

2019
Corporate Governance Principles
Compliance Report

Corporate Governance Principles Compliance Report

1- Statement of Compliance with Corporate Governance Principles

In spite of the fact that our bank's shares are not open to public, the provisions in the legislations have been complied with in maximum, being aware of the importance of corporate governance practices. In this respect, utmost attention has been paid to comply with nearly all of the principles specified in the legislation without giving rise to any conflict of interests.

SECTION I – SHAREHOLDERS

2- Shareholders Relations Department

Since our Bank's shares are not open to public, there is no "Shareholders Relations Department". The transactions about public offering of the bank bonds are carried out by Financial Institutions, Syndication and Debt Capital Markets Group. All kinds of information and explanation, except for the special requests for information by our investors, are given under the menus Relations with Investors and Corporate Governance on our Bank's web site.

3- Exercise of Shareholders' Right to Information

In case of emergence or getting informed of the developments influencing the decision of our investors, they are announced via Public Disclosure Platform. There are documents including various information disclosed to the public under Relations with Investors and Corporate Governance menus on our Bank's web site.

During the activity period, a number of meetings were held and all the requests for information were responded. All information requests of our shareholders are provided that they are not commercial secrets or undisclosed information.

In the articles of association of our Bank, there is no regulation about the request of assigning a private auditor. No request has been received by our Bank about assigning a private auditor during the term.

4- Information on General Meetings of Shareholders

Shareholders of the Bank held an Ordinary General Assembly meeting on 21 March 2019. Within scope of Turkish Commercial Code Article 416, the General Assembly was attended by all the shareholders without being called. The notification about the meeting was made to the shareholders two weeks before the meeting in written form as is required by Articles of Association.

Since all the nominative shareholders of our Bank are registered in the Share Ledger, no duration was allotted for registration in the Share Ledger to ensure them to participate in the General Assembly Meeting.

In this General Assembly, the shareholders did not use their right to ask question.

There is no provision in the Articles of Association stipulating that important decisions should be taken by general assembly. In this respect, the legislation in force is implemented.

Minutes of General Assembly are announced in Turkish Trade Registry Gazette within scope of the legislations. Pursuant to the provisions of "Regulation on the Web Sites to Be Opened by Capital Companies" put in effect in May 2013, the minutes of General Assembly are being published on the

website of the Bank following the General Assembly, which is open for review by all the shareholders, in the Head Office.

5- Voting Rights and Minority Rights

There is no privilege applied on the voting right of our Bank's shareholders. The companies in reciprocal shareholding did not participate in the voting in general assembly. There's no minority share represented in management. The Bank does not implement cumulative voting.

6- Dividend Policy

There is no privilege granted in participation in the Bank's profit. Except for the arrangement made under Article 32 "Detection of Net Profit", Article 33 "Allocation and Distribution of Net Profit" and Article 34 "Capital Reserves" in Articles of Association of the Bank, there is no other profit distribution policy disclosed to the public. Within the scope of related legislations, decisions for profit distribution are taken and necessary actions are realized in parallel with this.

7. Transfer of Shares

For the transfer of shares, tenors of the Turkish Trade Code are implemented pursuant to the article 10 with the title "Transfer of Shares" of the Bank's Articles of Association.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

8- The Company Disclosure Policy

Disclosure Policy of our Bank is updated and published on the website of our Bank both in Turkish and English as is required by the legislations we are subjected to. Within the scope of disclosure policy, it is disclosed to the public by Financial Reporting and Tax Directorate within the knowledge and approval of our Bank's Board of Directors and Head Office. The disclosures are reported in Corporate Governance Committee.

The main purpose of the Disclosure Policy is to ensure that required information, other than confidential business information, is disclosed to the public, investors, employees, customers, creditors and other relevant parties in a timely, accurate, complete, understandable, convenient and affordable manner, on equal footing.

All kinds of financial information, explanations and disclosures required in line with the Banking Law and the relevant regulations, Capital Markets Board (CMB) Legislation, Turkish Commercial Code, Borsa Istanbul (BIST) Legislation and other relevant legislation, are provided by also taking into consideration the generally accepted accounting principles and the Corporate Governance Policies of the CMB.

The Disclosure Policy has been established by the Bank's Board of Directors. The Board of Directors has the right and the responsibility to disclose information to the public, and to monitor, supervise, and develop the disclosure policy. Coordination of the disclosure function is the responsibility of the Financial Control Executive Vice Presidency and Legal Counsellorship. The officials of the aforesaid departments fulfill these responsibilities in close coordination with the Senior Management.

