ING DIRECT
Consolidated Interim Financial Report for the period ended 30 June 2009

ING DIRECT

It's your money

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

Conformity Statement

	Conformity Statement	5

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	Operating income	13
4	Operating expenses	14
5	Income tax expense	15
6	Cash and cash equivalents	16
7	Available for sale financial assets	16
8	Loans and advances	16
9	Asset quality	17
10	Provision for impairment	17
11	Deposits payable to other financial institutions	18
12	Debt issues	18
13	Segment reporting	19
14	Contingent assets and liabilities	19
15	Credit commitments	20
16	Subsequent events	20

Other

	Directors' Declaration	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 2009.

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, AAII, AICD, Chairman

Mr Shirriff was appointed Director of the Bank in July 1985 and Chairman in May 2004.

Donald Joseph Koch, MBA, Chief Executive Officer

Mr Koch was appointed Director in June 2009 and Chief Executive Officer with effect from 1 June 2009.

Evert Derks Drok, MEc, LLM, Chief Executive Officer

Mr Drok was Director from November 2005 to May 2009 and Chief Executive Officer from 1 February 2006 to 31 May 2009.

Dirk Herman Harryvan, MEc

Mr Harryvan was appointed Director in July 2006. He is Chief Executive Officer of ING Direct NV and a member of the Executive Board of ING Groep NV.

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

Ms Lee was appointed Director in December 2005.

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

Mr Harley was appointed Director in July 2007. Mr Harley has announced his intention to resign from the Board prior to the end of 2009 due to other professional commitments.

Simonis Maria Hubertus Tellings

Mr Tellings was appointed Director in March 2007.

CEO - REVIEW OF OPERATIONS

ING DIRECT has performed strongly in the first half of 2009, consolidating its position as Australia's 5th largest retail bank in household savings and mortgages.

Profit for the half year ended 30 June 2009 was $141.6 million, up 76% from the comparative half year period ($80.6 million).

Net interest income increased by $132 million or 65% from the prior comparative half year period, a combination of volume growth and improved margins.

As a result of the Group's increased focus on cost management and control, operating expenses increased modestly by $6.5 million to $96.7 million, up 7% from the prior comparative half year period ($90.2 million). This includes significant investment in systems, infrastructure and products.

Results for the half year have been impacted by the Global Financial Crisis, with the Group reviewing its loan loss provisioning with appropriate caution. As a result, loan losses recorded for this half year period were $50.9 million. This was an increase of $44.3 million from the amount provided for in the half year ended 30 June 2008 ($6.6 million).

Total assets at 30 June 2009 were $48.1 billion (31 December 2008 - $48.0 billion). The Group has taken a conservative approach to lending growth in 2009, cognisant of an imperative to re-balance its savings-to-loans mix.

Total liabilities at 30 June 2009 were $45.9 billion (31 December 2008 - $46.1 billion).

The Group's savings portfolio has delivered a strong turnaround from 2008 performance, with YTD net portfolio growth of $1.1 billion. As at 30 June 2009, our total savings portfolio was $19.9 billion.

Dividends

No dividends were paid or declared during the period.

Significant events during the half year ended 30 June 2009

As part of ING Group's longer term succession planning strategy, the Group welcomed a new CEO, Don Koch on 1 June 2009, in place of Eric Drok. Don brings a wealth of local and international experience to the Group, with prior roles at Commonwealth Bank of Australia, Citibank and a number of other ING Group companies in Italy, Poland, India and Thailand.

Eric assumed another executive role within the broader ING Group.

Risks & uncertainties

Whilst the outlook for ING DIRECT for the remainder of 2009 and beyond is positive, there are some noteworthy risks & uncertainties:

- The Australian economy is expected to experience further effects of the global downturn beyond the half year just ended. Unemployment is forecast to rise over the next 12 months, implying pressure on arrears and ultimately loss rates in the mortgage portfolio.
- Strong competition for deposits is expected 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 create significant pressure on client margins.

Outlook

Despite these uncertainties, the Group is well positioned for strong performance for the full 2009 financial year.

