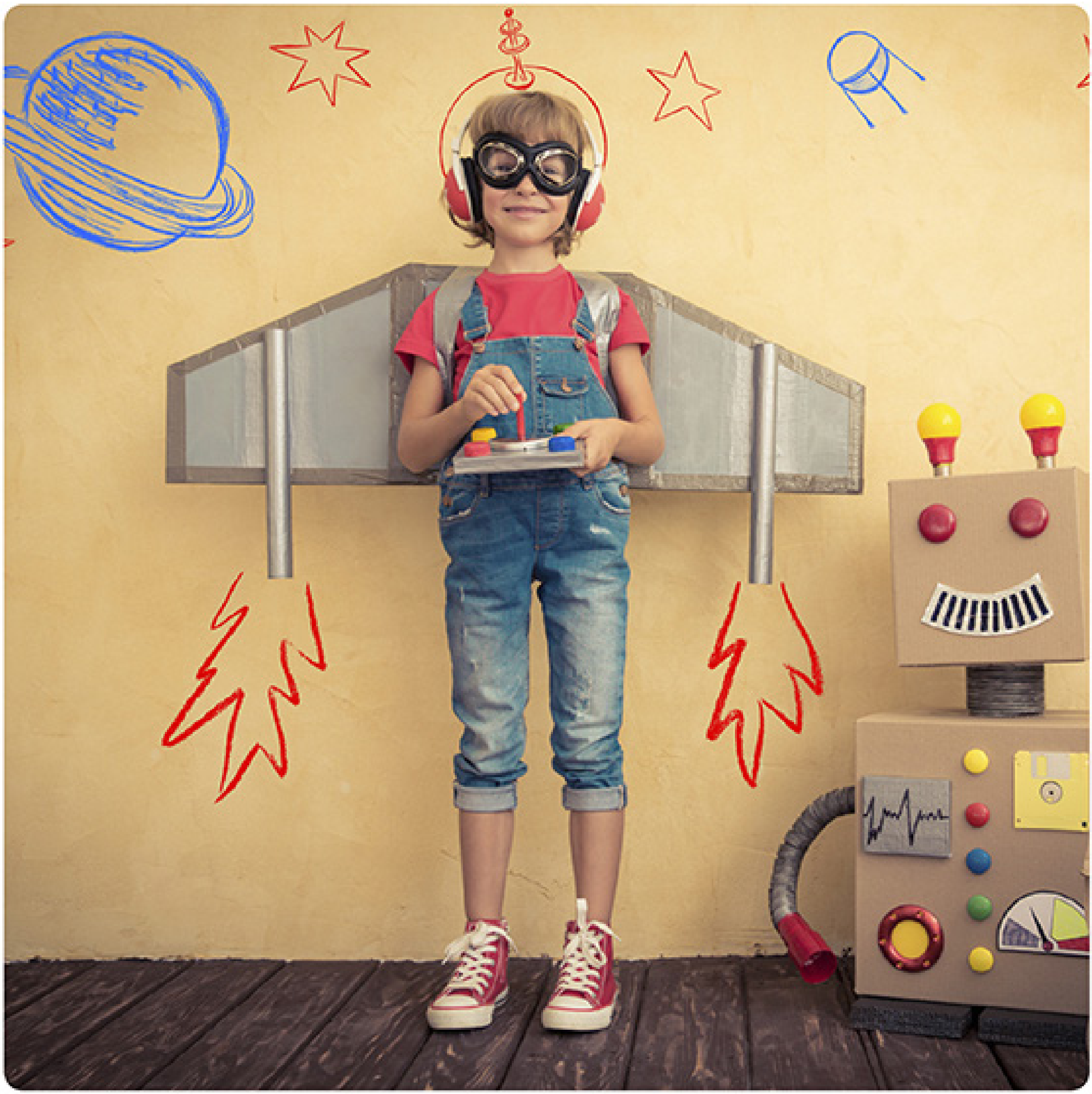

Annual Report 2019

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Independent Auditor's Report on the Board of Directors' Annual Report

KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

Convenience Translation Into English Of Independent Auditor's Report On The Board Of Directors' Annual Report Originally Issued In Turkish

To the General Assembly of ING Bank Anonim Şirketi

Opinion

We have audited the annual report of ING Bank Anonim Şirketi (the "Bank") and its financial subsidiaries (together the "Group") for the period between 1 January 2019 and 31 December 2019, since we have audited the complete set financial statements for this period.

In our opinion, the consolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Bank are consistent, in all material respects, with the audited complete set of consolidated financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by Banking Regulation and Supervision Agency ("BRSA Auditing Regulation") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Annual Report* section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Opinion on Complete Set of Consolidated Financial Statements

We have expressed an unqualified opinion on the complete set of consolidated financial statements of the Bank for the period between 1 January 2019 and 31 December 2019 on 7 February 2020.

Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank ("Regulation") published in the Official Gazette dated 1 November 2006 and Numbered 26333, the Bank's management is responsible for the following regarding the annual report:

a) The Bank's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.

b) The Bank's management prepares its annual report in such a way that it reflects the operations of the year and the consolidated financial position of the Bank accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Bank's consolidated financial statements. The annual report shall also clearly indicates the details about the Bank's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

c) The annual report also includes the matters below:

- Significant events occurred in the Company after the reporting period,

- The Bank's research and development activities.

- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the consolidated financial information included in the annual report in accordance with the TCC and the Regulation, and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Bank are consistent with the audited consolidated financial statements of the Bank and the information obtained during the audit and give a true and fair view and form a report that includes this opinion .

We conducted our audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA. Those standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Bank are consistent with the consolidated financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Funda Aslanoğlu, SMMM
Partner

11 March 2020
Istanbul, Turkey

Corporate Profile

ING continues to be a healthy, reliable, consistent and popular bank which generates added value for its stakeholders with the support derived from its experience and expertise.

Providing financial services to global standards since 2008, ING ranks as the 8th largest* private sector bank in Turkey.

ING is a member of the Netherlands based ING Group, which is one of the world's key financial institutions operating in more than 40 countries in Europe, North and Latin America, Asia and Australia.

(*) The ranking is based on the total assets of banks in the sector at the third quarter of 2019.

The ING banking model is focused on providing fast and effortless financial solutions to customers without time and space limitations.

ING operates in the areas of Consumer Banking, SME Banking, Mid-Corporate Banking and Wholesale Banking. The Bank reaches its customers with 3,825 employees in its Istanbul Head Office and 210 branches located throughout Turkey and in its subsidiaries. In addition to the physical service network, the Bank offers its products, services and solutions over the widely used internet branch, mobile banking applications and call center, as well as its 1,514 ATMs.

One of ING's main goals is to be a leader in digital banking in the new era. In this context, the Bank offers innovative solutions aimed at delivering accurate information at all times and from every channel in order to support its customers in making make efficient and correct financial decisions.

ING works in synergy with its subsidiaries, increasing its competitiveness and at the same time strengthening its product and service range.

ING has a portfolio of 4 subsidiaries which complete its product and service competencies.

These subsidiaries provide customers with the products and services they need with a rapid, quality and healthy approach and contribute to value added production, product diversity and marketing process.

Subsidiaries also contribute to increasing overall operational efficiency and reducing service production costs.

ING's financial subsidiaries are:

- ING European Financial Services (Financial Services)
- ING Factoring (Factoring Services)
- ING Leasing (Leasing Services)
- ING Securities (Securities brokerage services)

A share sale and purchase agreement representing the 100% of capital of ING Portfolio Management was signed between the ING and TEB Portföy Yönetimi A.Ş on 5 April 2019. The actual sales transaction and share transfer were completed on 31 May 2019 following the completion of necessary legal permits and other procedures related to the sale in accordance with the agreement.

ING rounded off 2019 with another year of healthy, stable and sustainable growth.

The Bank remains the respected, trusted and leading brand of the Turkish banking sector and international markets thanks to its policies which place as much importance on the risk-reward balance as on profitability, along with accurately defined strategies and efficient business processes.

Highlights from ING

Adopting policies and strategies focused on sustainable growth, ING closed the year 2019 with a successful balance sheet recording results which exceeded expectations and achieving its targets.

- ✓ TL 40.8 billion in consolidated lending volume

By the end of 2019, the Bank's consolidated net lending volume was TL 40.8 billion.

- ✓ TL 39 billion of consolidated deposits

Expanding its deposit base, the Bank's consolidated deposits reached TL 39 billion by the year-end.

- ✓ 210 branches

The number of ING branches at the end of the year was 210.

- ✓ 3,825 employees

Believing its most fundamental strength is its human capital, ING - including its subsidiaries - had 3,825 employees at the end of 2019.

- ✓ TL 8.5 billion of consolidated equity

ING's consolidated equity reached TL 8.5 billion at the end of 2019.

- ✓ 1,514 ATMs

Continuously working to improve its alternative distribution channels, ING has a total of 1,514 ATMs.

- ✓ TL 65.4 billion of consolidated assets

The Bank's total consolidated assets reached TL 65.4 billion in 2019.

- ✓ TL 3.5 billion of consolidated net interest income

The Bank earned TL 3.5 billion of consolidated net interest income.

- ✓ TL 1,976 million of consolidated pre-tax profit

ING recorded a consolidated profit before tax of TL 1,976 million in 2019.

The financial information in this annual report, including on this page, represents ING's consolidated figures unless stated otherwise.

Strategy

ING's goal is to ensure its employees and customers are always one step ahead in their business and private lives.

The Orange Code, a manifesto setting out how to achieve this goal and a statement of how to become an institution, is a set of standards that ING employees value and are committed to adhering to.

ING believes that sustainable progress will be possible with people who have the vision and determination of a better future for themselves and their relatives, and provides opportunities for individuals and organizations to realize their vision of the future.

ING defines its global strategy as “Accelerating Thinkig Forward ” and the strategy aims to enable employees and customers always remain one step ahead in their professional and private lives. The aim of ING’s strategy is to bring its organization into a lean and well-ordered format, to ensure operational excellence and to develop a performance culture within the Bank and, as a result, to achieve a differentiated customer experience.

Operating in a sector that is constantly changing, ING focuses on innovation in its investments

At a time when customers expect an individualized, flawless experience tailored to their needs anytime, anywhere, ING has placed technology and innovation at the heart of its activities. The Bank continues to seek different ways of accessing service excellence with new ideas, solutions and approaches.

Within the framework of ING’s vision of being “a technology company with a banking license”, the Bank prioritizes innovation in its operations, focusing on digital leadership and creating its own eco-system. The Bank maintains its activities in collaboration with FinTechs on a platform open to both its current and potential customers, as well as its business partners.

ING’s strategy places great importance on developing the working culture and leadership climate.

ING is focused on the target of helping employees and customers to be one step ahead in their professional and private lives within the scope of the Bank’s global strategy of “Accelerating Thinkig Forward”. In 2015, the Bank published its Orange Code as a manifesto that embodies the road map to achieve this goal, and serves as a declaration of the type of organization that ING represents.

Composed of "ING Values" and "ING Behaviours", the Orange Code defines ING employees’ expectations from one another, for every day and for every task.

The ING Values are the principles ING employees will live up to in all circumstances.

These principles are as follows:

- We are honest
- We are prudent
- We are responsible

ING Behaviours, on the other hand, can be described as a way of existence that differentiates ING employees from other individuals. These are the standards that are subject to performance evaluation, informing that ING employees should work in line with common goals, complement each other and work in solidarity in order to maximize their success and contributions.

The ING Behaviours have three principles:

- We take it on and make it happen,
- We help others to be successful,
- We are always a step ahead.

Awards

Survey Of The World's Best Banks

ING Group was ranked at the top of the list in the Forbes Magazine's Survey of the World's Best Banks.

Midas Awards

At the Midas Awards, organized by the New York Festival Awards since 2001 where the world's best financial ads are judged, ING has won 5 silver Midas awards with its basketball sponsorship, Mother's day, women's day and April 23 projects.

A Awards

ING was awarded the achievement award by the Outdoor Advertisers Foundation for its project for displays in taxis.

Legal Bootcamp

ING won first place in the Legal Bootcamp organized among all ING countries with the LEGON project prepared by the legal and IT teams.

Turkey's Most Powerful Female CEOs

As of 31 December 2019, the CEO of ING, Pınar Abay, was ranked first in the ranking of Turkey's 50 Most Powerful Female CEOs, conducted by the Capital and Economist magazines.

Sardis

ING was deemed worthy of a gold award in the “Positive Social Impact-Sponsorship” category at the Sardis Awards ceremony, where projects in the financial sector were evaluated with the support it gave to women athletes on the Olympic path.

Inflow Awards

ING won the gold award with its image campaign "We took the Bank out of our name!" at the Inflow Awards, which were given to social media content producer and brand collaborations.

IDC Turkey Finance Technology Awards

ING's "Business Continuity and Disaster Recovery-Oriented Success Story", won first place in Turkey IDC Finance Technology Awards in two different categories.

Stevie Awards

ING Cebimde POS was handed the bronze award at the Stevie International Business Awards.

PSM Awards

The ING Cebimde POS app won the "Best Mobile Payment" award in the PSM AWARDS 2019.

Legal Awards

The Legate project, a digitisation project prepared by the ING legal team, won the “Legal Project of the year 2019” award at the Legal Awards 2019, held in all countries where ING is active.

ING from Past to Present

1984

The foundations of ING Bank A.Ş. are laid in 1984 when the Istanbul Branch of the First National Bank of Boston was opened.

1990

In 1990, the Bank of Boston Istanbul Branch is given the title of the First National Bank of Boston A.Ş. 75% of the Bank's shares are sold to Turkish investors. OYAK becomes the biggest shareholder, with a 34.25% stake.

1991

The Bank's name is changed to Türk Boston Bank A.Ş. in 1991.

1993

In 1993, OYAK purchases all of the Bank's shares.

1996

In 1996, the Bank's name is changed to Oyak Bank A.Ş.

2001

In August 2001, OYAK purchases Sümerbank A.Ş., which incorporates Egebank A.Ş., Bank Kapital T.A.Ş., Türkiye Tütüncüler Bankası (Yaşarbank A.Ş.), Yurt Ticaret ve Kredi Bankası A.Ş. and Ulusal Bank T.A.Ş., from the Savings Deposit Insurance Fund.

2002

A merger with Sümerbank A.Ş. takes place in 2002 under Oyak Bank, setting the stage for a rapid and healthy growth process for the Bank.

2007

At the end of 2007, OYAK sells all of its shares in Oyak Bank to the ING Group.

2008

Oyak Bank's name is changed to ING Bank A.Ş. in 2008. With its renewed corporate identity, strategy and goals, ING Bank A.Ş. successfully continues its operations.

2013

The Kahramanmaraş Operation and Call Center, which is ING Bank A.Ş. Turkey's banking base, is opened.

2017

ING Bank A.Ş. celebrates its 10th year in Turkey.

2018

The transition to new branch concept starts in line with the digitalization target. Counter and Retail roles are combined as part of the digital transformation process.