Quarterly financial information of ING, consolidated and unconsolidated financial statements and footnotes have been prepared and audited in accordance with Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, relating appendices and interpretations on these as published by the Banking Regulation and Supervision Agency. Moreover, before declaring the financial statements and its footnotes to

public, they are approved by Head of BoD, Audit Committee, CEO and Executive Vice President in charge of financial reporting pursuant to relevant regulations and codes. After approval, financial statements and its footnotes, independent audit report, interim activity report are declared to public in electronic environment as a notification in Public Disclosure Platform (KAP) in line with regulations of Capital Markets Board of Turkey (SPK) and Stock Market of Istanbul (BIST). Interim activity report which is announced in every quarter of year, includes market positioning of the Bank, general financial performance and other important issues. The financial statements are published in the website of ING after the declaration to public in Public Disclosure Platform.

Year-end consolidated and unconsolidated financial statements are declared in Official Gazette at the end of April following year without footnotes.

The Bank's Board of Directors has the right and the responsibility to develop and to follow up the implementation of the Disclosure Policy. The effectiveness and reliability of the public disclosure process within the scope of the Disclosure Policy are under the supervision and control of the Bank's Board of Directors. The Bank's Board of Directors has the right to amend the policy. The amendments are disclosed to the public and published on the internet website within one week following the amendment.

The implementation of the Disclosure Policy is under the responsibility of the Bank's Senior Management.

9- The Company Website and Its Content

There are disclosures for the public, especially for our investors under the menus "Relations with Investors" and "Corporate Governance" on the website of our Bank. Our disclosures are provided both in Turkish and English.

ING's Website (www.ing.com.tr) is frequently used for informing the public and for disclosure. The website of the Bank includes the information and data required by the legislations. It is paid attention to keep the website up-to-date.

10- Annual Reports

In Annual Report, Corporate Governance Principles and informations to be declared in accordance with relevant legislation are took place. Year-end Annual Report informs about market positioning, general financial performance and other important issues.

Annual Report is prepared pursuant to the Regulation of "Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank " which is published by Banking Regulation and Supervision Agency (BRSA) and approved by BoD and independent audit company. Annual Report is declared to public via our web site (www.ing.com) in duration determined by legal regulations.

SECTION III - STAKEHOLDERS

11- Informing Stakeholders

Stakeholders are informed by our Bank on the issues relating to themselves via general assembly meeting minutes, material circumstances disclosures, press releases, meetings, electronic mail and website. There is a corporate intranet for informing the employees.

12- Participation of the Stakeholders in the Management

The employees are always encouraged to participate in the management and their suggestions for improving the business are taken in consideration and rewarded. Customers of the Bank communicate their requests and complaints via branches, website (www.ing.com.tr) and Customer Contact Center (0850 222 0 600). Procedures Conflict of Information and Interest in the Markets approved by our Bank's Board of Directors includes the definition of how the requests, recommendations and complaints of the employees and third parties should be assessed. It is aimed to encourage the change and improvement as well as increasing motivation by assessing and rewarding them.

For all the recommendations found to be appropriate, a working plan is drawn by the relevant units and necessary system developments are carried out. The bank personnel are regularly informed about the recommendations studied and put in effect.

13- Human Resources Policy

At ING Group, our primary purpose is to empower people to stay a step ahead in life and in business.

While we aim to differentiate ourselves with our work environment and culture bringing an unconventional and out-of-the-box banking approach in Turkey keeping a dynamic and agile structure and "We are a bank and we are different" motto, we also tirelessly question the traditions and strive for better with high level of excitement. With this new innovative banking approach, our Human Resources provide a flexible work environment as itself, local and global career opportunities, fair and transparent appointment, promotion and performance systems.

Our Human Resources (HR) policy is based on raising our leaders from within our Bank. We believe that providing an efficient and productive environment which unveils the potentials of ING employees is the key to success. Hence, we design and implement our personal development and leadership programs based on this approach. As ING, we focus on the performance of our employees, their strengths and areas to improve and offer them career opportunities that suit their motivations.

With its target of being an employer brand which is liked and preferred, ING Human Resources assumes a fair and transparent performance and management policy which gives importance to employee satisfaction, loyalty, inclusiveness and work-life balance, supports diversity, offers equal opportunity and encourages internal promotion. Participating in global surveys which help identify employer brand preferences, following up the results every year and improvement are our priorities and with these improvements, our Bank has been awarded with the "Great Place to Work" certificate in 2018.

We define our corporate values and behaviors as "Orange Code Behaviors". Taking it on and making it happen, helping others succeed and being always one step ahead principles are the key stones of our Human Resources processes.

We have communication platforms open to everyone regardless of their titles and the organizational hierarchy where our employees can freely share their opinions. We value all the opinions and ideas of our employees and through this mechanism, we enable the dissemination of ideas, not only from top

to bottom but also from bottom towards the top. We provide an environment where our employees can participate in projects suitable for their interests and skills voluntarily, assume an active role and contribute to ING's success.