The Group will continue to maintain a conservative approach to cost management and asset growth, with a key focus for the remainder of 2009 on growing the savings base. This will position ING DIRECT well for long-term sustainable growth.

Significant events after the balance sheet date

No events or transactions have occurred since 30 June 2009 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 Group's affairs, in order to make such Financial Statements misleading regarding the Bank's financial position, results of operations or cash flows.

Donald J Koch

Chief Executive Officer

ING DIRECT Australia

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 2009 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 2009 gives a true and fair view of the position at the balance sheet date, the development and performance of the business during the first half year of 2009 of ING Bank (Australia) Limited and the enterprises included in the consolidation taken as a whole, as well as of the other information required pursuant to article 5:25d, subsection 8 of the Dutch Financial Supervision Act (Wet op het financieel toezicht) being at least a list of the significant events that occurred during the period ended 30 June 2009 and their effect on the Interim Accounts as included in the Interim Financial Report for the period ended 30 June 2009 as well as a description of the principal risks and uncertainties for the remaining six months of the financial year ending 31 December 2009.

Signed in accordance with a resolution of the Directors.

Phillip R Shirriff
Chairman

Donald J Koch
Director and Chief Executive Officer

Sydney
17 August 2009

Consolidated Income Statement for the six month period ended

amounts in thousands of Australian dollars	Note	30 June 2009	30 June 2008
Interest income		**1,298,233**	1,639,655
Interest expense		**(963,094)**	(1,436,965)
Net interest income		**335,139**	202,690
Net non-interest income		**14,980**	9,059
Total operating income	3	**350,119**	211,749
Employment expenses		**(44,005)**	(44,245)
Advertising expenses		**(19,733)**	(16,331)
Depreciation and amortisation expenses		**(6,909)**	(4,506)
Occupancy expenses		**(6,173)**	(5,940)
Technology expenses		**(5,057)**	(4,292)
Other expenses		**(14,862)**	(14,890)
Total operating expenses	4	**(96,739)**	(90,204)
Loan loss provisions	4	**(50,871)**	(6,584)
Operating profit before tax		**202,509**	114,961
Income tax expense	5	**(60,958)**	(34,378)
Profit for the period		**141,551**	80,583

Consolidated Statement of Comprehensive Income for the six month period ended

amounts in thousands of Australian dollars	30 June 2009	30 June 2008
Profit for the period	**141,551**	80,583
Unrealised revaluations net of tax:		
Available for sale financial assets	**(1,198)**	(9,963)
Cash flow hedges	**64,837**	13,420
Total amount recognised directly in equity	**63,639**	3,457
Total comprehensive income	**205,190**	84,040

Consolidated Balance Sheet as at

amounts in thousands of Australian dollars	Note	30 June 2009	31 December 2008
ASSETS			
Cash and cash equivalents	6	**242,850**	718,843
Available for sale financial assets	7	**8,221,939**	6,878,414
Loans and advances	8	**39,050,997**	38,998,197
Derivative assets		**269,544**	956,330
Receivables and other assets		**133,613**	191,960
Deferred tax assets		**162,955**	225,230
Property, plant and equipment		**48,706**	41,553
Total assets		**48,130,604**	48,010,527
LIABILITIES			
Deposits		**19,876,464**	18,800,207
Deposits payable to other financial institutions	11	**14,546,461**	15,578,793
Derivative liabilities		**287,209**	422,034
Creditors and other liabilities		**307,468**	282,278
Deferred tax liabilities		**103,871**	157,699
Debt issues	12	**10,856,845**	10,823,760
Provisions		**8,266**	7,431
Total liabilities		**45,986,584**	46,072,202
Net assets		**2,144,020**	1,938,325
EQUITY			
Contributed equity		**1,334,000**	1,334,000
Reserves		**(48,031)**	(197,171)
Retained profits		**858,051**	801,496
Total equity		**2,144,020**	1,938,325