2019

With the focus of digitalization, the use of mobile banking becomes widespread. With the understanding of the future of banking, the business name of the company changes to ING Turkey while the title of the company remains the same, as ING Bank A.Ş.

Summary Financial Information for the Last Five Years

ING covered a vast distance towards achieving its targets in 2019 by the adopting appropriate strategies.

ING's Capital Structure, Changes in the Capital Structure and Articles of Association

The paid capital of the Bank amounted to TL 3,486,267,797 as of 31 December 2019 and ING N.V. exercises full control over the capital.

No changes were made to the Bank's Articles of Association in the given accounting period.

During the Annual General Meeting dated 21 March 2019, the decision was taken to distribute the profit written in 2018 as follows.

2018 Profit Distribution Table (TL million) (*)	
2018 net profit for the year	**1,061,760**
A- Legal reserve (TTK 519/A) 5%	(53,088)
B- First dividend to shareholders	-
C- Extraordinary legal reserve	(1,007,695)
D- Special funds	(977)

(*) Profit distribution is based on the Bank's unconsolidated financial statements.

Unconsolidated Summary Financial Information for the Last Five Years (TL million)

	31.12.19	31.12.18	31.12.17	31.12.16	31.12.15
Balance Sheet					
Loans, Net [1]	32,816	38,061	38,467	34,817	35,205
Securities Portfolio, Net [1]	3,576	1,870	1,778	2,660	3,229
Deposits [1]	39,208	32,339	27,686	25,217	23,649
Equity	8,231	7,422	5,769	5,056	4,482
Total Assets	57,145	58,519	52,882	49,688	49,245
Income Statement					
Interest Income	6,964	6,793	4,957	4,200	3,726
Interest Cost	(3,810)	(3,441)	(2,267)	(1,978)	(1,700)
Interest Income (Net)	3,154	3,352	2,690	2,222	2,026
Fees and Commissions (Net)	589	584	536	415	288
Profit Before Tax	1,876	1,345	1,064	717	168
Net Profit	1,476	1,062	844	571	115

Ratios	31.12.19	31.12.18	31.12.17	31.12.16	31.12.15
Equity					
CAR Ratio (%)	26.8	21.7	19.9	17.7	15.8
Equity/Total Assets (%)	14.4	12.7	10.9	10.2	9.1
Balance Sheet					
Loans/Total Assets (%)	57.4	65.0	72.7	70.1	71.5
Deposits/Total Assets (%)	68.6	55.3	52.4	50.8	48.0
Asset Quality					
Fixed Assets/Total Assets (%)	1.8	1.6	1.4	1.3	1.1
NPL/Total Loans (%)	8.5	5.2	4.2	3.9	2.9
Profitability and Efficiency (2)					
Net Profit/Average Equity (%)	18.5	16.1	15.6	12.0	2.9
Net Profit/Average Assets (%)	2.5	1.9	1.6	1.2	0.3
Net Profit/FTE (TL thousand)	395	235	171	108	21
Cost/Income Ratio (%)	42.0	44.1	47.0	53.6	67.8

(1) To be in line with the financial statements, loans, securities and deposits were presented including their accrual balances in the table above, and the ratios involving these items were calculated based on their balances including accruals.

(2) Average assets and average equity values were calculated as an average of the year-end figure and prior year figures.

ING's consolidated pre-tax profit increased by 36% YoY to TL 1,976 million. The Bank's consolidated asset volume was TL 65.4 billion at the end of the same period.

Consolidated Summary Financial Information for the Last Five Years (TL million)

	31.12.19	31.12.18	31.12.17	31.12.16	31.12.15
Balance Sheet					
Loans, Net [1]	40,816	47,220	44,868	41,306	38,936
Securities Portfolio, Net [1]	3,578	1,872	1,780	2,662	3,230
Deposits [1]	38,970	32,277	27,598	25,153	23,547
Equity	8,539	7,658	5,914	5,143	4,537
Total Assets	65,434	68,412	61,524	57,987	54,565
Income Statement					
Interest Income	7,424	7,273	5,269	4,425	3,864
Interest Cost	(3,962)	(3,612)	(2,358)	(2,037)	(1,737)
Interest Income (Net)	3,462	3,661	2,911	2,388	2,127
Fees and Commissions (Net)	488	486	452	368	274
Profit Before Tax	1,976	1,454	1,127	749	201
Net Profit	1,542	1,141	888	592	140

Ratios	31.12.19	31.12.18	31.12.17	31.12.16	31.12.15
Equity					
CAR Ratio (%)	25.6	21.1	19.2	17.1	15.4
Equity/Total Assets (%)	13.0	11.2	9.6	8.9	8.3
Balance Sheet					
Loans/Total Assets (%)	62.4	69.0	72.9	71.2	71.4
Deposits/Total Assets (%)	59.6	47.2	44.9	43.4	43.2
Asset Quality					
Fixed Assets/Total Assets (%)	1.5	1.3	1.1	0.9	0.8
NPL/Total Loans (%)	6.9	4.3	3.7	3.3	2.7
Profitability and Efficiency [2]					
Net Profit/Average Equity (%)	18.8	16.8	16.1	12.2	3,5
Net Profit/Average Assets (%)	2.3	1.8	1.5	1.1	0.3
Net Profit/FTE (TL Thousand)	403	246	176	112	25
Cost/Income Ratio (%)	41.5	43.6	46.5	50.4	66.2

[1] To be in line with the financial statements, loans, securities and deposits, including their accrual balances, were presented in the table above, and the ratios involving these items were calculated based on their balances including accruals.

[2] Average assets and average equity values were calculated as an average of the year-end figure and prior year figures.

ING's Subsidiaries

ING has a synergetic structure with its four subsidiaries which offer products and solutions in financial services.

ING European Financial Services PLC

ING European Financial Services PLC, which operates in Dublin, the capital of Ireland, offers financial services to its customers since 1994. All of the Company's operations are subject to Irish laws and regulations.

ING European Financial Services PLC operates in the fields of corporate finance, certificate of deposit issuance and treasury services.

At the end of 2019, the Company had a loan portfolio of EUR 1.1 billion and a net profit of EUR 9.4 million.

ING Factoring

Active in imports, exports and domestic factoring operations, ING Factoring was established in 2008. It is a member of Factors Chain International ("FCI"), of which international factoring companies are members.

ING Factoring's asset size was TL 575 million as of 31 December 2019 while it had a net profit of TL 28.3 million.

ING Leasing

ING Leasing was established in 2008. The Company received official authorization to offer services in the area of leasing on 3 March 2010.

The Company's field of activity is to carry out domestic and international financial leasing activities and to make all kinds of leasing transactions, and all its activities are carried out domestically.

ING Leasing's net profit reached TL 37.3 million in 2019 while its leasing receivables were TL 852 million.

ING Securities

Starting operations in 1991 under the name of Universal Menkul Değerler A.Ş., ING Securities was acquired by ING on 15 August 2012.

The Company's primary activity is to perform brokerage activities covering securities and negotiable instruments other than securities and documents representing financial value or containing the financial obligations of the issuer, which are only included within the scope of the second hand market in accordance with the provisions of the Capital Markets Law numbered 6362 and the relevant legislation.

The total assets of ING Securities was TL 143 million at the end of 2019, while the trading volume under its management had reached TL 22.3 billion in the BIST Derivatives Exchange Market, and TL 11.2 billion in the BIST Shares Market.

ING Group

ING Group is a Netherlands-based group which provides financial services on a global scale, backed by 150 years of experience.

As one of the world's leading financial services institutions, ING Group operates in the retail banking, wholesale and mid-corporate banking, investment banking and portfolio management segments. ING Group was established in 1991 as a result of a merger between NMB Postbank, which has a distinguished 150 year history, and the Netherlands' leading insurance company, Nationale-Nederlanden. Both companies were providing services in international markets before the merger, but ING became a leading global financial service provider with the merger.

Blending the experience and expertise it has accumulated over many years with its approach to excellence in service and its global scale, the ING Group meets the financial needs of a wide customer base which encompasses individuals, families, small enterprises and large companies, corporations and governments.

With the support it derives from its strong brand, sound financial structure, multichannel distribution strategy and international service network, ING Group aims to deliver value to its shareholders by reaching its target of offering more growth and higher returns than its competitors.

Operating in more than 40 countries, ING Group has a workforce of approximately 56,000 employees.

The Group helps its customers manage their financial futures by placing its customers at the heart of its activities in line with its mission. The Group realizes this mission by carefully applying principles such as efficient cost, risk and reputation management in addition to customer satisfaction.

As of 31 December 2019, ING Group had

- EUR 892 billion of total assets,
- EUR 612 billion in total lending,
- EUR 609 billion in total deposits,
- EUR 54.7 billion in equity and
- EUR 4.9 billion net profit.

ING Group shares are traded in the Amsterdam (with the tickers of INGA NA, INGA.AS), Brussels and New York stock exchanges (with tickers of ADRs: ING US, ING.N). In addition, options to buy ING Group shares are traded on the Euronext Amsterdam Derivatives Market and the Chicago Options Exchange.

For detailed information regarding ING Group: www.ing.com.

Message from the Chairman

Dear Stakeholders,

The year 2019 was one marked by a slowdown in the global economy.

Increasing protectionist policies and geopolitical risks in global trade were among the issues shaping the global economic backdrop in 2019. While there was a trade war between the USA and China, economic embargoes used as a political tool in the feud between the two countries.

As investor and consumer confidence suffered some relative decline, in the global system real production declined and demand conditions weakened. While some fall in industrial capacity production rates was recorded, commodity prices headed lower and inflation remained low in most countries.

While the Eurozone fell short of its desired growth performance in 2019, developments on the continent have also affected stakeholder economies, including Turkey, through exports.

Against this backdrop, the world's leading central banks, especially the Fed and the European Central Bank (ECB), changed course with their monetary policy in 2019 and switched to interest rate cuts again. The Fed cut its policy rate three times in 2019 while the ECB both cut its interest rates and resumed its asset purchases again.

Central banks of some developing countries, including the Central Bank of Turkey (CBRT), also decided to cut interest rates. In its final rate cut of the year, the CBRT cut its policy rate to 12% in December.

Turkey's economy underwent a period of balancing in 2019 after the volatility experienced in the summer of 2018. A gradual recovery followed throughout the year, with the Turkish economy posting 6% growth in the fourth quarter of 2019 and winding up the year with growth of 0.9%.

The International Monetary Fund (IMF) lowered its growth forecast for the global economy by 0.3 points, compared to its forecast announced in April 2019, to 3%; and revised its forecast down once again in January 2020 to 2.9%. This would mark the lowest rate of growth recorded since 2008-2009.

In 2020, when the dollar looks set to maintain its strength, expansionary monetary policies are expected to support global liquidity conditions and encourage capital flows to developing countries where economic indicators have recently been relatively stable. Meanwhile, the 1st Stage of the Trade Agreement between the US and China, signed at the beginning of 2020, is expected help ease the negative effects of protectionist policies on the global economy. Turkey's economy, on the other hand, is expected to become more growth-oriented with the support of strong global tail-winds, although its course will be affected by potential new volatilities.

Wrapping up a successful performance in 2019

ING continued to create strong value for all of its stakeholders, especially its shareholders, in 2019.

As of 31 December 2019, our Bank had a Return on Equity of 18.54% on an unconsolidated basis and 18.75% on a consolidated basis. On a global scale, we have achieved this result, which we deem a success for our sector, by carefully preserving our healthy balance sheet structure. In addition to the devoted efforts of our management team and all of our employees, the sustainable trust of our stakeholders in ING Orange also contributed greatly to the achievement of this result.

Under the unique market conditions of 2019, ING has sustained its loan growth with a selective and risk-sensitive approach. Our bank, which embodies its contribution to the Turkish economy through the support it extends to the real sector, remains one of the leading contributors to the country's goal of developing the country's resource accumulation through its innovative savings products offered to the masses.

Digital investment shaping our future

ING has continued its multifaceted efforts to "become the most preferred and favourite brand" for consumers in meeting their financial needs throughout 2019. The Bank continued its extensive and systematic investments in digitisation, efficiency, innovation and service delivery processes in 2019. ING's main focus in this area is to respond to the expectations of Turkey's dynamic and young population efficiently and with an appropriate range of products and services. In this context, we intensively target the large audience using mobile channels, with new steps in digitalization and further development of our infrastructure, where big data is processed correctly, remaining our key investment areas.

We believe all these efforts have contributed to our productivity as well as improving the value proposition which we offer to our customers, and we can clearly monitor this in our performance results.

The Orange Account, which is one of our products and was presented as a key element of ING's growth strategy in 2011, continued to be our driving force in deposits in 2019. The account has enjoyed steady growth in customer numbers and volumes, with over 2.5 million customers choosing the Orange Account by the end of 2019.

The high rate of customer satisfaction which achieved with our Orange Account continued throughout the year; in an independent customer satisfaction survey conducted, the satisfaction rate among e-Orange customers was found to be 89%.

The number of customers on the Orange Extra program, which is one of our complementary products, has also grown with 80% of our 700,000 customers being Main Banking customers and 90% actively using our mobile channels. At the same time, Orange Extra-linked ING debit card shopping volume nearly doubled in 2019 when compared to 2018.

In a world where digitisation has so comprehensively triggered the development of the global economy and is shaping the competitive landscape, ING will unwaveringly continue its work and investments in order to achieve higher productivity.

Our multifaceted support for the Turkish economy continued to strengthen in 2019

The ING Group one again played an active role in the foreign borrowing of Turkish banks in international financial markets in 2019. The group has been among the global players actively involved in treasury transactions, bond issuances in capital markets and structured financing, predominantly syndication loans by Turkish banks. The ING Group, which continues to intermediate in resource procurement directed to Turkey has once again reaffirmed its confidence in Turkey and the Turkish economy.

Another area we focused on during 2019 was our extensive support for exporters, within the scope of our broader support for the Turkish economy. Our Wholesale and Mid-Corporate Banking business lines have further strengthened the value proposition we offer our customers in the field of foreign trade by combining our traditional and deeply rooted international relations with the synergy of being a member of ING Group. Significant increases have been achieved in the business volumes of our exporters, and in the field of foreign trade, ING Wholesale Banking has mediated the banking transactions of wholesale customers in 20 different countries by taking advantage of ING's global network.

Another development which I would like to touch on in this context, and which I believe is important, is the cooperation protocol which we have signed with the Turkish Exporters Assembly (TIM) within the scope of our Mid-Corporate Banking activities. Within the scope of this project, a total of EUR1.4 billion of financial support has been extended to exporters, and ING once again took part in providing valuable growth leverage to the real sector.

Our successes in human capital have made us proud

ING has recently managed to exceed the averages of our Group with its extraordinary performance in the field of human resources within the scope of the "Think Forward" strategy.

This success has had concrete results in the careers of our colleagues, who have assumed key positions at different points of the ING Group in recent years.

I am delighted to note that my team-mates, who have worked in key positions in the senior management of the Turkey operation, have now taken up positions in the ING Group's headquarters in Amsterdam as well as its operations in other regions.