Getting mobile, being able to work anytime and anywhere, user-friendly processes and digitalization are getting more important in Human Resources. With our applications such as CeptenYap, ING Mobile Academy, Workplace and Digital Onboarding, our recruitment application portals, online interviews for distant locations and online evaluation tools, simple and positive experiences are designed for both our candidates and employees.

Adopting an agile working method enables a continuous revision of our processes based on new requirements. With more flexible and efficient methods, we support sustainable development processes and encourage our employees to challenge existing processes and take part in these processes to always perform better.

ING cares about reaching young talents, bringing them into ING and investing in them. In addition to internship and part-time working opportunities, we aim to train new graduate ING employees via international trainings and assignments to support their development through "International Talent Program (ITP)", our global talent program to prepare them for management roles. In this program, new graduates are selected in various countries where ING Group operates and they are being trained in areas of their choices. After a four-year program which includes training programs abroad, internationally accredited certificate programs, domestic and global rotation opportunities, young talents continue their careers taking into consideration the alternatives at ING Global.

For ING, international assignments are prioritized due to the experience and different perspective they provide and ING employees are offered a chance to benefit from global opportunities. International assignment policies are a continuation of policies that form the roof of global ING Group and they focus on mutual benefit, success and development. As a result of local and global evaluations, employees receive guidance on areas of improvement and support on their career development.

Training and Development

The employees of the Bank are supported with trainings starting with the orientation process and continuing with professional and personal development areas. Trainings planned for increasing the knowledge and skills of the employees in their current positions or for transition between positions are diversified with classroom, on-the-job and distant trainings, which contribute to their development. In addition, with project-based boutique trainings arranged in connection with Bank's strategies, the employees are supported to quickly adapt to the processes. The objective of the trainings is to help employees improve in technical and personal competencies through the programs attended as part of their career plans.

ING Mobile Academy e-learning and video portal, which we carried our training platform to digital and mobile, enables employees to access personal and professional development trainings anywhere anytime. Time saving is achieved through mobile applications offered to our employees.

Performance Management

Every year ING manages a process that starts with setting job expectations and competencies which are assessed with continuous conversations and year-end review in order to assess performance against in a fair and transparent manner based on certain criteria. At ING, the motto for the performance management is: "You are the performance, you own this process".

Mentorship and Coaching Programs are conducted to increase the performances or competences of

our employees and help them discover and unveil their potential.

ING believes that it will contribute to profitability and growth if employees have measurable goals and a shared success culture where they unite and work together to attain these goals. In this respect, Success@ING, the performance management system of ING, has been constructed to evaluate all the personnel under the main competencies of job expectations, Orange Code Behaviors and stretch ambitions and to support development of the employees according to the results obtained. The results of the evaluations have been prepared to be used as data in career opportunities, talent programs, training programs, compensation and benefits practices about the employees.

The promotion process in the Bank has been arranged to make an employee who has the necessary qualities for promotion such as high performing behaviors, professional knowledge and skills, sufficient education level and sense of responsibility can be promoted to a higher position within the scope of vacancies in order to make use of the qualified human resources adequately.

Career Management

At ING, we offer promotion opportunities to all employees below manager level twice a year following performance assessment periods. We pay special attention to set the main criteria for these bi-annual evaluations to be steady high performance, to share them transparently with all employees and not to be based on managers' personal evaluations. Open posts for manager level and above are announced through Career Opportunities and priority is given to our employees to promote raising our leaders from within the Bank. Additionally, with the Orange Talents Program, Branch Managers are appointed from our talent pool within the Bank.

We have the "Career Steps" program which aims to support the development of branch team members through switching to different business lines.

In addition to all these programs, our employees are provided the opportunity to apply for various international roles announced via Career Opportunities. Short- and long-term assignments to ING Global posts aim to ensure that right people work at the right place and right time for ING. With durations varying from 3 months to 5 years, these programs enable temporary assignments to the vacant positions in different countries based on the talents and experiences of our colleagues. Employees assigned to these posts are offered a significant contribution to their personal developments and career plans, supported by managers of the relevant business line and Human Resources teams.

During the year, we get together with senior management of each business line and evaluate not only their performance but also their potentials, identify employees with leadership potential, prepare succession plans for critical roles and employees who have their names in the succession plans are prepared for their future roles. In this way, the organization's health is guaranteed in terms of leadership while employees are given the opportunity to prepare and develop themselves for their new roles.

With the "Orange Guest" program, employees are offered an opportunity to work at a different department and observe their operations for a certain period of time. This program, which is for a period from 2 weeks to one month, enables our employees to get to know the related department and their colleagues and also to consider this department as a target in the future as they plan their careers. In addition, Orange Guest process carries the team work culture to a better point.