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

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**

30 June 2008

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 2008	1,334,000	1,527	619,408	(10,326)	(4,804)	1,939,805
Total comprehensive income	-	-	80,583	13,420	(9,963)	84,040
Share-based payment plan	-	397	-	-	-	397
As at 30 June 2008	1,334,000	1,924	699,991	3,094	(14,767)	2,024,242

Consolidated Cash Flow Statement for the six month period ended

amounts in thousands of Australian dollars	30 June 2009	30 June 2008
Cash flows from operating activities		
Operating profit before tax	**202,509**	114,961
Adjustments for:		
depreciation and amortisation expenses	**6,909**	4,506
increase/(decrease) to loan loss provisions	**50,871**	6,584
other	**(96,994)**	135,032
Taxes paid	**(38,481)**	(34,103)
Changes in:		
loans and advances	**(68,750)**	(3,005,679)
derivatives	**551,961**	(21,462)
receivables and other assets	**196,559**	(28,985)
deposits	**1,076,257**	(993,103)
Net cash flows from operating activities	**1,880,841**	(3,822,249)
Cash flows from investing activities		
Changes in:		
available for sale financial assets	**(1,343,525)**	1,643,276
property, plant and equipment	**(14,062)**	(18,318)
Net cash flows from investing activities	**(1,357,587)**	1,624,958
Cash flows from financing activities		
Deposits payable to other financial institutions	**(1,032,332)**	(446,659)
Debt issues	**33,085**	2,222,287
Net cash flows from financing activities	**(999,247)**	1,775,628
Net cash flows	**(475,993)**	(421,663)
Cash and cash equivalents at beginning of period	**718,843**	431,074
Cash and cash equivalents at end of period	**242,850**	9,411

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 2009 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 2008.

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 basis, except for financial instruments stated at fair value, in accordance with the requirements of International Accounting Standard IAS 34 *'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. Since no "consolidated" entity existed for the 30 June 2008 half year, the amounts disclosed for comparative purposes represent the operations of the Bank only.

Comparatives for the half year ended 30 June 2008 have not been reviewed by the auditor, other than as a component of the 2008 full year results.

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.

Loan loss provisioning

During the half year ended 30 June 2009, the methodology for determining the modeled provision for residential mortgages was revised. The revised model has been enhanced through the recognition of more granular portfolio segments, resulting in revised probability of default estimates. As a result there has been an increase in the loan loss provision above and beyond that which is attributable to changes in the composition and size of the portfolio.

The interim results for the half year ended 30 June 2009 include a general reserve for credit losses (GRCL) to maintain an allocation of capital to cover potential credit losses which are not yet identified.

The methodology for calculating the GRCL is based on converting the 12 month probability of default to a lifetime probability of default. This is determined through the implementation of whole of life parameters in the residential mortgage and commercial loans probability of default models.

Statement of compliance

The interim financial report complies with the 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 2008 annual financial report which was prepared in accordance with Australian Accounting Standards, and IFRS.

The following standards and interpretations became effective in 2009 and are relevant to the Group:

- Amendment to IFRS 2 *'Share-based Payments' – 'Vesting Conditions and Cancellations'*. The amendments clarify the definition of "vesting conditions", introducing the term "non-vesting conditions" for conditions other than vesting conditions;
- Amendment to IFRS 7 *'Improving Disclosures about Financial Instruments';*
- IFRS 8 *'Operating Segments'*. The changes further align operating segment reporting with internal reporting to key management personnel;

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- IAS 1 *'Presentation of Financial Statements'*. The amendments affect the presentation of owner changes in equity and of comprehensive income. The changes do not impact recognition, measurement or disclosure of specific transactions and events required by other standards;
- 2008 Annual Improvements to IFRS.

There have been no changes to accounting policy as a result of the implementation of new standards. New disclosure requirements have been complied with as applicable in preparing the financial report under IAS 34.