Alp Sivrioğlu, one of our CFOs, has been appointed as CFO of our Dutch operation, while our Executive Vice President in charge of IT and Operations, Mr. Görkem Köseoğlu has been appointed as the manager of our Group's newly formed Artificial Intelligence Unit. Ms. Seçil Refik, who has served as Executive Vice President in charge of human resources at ING Turkey, today serves as one of the leaders of ING Group's Change Management Team; Mr. Barbaros Uygun, the Executive Vice President of Retail Banking, manages our Austrian operation. Mr. Alper Hakan Yüksel, Executive Vice President of Wholesale Banking, has been appointed as the LAM Head for EMEA (Europe, Middle East and Africa) Region. Today, these senior executives are distinguished with their contributions to the ING Group's global progress and performance and have won the acclaim of our global stakeholders. I wish the continued success of all our team members who are working at different points within ING today, especially our colleagues mentioned here.

The most important development in 2019 was the appointment of the Bank's Chief Executive Officer, Ms. Pınar Abay, to the ING management team. This designation marks the strongest expression of appreciation at the Group of Ms. Abay's financial and operational success recorded in the Turkish market under the ING brand. Ms. Abay has indeed been a role model for Turkey's young and talented women executives. During her tenure with the team, Ms. Abay has demonstrated valuable leadership in recruiting young female and male talent to ING and ensuring they are moving forward in their careers and contributing to the success of our future-oriented operation.

On behalf of myself and our Board of Directors, I wish Ms. Abay success in her new and challenging task in our Dutch central operation.

We have the strongest faith in the Turkish market our future focus is correctly defined

2020 happens to be my 50th year in international banking and my 29th year in the ING Group. In this half century, banking has represented a unique process of learning, development and sharing having undergone a huge change in the world and in Turkey. My personal goal is to be able to share my individual experience and knowledge with my colleagues at an increasing rate in the coming period and to maintain my contribution to the value generation process by moving my guiding role into the future.

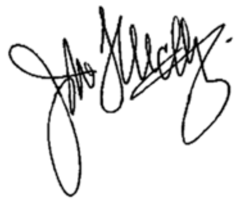
In 2019, the ING Group reaffirmed its strong belief in the Turkish market and investment in all aspects. The Group's strong and determined stance on its investment has gone far beyond a verbal one, and has taken the form of a financial contribution and synergy-based collaboration.

We are determined to maintain our profitable and healthy growth in 2020 with new projects and breakthroughs. While our quality balance sheet structure remains a cornerstone which we will not compromise on during 2020, we will continue to manage the leverage that our equity offers us under an accurate and risk-free approach. Our goal is to achieve healthy growth above industry averages.

We are in a market where strong financial products and services are needed. Service providers able to deliver these products and services in the right formats and channels will emerge as the winners of this race.

At ING, we anticipate strong results by managing our resources, customers and their needs accurately and effectively.

On behalf of myself and our Board of Directors, I would like to pay my respects to all our stakeholders, especially our customers and employees.



John Mc Carthy

Chairman of the Board of Directors

Message from the Deputy Chief Executive Officer

Dear Stakeholders,

At ING, we are placing digitisation at the core of our strategy, making data-driven decisions, and continuing to work to provide excellence in our customer experience.

As we enter a new decade, it is clear that technology has become the main determinant of the transformation that affects every sector. Banking is one of the sectors where this impact is most felt both in the way of doing business and in the customer experience. Customers demand fast, easy and seamless banking services, any time, anywhere.

We are working to provide perfection in the customer experience by becoming a structure that makes data-based decisions in a transformed world. At ING, we create personalized and easy solutions, lead an ecosystem that not only competes with other banks, but also competes with platforms and start-ups, and cooperates with them when necessary.

With our identity as "a technology company with a banking license," we build all our activities on the basis of technology. ING moves with a new model which is a far cry from traditional banking, which is different in its ways of doing business, going beyond known banking, constantly supporting innovation and entrepreneurs both inside and outside.

Digital banking has moved beyond being a service tool for ING at the point we reached. Digital banking has become one of the most important driving forces in expanding the customer portfolio, deepening customer relations and increasing customer loyalty. Among customers using digital channels, the rate of mobile active customers has reached 97%.

ING continued its strong growth in 2019.

ING rounded off 2019 with a successful performance in line with its business goals. According to our consolidated financial results at the end of the year, the Bank's total assets was TL 65.4 billion, with a pre-tax profit of TL 1,976 million. At the end of the year, our consolidated equity was TL 8.5 billion while we had a Return on Equity of 18.75%. ING's consolidated capital adequacy ratio was 25.57%, significantly higher than the minimum requirement rate. At the end of 2019, the total consolidated net loan volume was TL 40.8 billion, and our deposit volume increased to TL 39 billion.

Our bank deepened its relations with Retail, SME, Mid-Corporate and Wholesale Banking customers in 2019 and prioritized product-service promotion and marketing activities. We were serving over 2,665 thousands active customers in Retail Banking, while the increase in export loans in the Corporate and SME business lines was instrumental in the development of the ING loans portfolio.

All these financial and operational results and the growth rates we achieved represent a significant achievement against the backdrop of the conditions which prevailed in 2019.

At ING, we have taken a leading step forward by removing the phrase "Bank" from our name, signalling a transformation in the financial sector.

More important than the numbers was the successful continuation of our innovative transformation process in many areas.

With our flexible and agile structure, customer-focused product approach and understanding of being a technology company with a banking license, we took a leading step forward in 2019 and decided to no longer carry the phrase "Bank" in our innovative structure. In parallel with the change process initiated within ING Group, which operates in over 40 countries, we changed our name in Turkey and implemented this change in our Operation and Call Center in Kahramanmaraş as well as in our Headquarters building in Maslak, Istanbul.

We are renewing our branches in parallel with the digital transformation.

The ING Group recently started work to bring its branches with operations in all countries to the same level of visibility under the “Branch Harmonization” project. In this context, as ING, we have started to renew all our branches in parallel with the digital transformation.

The main difference in the new branch design also reveals new expectations from branch employees; employees move from the position of waiting for customers, as in the classic bank structure, to the position of meeting customers. In general, no employee has a desk, and the whole area is considered to be a collaborative workspace. The aim of this is to achieve higher spatial efficiency, and save time on transactions.

Our vision here is to introduce our customers to mobile banking in line with our digitalization approach, even if they come to the branch. The new structure of our branch makes this possible. The branches have private rooms where customers can perform all of their banking transactions on a mobile basis, where an internet service can be provided for customers who do not use mobile banking and special financial advice will be offered. Our ultimate goal in this respect is maximum customer satisfaction and speed. We continue to renew our branches throughout Turkey in accordance with the new concept.

We have turned smartphones into POS devices in what has been a first in the payment systems market

We established an important first in 2019 with our vision of operating with the goal of providing easy and effortless service to our customers anytime, anywhere, and with our focus on digitalization. With ING Cebimde POS, which was implemented with the cooperation of ING and Mastercard, we have started to offer all SME-status companies and micro-businesses the opportunity to accept card payments at low costs. We are delighted to see the attention generated by ING Cebimde POS, which turns a mobile phone into a POS device and facilitates the business of companies.

With TaksitMaksit, ING subscribers can now purchase companies’ products within the scope of the Bank's business partners through ING Mobile without going to the store.

TaksitMaksit was one of the new applications launched by ING in 2019 with the vision of being a pioneer in new generation banking. TaksitMaksit, a version of in-store product financing which offers an end-to-end digitalized customer experience, allows ING subscribers to purchase companies’ products within the scope of the Bank's business without needing to go to the store, through ING Mobile, using digital processes and using consumer loans.

ING meanwhile has launched a new application for our customers that allows them to withdraw money free of charge from all ATMs if there is no ING ATM within 1 kilometer. Customers who enter ING Mobil using the location-based ATM No-Cost application and who cannot find an ING ATM within a 1 kilometer radius when they use the Branch ATM Finder are able to withdraw up to TL 1,000 free of charge. With this innovative application which we have been able to implement in parallel with our digitalization investments, we support our goal of providing our customers with an easy and effortless service anytime, anywhere.

Rapid Growth in the Use of ING Mobile

The use of ING Mobile, which allows customers to carry their bank with them and easily carry out their transactions at all times, is quickly becoming more common. More than 1 million customers are actively using ING Mobile and this number is increasing every day.

ING's innovative savings-oriented program, Orange Extra, reached 550 thousands customers in its first year. The Orange Extra program, which attracted considerable attention in 2019, has around 700 thousands customers and 200 thousands spending customers.

Orange Extra customers, who benefited from the benefits of discounted shopping privileges along with the 2% additional interest offered by the Orange Extra program to their customers' savings, free money transfers and EFT, free withdrawals from ATMs, saved more than TL 40 million in total.

We have expanded the advantages offered by Orange Extra by giving ING customers who have just taken out a consumer loan the opportunity to lower their instalments with a new app launched in 2019. With the application, customers taking out new consumer loans earn a cash return in the following month if at least TL 750 of their monthly expenses are carried out with the Orange Extra program. The cash refund reduces loan instalments during the month in question, resulting in a lower interest expense in that month. This application is a first in the financial sector. At ING, we operate with the goal of being the leading savings bank and we are delighted to be contributing to our country's economy by promoting savings ownership through the advantages and discounts we offer with Orange Extra.

We are preparing for the future with artificial intelligence, robot applications and the data science certificate program.

We have accelerated our work in artificial intelligence applications within the framework of our vision to advance our data-driven work.

We are working to increase our speed with the use of robots to meet customer demands. Turkey is one of the leading countries of this field in the ING World. We are the second country when it comes to saving time for employees and customers in the C&G region, which consists of 10 countries in Europe and Asia. We have a team of 10 people and 19 robots in our Robot technologies division. We do not separate robots from those who work within the team. Today, there are nearly 250 tasks written for robots to implement.

In parallel with the development of robotic technologies, at ING we are helping our employees advance to the next generation of competencies.

With the Data Science Certificate Program, which we launched for the second time in cooperation with Özyeğin University in 2019, we provided opportunities for training and graduate study for employees seeking to develop themselves in this field, regardless of the unit they are working in. We will continue to support ING employees with the goal of furnishing them with the competencies they need in order to shape the future of digital banking.

We offered a very special loan package to exporters in cooperation with TIM

We were able to offer very advantageous loan opportunities for exporters in 2019. With the cooperation we initiated with the Turkish Exporters Assembly (TIM), we renewed the loan package which we prepared for our exporters with the package now coming with even more advantageous conditions. In the past year, we have provided EUR 1.4 billion of financing support to our exporters, who serve as a driving force of Turkey's economy, with our protocol which provides advantageous interest rates, as well as credit card instalments in fair participations and complimentary use of a wide range of digital services.

We support the inspirational efforts of our Olympic Girls.

In an undertaking most dear to our hearts, last year ING signed a project jointly with the National Olympic Committee of Turkey (TMOK) to strengthen gender equality and to support female role models. With ING's Support for Olympic Girls project, we assumed the role of official sponsor for 8 female athletes preparing to compete for Turkey in the Tokyo Olympic Games in 2020.

We know that our Olympic Girls, who have proven to us that the place of women is not "tribune" but "field", will inspire all of our young girls watching them. For this reason, we hope that our support will benefit not only these 8 Olympic Girls but also so many more girls who will be encouraged by their stories.

In line with our support for gender equality and equal participation of women in the economy, we took another important step in our cooperation with the Turkish Education Foundation (TEV). With the scholarship fund we created, the ING Equal Future Fund, we started to provide support to female students studying in engineering departments. Scholars of the ING Equal Future Fund receive a 9-month scholarship between October and June.

ING will continue to offer support mechanisms within the framework of encouraging equal participation of women in the economy.

We continue to support the arts and sports.

ING continued its social investments with the collaborations we have implemented in the field of culture and the arts in 2019. In this context, we have sponsored various festivals and shows staged by the General Directorate of State Opera and Ballet. In addition, we became the main sponsor of the Baba Sahne Theatre in Kadıköy.

In 2019, we entered another collaboration with Hillside, the pioneer of the "leisure" sector, where individuals spend their leisure time and have fun. The names of the Etiler, Olivium and Kipa Cinecity Cinemas have been changed to "ING Cinecity" in parallel with our collaboration involving the Hillside Beach Club, Hillside City Club, Sanda Spa and Cinecity cinemas.

ING takes on the sponsorship of the Basketball Super League

As "the unchanging colour of basketball", we moved our sponsorship to the Turkish Basketball Federation (TBF) one step further this year and became the title sponsor of the ING Basketball Super League. With the agreement, we signed the title sponsorship for the ING Basketball Super League, the ING All-Star Game and the Play-offs for three seasons.

Our research reveals that basketball has an audience profile that is young, dynamic and open to technology and innovation. Basketball fans also describe themselves as creative, just like us. Basketball is a bold, dynamic game, open to change at any time. We believe these traits are compatible with how we at ING would describe ourselves. With this cooperation, we at ING are delighted to paint the excitement of the Basketball Super League in orange.

Our first steps taken towards building a solar power plant

ING signed up to a project which will make a difference with its sustainability approach in 2019, announcing its decision to build a solar power plant on the roof of our Kahramanmaraş Operation and Call Center. We aim to start generating electricity from the plant, which will be established on the roof of our Kahramanmaraş Operation and Call Center on an area of 2,000 square metres, in 2020. With this renewable energy investment, 30% of the electricity used in the ING Kahramanmaraş Operation and Call Center will be produced from the sun. We are proud to have signed such an exemplary project on the road to sustainability with this investment which will reduce our carbon footprint.

Sixth semester gets underway at the Generation to Generation Academy.

We started our sixth term in 2019 in the "From Generation to Generation Management Academy", which we at ING started with the goal of being with our family companies in their institutionalization processes, in the challenges they can experience in the transition from one generation to the next and in their ability to determine the road maps they will make for their future. This 1-year certificate program, which was implemented as a first of its kind in Turkey in cooperation with Boğaziçi University Lifelong Learning Center, has reached 72 new generation representatives so far.

As we focus on technology, we have not forgotten our children in Anatolia

As a bank that focuses on technology and is ambitious for the banking of the future, we are also continuing our efforts for children. In 2019, we have opened the doors of ING's Technology Academy for Future, which we established with the aim of providing the children of our employees with new generation competencies in technology and production culture, for students in Kahramanmaras. We introduced the "Maker Movement" to pupils in state schools between the ages of 10-14, carrying out the program jointly with Makers Turkey in cooperation with the Provincial Directorate of National Education in Kahramanmaras. We are delighted to have been able to meet the children with the ING Technology Academy for the Future in Kahramanmaraş, where our Call and Operation Center is also located.

In the coming period, we will continue to develop new generation banking solutions, leading products and services which will change the market and expand the innovation culture within the Bank, with the strength we derive from our Group's global strength, culture, human resources and competencies. We will undertake work which supports development not only within the institution but also outside the institution, and with this approach, we will continue our social investments with the same momentum.