We support our goal of being the most preferred bank to work at by providing a better working environment for our employees in addition to training and career opportunities.

Social Benefits

The corporate volunteering program "Orange Hearts" was put in effect to guide the volunteer activities of ING employees and unite the activities of our employees active in various volunteer initiatives under a single roof. ING employees can take part in social responsibility projects, offering their time-talent and also financial support and also share their own projects with fellow employees. "Orange Hearts" functions with the motto "Set Your Heart on Benevolence".

At our Head Office buildings, we offer various facilities including a worldwide famous coffee chain, a cafe providing healthy products, a gym, a hairdresser and a basketball court.

With "Orange Occasions", we signed special discount agreements with nearly 100 brands for our employees. Discount agreements with various centers were realized for mother and father candidates who are going through an in vitro fertilization process.

New models are designed to enable our employees to have flexible working hours depending on their needs and the requirements of teamwork. Comprised of 4 sub-segments, namely FlexiHours, FlexiPlace, FlexiCareer and FlexiBenefits, FlexING aims at increased efficiency through maintaining a balance between the professional and personal lives of employees. In this model that offers flexibility in terms of working hours, workplace, career and benefits, we aim to help our employees build a healthy work-personal life balance.

We put an end to dress code. We cancelled the obligation of wearing a necktie, which has been a first for the industry. Instead of wearing suits to work, our employees switched to a more casual yet fashionable style. In addition to working flexible hours, our physical environment also supports flexibility and creativity. Employees working at Headquarters can ride a bicycle, play basketball and play the guitar.

With our "Welcome to ING Leave" system, all employees who have newly joined the ING family can take a 5-day leave, even before having worked for an entire year.

With "Health Comes First Leave" our employees were provided with an opportunity to benefit from a 10-day administrative leave in case of hospitalization of a family member of first or second degree.

Also, as part of the "Me and My Child" leaves;

- "First day of school" and "Report card day" leave allow parents with children between ages of 3 to 14 to be there for their children on the first and last day of school,
- "Orange Day with My Child" allows parents with children of the same age group to spare 1 day to spend with their children as they wish,
- "I'm Having a Baby" leave allows expectant mothers to take 1 day off for their routine examinations every month until the delivery.

Effective from 2018, our employees who have a newborn baby are granted a leave of absence for 6 months fully paid. Our fathers who have newborn babies are granted a 10-day leave to be used in 1 year so that they can spend time with their children. Parents whose children start kindergarten are entitled to a leave of one full day and four half days at the first week of school. As of June 2018, employees are given the opportunity to work at İzmir Office for two weeks a year with the Flexi35 program. This application helps parents to make vacation plans with their children during summer. Another leave called "Orange Cap" has started to be applied in 2018. Parents whose children graduate from school are entitled to "Orange Cap" leave to be at their graduation ceremony. Breast-feeding rooms which were started to be set up in 2017 were complete at

Headquarters, İOTM, Kahramanmaraş Operation and Call Center and 135 branches in all regions.

At ING, we have innovative platforms that support in-house entrepreneurship among our employees such as "Platform for Innovation" and "Innovation Boot camp". In 2018, "ING Maker Cafe" started to operate in our Bank to contribute to innovation and maker culture. This cafe contributes to experience and knowledge sharing and the culture of creating together. ING started the Next Generation Academy in cooperation with Makers Turkey with the objective of providing technology focused children the opportunity to gain new generation competencies and a culture of production with technology. The Academy had its first graduates this year. Children between 5 and 8 were trained for 2 months and older ones from age 9 to 14 were trained for 4 months in robotics, electric and electronic, Makey Makey, coding, Arduinio and 3D design. Young makers exhibited their projects at the end of the period.

ING also supports its employees to develop their information technology skills and takes significant steps in robotic process automation and data science areas to include not only the technology team but all employees.

14- Ethical Rules and Social Responsibility

ING Group prioritizes environmental sensitivity and human rights in all ING countries and in the business relationships established. In financial decisions and transactions mediated, ING policies created with the awareness of responsibility towards the society must be complied as well as national and international laws and regulations.

Our Environmental and Social Risk Policies created for guiding our activities in the light of our social, ethical and environmental vision has become a dispensable part of credit risk management at ING. In other words, all potential social and environmental side effects (destruction of forests, air pollution, child employment, controversial weapons) of our activities are reviewed in depth.

Our policies are continuously improved and updated through cooperations with our employees, customers, shareholders and organizations specialized in the issues such as human rights, climate changes, etc.