The following standards and interpretations became effective in 2009 and do not apply to the Group:

- Amendments to IAS 32 *'Financial Instruments: Presentation'* and IAS 1 *'Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation'*;
- Amendments to IFRS 1 *'First-time Adoption of IFRS'* and IAS 27 *'Consolidated and Separate Financial Statements' – 'Determining the cost of an Investment in the Separate Financial Statements'*;
- IAS 23 *'Borrowing Costs'*. The amendments to IAS 23 require that all borrowing costs associated with a qualifying asset be capitalised, where previously there was a discretionary choice between capitalising and expensing. These revisions will decrease finance costs and increase the carrying value of the qualifying asset with a resulting increase in depreciation expense;
- International Financial Reporting Interpretations Council ("IFRIC") 13 *'Customer Loyalty Programmes'*;
- IFRIC 15 *'Agreements for the Construction of Real Estate'*;
- IFRIC 16 *'Hedges of a Net Investment in a Foreign Operation'*;
- Amendment to IFRIC 9 and IAS 39 – *'Embedded Derivatives'*.

The following new and revised standards and interpretations were issued by the IASB, which become effective as of 2010:

- Amendment to IFRS 1 *'First-time adoption of IFRS'*;
- IFRS 3 *'Business Combinations' (revised)* and IAS 27 *'Consolidated and Separate Financial Statements' (amended)*;
- Amendment to IAS 39 *'Financial Instruments: Recognition and Measurement – Eligible Hedged Items'*;
- IFRIC 17 *'Distributions of Non-cash Assets to Owners'*;
- IFRIC 18 *'Transfers of Assets from Customers'*;
- Improvements to IFRS.

The impact and applicability for the Group of the above revised standards and interpretations has not yet been determined.

3. OPERATING INCOME

	Half Year to	
amounts in thousands of Australian dollars	30 June 2009	30 June 2008
Operating income before tax has been determined as follows:		
Interest income		
Cash and cash equivalents	10,629	10,117
Available for sale securities	150,442	221,551
Loans and advances	1,112,518	1,403,591
Interest income - non-trading derivatives	24,644	4,396
Total interest income	1,298,233	1,639,655
Interest expense		
Deposits - other persons/corporations	400,346	671,325
Deposits payable to other financial institutions	313,830	414,466
Interest expense - non-trading derivatives	29,917	40,257
Debt issues	219,001	310,917
Total interest expense	963,094	1,436,965
Net interest income	335,139	202,690
Non-interest income		
Account fees	4,293	3,282
Discharge fees and penalties	16,903	2,135
Profit/(loss) from sale of available for sale securities	161	(309)
(Loss)/profit from repurchase of debt securities	(2,129)	2,270
Other	(6,547)	1,384
Cash flow hedge ineffectiveness	2,299	297
Net non-interest income	14,980	9,059
Total operating income	350,119	211,749

4. OPERATING EXPENSES

amounts in thousands of Australian dollars	Half Year to 30 June 2009	30 June 2008
Operating expenses		
Employee expenses		
- Wages and salaries	**38,320**	38,132
- Workers compensation	**324**	204
- Superannuation	**3,462**	3,166
- Share-based payment plan	**505**	397
- Other employee costs	**1,394**	2,346
Advertising expenses	**19,733**	16,331
Depreciation and amortisation expenses		
- Computer hardware	**3,388**	2,495
- Computer software	**1,943**	996
- Leasehold improvements	**1,564**	1,001
- Motor vehicles	**14**	14
Occupancy expenses	**6,173**	5,940
Technology expenses	**5,057**	4,292
Other expenses		
- Fees and commissions	**3,092**	3,054
- Professional services	**1,140**	1,769
- Stationery and printing	**232**	252
- Management costs		
- Parent company	**6,166**	5,363
- Related entities	**157**	25
- Telephone and communication expenses	**2,205**	1,974
- Other	**1,870**	2,453
Total operating expenses	**96,739**	90,204
Loan loss provisions*		
Collective provisions	**9,690**	5,489
Specific provisions	**41,181**	1,095
Total loan loss provisions	**50,871**	6,584

* For the half year ended 30 June 2009 the Group recognised $50.9 million (2008 – $6.6 million) in loan loss provision expense. The increased loan loss expense for the 6 months ending 30 June 2009 is primarily attributable to $27.4 million in individual specific provisions for impaired facilities within the commercial loans portfolio; $10.6 million of write-offs in the residential mortgage portfolio; and a one-off increase of $10.6 million in modelled collective provision due to the implementation of a revised probability of default model.