We congratulate Pinar Abay on her new position in the ING Group.

We have had another significant change at the end of 2019, a year in which we achieved many innovations and successes. Pınar Abay, who led the ING family for 8 years, has left to take on a greater responsibility in the ING family again with her appointment as a Global Chief Executive Officer of the ING Group with effect from 1 January 2020. During her leadership, Ms. Abay has taken steps to transform ING into a customer-oriented structure with a digital banking vision, and has undertaken a cultural transformation. In her new position, she in charge of the Netherlands, Belgium and Luxembourg countries (Market Leaders Region) in her new position. The total asset size of the Market Leaders Region exceeds EUR 252 billion according to the third quarter results of 2019, with more than 23,000 employees. On behalf of all of us at ING, I would like to congratulate Ms. Abay, who will lead this region with a significant share in the ING Group serving 38.4 million customers in more than 40 countries.

I am proud of the success story created by Pınar Abay with ING members, and I believe that in her new position she will serve the purpose, which ING has adopted, of ensuring people are always one step ahead in their business and private lives.

On behalf of myself and the ING management team I would like to take this opportunity to thank all of my teammates, business partners, shareholders and all stakeholders who have played a role in ING's success in 2019.

Kindest regards,

Deputy Chief Executive Officer/ Board Member A.Canan Ediboğlu

Review of ING’s Activities in 2019

As a result of the activities carried out to meet the target of efficient and sustainable growth, ING displayed a strong performance in 2019, increasing the rate of added value it creates for its stakeholders.

ING sustained its steady growth in 2019 amid volatility and competitive market conditions

ING achieved very satisfactory balance sheet figures as a result of its effective management, marketing and sales activities in 2019, amid fluctuations affecting both economic indicators and financial markets in the global financial markets. ING meticulously applied its business approach to keep its cost base low and maintain a high level of added value creating power in 2019.

Backed by a wide and rich product portfolio, an experienced and expert staff, strong distribution channels and a solid technological infrastructure, ING correctly evaluated the opportunities offered by the markets and once again achieved successful results in 2019.

ING’s total consolidated assets was TL 65.4 billion at the end of 2019. The Bank’s consolidated equity, which was TL 7.7 billion at the end of 2018, increased by 12% YoY and reached TL 8.5 billion. ING’s consolidated capital adequacy ratio was 25.57% in 2019. Meanwhile, the Bank’s consolidated profit before tax increased by 36% YoY to TL 1,976 million.

The financial performance results recorded in 2019 once again reaffirm the value of ING's high achievement and effectiveness in balance sheet management.

Accurate balance sheet management is key to strengthening ING's key indicators as well as providing strong support to its thousands of customers across different business lines through its services and products, bringing ease to their financial lives and generating added value.

In 2019, the Bank deepened its relationships with Retail, SME, Mid-Corporate and Wholesale Banking customers and carried out significant improvements in its service network and diversity, number of customers and product services.

ING's deposit volume grew by 21% in 2019 to reach TL 39 billion.

In 2019, ING's total consolidated net loan volume reached TL 40.8 billion. At the end of the year, the ratio of consolidated non-performing loans in total consolidated cash loans was 6.95%.

ING focuses unwaveringly on risk-sensitive business strategies, regardless of the economic conjuncture.

ING continued to effectively reflect the advantages of its well-established strategy, strong and widespread distribution network, extensive range of products and services and its competent human resources to its performance in 2019.

The rates of growth and profitability achieved at the end of the year ensured that ING retained its share of the sector.

ING will continue to bring its customers together with a world-class service approach with ING Group's deeply rooted international experience and to generate an increasing level of added value for the Turkish economy in the years to come.

ING, which has been diversifying its products and services in the ever more competitive retail banking sector, has achieved strong, sustainable and profitable results.

ING, which has a strong and broad customer base in retail banking, sustained its development in this line of business in 2019 with a range of alternative and high quality products which meet the needs of all of its customers.

ING makes a difference to the lives of individuals and contributes to their well-being with the right actions, tailor-made solutions and the cross-sales it offers.

The "Orange Extra" program generates solutions which support the financial needs of its customers.

The “extra” benefits offered to customers by the Orange Extra bank card program, which was launched in mid-2018 to serve different financial needs, have been diversified in line with customer expectations throughout 2019.

Customers joining the Orange Extra program benefit from the advantage of additional interest on their e-Orange and Orange TL accounts when the total of their spending through their ING bank card and bill payments from their accounts reaches TL 750 per month. In addition, Orange Extra customers who spend more than TL 750 per month this way are allowed to withdraw money without charges from any ATM in Turkey three times a month, carry out free money transfer/EFT through digital channels and also can benefit from cash back on loan payments when they take out consumer loans.

The Program also offers a wide range of discounts and campaigns which will allow customers to use their ING bank card in daily purchases.

Shopping and bill payments made under Orange Extra program can be monitored instantly from the Orange Extra menu via ING Mobile, which can also display the financial value of the benefits gained from the program. As such, customers can clearly identify the benefits they enjoy under the program.

The Orange Extra program, which attracted considerable attention in 2019, has around 700 thousands customers and 200 thousands spending customers.

Growth in consumer loans achieved with customer-oriented solutions

With customer-oriented solutions and preferential campaigns, growth in consumer loans accelerated especially in the second half of the year. The customer-specific pricing approach, which was formed by analysing the needs and segments of the customers in 2019, continued successfully.

Accordingly, when customers need cash, they are offered credit options appropriate for their budget and needs, with preferential campaigns and interest rates, as well as special conditions. Consumer loans were added to the opportunities offered to Orange Extra users in 2019, with the advantage of cashback.

Attractive promotions offered to pensioners who choose to receive their pension through ING

ING offered various promotions for pensioners in 2019, with up to TL 450 offered to those who started receiving their pension payments through ING, in addition to an additional cash promotion of TL 150 if three new direct debit instructions were made on the account between March and July.

Pensioners who carried their pension payments to ING between July and September 2019 benefited from the double cash promotion of up to TL 900 for the summer period. In this context, additional cash promotion payments of up to TL 250 were made for two new direct debit instructions orders if the customer recommended a retired relative to the Bank, with TL 150 and TL 50 awards to those downloading and enrolling on ING Mobile for the first time.

As of October, the campaigns were ongoing for those adding two new direct debit instructions, as well as the ING mobile campaigns for pensioners carrying their pension payments to ING continue, giving these customers the opportunity to receive up to TL 750 in awards.

Pensioners electing to receive their pension payments from ING enjoy the privilege of being able to reach special customer representatives on a 24/7 basis whenever they wish on any subject of their choosing thanks to telephone banking. In addition to telephone banking, their needs can always be met through the branches with a prioritized service. Moreover, pensioners have the chance to withdraw money from all other ATMs in Turkey, free of charge.

Company employees provided with various benefits through the company salary payments made from ING.

ING aims to create an environment where customers drawing a salary can reach their banks anytime, anywhere and find easy and fast financial solutions to their needs in banking products and services. In this context, employees of companies making salary payments through ING have been granted a fee exemption for one-time and regular EFT/bank transfer transactions over Internet and mobile banking. In addition, with the digital process created, customers drawing a salary paid through the bank were offered the opportunity to open TL demand deposits and personal accounts without having to come to the branch.

Increasing ING contact points through business partnerships.

ING has been entering strategic cooperation in the areas of consumer finance and credit cards with Turkey’s leading brands since 2012 within the scope of its omni channel strategy.

In addition to in-store product financing as a business partnership, ING Shopper now offers customers the opportunity to pay for their online shopping in instalments and facilitates the use of online credit.

Thanks to the new platform, customers who shop from online retailers which ING cooperates with can also effortlessly use their loans online.ING Shopper also offers companies an easy and cost-free payment alternative which supports omni-channel strategies.

ING maintaining its efforts on vehicle loans.

The basis of ING's performance in the field of vehicle loans is effective dealer management, campaigns with attractive payment terms, and a procedure where vehicle loans can be arranged at the dealer without requiring a visit to the branch. These elements continued to present a competitive advantage for the Bank in 2019 as well.

The bank aims to build on its existing business associations with Turkey's leading brands and distributors and to maintain its effectiveness in dealers by carrying out improvements in the allocation process with the campaigns which it will carry out in the coming periods.

A dynamic portfolio management in the volatile property market

In the housing loans business line, which displayed a somewhat volatile course throughout the year, ING executed prudent and flexible portfolio management, adapted to rapidly changing market conditions and stood at the forefront of efforts to help its customers who dreamed of becoming a home owner in 2019.

In addition to the improvements in its credit extension processes the Bank conducted customer-based campaigns and reinforced its relations with real estate agents.

Orange Account remains the driving force in deposits.

The Orange account was introduced in January 2011 as a key component of ING's growth strategy. The Orange account, which continued to be the bank's driving force in deposits in 2019, has played an important role in expanding the deposit base and increasing the number of customers.

Launched as a free savings account, the Orange Account has been used by more than 2 million customers since its introduction and has continued to enjoy steady growth in terms of customer numbers and volume. ING now commands a 14% market share in terms deposits of up to one month.

An 89% customer satisfaction rate.

The Bank maintained its high rate of customer satisfaction achieved through the Orange Account, which reflects customer experience and demands, throughout 2019. The level of satisfaction among e-Orange customers was measured at 89% in its Customer Satisfaction Survey (Source: Ipsos).

ING offers USD, Euro and Sterling deposit options for Orange Account customers wishing to keep their savings in foreign currency, in addition to Turkish Lira.

ING has implemented innovations aimed at increasing customer satisfaction in its credit cards.

ING continued to mediate in its customers' payments with credit cards and introduce campaigns which provide benefits for its customers in 2019, and implemented a raft of innovations during the year.

- Expanding the scope of the "Welcome to ING" bonus offer, ING continued to offer a bonus of up to TL 100 to its newly acquired customers in 2019.
- ING offered a one-way domestic flight to successful applicants of the ING Pegasus BolBol Premium card in the last quarter of 2019.
- ING has implemented its Digital Statement project to enable credit card customers to access their statements more quickly and easily through ING Mobil.

Digital Banking

Digital banking channels, which provide a continuous 24/7 service, are one of the most important driving forces for ING in expanding its customer portfolio, deepening customer relations and increasing customer loyalty.

ING's digital banking channels are listed below:

- Mobile Banking (ING Mobil)
- Internet Banking
- Smart Banking Robot (INGo)
- ATM
- Telephone Banking

The variety of transactions through digital banking channels is increasing every day and the operational burden on the physical service network is gradually shifting to digital banking channels.

ING's performance in utilization rates and product-service-distribution channel integration has made it one of the most successful users in the industry in recent years.

The number of sales carried out through digital banking channels continued to increase in 2019, and the share of distribution channels in total sales in units reached 55%.

Within the scope of the "Hybrid Project", where everyone can choose products without coming to the branch, regardless of whether or not they are ING customers, 71% of consumer loans in volume terms were obtained through non-branch channels in 2019.

The e-Orange Account, offered through digital channels and which has the advantage of a Welcome Rate for 1 year, was introduced in 2016. Since then, a total of 631 thousands customers have joined the e-Orange Account, with a combined balance of TL 10 billion at the end of 2019.

Digital Channels

ING offers its customers a location and device-independent experience with its device-compatible ING Mobile and Internet Branch.

Mobile Banking (ING Mobil)

Available on iOS and Android devices, ING Mobil allows customers to quickly and securely perform their daily banking transactions from their mobile phones, while also allowing them to easily perform product application transactions for different banking needs.

The percentage of total active customers using the Bank's digital channels mobile banking customers' share rose to 97% as of 2019.

In 2019, the user experience, user interface and infrastructure improvement project, which includes ING Mobile, Internet Branch and ing.com.tr digital channels, was launched. The project is carried out together with the ING Group. The aim of the project is to provide the same experience to ING customers across all digital channels and enable them to be part of the ING Group experience.

Many new services have been made available to customers over ING Mobile, which maintained its technological investments in 2019.

- The ability to to send money to a mobile phone and withdraw or pay credit using a QR code were defined to ING Mobile.
- New advantages were added to the Orange Extra program.
- In addition to financial transactions, instalment shopping has been offered with TaksitMaxit.
- Customer satisfaction has been enhanced with the addition of new features to the smart banking robot, INGo.

Internet Banking

The ING Internet Branch service continues for ING customers wishing to carry out their banking transactions over a browser instead of a mobile application.

Thanks to the analytical reporting products used in the business line of ING's internet banking, customer behaviour is analysed and improvements facilitating usage are carried out. In addition, thanks to the evaluation questionnaires carried out at the end of the transactions, sources of dissatisfaction were quickly identified and solutions provided.

Smart Banking Robot: INGo

ING’s chatbot, INGo, which is supported by artificial intelligence and natural language processing technology started operating in 2018. INGo offers users the ability to resolve all banking and ING problems through correspondence and to find answers to their questions more quickly and easily.

With new enhancements made in 2019, INGo has also been moved to digital channels. This allows users to receive information solely concerning financial products through correspondence and to conclude their transactions. Users can access the smart banking robot INGo through the ING mobile external and internal menu, the ING website and the ING internet branch.

Users can find the nearest ATMs and branches through INGo, calculate the value of 14 different currencies in TL terms and easily connect to the live support team at any time. In addition, users may access information about their accounts, credits and their credit card debt details, close their lost cards or reopen them, apply for credit and instantly learn the result.

In 2019, 2.2 million single interactions were initiated with INGo. The most frequent questions were on information regarding their credit, credit calculation and calculations on deposit products.

With the ability to chat with customers on daily matters, INGo will improve its competencies and continue to grow in 2020.

ATMs

With ING ATMs, all users, whether they are ING customers or not, can easily perform their daily banking operations.

ING has a 3% market share in Turkey with 1,514 installed ATMs.

New services continued to be offered to ING customers in 2019 with a focus on customer experience. The following services were offered in this context;

- The installation of touchscreen and recyclable ATMs were carried out.
- ING customers who do not have their card with them are easily make credit payments from ING ATMs using ING Mobil via QR technology.
- New processes such as INGmobile/Internet password user code and password retrieval, EFT have been added to ATMs and made available to customers. Since its roll-out, the work using the data obtained from the customer segmentation project, which aims to position the ATM network at the right points where customers can receive services and optimize ATMs on a location basis, has provided positive results in the volume and performance ratios of ATMs.

In 2019, as part of effort to improve the quality of service of ING customers, ING customers were permitted free withdrawals or deposits from all ATMs where there was no ING ATM available within a kilometer radius. Customers who cannot find an ING ATM within a kilometer may carry out free withdrawals of up to TL 1,000 or deposit without an upper limit.

Brand Strategy

In 2019, ING maintained its competitive communication in banking products, as well as its image communication, which it launched by removing the word “Bank” from its brand name throughout the year.

We have taken the BANK out of our name!

In 2019, all INGs have started to incorporate their communication strategies under one roof with the goal of global brand management. In this respect, the use of different brand names such as ING Diba, ING Direct, ING in all countries from Poland and Germany to Australia and Romania have been terminated and the brand name was changed to just ING in each country.