ING Group is one of the 10 international banks having acknowledged Equator principles voluntarily in June 2003 which are agreed upon to be applied in financing all the projects costing 10 million \$ or more, based on environmental and social responsibility policies of International Finance Corporation. In project finance, these standards are taken in consideration for social responsibility and environmental risk management. ING Group, which has also been registered in the FTSE4Good and Dow Jones Sustainability Index for its compliance with global responsibility standards, signed United Nations Global Compact in 2006. ING Group has been carrying out its activities with zero carbon footprint since 2007. ING is sustainability leader among banks according to Sustainalytics, a global leader in sustainability research. ING Global commits to decrease the carbon by 50%, waste and water foot print by 20% and realize 100% renewable energy procurement. ING commits to double the financing of sustainable transitions to by 2022 which was EUR 14.6 billion in 2017.

ING Group carries out activities to create awareness on saving with the financial literacy projects and voluntary training programs focused on savings and it has been cooperating with UNICEF since 2005. Within the scope of the partnership, approximately 1 million children and 427 thousand adolescents have been supported for their education and future up until today.

ING has adopted to comply with "Banking Ethical Principles" dated 1 November 2001 no 1012 published by Banks Association of Turkey.

Besides these principles, the ethical rules which the employees of ING Group Companies have to comply with are shared with all the employees of ING and its subsidiaries.

Board of Directors' resolution dated 26 December 2014, numbered 48-5 was granted in regard to the Ethical Principles of ING.

ING is the signatory of United National (UN) Women Empowerment Principles. ING regularly measures the women statistics and develops programs to increase the number of the women employees in the bank. Additionally, the Bank created awareness for gender equality with its communications at special days to announce its support for HeforShe. It started these communications on 8 March International Women's Day and continued on 23 April National Sovereignty and Children's Day, Mother's Day and 29 October Republic Day. In addition to these activities, ING became the official sponsor of Turkey National Olympic Committee and supporting 8 women athletes on their journey to Tokyo 2020 Olympics which confirms its spokesmanship in Turkey.

ING is included in the study group for Sustainable Banking established by Istanbul Stock Exchange and UN Global Compact Turkey. The experiences and accumulation of knowledge in this area both in international and national markets are shared with other participant banks. On 25 September 2017, ING has signed with 7 other banks the "Declaration on Sustainable Finance" which was initiated by UN Global Compact Turkey. In addition to that ING has been one of the 6 banks in Turkey who commits to Responsible Banking Principles developed by United Nations Environment Programme Finance Initiative on 21 November 2019. In this regard, environmental and social risk evaluations were integrated into the loan assessment process for financing investment projects.

As a requirement of our role as a Savings Bank, we have been determining saving tendencies, changes and saving potentials of urban population with the Research on Turkey's Saving Tendencies carried out since October 2011. The results generated in the research have been respected and considered a resource by academicians, journalists and governmental bodies. The research was also granted "Best Communication Research" award in the category of "Communication Research" in International Public Relations Association (IPRA) 2013 Golden Globe Awards. We won bronze award ranking third among 225 projects in "Communication Program of the Year or Public Relations Campaign" category in "International Stevie Awards" accepted as one of the most prestigious awards of international business world.

Finally, we have focused on children and the young people who will be the most significant figures on the savings picture of the future, with the aim of meeting our responsibilities towards our society. To create awareness for saving in the future generations of Turkey, we officially launched "Orange Drop" program in April 2013 aiming at changing consumption and saving behaviors. Within the scope of the program put in effect under auspices of Istanbul Provincial Directorate of National Education, in coordination with Koç University and Financial Literacy Association, 3rd and 4th graders in Elementary Schools have been visited and financial literacy trainings have been provided focusing on savings, via their teachers, for 8 weeks. Orange Drops reached 329 schools, 1,213 teachers and approximately 38,885 students.

Orange Drops has been represented in various international and national awards. The project won The Preferred Bank Award among 40 ING Group countries, has also received "Best Corporation" award among 17 corporations in EIFLE-Excellence in Financial Literacy Education Awards, organized for the eighth time by American Financial Literacy Institute. Orange Drops has also been one of the global finalists in Child and Youth Finance International/CYFI Awards. It also holds Golden Compass Award being the "Best Corporate Social Responsibility Project" in education category among 12 projects in 13th Golden Compass Awards. Lastly, it won the "Silver Award" in "The Stevie International Business Awards" within the "Corporate Social Responsibility" category.

ING employees having run in, Runatolia and Bozcaada marathons in 2019 raised funds for Darüşşafaka, TEGV, TEMA, TEV, TOÇEV, TOG, WWF

As of the end of 2014, in cooperation with Association of Private Sector Volunteers and sticking to the motto "Give your Heart for the Good of Others", the corporate volunteering program "Orange Hearts" was put in effect to guide the volunteer activities of ING employees and unite the activities of our employees active in various volunteer initiatives under a single roof. This year, at World Volunteers Day, ING introduced its employees to 12 Civil Society Organizations to share their experiences and know-how.

