonds under which, if redeemed in shares, the worst performing share is delivered. The investor obtains a coupon interest rate on reverse convertible bonds that is much higher than on a normal bond. The investor is thus accepting the chance that instead of redemption in cash, redemption may be in shares.

The conversion terms and conditions are determined on the “strike date”. The nominal value of the bond is divided by the “strike price” of the share to determine how many shares have to be delivered if redemption is in shares. This is generally not a whole number for any bond. The amount of a share after the decimal point is paid in cash, calculated by multiplying this fraction by the closing price of the share on the expiry date. If redemption is in shares, the interest and the fraction of the shares is paid in cash and a number of shares are delivered on the redemption date.

ING Bank N.V. has issued an unconditional and irrevocable guarantee for payment of all amounts that have to be distributed by ING Americas Issuance B.V. Its obligations are set out in a deed of guarantee signed on 16 May 2007.

## **6 Other creditors and accruals**

### **10 Other creditors and accruals**

	<b>30/06/2011</b>	<b>31/12/2010</b>
Accrued interest	3,128	7,680
-Notes to be settled	778	5,396
-Equities to be settled	1,759	-
-Over the counter equity options to be settled	-	-
Total Items to be settled	<u>2,537</u>	<u>5,396</u>
Total Other creditors and accruals	<u>5,665</u>	<u>13,076</u>

## **Other information**

The half-year financial statements have not been audited or subjected to a limited review by an auditor.