The Bank has transformed this change process into an image campaign, in a bid to explain what ING is as a brand and institution. It announced the removal of the word “BANK” from its name in a communication campaign in an attempt to counter stereotyped customer perceptions and to demonstrate that the Bank is not have the bureaucratic processes which would be expected of a bank.

The campaign, which was announced in Istanbul and Ankara's busiest areas by removing the letters from the sign, also received the “Best Finance Influencer Campaign” Award at the 2019 Inflow Influencer Awards.

Extra Benefits for Orange Extra Users

Orange extra, launched with an additional 2% interest on deposits, has become a powerful product with additional benefits such as free withdrawals from ATMs of other banks, free money transfer/EFT and cashback on loan interest. Advertising campaigns were broadcast with the message “Orange Extra, no more extra”, which was set out from the consumer's internal opinion for the announcement of the product, accompanied by Günay Karacaoğlu and Ozan Güven. With these campaigns, it was announced that Orange Extra offered advantages for both deposit and credit product customers, while product awareness was increased, strengthening the benefit.

E-Orange Account campaigns continued.

In the communications made during the year for the E-Orange Account, emphasis was placed on the product's flexibility and daily interest-earning feature. In addition to large deposits, there was a campaign with the proposition of “Don’t let your salary sit in your account, let it gain value in e-Orange until your payments”, where small savings can also work for customers with the daily interest paid to e-Orange account holders.

ING has sponsored the National Olympic Committee of Turkey.

ING took its identity as an active spokesperson on gender equality one step further in 2019 and became the official sponsor of the Turkish Olympic Committee (TMOK) in a bid to draw attention to gender equality in sport. As part of the sponsorship, support was provided to eight women athletes competing for the national team who prepared for the Tokyo 2020 Olympic Games.

In this context, the lyrics of Sertab Erener's song “Press Girls” were changed to suit the Olympic challenge and a communication campaign was launched. The Press Girls campaign aims to introduce championship women athletes who aim to represent our country, especially in the male-dominated sporting branches on the Olympic path and to inspire all girls and their families.

Athletes supported under the sponsorship included;

- İrem Yaman - Tae-kwon-do
- Yasemin Adar - Wrestling
- Yasemin Ecem Anagöz - Archery
- İlke Özyüksel - Pentathlon
- Nazlı Çağla Dönertaş - Sailing
- Meryem Bekmez - Athletics
- Eda Tuğsuz - Athletics
- Nazlı Savranbaşı - Gymnastics

The Press Girls campaign and the support for TMOK will continue in 2020.

ING has always been there for its employees on special occasions.

• April 23 advertisement

Ağrı was chosen as the venue for the April 23 commercial in 2019, as in 2018. This time, the pleasure of meeting students who had reached their new school and started their education and seeing that they were one step closer to their dreams was shared. Reaching 5.8 million people through social media channels, the film received 44,000 interactions.

• Mothers Day communication

In order to thank the valuable working mothers at ING, a surprise was prepared within the scope of Mother's Day and they were brought together at their children's schools, while they thought they were going to a meeting. Mothers had the opportunity to spend the rest of the day with their children as they wished.

• November 24 Teacher's Day

ING celebrated teachers' day last year by handing out smart walking sticks as a gift to 30 teachers in need as part of the WeWalk Smart Walking Stick Project. ING, who sought to honour visually impaired teachers on Teachers' Day this year and be a guest of their devoted and successful lives, listened to the story of Ali Öztürk, a teacher of literature at the Kucukköy Girls Technical Vocational High School and once again made the call of #HayallerinYeter. This video has reached 5.6 million people and reached 26,000 interactions.

ING Basketball Super League

We are the unchanging colour of basketball! In the name of the Super League.

ING continued its "Spor Toto Basketball League Official Sponsorship", which it initiated with "ParaMara" in the 2014-2015 season, as the Main Sponsor under the ING brand in the 2018-2019 season with the aim of supporting both sports and athletes.

Identifying with challenge and the stance of always aiming to achieve better embodied by the Turkish Basketball Federation's "Legend Will Rise" motto, ING has been the title sponsor of the ING Basketball Super League in the 2019-2020 season.The title sponsorship for the ING Basketball Super League, All-Star Game and Play-offs will continue for three seasons.

ING SME Banking has efficiently deployed its knowledge in the field of products and services, providing its processes and systems with the structure needed to reach a greater number of SME customers.

ING's target in SME Banking is to provide modern banking products and services in the most effective way to various sectors that form the basis of the country's economy from foreign trade to tourism and from professional groups such as pharmacists, financial advisers and notaries to tradesmen of all sizes.

ING SME Banking has efficiently implemented its knowledge in the field of products and services, providing its processes and systems with a structure of reaching a greater number of SME customers.

While delivering the creative solutions which the competitive conditions faced by SME customers require, ING designs alternative products and processes that meet different demands, taking cash flows into account.

ING SME Banking supports the financing needs of exporting SMEs with attractive conditions through its cooperation with the Turkish Exporters Assembly. In 2019, thanks to the ING Group's extensive international network, there was a significant increase in the number of exporter SMEs, which form the main customer group for the bank.

ING SME Banking facilitates SMEs' access to finance as a solution partner to produce and build businesses.

ING SME banking maintains its activities by taking part in the activities of SMEs which generate economic value, work within the framework of ethical values, place importance on transparency and achieve growth performance, from financing access to consultancy services on all the issues they need.

With an awareness that access to eligible and affordable finance is at the top of the list of the most basic needs of SMEs, ING SME Banking provides SMEs with various products and services which include both cost-effective and payment-free periods in a fast and innovative approach throughout the year.

During 2019 ING SME Banking took solid steps towards the digital transformation with an innovative perspective.

For small-scale businesses which lack the time to go to the branch and expect faster, better and cheaper services, ING SME Banking has changed its organizational structure to take account of the needs and expectations of its customers, and launched the ING SME Digital platform.

ING SME Banking brought new and different energy to the sector with “ING SME Digital” in 2019.

In 2019, ING SME Banking defined ING SME Digital as a mobile branch with an array of advantages, where small businesses can perform their banking transactions without having to go to the bank branch.

In addition to the Fast Loan product, SMEs have been able to access e-Orange and Fast POS products from digital media without leaving their work place. Thanks to these products, ING has brought a new and different energy to the sector by providing SMEs the opportunity to complete their applications over the mobile phone or web channel and display their results in seconds.

ING SME Banking carries out activities aimed at rolling out the dynamism achieved in Fast Credit, e-Orange and Fast POS products to all corporate products and processes. In line with this goal, it has established new digital processes in many areas in order to increase the customer satisfaction of SMEs and help them benefit from banking products in the fastest and easiest way.

ING continues to diversify its product and service solutions for SMEs.

The modern and user-friendly interface offered by ING Corporate Mobile, where development and updating work continues apace, provides SMEs and tradesmen with the opportunity to easily perform and approve their most frequently used banking transactions.

In 2019, ING continued to provide services from the SME Communication Center (0850 222 0 464), which was launched in 2018. Through the SME Communication Center, which offers a wide range of products including loans and deposits, customers can use loans within their limits, carry out insurance transactions and open e-Orange accounts. In addition, they can obtain support from this line in all matters they wish to consult, and can forward their ING FX requests through this channel.

Maintaining a competitive position in the member merchant market.

The ING Member Merchant Product Management Department, which aims to meet customers’ needs with smart and easy-to-access products addresses various customer groups with innovative POS products.

In 2019, android-based mobile phones were transformed into POS devices through the ING Cebimde POS project, which has been carried out in partnership with the ING Group, and is a first in Turkey and in the world.

With ING Cebimde POS, contactless payments can be made from contactless debit and credit cards anytime, anywhere, and transactions can be performed more quickly and reliably.

The member merchant Product Management Division will continue to grow by using digital products and channels more actively and producing solutions suitable for SMEs in 2020.

Sustainability is one of the most important issues for SMEs.

ING is aware that sustainability is also vital for SMEs due to the changes in the world and fluctuations in market conditions, and has therefore been engaged in a joint project with the ING Group where it has addressed the concept of sustainability for SMEs from different perspectives.

Many topics such as financial health, easy access to finance, financial education, surviving in extraordinary conditions, new technological practices, investing in the use of sustainable energy resources and protecting the environment are among the items on the agenda in the project.

Ensuring customer satisfaction is a top priority for ING SME Banking.

ING SME Banking, which offers its customers the most innovative products with the easiest processes and through different channels, considers customer satisfaction with its services as one of its top priorities.

After offering the products and services to customers, a certain number of customers are called for their feedback on the level of quality of the products and services offered. Feedback received through these calls is used to effect improvements with the aim of increasing service, product and process quality.

Within the scope of OLE Project, ING continued its activities towards digitalization in 2019.

ING Mid-Corporate Banking has taken a major step towards the digitisation of its loan offerings in 2018, implementing the OLE (Orange Lending) loan offer system. Work towards digitisation is underway as part of the Ole Project, whose integration continued in 2019.

ING Mid-Corporate Banking serves its customers with 14 mid-corporate and 6 hybrid branches with 126 employees from the Mid-Corporate Banking Sales Management Team and Mid-Corporate Credit Evaluation Team. Maintaining its strategy of being the customers' primary bank in 2019, the Mid-Corporate Banking focused on "Happy Customers" and increased the ratio of happy customers from 76% at the end of 2018 to 78% at the end of 2019.

As of 31 December 2019, ING's cash and non-cash loan volume in mid-corporate loans was TL 9.3 billion and TL 2.3 billion, respectively.

ING Mid-Corporate Banking adds new features to all of its products representing innovation and transformation.

In accordance with its main banking strategy, ING Mid-Corporate Banking develops new products and services to its existing products in order to ensure customer satisfaction.

The OLE (Orange Lending) project, which was initiated in previous years, was gradually completed and the first credit proposal was approved in 2018.

The OLE Project is a journey we undertook with a vision of digitalization and which paves the way for a reduction decision times from days to hours, or even minutes, for a major part of the portfolio. Accordingly, our banking processes have advanced a step further and we have come closer to our customer experience target. Within the scope of auto revision offers that started in 2019, annual firm credit revisions is completed within one minute.

In 2020, ING aims to automate the bid processes and complete the integration of the OLE system. This will significantly shorten loan facility periods and customers will be provided with quick returns.

ING Mid-Corporate Banking aims to provide an international banking experience for all of its customers

ING Mid-Corporate Banking organized the "Management Academy from One Generation to the Next" for the sixth time at the Boğaziçi University Lifelong Learning Center to help family businesses transform into corporations, become more professional and to transfer their global experience to new generations of their families. At the end of 2019, 72 family business managers from 11 cities had graduated from the "Management Academy from One Generation to the Next".

ING Mid Corporate Banking will maintain its strategy of being the primary bank of its customers in 2020 and will advance to its targets of new product development and digital oriented growth focusing on customers' needs.

With its customer-oriented approach, ING Wholesale Banking provides financial services to a wide portfolio of clients, both national and multinational companies, with high value added products.

ING responds to the financial needs of its wholesale customers by combining the added value and competitive advantages of the ING Group's global network with its experience and competencies in local markets. Utilizing the advantages of being an international bank, ING offers innovative, professional products to its customers with its solution-oriented approach and expert teams.

The rich range of products in ING's Wholesale Banking business ranges from loans to project and trade financing, treasury products to domestic and international cash management. ING's power to develop its products in line with customer needs through the effective use of digital channels played an important role in its success in customer acquisition and growth in business volumes in 2019.

ING has once again demonstrated that it is an active participant in the market through its club and syndication operations for its wholesale clients in 2019.

As of 31 December 2019, wholesale cash loans amounted to TL 14.3 billion and non-cash loans amounted to TL 5.3 billion, with ING's Wholesale Banking total credit volume amounted to TL 19.6 billion.

Wholesale Loans and Project Finance Group

The ING Wholesale Loans and Project Finance team is focused on sustainable growth, drawing on the global experience of the ING Group, of which it is a member.

The infrastructure, energy, natural resources, telecommunications, media and technology sectors form a prominent part of ING's wholesale loans and project finance portfolio.

ING is focused on providing its customers operating in these sectors with differentiated and specialized wholesale credit and project finance products, with the contribution of the strength of ING Group's extensive worldwide service network.

In this respect, detailed project/cash flow analyses are carried out and mechanisms for monitoring cash flow and risk are used to minimize risk in long-term lending activities. In addition, ING carefully implements its policy of supporting loans with strong guarantees in this line of business.

ING has commanded a significant share of corporations' medium and long-term syndication and club loans for many years

ING, which is one of the active participants of the Turkish syndication market, undertakes important duties such as being a coordinator, hedging bank and collateral bank. ING also provides brokerage services within the scope of export incentive programs of export credit guarantee institutions and provides long-term funds to investor Turkish companies.

Financial Markets

ING's ability to create solutions with an innovative and meticulous approach to meet the needs of its customers is the most important factor behind ING's success in financial market transactions.

The ING Financial Markets Group consists of the Financial Markets Trading, and Financial Markets Sales and Marketing units. The ING Financial Markets Group continues to be the choice of customers in financial markets thanks to its management experience, high level transaction skills and potential to develop high-end products.

The ING Financial Markets Group carries out brokerage activities, deploying market risk management techniques while capitalizing on short and medium-term movements in the financial markets. The Group offers risk management solutions in value added products including foreign currency, interest and commodity derivatives.

The ING FX platform, which has been expanded with the addition of innovative applications, has been rolled out across all customer segments.

In 2019, the ING FX platform was rolled out across all customer segments, principally for SME and Mid-Corporate Banking customers. Customers reaching the ING FX platform can trade at instant exchange rates through ING's mobile banking applications.

Through this platform, the Financial Markets Group has allowed its customers to access value-added FX products easily and instantaneously from any location.

ING has expanded its derivative product diversity in line with its mission to become a Foreign Trade Bank in Turkey.

Carrying out its activities in parallel with its mission of becoming a foreign trade bank, ING responds to the changing needs of its customers by increasing its derivative product diversity.

All mid-corporate customers can use internet and mobile banking applications to carry out derivative transactions such as forward, swap, and so on digitally from the ING FX exchange platform.

Economic Research

Qualified reports prepared by the Economic Research Group contribute to ING's corporate reputation.

The Economic Research Group is responsible for following economic developments in Turkey and in the world, preparing reports on potential impacts of these developments, commenting, analysing and making forecasts based on key macroeconomic and financial variables and creating and publishing presentations and bulletins in this context.

The Economic Research Group provides support for all ING clients in Turkey and abroad with macroeconomic research reports and forecasts prepared using accurate and objective information-based, qualified evaluations.

Financial Institutions

ING's deep-rooted, wide and mutual trust-based correspondent relationships ensure that it is the preferred business partner in Turkey as well as in international markets.

Being a member of the ING Group gives ING a competitive advantage in providing services on a global scale.

For ING, which continues to generate lasting value for all of its stakeholders, 2019 was a year in which it continued to increase its partnerships with global financial institutions to provide its customers with the right financial solutions.