ING has organized several activities to support Steptember Social Responsibility Campaign of Spastic Children's Foundation of Turkey to support children with Cerebral Pals. Employees of ING raised TL 148,236 for this campaign.

Within the scope of our cooperation with TEMA to contribute to protection of the environment, savings created by our employees reducing the use of paper and our customers switching to e-statements have continued to turn into trees planted in Orange Forest.

ING partnered with Turkish Education Foundation to empower gender equality and economic participation of women. With the Equal Future Fund, the partnership will support female engineer students. Lastly, ING provides financial and mentorship support for 2 university students in need under the Koc University Anatolian Scholarship Program. Furthermore, ING also provides full scholarship of one student for 5 years within the scope of Ozyegin University Equal Opportunity for Education Scholarship Program. With our cooperation with İhsan Doğramacı Bilkent University in 2018, within the scope of Scholarship for Girls Program, we started to provide scholarship to 2 students for 5 years.

SECTION IV – BOARD OF DIRECTORS

15- The Structure and Composition of Board of Directors

ING Bank A.Ş. Board of Directors

John Thomas Mc Carthy	Chairman
M. Semra Kuran	Board Member and Audit Committee Chairman
Adrianus J. A. Kas	Vice-chairman and Audit Committee Member
A. Canan Edibođlu	Board Member
Pınar Abay	CEO and Board Member
Sali Salieski	Board Member

There is no executive Board Member other than Pınar Abay who is both CEO and a Natural Board Member.

Since our Bank is not one of the corporations defined in the Corporate Governance Communiqué Serial II No: 17.1 of CMB, it is not subject to the legal liabilities required for independent board members.

Board Members are assigned with other duties outside the Bank. Related banking law and BRSA regulations are complied with in such assignments. In addition, the restrictions on the board members imposed by Article 396 of Turkish Commercial Code are removed with the decision of shareholders in the ordinary general assembly held every year.

16- Principles of Activity of the Board of Directors

Performing the activities with the aim of reaching strategic targets of the Bank in line with our Mission, Vision and Values.

17- Number, Structure and Independency of Committees Established by the Board of Directors

Information about Credit Committee, Audit Committee, Corporate Management Committee and Compensation Committee are as follows:

Credit Committee:

Names of Board Members who are members of Credit Committee at the same time:

John Thomas M.C. Carthy, Chairman (Chairman)

A. Canan Ediboğlu, Member (Board Member)

Pınar Abay, Member (CEO and Board Member)

Audit Committee:

Names of Board Members who are members of Audit Committee at the same time:

M. Semra Kuran, Chairman (Board Member)

Adrianus J. A. Kas, Member (Vice Chairman)

Corporate Governance Committee:

Names of Board Members who are members of Corporate Governance Committee at the same time:

A. Canan Ediboğlu, Chairman (Board Member)

John Thomas Mc Carthy, Member (Board Member)

Compensation Committee:

Names of Board Members who are members of Compensation Committee at the same time:

John Thomas Mc Carthy, Chairman (Board Chairman)

A. Canan Ediboğlu, Member (Board Member)

18- Internal Control and Risk Management Mechanism

18.1. Internal Audit

Internal Audit Department (IAD) reports to the Audit Committee; and aims to provide independent and objective assurance and advisory services to the Senior Management for the quality and effectiveness of the internal control, risk management and governance systems and process and information systems practices in the Bank and its subsidiaries. As per the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks" and in accordance with "Control Objectives for Information and Related Technologies (COBIT)", auditing activities, including information systems, are being performed with a risk-based approach systematically and based on documentation.

IAD supports the Bank and subsidiaries to accomplish their mission and strategic business objectives through a systematic, documented risk based audit approach to examine, evaluate and improve the effectiveness of (framework of) governance, control, and risk management processes of the Bank and subsidiaries. Moreover, IAD performs controls and investigations on the fraud, cheat or forgery acts committed by the personnel or third parties against the Bank.

IAD carries out its activities; in accordance with the principles of the Bank and the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing as determined by the International Institute of Internal Auditors. IAD deploys competent staff that adheres to these Code of Ethics and Standards.

18.2. Financial Risk Management

In addition to periodic regulatory and internal reporting activities, Financial Risk Management cooperates with relevant business lines for the current operations of the Bank and conducts independent analysis.. Financial Risk Management acts as a guide in identifying, monitoring, measuring and managing the risks, and takes necessary actions via Board of Directors, Audit Committee, Asset & Liabilities Committee (ALCO), Local Parameter Committee (LPC), ICAAP Committee, Model Development and Monitoring Committee and Credit Risk and Provisioning Committee

Financial Risk Management monitors both local and global regulations closely in terms of risk management and plays an important role in raising awareness within the Bank via relevant Committees.