5. INCOME TAX EXPENSE

	Half Year to	
amounts in thousands of Australian dollars	**30 June 2009**	30 June 2008
Income tax expense		
Current income tax	**79,771**	33,632
Deferred income tax	**(18,813)**	746
Income tax expense reported in Income Statement	**60,958**	34,378
Statement of changes in equity		
Current income tax		
Current income tax on interest rate swap	**-**	(540)
Deferred income tax		
- Revaluation of cash flow hedge	**27,787**	6,292
- Revaluation of available for sale securities	**(513)**	(4,270)
Income tax expense reported in equity	**27,274**	1,482
Reconciliation of prima facie income tax expense on accounting profit before income tax expense as follows:		
Accounting profit before income tax expense	**202,509**	114,961
Prima facie income tax on operating profit at 30% (2008 - 30%)	**60,753**	34,488
Effects of amounts which are not deductible / (assessable)	**205**	(110)
Income tax expense reported in Income Statement	**60,958**	34,378

6. CASH AND CASH EQUIVALENTS

amounts in thousands of Australian dollars	30 June 2009	31 December 2008
Cash and liquid assets	**782**	31,995
Cash equivalents due from other financial institutions	**242,068**	686,848
Total cash and cash equivalents	**242,850**	718,843

7. AVAILABLE FOR SALE FINANCIAL ASSETS

Discount securities	**3,652,644**	4,783,309
Mortgage backed securities	**572,430**	721,691
Corporate bonds	**125,362**	131,573
Government bonds	**2,504,831**	167,088
Other securities	**1,366,672**	1,074,753
Total available for sale financial assets	**8,221,939**	6,878,414

8. LOANS AND ADVANCES

Retail loans	**35,169,098**	34,424,477
Commercial loans	**3,796,906**	3,798,436
Other loans – parent entity	**150,000**	150,000
– related bodies corporate	**-**	650,000
Gross loans and advances	**39,116,004**	39,022,913
Specific provision for impairment	**(40,716)**	(10,115)
	39,075,288	39,012,798
Collective provision for impairment	**(24,291)**	(14,601)
Total loans and advances	**39,050,997**	38,998,197

9. ASSET QUALITY

Due to changes in the definition of impaired and past due loans, the comparative figures for 31 December 2008 have been restated.

amounts in thousands of Australian dollars	30 June 2009	31 December 2008
Loans by credit quality		
Neither past due nor impaired	**36,243,723**	36,771,441
Past due but not impaired	**2,199,593**	1,822,293
Impaired	**421,912**	321,352
	38,865,228	38,915,086
Ageing analysis (past due but not impaired)		
Less than 1 payment past due	**1,684,831**	1,257,040
1 payment past due	**346,248**	381,219
2 payments past due	**168,514**	184,034
	2,199,593	1,822,293

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	**241,506**	277,022
Construction & Commercial Real Estate	**180,406**	44,330
	421,912	321,352

10. PROVISION FOR IMPAIRMENT

Specific provisions		
Opening balance	**10,115**	7,508
Charges against profit	**41,181**	9,144
Write-back of provisions no longer required	**-**	(3,339)
Sub-total	**51,296**	13,313
Bad debts written off	**(10,580)**	(3,198)
Closing balance – specific provisions	**40,716**	10,115
Collective provisions		
Opening balance	**14,601**	6,838
New and increased provisioning	**9,690**	7,763
Closing balance – collective provisions	**24,291**	14,601
Total provision for impairment	**65,007**	24,716

11. DEPOSITS PAYABLE TO OTHER FINANCIAL INSTITUTIONS

amounts in thousands of Australian dollars	30 June 2009	31 December 2008
Certificates of deposits	9,076,583	11,232,541
Deposits	5,469,878	4,346,252
Total deposits payable to other financial institutions	14,546,461	15,578,793