Combining its traditional and well-established international relations with the synergy created by being a member of the ING Group, ING mediates in the foreign trade transactions and financing needs of its customers under appropriate terms.

Backed by long-lasting, widespread correspondence relationships based on mutual trust with hundreds of banks in more than 100 countries, ING diversified its wide network of correspondence banks in 2019 in parallel with customer requests, the conjuncture and the trends in the Turkish and global economies.

Deploying its brand power in the most accurate way, ING successfully maintained its efforts to obtain financing from international markets and improve its funding base within the scope of foreign trade financing services, despite the volatilities in financial markets in 2019.

ING also continued to extend resources to Turkish exporters in line with its goal of becoming the bank to provide the most support to Turkey's exports.

Renewal of syndication loan in 2019

ING renewed its syndication loan in September 2019, despite high market demand it provided 367-day funding of approximately USD 305 million in line with its balance sheet targets. The syndication deal was closed with the participation of 20 banks from 11 countries.

ING has built up strong collaborations with supranational financial institutions

Having long-established cooperation with supranational institutions, ING continued to meet the investment and working capital needs of SMEs and mid-sized corporate firms through funds provided from such supranational institutions with its experience and know-how in foreign markets.

ING’s performance being rated by international rating institutions

Turkey’s current credit note given by the international rating institution, Moody’s, is “B1” for the long term foreign currency and “B3” for the long term foreign currency deposits ceiling. In this context, ING has credit ratings of “B1” and “B3” for long term local and foreign currency deposits, respectively.

Fitch Ratings rated Turkey’s credit note as “BB-” for long term local and foreign currency issuance, while ING’s credit note based on Fitch Ratings is “BB-” and “B+” for its long term local and foreign currency debt, respectively.

ING Group continues to mediate in funding to Turkey

In 2019, the ING Group continued to play an active role in the foreign exchange borrowings of Turkish banks in international financial markets and was involved in treasury transactions, bond issuance in debt capital markets, and structured financing transactions, mainly in syndications.

This stands as testament to the ING Group's confidence in Turkey and the Turkish economy, and the ING Group continues to mediate in the supply of resources to Turkey.

In 2020, ING continues to:

- Closely monitor the needs of its customers in all of their international activities,
- Support its customers in terms of correspondent banking needs and financing,
- Enhance its cooperation with exporters, which are among the most important players in the Turkish economy,
- Support exporters on international platforms by taking full advantage of being a member of the ING Group.

Cash Management

ING's cash management solutions, which are structured by focusing on quality and technology, contribute to customer satisfaction and loyalty.

ING offers its customers all-cash management solutions for payment and collection transactions with ING Group's extensive worldwide banking network and international experience. These solutions play an important role in curbing operational expenses and achieving sustainable profitability.

ING Cash Management shapes specific solutions to meet the requirements of rapidly changing market conditions in light of the feedback it receives from its customers.

Cash management focused on digitalization projects

Providing services to its customers with efficient management of cash flow backed by its extensive branch network, expert staff and advanced product range, ING focused on digitization projects in the field of cash management in 2019.

In this context, by increasing the channel diversity in its products and services for mid-corporate customers, it has increased the activation of digital companies, and has reached the target of mediating in more digital transactions of its existing and new customers.

Infrastructure investments continued for digital solutions offered to customers and within the scope of cooperations with leading telecommunications, automotive, automotive spare parts, logistic and real estate companies in Turkey, all payment and collection reconciliation processes started to be managed online at the Bank's digital platforms.

ING, which became the first private integrator bank in the sector to use e-invoicing in 2014, continued to provide solutions for the e-Transformation of companies with its own e Archiving services and e-waybills in 2019.

A new integration infrastructure, valid throughout the world, has been offered for the use of ING customers.

The "FX Collective Payment" product, which enables customers to carry out free foreign exchange transfers to their suppliers, cash or against goods import payments at once, quickly and effectively, has been harmonized with the ISO xml format and a new worldwide integration infrastructure has been offered to ING customers. All preparations have been completed for the Swift GPI structure, which forms the digital footprint of these foreign currency payments, to be made available to customers in 2020.

ING also supports its customers with a range of products and services which are widely needed by international companies in Turkey and require expertise.

ING Cash Management provides cash management products and services to its international customers in Turkey with the advantage of the knowledge and infrastructure provided by ING Group, which operates in more than 40 countries.

In addition to the MT101 infrastructure, which allows international companies to complete payments through ING's accounts over the ING Group's global electronic banking channels, the file transfer structure has been developed for all payment types in accordance with ISO 20022 standards.

Another cash management service offered by ING is to intermediate in the opening of accounts of international subsidiaries of Turkish companies at the ING organization in respective countries, and to enable the management of these accounts either from Turkey or from the country the account is based in.

In addition, it is possible for companies operating in several countries to consolidate their accounts, whether they are in ING or third-party banks, on a company/country basis, and to view them on a single screen.

Trade Finance

ING aims to be the Bank of choice for its customers in the field of international trade finance.

ING mediates the international trade of its customers by considering customer needs, the latest technological developments, the main objectives of sustainable growth and profitability.

In 2019, ING maintained its leading role in the field of Trade Finance by diversifying the resources it provides to its customers, establishing new relationships with companies from each sector and strengthening its existing ties and further increasing its presence and competitiveness.

Within the scope of the agreement with ING Asia, ING continued to intermediate in the forfeiting transactions for the letters of credit of exporting customers in 2019. This transaction ensures that exporters are paid early at preferential terms without having to wait for the end of the term, by buying the risk of export receivables from the banks that issue the L/C.

Customers requiring a letter of guarantee issued by a bank with an A-credit rating as required by their interlocutors abroad were able to benefit from ING's global network.

Working Capital Solutions

Established in 2015 within Cash Management and Trade Finance, the Working Capital Solutions unit generates solutions which help its customers use their working capital more efficiently with its expert staff.

By enabling its customers to meet their working capital needs and manage their receivables and payments more effectively through the Supplier Finance product, ING significantly increased the number of supplier finance programs it serves and the number of suppliers it reached through these programs in 2019, recording a 20% increase in the discounted invoice volume compared to the previous year.

With its active efforts in this area in 2019, ING continues to expand its product portfolio and offer new solutions to meet the working capital needs of companies.

Bancassurance

ING, insurance and private pension products sales and after sales services are offered through branches and alternative distribution channels, through:

- NN Life and Pension A.S. for life insurance branch and individual pension plans
- Zurich Sigorta A.Ş. for non-life insurance products.

At the end of October 2019, INGbancassurance had a market share of 1.8%* in the life insurance premium production of the bancassurance channel and 0.9%* in the non-life insurance branch.

In 2019, ING recorded 13% growth in premium production compared to the previous year in the field of bancassurance. Approximately 500,000 customers in the insurance branch and approximately 120,000 customers in the private pension field chose ING for their bancassurance needs.

In 2019, in order to meet the insurance and private pension product needs of customers, services continued through alternative distribution channels such as mobile banking and the call center as well as the branches.

The “My Statement is Safe” product, which provides assurance for ING credit card debts against the risks of involuntary unemployment, temporary incapacity and hospitalization, depending on customers' death and employment status, was launched in October 2019. ING maintains its efforts to develop insurance products compatible with ongoing projects to determine customer needs.

In the field of insurance and private pension, business processes that focus on customers are further developed and improved each year in order to provide sales and after-sales services as well as product diversification.

* These figures are calculated from monthly sector premium production reports published by the Insurance Association of Turkey on the basis of the sales channel.

Operating since 2013, the Kahramanmaraş Operation and Call Center serves with 700 employees.

ING's "Banking Base" Kahramanmaraş Operation and Call Center, which opened in 2013, continued to expand in 2019. The number of employees working at the Center, where 90% of the Bank's central operations are carried out, had reached 700 by the end of 2019.

Applications at the Banking Base are constantly evolving with a focus on providing ING customers with the best banking experience. This development is supported by robotic solutions and artificial intelligence models.

Call Center

The Customer Contact Center offers personalized customer experience services instead of the traditional service model a vision of providing customers with a "Next Generation call center" experience. The Center, which provides "customer-specific service" with its data-oriented approach, continues its technology investments.

Every second of the interviews is automatically analyzed and thousands of generated data are processed and reported with the help of robots. Sales, operations and customer satisfaction with artificial intelligence-supported models have been continuously improved throughout 2019 and work on new algorithms is underway.

Artificial Intelligence In Operational Processes

ING has increased the importance it attaches to artificial intelligence applications as part of its vision of advancing data-driven business. With developed artificial intelligence applications, the infrastructures that determine cash management in branches and sales strategies in the call center have been automated.

The Fraud prevention process, one of the processes in the Operations Center, has reduced the number of false alarms that occur, creating capacity to better focus on the fraud activities that customers are exposed to. With the application implemented in order to automatically classify the customer documents that reach the operations center, customer demands have started to be answered more quickly.

Robotic Solutions

More than 250 flows were transferred to the robot with the Robotic Process Automation (RPA), which ING started to use effectively in order to facilitate the lives of its customers and employees as of 2017. In this way, around 55,000 hours of work which would normally have been done by Bank employees was robotized in 2019.

The Robotics Department, which is a part of the Process Excellence Group of Operations Executive Vice President, continues its operations with 10 people and 19 robots, three of which are in Kahramanmaraş Operation Center. In 2019, the most utilized area of robot technology was "Customer Recognition Processes", and the manpower-based work in the process was reduced by two thirds.

ING prioritizes economic, environmental and social sustainability while determining the way of doing business within the framework of a sustainable and responsible banking approach.

ING has built its business model on the foundations of sustainable and responsible banking. Within the framework of these foundations, ING pioneered social change, supporting various projects to spread the concepts of saving, enterprise, innovation, gender equality and creativity across society. ING, which stands out both through its corporate activities and its contributions to the community, is active on the national and international agenda with its respected brand identity.

ING Group undertakes long-term social investments in an effort to fulfill its responsibility to the society.

The ING Group has initiated a wide array of programs together with its global business partner, UNICEF, aimed at supporting the education of children and financial literacy in the countries it operates in. The ING Group, working in cooperation with UNICEF, empowers youngsters to provide the tools and skills they need to be the future entrepreneurs and leaders of business and their country. Since 2005, the ING Group has supported the education and futures of nearly 1 million children and 427,000 youngsters around the world working together with its global business partner, UNICEF.

ING Group implements environmental investments focused on sustainability.

The environmental awareness adopted by ING Group is reflected in all aspects among Group companies. With a belief that organizations engaged in production and service activities should take the lead in creating a healthy and sustainable world by reducing their environmental footprint, the Group places sustainability at the heart of its business strategy and undertakes environmental investments focused on adding value.

Within the scope of the Terra approach announced by the ING Group, it creates a climate map for these sectors by creating a road map for adaptation to the priority sectors. The ING Group, which announced the first report of this initiative in 2019, considers social responsibility and environmental risks in project financing and acts in line with the related principles.

The ING Group, which has been operating with a zero carbon footprint since 2007, has been publishing its sustainability report periodically for many years, and an integrated report since 2015.

ING is committed to complying with the United Nations Principles of Responsible Banking

ING, one of the banks to contribute to the creation of the UN Responsible Banking Principles, was one of the first six banks to commit itself to implementing these principles in Turkey, which are described as a global movement of the financial sector for Sustainable Development and the future.

ING reflects this sensitive awareness, which ING Group has also adopted, both directly and indirectly into its activities.

ING, which obtains about 90% of its electricity from renewable energy sources, started an investment to build a solar power plant on the roof of Kahramanmaraş Operation and Call Center in 2019.The plant, which will be built on the roof of Kahramanmaraş Operation and Call Center with an area of 2,000 square meters, is planned start generating electricity in 2020. Thanks to this renewable energy investment, it is envisaged that 30% of the electricity used in ING Kahramanmaraş Operation and Call Center will be generated from solar energy.

Equator Principles

Since 2003, the ING Group has been one of the international banks to voluntarily abide by the Equator Principles. These principles are built on the environmental and social responsibility standards set out by the International Finance Corporation (IFC) and under the principles it is accepted that they apply to the financing of all projects of USD 10 million or more. ING acts in line with relevant standards in project finance work.

ING is one of the seven banks to sign the “Sustainable Finance Declaration” formed under the initiative of Global Compact Turkey. Within the scope of the Declaration, a study of environmental and social risks in the finance of investment projects became a component of the credit evaluation process.

In all its activities, ING acknowledges the global policies of ING Group as a guide.

Adopting a sustainable and responsible banking approach, ING has designed, implemented and shared many social responsibility projects with the community through rational communication pathways.

ING is focused on 5 key elements in this context:

1- Financial Literacy

ING, which sets its main goal as being “the Best Savings Bank in Turkey”, focuses on this area in its social responsibility work while providing products and services which encourage individual savings in line with this goal. The bank's products such as the Orange Account, e Orange Account, Orange Children's Account and the Orange Foreign Exchange Account inform and encourage customers regarding savings. ING also participates in projects which support financial literacy.

- The social responsibility program, “The Orange Drop”, introduced by ING in 2013, aims to raise awareness of saving among children and to help them acquire financial skills.
- Since 2011, ING has been contributing to the creation of a statistical database with its Research Study of Turkey’s Saving Tendencies.

Orange Drop focuses on efforts to spread financial literacy in order to raise a conscious generation.

By virtue of its model, execution and measurement, the Orange Drop is the first financial literacy education program that addresses primary school children in Turkey with a focus on saving.

The “Orange Drop” social responsibility program was initiated by ING in 2013, and the Bank has been implementing the program since then. The program aims to raise awareness of saving among children and help them acquire financial skills. The program is run in partnership with Financial Literacy Association of Turkey (FODER).

The main idea behind the Orange Drop is to create an educational model by associating the ability of taking rational financial decisions with other character abilities which encourage success in other aspects of life as well. The program focuses on fundamental traits such as patience, determination, perseverance, self-confidence and leadership, which have all been proven to bring success in areas besides financial subjects.

Furthermore, the eight-week program also helps develop perspective among children with education on future-oriented behaviour, limited resources, resisting attractive products, seeing the difference between wants and needs, budgeting, acting patiently and taking group decisions.

Within the scope of the program, the program had reached 1,213 teachers and 38,885 students in 329 schools in 7 cities by the end of the 2018-2019 academic year.

Saving Tendencies Research

ING has carried out the Survey on Saving Tendencies in Turkey with cooperation of Bilkent University and Ipsos since October 2011. This study identified the saving habits of Turkish people, with a low savings rate highlighted as one of the most significant problems facing the Turkish economy. Furthermore, in Turkey, where there is a lack of data on the propensity of individuals to save, a statistical database in this field is being developed.

In addition, with the support of the ING Group, ING is participating in international surveys on saving, which allows it to compare and analyze data. All data related with this survey can be accessed from www.tasarrufegilimleri.com.

ING International Surveys (IIS)

The ING Group conducts the ING International Survey, one of the biggest in this field in Europe, which takes a closer look at attitudes to spending, saving, investment and money of its existing and potential customers.