18.2.1. Market Risk Management and Product Control Group

All the necessary assessment are performed to needed for monitor, measure and manage both market and liquidity risks that the Bank may be exposed to. In terms of market risk, the risk profile of the balance sheet and the product mandate, are managed within following framework. To be compliance with both Basel regulations and other international standards, banking book and trading book have been separated, as well as the methods for measuring and monitoring the risks related to above-mentioned books have been separated via risk appetites and limits approved by Board of Directors.

In this context, in addition to liquidity risk limits determined under both normal and stressed conditions, limits have also been allocated for the banking book s against interest rate shocks under interest rate risk framework and FX position limits in terms of foreign currency risk. On the other hand, for the trading books limits, limits in terms of interest rate and foreign currency risks, VaR limits and also sensitivity based limits and position limits have been defined These limits are monitored regularly and limit utilizations are reported to the senior management and Board of Directors. Besides, within the scope of market and liquidity risks, the related products and services are reviewed and the risks are analyzed in details. Moreover, as part of Bank's risk management strategy the risk appetite approved by BoD is regularly reviewed according to the changing economic environment and the Bank's targets. On the other hand, regulatory capital requirement for the market risk is calculated based on Standard Method.

In addition to all these, in order to comply asset and liability risks with the global regulatory requirements that was mentioned above besides to perform sophisticated risk analysis, a comprehensive software project has been implemented and enhancements are under progress.

18.2.2. Credit Risk Control Unit

Credit risk is defined as the probability of loss the Bank may be exposed to due to failure of the counterparty of the transaction to realize its liability partially or wholly, not complying with the contract signed with the Bank. Credit risk aims to monitor risk-revenue structure, accordingly

qualifications and level of the activities related to credit disbursement, to take them under control, as well as defining, measuring, reporting, monitoring, controlling and aligning them with risk profiles on a consolidated and unconsolidated basis via policies, procedures and limits that may be changed when necessary.

Local and international standards (BRSA, ECB and Basel Committee Standards) and regulations that are modified and updated for closely monitoring and measuring the credit risk of the Bank and for executing the activities reliably are followed up.

Necessary studies and preparations are carried out for taking necessary measures in compliance with the regulations. Risk measurement models and methods used in the Bank are reviewed, analyses are carried out, and reports are generated on a regular basis. Credit principles of the Bank are based on risk security, liquidity and risk-revenue balance. To maintain this balance, new products and services of the Bank related to credits are assessed; the risks to arise from the new product/service are evaluated.

In 2018, in-line with the IFRS 9 standards, internal models for Bank's credit risk portfolio have been started to be used. As part of monitoring the Bank's credit portfolio risk, migrations in rating classes are closely tracked.

18.2.3. Risk and Capital Integration Department

The ICAAP within the Bank is coordinated, and the necessary work to prepare the report is carried out. Furthermore, sensitivity analyses and enterprise-wide stress tests for the risks the Bank is exposed to are conducted, and necessary work is carried out in order to make sure the level of capital held is proportional to the risks exposed.

18.2.4. Validation Department

Validation Department (VD) validates both regulatory and non-regulatory models which are developed and used within ING. The scope of the validation is defined in Validation Policy. The roles and responsibilities of the VD are summarized as below:

- Conduct an independent review to ensure that the developed models are reliable, aligned with their intended use, legal regulations and internal regulations,
- To ensure that validation activities are performed in accordance with the validation plan,
- To provide a better understanding of the limitations and potential shortcomings of the model,
- To prepare and update the policy and implementation principles needed in the validation process

18.3. Internal Control Group

Internal Control Group consists of Branch Internal Control department and Head Office and Subsidiaries Internal Control departments. Internal Control Group;

- Controls according to the prepared working guidelines whether all the transactions of the Bank are carried out in compliance with the laws, legislations and all related regulations, Board decisions and directives and instructions from Head Office, within appropriate and determined limits,
- Controls whether balance sheet and statutory reports are in compliance with existing laws, regulations, notifications, circulars and prospectuses,
- Ensures that measures are taken against the risks that may arise,

- Carries out necessary activities for ensuring that the controls on Bank's activities are standardized and realized according to certain rules
- Acts as a consultant about the risks regarding the activity fields and projects to be realized in various units of the Bank, when necessary.