12. DEBT ISSUES

Short Term – not longer than 1 year to maturity		
Floating rate notes	1,105,044	1,700,000
Corporate bonds	1,179,826	232,041
Total short term debt issues	2,284,870	1,932,041
Long Term		
Corporate bonds	2,224,017	2,912,847
Redeemable preference shares – related bodies corporate	1,000,000	1,000,000
Floating rate notes	3,609,984	2,940,055
Euro floating rate notes	1,737,974	2,038,817
Total long term debt issues	8,571,975	8,891,719
Total debt issues	10,856,845	10,823,760

13. SEGMENT REPORTING

The Group has three operating divisions being Mortgages, Savings and Commercial Loans.

Each division is headed by a member of the Executive Committee. The Board sets the performance targets, 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.

Transfer prices for inter-segment transactions are set on an arm's length basis.

amounts in thousands of Australian dollars	Mortgages	Savings	Commercial Loans	Total
Half year ended 30 June 2009				
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**

amounts in thousands of Australian dollars	Mortgages	Savings	Commercial Loans	Total
Half year ended 30 June 2008				
Operating income	155,989	23,867	31,893	211,749
Loan loss provisioning	(6,263)	-	(321)	(6,584)
Allocated expenses	(52,187)	(32,973)	(5,044)	(90,204)
Net segment earnings	97,539	(9,106)	26,528	114,961
Loans and advances	33,390,106	150,000	3,719,935	37,260,041
Deposits	-	19,209,029	-	19,209,029

	Half Year to	
amounts in thousands of Australian dollars	**30 June 2009**	30 June 2008
Net segment earnings	**202,509**	114,961
Income tax expense	**(60,958)**	(34,378)
Profit for the period	**141,551**	80,583

14. CONTINGENT ASSETS AND LIABILITIES

Contingencies

amounts in thousands of dollars	**2009**	**2009**	2008	2008
	Unused	**Available**	Unused	Available
Standby facilities from related entities	-	-	350,000	350,000

Following the cancellation of the standby facilities which was based on a commercial decision to rely on only on-balance sheet liquidity sources rather than any off-balance sheet sources, there were no contingent assets or liabilities as at 30 June 2009.

15. 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 2009	31 December 2008
Commitments to extend credit		
- irrevocable commitments to extend credit	**4,356,222**	4,075,365
- bank accepted guarantees	**37,693**	45,943
Total commitments to extend credit	**4,393,915**	4,121,308

16. SUBSEQUENT EVENTS

No subsequent events or transactions have occurred since 30 June 2009 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 2009 and its performance for the half year ended on that date; and

      ii) comply with International Accounting Standard IAS 34 – '*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 and Chief Executive Officer

Sydney
Date: 17 August 2009

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

To 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, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement 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 2009 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 also requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Our review of the interim financial report consisted 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.

Basis for Qualified Conclusion

ING Bank (Australia) Limited has prepared the interim financial report for the first time for the half year ended 30 June 2009. Whilst we have performed an audit of the company for the financial year ended 31 December 2008 including the balance sheet on that date, we were not engaged to undertake a review relating to the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement, and the associated disclosures for the half year ending 30 June 2008 (the comparative period), which are shown in the financial report for the purposes of comparison.

Qualified Conclusion

Because of the existence of the limitation on the scope of our work as described in the preceding paragraph, and the effect on the financial report of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express a conclusion on the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement, and the associated disclosures of ING Bank (Australia) Limited for the half-year ended 30 June 2008, which are shown for the purpose of comparison.

With this exception, based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial report of ING Bank (Australia) Limited does not present fairly, in all material respects, the consolidated financial position as at 30 June 2009 and its financial performance and its cash flows for the half-year ended on that date, in accordance with IAS 34 *Interim Financial Reporting*.

Ernst & Young

Ernst & Young
Sydney
17 August 2009