ING International Surveys has been publishing annual reports on main topics such as saving, mobile banking and real estate since 2012 in line with its mission of being an opinion leader.

Research activities within the scope of ING International Surveys, which supports ING Group's goal of empowering people to stay one step ahead in life and in business, are conducted by Ipsos in 12 countries, including Turkey, in cooperation with the ING Group Surveys team, economists, market researchers and communication experts as well as respondents taking part in the survey.

2- Gender Equality

ING supports projects which help women become socially and economically empowered.

Focusing on gender equality, ING supports projects which help women become socially and economically empowered with its 360 degree approach. ING has undertaken the official sponsorship of eight women athletes who are preparing to compete on behalf of Turkey at the Tokyo 2020 Olympics through the ING Olympic Girls Project.

ING aims to further increase the participation of women in professional life and aims to increase the proportion of women employees, which currently stands at 39% for positions of group manager or higher, to 50% in the coming period. The proportion of women in the Bank's Board of Directors has reached 50%.

3- Technology & Innovation

Next Generation Academy

ING cooperated with Makers Turkey to initiate the Next Generation Academy to provide support to the children of the employees who work in the area of technology and equip them with a culture of creating new generation skills and technology.

In 2019, ING launched a social responsibility project with Kahramanmaraş Provincial Directorate of National Education and Makers Turkey. The ING Academy of Technology for the Future has a Maker training program consisting of design-production, electronics, robotics and coding for 10-14 years old students. In this context, 500 students were introduced to Maker Culture.

ING Innovation Center

The ING Innovation Center was established in 2017 with the aim of communicating with the innovation ecosystem and start-ups, supporting start-ups and providing collaboration. The center helps all ING teams develop technological and innovative products and introduces ING teams to related start-ups. ING Innovation Center has met more than 600 startups and has enabled ING to collaborate and work together with 37 of them.

Every week in the ING Innovation Center, activities and training in the field of entrepreneurship, innovation and technology benefit all stakeholders in the entrepreneurship ecosystem in terms of knowledge and networking.

The Center has hosted more than 15 thousands people at the ING Innovation Center, holding more than 200 events.

4-Education and Sustainability

Orange Forest

In order to contribute to protection of the environment ING encourages its employees and customers to use less paper by using e-statements and the resulting savings are transferred into trees in the Orange Forest in Denizli. In this context, the cooperation carried out with TEMA continues.

Management Academy from One Generation to the Next

The "Management Academy from One Generation to the Next", which is organized in cooperation between ING and the Boğaziçi University Lifelong Learning Center has been operating since 2014. The 2019 program of the "From One Generation to the Next" includes training programs aimed at increasing the competitiveness of family companies, sustainability and a corporate approach. At the end of 2019, 72 family company managers from Turkey's 11 cities had graduated from the Management Academy from One Generation to the Next.

Volunteer work of "Orange Hearts" continued in 2019 in different fields

The Orange Hearts corporate volunteering program aims to encourage ING employees to take part in voluntary activities, while bringing together those participating in different voluntary activities under a single roof.

Initiated at the end of 2014 in cooperation with the Private Sector Volunteers Association (PSVA), Orange Hearts not only encourages employees to contribute to social responsibility projects with their time, skills and financial contributions, it also offers them the chance to share their own projects. Within the scope of the program, which was implemented with the motto "Set Your Heart on Doing Good", 12 NGOs and employees came together on World Volunteers day so that ING employees could transfer their expertise on various issues and respond to the needs of Non-Governmental Organizations (NGOs).

May 9-15: Employee Volunteering Week

Orange Hearts attends various events within the framework of the Employee Volunteering Week held in Turkey every year by the Private Sector Volunteering Association.

In this context, a financial literacy program focused on saving was rolled out throughout Volunteering Week, where Orange Hearts voluntarily provided training to 3rd and 4th grade primary students about smart shopping and saving, which are included in the program's curriculum.

Marathon

ING employees participated in the İstanbul Marathon and Runtolia Marathon and raised funds to support various NGOs.

Steptember

As part of the September campaign carried out by the Spastic Children Foundation, which runs through September-October, participants are asked to take ten-thousand steps a day for their own health and to collect donations from their social circle for children suffering from Cerebral Palsy.

ING, which participated in the campaign in 2019, was ranked 2nd among all participating institutions in Turkey.

ING contributes to educational programs that shape the future.

ING Equal Future Fund

ING established the ING Equal Future Fund through the scholarship fund agreement signed with the Turkish Education Foundation (TEV). ING contributes to the education of female students who receive engineering education in parallel with our approach supporting gender equality.

Koç University Anatolian Scholarship Holders Program

ING contributes to the Anatolian Scholars Program launched by Koç University with the aim of supporting access to quality education. The Bank continues to pay five years of university education and living expenses of three students selected at the end of the evaluation undertaken by the university administration.

Ozyegin University Equal Opportunities Program

Within the scope of the Equal Opportunity in Education Scholarship Program carried out by Özyeğin University, a student's full scholarship is covered by ING.

Bilkent University Scholarship Program for Girls

Within the scope of Bilkent University Scholarship Program for Girls, support has been provided for the financial and moral needs of two students over a period of five years.

Darussafaka Educational Institutions

ING extended support to cover school expenses for the 2018-2019 academic year period in order to allow one graduate from the Darüşşafaka Educational Institutions to study abroad.

Orange Schools

Kahramanmaraş

ING has completed the project to renovate the Kahramanmaraş Dulkadiroğlu Karacasu Primary School with the support of the Ministry of National Education and UNICEF Turkey. The "Orange School", which was prepared for the 2016-2017 school year, continues to operate with the contributions of ING and Kahramanmaraş Provincial Directorate of National Education. In 2019, students' education expenses were supported by employee contributions.

Hatay

Harlısu Primary School, located in the Arsuz district of Hatay province, was designated as "Orange school" and the first support project was started with the initiative of the Mediterranean Regional Directorate. The transportation, electricity, heating and communication infrastructure needs as well as work to address the physical deficiencies of the school were met through the contributions of ING employees. Moreover, in 2019 the school was supported by books, stationery supplies, clothing and shoes in line with the needs of the pupils.

Ağrı

In the Diyadin district of Ağrı province, a new school, named Günbuldu Elementary School, was built and the decision was taken for this school to become an "Orange school" within the framework of the agreement made with the District Directorate of National Education. In addition, improvement work on six schools located in the same district was also carried out by ING.

Indices and Memberships

The ING Group commitment to conform with global responsibility standards, signed under the United Nations Global Compact in 2006, was reaffirmed with its inclusion in global sustainability indices such as the FTSE4Good and the Dow Jones Sustainability Index.

ING is;

- A signatory to the United Nations Women's Empowerment Principles (WEPs).
- A member of the Global Compact Turkey Sustainable Banking and Finance Working Group.
- A member of the TÜSİAD (Turkish Industry and Business Association) STEM (Science, Technology, Engineering, Mathematics) Working Group.
- A member of the Global Compact Turkey Women's Empowerment Working Group.
- A Signatory of the UN Responsible Banking Principles.
- A member of the YASED (International Investors Association) Women's Working Subgroup.
- A member of the Private Sector Volunteers Association of Turkey.
- A member of the Financial Literacy Association (FODER).

5- Creativity & Sports

ING aims to develop creativity and a culture of innovation through art. ING, "The Unchanging Color of Basketball" in Turkey, positions the investment made in this sport, which has a culture defined by struggle, perseverance and competition, as an important medium in terms of conveying messages to society.

ING has been the title sponsor of the ING Basketball Super League.

ING has supported the Turkish Basketball Super League, considered the finest basketball league in Europe, under the slogan of "the unchanging color of basketball" as the main sponsor from the 2014-2015 period, and carried this support under title sponsorship in 2019. With the agreement signed between the Turkish Basketball Federation and ING, ING has been the title sponsor of the ING Basketball Super League for 3 seasons. Having signed a comprehensive title sponsorship agreement in a mass sports branch, the Bank aims to highlight the harmony between basketball and ING's brand identity.

ING supports the arts by sponsoring events held by the Directorate General of State Opera and Ballet.

Acting in line with our mission of bringing the arts to the masses, we at ING Turkey act as the sponsor of various festivals and works staged by the Directorate General of State Opera and Ballet (DOBGM). ING is not only the main sponsor of the 10th International Istanbul Opera Festival and sponsor of the 2nd International Gaziantep Opera Festival, but also plays a leading role to bring the classics such as Romeo and Juliet and Man of La Mancha to art lovers.

Sponsorship of Baba Sahne

ING supports Baba Sahne, which has gained an important place in the city's culture and art life since its opening, as the main sponsor. Special advantages are offered to ING's clients in all plays produced and staged by Baba Sahne.

Sponsorship of Hillside.

ING sponsored Hillside, the pioneer of the leisure industry, in 2019. Within the scope of this cooperation, the Etiler, Olivium and Kipa Cinecity cinemas were renamed "ING Cinecity" and ING customers started to benefit from the services offered by Hillside brands at a privileged and discounted rate.

Corporate Governance

Board of Directors (As of 31 December 2019)

John T. Mc Carthy
Chairman of the Board of Directors

Adrianus J. A. Kas
Vice Chairman of the Board of Directors and Member of the Audit Committee

M. Semra Kuran
Member of the Board of Directors and Chairman of the Audit Committee

A. Canan Ediboğlu (*)
Member of the Board of Directors

Sali Salieski
Member of the Board of Directors

Pınar Abay (**)
CEO and Member of the Board of Directors

(*) A. Canan Ediboğlu has been appointed as Deputy Chief Executive Officer per the Board of Directors resolution No. 82/1 and dated 24 December 2019, starting from 1 January 2020.

(**) Chief Executive Officer and BoD Member of the Bank, Pınar Abay, has resigned from her duty as of 1 January 2020 to be appointed as Global Executive Committee Member of ING Group. Pınar Abay, has been appointed as the Member of the Board of Directors according to the Board of Directors resolution No. 2 and dated 6 January 2020.

Senior Management (As of 31 December 2019)

Pınar Abay (*)
CEO and Member of the BoD

Alper Hakan Yüksel (**)
Executive Vice President
Wholesale Banking

Alper İhsan Gökgöz
Executive Vice President
Retail Banking

Ayşegül Akay
Executive Vice President
Financial Institutions and Debt Capital Markets

Bohdan Robert Stepkowski
Executive Vice President
Financial Markets

Gordana Hulina (***)
Executive Vice President
Credits

Günce Çakır
Executive Vice President
Chief Legal Counsel

Ebru Sönmez Yanık (****)
Executive Vice President
Corporate Customers

İ. Bahadır Şamlı
Executive Vice President
Technology

İhsan Çakır
Executive Vice President
SME and Mid-Corporate Banking

İlker Kayseri
Executive Vice President
Treasury

K. Atıl Özus
Executive Vice President
Financial Control and Treasury

Meltem Öztürk
Executive Vice President
Human Resources

Murat Tursun
Chief Audit Executive
Internal Audit

Nermin Güney
Executive Vice President
Financial Risk Management

N. Yücel Ölçer
Executive Vice President
Operations

Öcal Ağar
Executive Vice President
Business Lending and Risk Analytics

(*) Chief Executive Officer and BoD Member of the Bank, Pınar Abay, has resigned from her duty as of 1 January 2020 to be appointed as Global Executive Committee Member of ING Group. Pınar Abay, has been appointed as the Member of the Board of Directors according to the Board of Directors resolution No. 2 and dated 6 January 2020.

(**) Corporate Banking Executive Vice President of the Bank, Alper Hakan Yüksel, has resigned from his duty as of 1 January 2020 to be appointed as Global Head of LAM Head for EMEA Region of ING Group.

(***) Credits Executive Vice President of the Bank, Gordana Hulina, has resigned from her duty and has been appointed as the Head of Financial Risk Management of ING Belgium and Luxemburg starting from 15 January 2020.

(****) Corporate Customers Sales Executive Vice President of the Bank, Ebru Sönmez Yanık, has resigned from her duty as of 14 January 2020.

Information on Governance and Corporate Governance Practices

The Chairman and Board Members, Appointment Dates, Areas of Responsibility, Education and Experience

The Chairman and Board members of the Bank, as of 31 December 2019 were as follows:

Name and Surname	Title	Appointment Date	Responsibility	Education	Experience	Experience in the sector
John T. Mc Carthy	Chairman of the BoD	25.12.2007	As stated in the Law	Masters	Worked in various private banks	49 years
Adrianus J. A. Kas (*)	Vice Chairman of BoD and Audit Committee Member	01.01.2016 (*)	As stated in the Law	University	Worked in various public companies and the ING Group.	31 years
M. Semra Kuran (*)	BoD Member and Chairman of the Audit Committee	12.03.2018 (*)	As stated in the Law	University	Worked in various private companies.	22 years
A. Canan Ediboğlu (**)	BoD Member	30.03.2010	As stated in the Law	Masters	Worked in various private companies.	40 years
Sali Salieski	BoD Member	07.08.2019	As stated in the Law	Masters	Worked in the ING Group.	15 years
Pınar Abay (***)	Chief Executive Officer and BoD Member	01.10.2011	As stated in the Law	Masters	Worked in the global management consultancy company.	19 years

(*) The Bank's Ordinary General Assembly meeting was held on 21 March 2019. With the division of duties resolution, no. 18/1, dated 21 March 2019, M. Semra Kuran was elected as Chairman and Adrianus Johannes Antonius Kas was elected as member of the Audit Committee.

(**) A. Canan Ediboğlu has been appointed as Deputy Chief Executive Officer per the Board of Directors resolution No. 82/1 and dated 24 December 2019, starting from 1 January 2020.

(***) Chief Executive Officer and BoD Member of the Bank, Pınar Abay, has resigned from her duty as of 1 January 2020 to be appointed as Global Executive Committee Member of ING Group. Pınar Abay, has been appointed as the Member of the Board of Directors according to the Board of Directors resolution No. 2 and dated 6 January 2020.

Explanations on the Bank Shares Owned by the Chairman and Board Members, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents of the Bank, If Any

The shareholders and capital structure of the Bank as of 31 December 2019 was as follows:

Name Surname / Commercial Title	Share Amount TL	Share Percentage (*)	Paid in Capital TL	Unpaid Amount TL
ING Bank N.V. (*)	3,486,267,793	100.00	3,486,267,793	-
John T. Mc Carthy	1	0.00	1	-
A. Canan Ediboğlu	1	0.00	1	-
Sali Salieski	1	0.00	1	-
Adrianus J. A. Kas	1	0.00	1	-
Total	**3,486,267,797**	**100.00**	**3,486,267,797**	**-**

(*) The main shareholder is ING Bank N.V., and each of the four Board Members holds one share with a nominal value of TL 1 (full TL).

The Chief Executive Officer and Executive Vice Presidents have no shares in the Bank.