The principle is that before basic internal control activities are realized in a risk-based manner also in the branches to cover the activities of all the units centrally and the risks related to the activities occur, preventive checkpoints should be formed, thereby mitigating and managing the risks. Besides central controls, on-site internal controls are carried out in all the branches of our Bank and transactions are checked. In addition to branch control activities, periodic controls are also carried out for subsidiaries and major Head Office departments/ processes. For the issues in need of urgent measures to be taken, Internal Control is notified urgently. Branch authorities are also informed on the issue. Internal control staff in the branches does not perform any executive activities as those in the Head Office. In realizing internal control activities, related working guidelines are complied with. Working guidelines include the legal regulations, changes in the products and services kept up-to-date to ensure that they are reflected on control activities instantly. In parallel with the changes to occur in the regulations, new checkpoints are added and obsolete ones are removed.

18.4. Operational and IT Risk Management Group

The seven operational risk categories defined in Basel-II Report as of June 2006, have been enriched by ING as "non-financial risk" under the following ten categories; Compliance Risks, Control Risks, Unauthorized Activity Risks, Processing Risks, Employment Practices Risks, Personal and Physical Security Risks, Continuity Risks, Internal and External Fraud Risks and Information Technology Risks.

Operational and IT Risk Management Group's duties are to provide the necessary support for management of these risk categories except Compliance Risk by the business lines and other functions in ING and ING Subsidiaries as well as providing guidance on implementation of ING Policy and Standards, ensuring information flow via various reports, coordinating relevant corporate governance meetings calculating Operational Risk Economic and Regulatory Capital and organizing training programs on operational risk management and related subjects.

Monitoring the operational risk that the Bank is exposed to within the framework of risk appetite, determining risk points and standardizing, measuring, monitoring and reporting on the basis of the Bank for possible processes, setting limits related to operational risks, monitoring them and reporting any breaches, evaluating operational risks and ensuring that all the possible risks have been evaluated for any new product or service in accordance with Regulation on Internal Systems of Banks, advisory on risk assessments for sourcing in the scope of BRSA's Sourcing Regulation, coordinating analysis on operational risk events, monitoring appropriate risk remediation actions are taken by 1st line of defence to ensure incidents exceeding ING's risk appetite do not re-occur, taking responsibilities in SOX and key control testing process are also under the responsibility of Operational and IT Risk Management Group.

18.5. Compliance Risk Management Department

With the broadest definition, compliance risk covers all possible reputation and trust reducing risks that the ING corporate identity can be exposed to. This risk states the deficiencies that may be experienced in compliance with banking laws and other relevant legislation, the ING policies and standards, the ING Ethical Principles and the Orange Code, the banking sector's corporate governance principles and the principles of combating with the laundering of crime incomes and the prevention of terrorism financing and relevant regulations of all activities that the Bank has realized or plans to realize, new transactions and products, employee behaviors, customer identity detection and

acceptances, work flows; or the legal or regulatory sanction risk, financial risk or reputation risk that may be incurred due to the cases that may be perceived as such.

In order to protect ING's reputation and to manage Compliance Risks effectively, all employees are required to work in adherence and compliance with these regulations and principles.

The Compliance Risk Management Department (reporting to the Audit Committee) provides advisory services, makes audits, and conducts trainings and awareness activities for increasing the compliance risk awareness of ING and its subsidiaries' employees in line with the ING Compliance Risk Management Framework. In order to effectively manage the Compliance Risks of ING and its subsidiaries, Compliance Risk Management performs risk-based monitoring activities and periodic reportings.

19- The Strategic Goals of the Company

Our vision

Creating long term values for all our stakeholders while offering the most appropriate solutions to our customers to assist them to manage their finance the best way in the future.

Our mission

Becoming the preferred bank for our customers with an understanding of operational excellence and international service quality, and for our employees with our ethical and spiritual values of highest level.

Our values

Everybody needs a bank that is reliable, excellent in services, acting smartly, decisive, sensitive, and accessible. As a bank carrying these values, we will make our customers gain strength. We will introduce a brand new understanding of banking in Turkey.

Vision/Mission/Values of the Bank have been determined and publicized on our website. As is mentioned above, the strategic objectives studied on and presented via managers and various committees participated by them are assessed and resolved in Board of Directors. Annual budget, investment issues and amounts, branching, working policies in various areas, etc. are among the subjects within this scope. Additionally, the issues about reaching or deviating from the objectives or updating them in accordance with changed conditions are submitted to the Board of Directors in preset intervals.

20- Remuneration of the Board of Directors

In the last Ordinary General Assembly realized by the Shareholders on 21 March 2019; it was deemed appropriate not to pay daily allowance to the Board Members, and to ensure that Board of Directors take decision on determining the compensation to be paid not exceeding maximum net TL 50,000.- monthly according to the job sharing to be made in Board of Directors, in consideration of 6th principle of the Regulations on the Corporate Governance Principles of the Banks released by BRSA.