The Chief Executive Officer and Executive Vice Presidents, Appointment Date, Responsible Areas, Education and Experience

The chief executive officer and executive vice presidents of the Bank as of 31 December 2019 are listed below:

Name and Surname	Title	Appointment Date	Responsibility	Education	Experience	Experience in the Sector
Pınar Abay (*)	Chief Executive Officer and Board Member	01.10.2011-31.12.2019		Masters	Worked in a global management consultancy company.	19 years
Alper Hakan Yüksel (**)	Executive Vice President	01.07.2015-01.01.2020	Wholesale Banking	Masters	Worked in various private companies and private banks.	29 years
Alper İhsan Gökgöz	Executive Vice President	01.01.2018- Continuing	Retail Banking	Masters	Worked in a global management consultancy company.	14 years
Ayşegül Akay	Executive Vice President	26.10.2010-31.12.2019	Financial Institutions and Debt Capital Markets	University	Worked in various private companies and private banks.	30 years
Bohdan Robert Stepkowski	Executive Vice President	26.01.2016- Continuing	Financial Markets	Masters	Worked in various private companies and private banks.	30 years
Gordana Hulina (***)	Executive Vice President	09.06.2016-15.01.2020	Credits	Masters	Worked in a private bank.	25 years
Günce Çakır	Executive Vice President	22.01.2018- Continuing	Legal Affairs	Masters	Worked in various private companies and private banks.	22 years
Ebru Sönmez Yanık (****)	Executive Vice President	04.05.2016-14.01.2020	Corporate Customers	Masters	Worked in a management consultancy company and in various private banks.	21 years
İ. Bahadır Şamlı	Executive Vice President	03.05.2012- Continuing	Technology	Masters	Worked in various private companies and private banks.	26 years
İhsan Çakır	Executive Vice President	02.04.2012- Continuing	SME and Mid-Corporate Banking	Masters	Worked in various private companies and private banks.	26 years
İlker Kayseri	Executive Vice President	20.05.2016- Continuing	Treasury	Masters	Worked in various private companies and private banks.	21 years
K. Atıl Özus	Executive Vice President	01.11.2017- Continuing	Financial Control and Treasury	University	Worked in a global audit company and in various private banks	26 years
Meltem Öztürk (*****)	Executive Vice President	30.10.2019- Continuing	Human Resources	University	Worked in various private companies and management consultancy company	23 years
Murat Tursun	Chief Audit Executive	12.03.2016- Continuing	Internal Audit	Masters	Worked in a private bank.	21 years
Nermin Güney	Executive Vice President	08.11.2018- Continuing	Financial Risk Management	University	Worked in various private companies and private banks.	20 years
N. Yücel Ölçer	Executive Vice President	01.09.2017- Continuing	Operation	Masters	Worked in a global management consultancy company.	19 years
Öcal Ağar	Executive Vice President	01.01.2019- Continuing	Business Lending and Risk Analytics	Masters	Worked in various public and private banks.	21 years

(*) Chief Executive Officer and BoD Member of the Bank, Pınar Abay, has resigned from her duty as of 1 January 2020 to be appointed as Global Executive Committee Member of ING Group. A. Canan Ediboğlu has been appointed as Deputy Chief Executive Officer per the Board of Directors resolution No. 82/1 and dated 24 December 2019, starting from 1 January 2020. Pınar Abay, has been appointed as the Member of the Board of Directors according to the Board of Directors resolution No. 2 and dated 6 January 2020.

(**) Corporate Banking Executive Vice President of the Bank, Alper Hakan Yüksel, has resigned from his duty as of 1 January 2020 to be appointed as Global Head of LAM Head for EMEA Region of ING Group. Financial Institutions and Debt Capital Markets Executive Vice President of the Bank, Ayşegül Akay, has been appointed as the Executive Vice President for Corporate Banking and Executive Committee Member per the Board of Directors resolution No. 79/1 and dated 18 December 2019. She started her duty as of 1 January 2020.

(***) Credits Executive Vice President of the Bank, Gordana Hulina, has resigned from her duty and has been appointed as the Head of Financial Risk Management of ING Belgium and Luxemburg starting from 15 January 2020. Business Lending and Risk Analytics Executive Vice President of the Bank, Öcal Ağar, has been appointed as Credits Executive Vice President and Executive Committee Member per the Board of Directors resolution No. 79/1 and dated 18 December 2019, after completion of the BRSA process, he started his duty as of 15 January 2020.

(****) Corporate Customers Sales Executive Vice President of the Bank, Ebru Sönmez Yanık, has resigned from her duty as of 14 January 2020.

(*****) Human Resources Executive Vice President Bahar Özen, has resigned from her duty as of 31 May 2019. Meltem Öztürk has been appointed as Human Resources Executive Vice President per the Board of Directors resolution No. 64/1 and dated 25 October 2019.

Committees

Information about the Credit Committee, Audit Committee, Corporate Governance Committee, Compensation Committee and committees organized under the scope of Risk Management is as follows:

Credit Committee

The Credit Committee is responsible for reviewing loan proposals and approving those whose results yielded a positive evaluation and which are within the authorization limits as determined by the Board of Directors in accordance with the legal boundaries and banking regulations.

As of 31 December 2019, the Credit Committee consisted of the following members:

- John T. Mc Carthy, Chairman (Chairman of the BoD)
- Pınar Abay, Member (Chief Executive Officer and BoD Member)
- A. Canan Ediboğlu, Member (BoD Member)

Audit Committee

The duties and responsibilities of the Audit Committee have been determined in accordance with the provisions of the Regulation on Banks' Internal Systems and Internal Capital Adequacy Evaluation, promulgated in issue 29057 of the Official Gazette, dated 11 July 2014 and other relevant regulations.

As of 31 December 2019, the Audit Committee consisted of the following members:

- M. Semra Kuran, Chairman (BoD Member)
- Adrianus J. A. Kas, Member (Vice Chairman Of The Board Of Directors)

The Audit Committee was reassigned with the decision of the Board of Directors dated 21 March 2019 and no. 18-1.

Corporate Governance Committee

As of 31 December 2019, the Corporate Governance Committee consisted of the following members in accordance with the Banking Law and Regulation on the Corporate Governance Principles of Banks:

- A. Canan Ediboğlu, Chairman (BoD Member)
- John T. Mc Carthy, Member (Chairman of the BoD)

Compensation Committee

The Compensation Committee was redesigned in accordance with the decision 18-1 of the Board of Directors dated 21 March 2019. As of 31 December 2019, the Compensation Committee consisted of the following members in accordance with the Banking Law and Regulation on the Corporate Governance Principles of Banks:

- John T. Mc Carthy, Chairman (Chairman of the BoD)
- A. Canan Ediboğlu, Member (BoD Member)

Executive Committee

The Executive Committee was established to carry out the requirements of the BRSA Regulation on Internal Systems of Banks and the Regulation on Corporate Governance Principles of Banks. As of 31 December 2019, the Executive Committee consisted of the following members:

- Pınar Abay, Chairman (Chief Executive Officer and BoD Member)
- İhsan Çakır, Member (Executive Vice President, SME and Mid-Corporate Banking)
- İ. Bahadır Şamlı, Member (Executive Vice President, Technology)
- Alper İhsan Gökgöz, Member (Executive Vice President, Retail Banking)

- N. Yücel Ölçer, Member (Executive Vice President, Operations)
- Alper Hakan Yüksel, Member (Executive Vice President, Wholesale Banking)
- Gordana Hulina, Member (Executive Vice President, Credits)
- Meltem Kalender Öztürk, Member (Executive Vice President, Human Resources)
- K. Atıl Özus, Member (Chief Financial Officer, Financial Control and Treasury)

Asset and Liability Committee

The main responsibility of the Asset and Liability Committee is to evaluate and manage balance sheet developments, perform risk management and ensure that appropriate actions are taken by the responsible parties.

Risk limit proposals are evaluated by the Asset and Liability Committee whose members include the CRO and CEO. These limits are presented for the approval of the Board of Directors after the notification of the Audit Committee. The Asset and Liability Committee regularly revises risk limits and adjusts the limits according to changes in market conditions and the Bank's strategy.

As of 31 December 2019, the following members were serving on the Asset and Liability Committee:

- Pınar Abay, Vice Chairman (Chief Executive Officer and BoD Member)
- K. Atıl Özus, Chairman (Chief Financial Officer, Financial Control and Treasury)
- İhsan Çakır, Member (Executive Vice President, SME and Mid-Corporate Banking)
- Gordana Hulina, Member (Executive Vice President, Credits)
- İlker Kayseri, Member (Executive Vice President, Treasury)
- Alper Gökgöz, Member (Executive Vice President, Retail Banking)
- Alper Hakan Yüksel, Member (Executive Vice President, Wholesale Banking)
- Nermin Güney, Member (Executive Vice President, Financial Risk Management)

All committees hold meetings as required in accordance with their duties.

The Audit Committee held meetings and shared information with the managers of the units within the scope of internal systems in line with the agenda determined in advance in 2019. In addition, the Audit Committee merged with the head of the Internal Audit to assess the developments and findings and share information related with the audit activities.

Meetings of the Board of Directors are regulated under Article 19 of the Bank's Articles of Association entitled "Distribution of Duties, Meetings and Resolutions of the Board of Directors". Meetings of the Board of Directors are performed with a majority and take resolutions with a majority of the participants.

Unless the Chairman, Vice Chairman or any of the members request negotiation, resolutions can be taken with the written consent of others over a specific recommendation.

A participation rate of almost 100% was achieved among members of the Board of Directors, Audit Committee and Credit Committee in committee meetings.

Credit Committee decisions are taken directly if there is a unanimous decision, or presented for the approval of the Board of Directors if a majority provides consent.

Human Resources and Training at ING

The ING Human Resources Directorate is focused on three key issues to promote ING’s strategies.

First of all, the talent cycle of employees is supported at the highest level at every stage. The talent cycle is a process that begins with hiring and enhancing human resources which will bring ING and themselves one step ahead in compliance with the Orange Code.

In 2019, final year students at some of Turkey’s leading universities showed great interest in the ITP (International Talent Program) program, which was established to raise ING leaders of the future.

The second issue which the ING Human Resources directorate focuses on is to improve the corporate climate a way that will help employees be happier, productive and creative. In a rare example of such a practice in the sector, ING implemented a roadmap in the corporate culture and leadership climate. Within the scope of the program carried out, the resultss were positively reflected to both the financial results and on climate and employee commitment surveys.

Finally, the Human Resources team has accomplished many innovations with its employee experience in parallel with ING's innovative genetic code and improved its working environment to be a role model in the sector.

Recruitment Processes

The priority of ING Human Resources is to accurately transfer the employer brand to the target audience, to recruit young talent and experienced professionals to ING and to find and hire the most suitable candidates for the positions in the fastest way through recruitment processes that care about the candidate experience. In addition to the technical knowledge and skills required by the relevant job description, compliance with ING's “Step-up” performance culture, ethics and Orange Principles (undertaking and performing, helping others succeed and always being one step ahead) are also evaluated.

It is essential that all open positions are first announced in-house and that ING employees are offered different career opportunities.

All evaluation and decision processes are carried out in line with the principles of equality, fairness and diversity. In 2019, a total of 340 ING employees applied for career opportunities, switching to different branches and positions, and 40 employees who submitted internal applications by taking the helm of their career were promoted to executive positions.

With its colourful corporate culture, flexible working conditions and global career opportunities, ING was one of the most striking brands at university campuses in 2019 and was introduced to students at hundreds of events. The bank meets university students through virtual and face-to-face interviews, workshops and case studies, career stories and company visits, and helps them acquire the knowledge and skills they will need to go one step further in their careers. In this way, ING discovers young talent before graduation and offers these young people internships, part-time and periodic work opportunities.

In line with ING’s strategies and transformation, experienced and newly graduated candidates with a high digital focus, engineering and analysis skills, coding, artificial intelligence, and data science knowledge were given priority in the 2019 recruitment processes. Twenty new graduates joined ING under the digital recruitment process carried out within the scope of the "Data Science Talent Program".

Within the scope of the "Sales Trainee" program, which is organized with the aim of raising targeted, young and dynamic teammates, and who will work closely with customers, to work as sales staff at branches, 100 new graduates joined the teams and were assigned to portfolio management roles in the branches.

The "International Talent Program (ITP)", which aims to train global ING leaders, aims to transfer newly graduated ING employees whose development is supported by international training and tasks to senior management roles. Within the program, new graduates from countries where the ING Group operates are selected every year and these young people are trained in areas of their choices. After a four-year program which includes international training programs, internationally accredited certificate programs, domestic and global rotation opportunities, young talented individuals continue their careers taking into consideration the alternatives at ING global. As part of the Program, 18 new graduates joined ING teams in 2019 and began their training.

Career Management Process

ING has adopted the principle of primarily meeting its needs for experienced human resources from its existing employees in order to support the development of its existing employees, to enable them to progress in their careers and to strengthen its corporate culture.

The Bank supports this goal at the highest level by implementing two different career programs that complement each other. The first is the "Career Steps" program, which has been implemented since 2013 to further invest in the career goals of employees working in the branches.

ING is committed to adopting a rigorous approach to the performance of its employees, their strengths and weaknesses, their tendencies and aspirations, and offer them positions accordingly which will utilize the capabilities. The Bank provides guidance to employees to help them structure their future. This program has established a success oriented system to support their development with a chance of being transferred to other business lines in the Bank and to meet the needs for human resources within the Bank.

Career Opportunities is another program implemented by ING to provide its employees with suitable career opportunities.

The Career Opportunities program which was introduced in 2013 principally to announce career opportunities in the head office units, is a process in which the Bank's needs are shared transparently with all employees, and employees are encouraged to put themselves forward as candidates. In 2019 the implementation of the program continued with its content being expanded. As of 2019, all positions without exception continued to be announced through this process.

Career opportunities are announced on the ING intranet, which supports the utilization of employees' skills in different areas in the Bank, enabling appointments to different units and through which employees have the opportunity to acquire new talents and abilities thanks to rotation. All of the Bank's vacant positions, including but not limited to management and unit management positions, are announced in the Career Opportunities website, and everyone is provided equal opportunities under a fair assessment process. In addition, access is provided to different career opportunities where candidates may use their knowledge, skills and competence.

In addition to these positions, in order for the employees to acquire new experience and to identify appropriate opportunities for them, the "Orange Guest" program was launched, where employees can leave their current departments for a certain duration and go to a different department. This program also enhances communication and synergy between teams, and supports individuals' personal and career development.

Promotion Process

The promotion process at ING has been tailored to ensure that all employees who can work with a higher title are promoted within the framework of staff opportunities with high performance behaviour, professional knowledge and skills, education level and awareness of responsibility in order to adequately take account of qualified human resources.

In 2019, a total of 528 employees were promoted, 112 in the branches and in the regional offices, 415 in the Head Office. Moreover, 100% of the branch managers appointed in 2019 were from within the Bank.

Training and Talent Management Programs

ING employees receive continuous support with training from their first working day. ING ensures performance development by professional and personal development training programs planned to increase employees' knowledge and skills in their existing or future positions, and these skills are diversified with in-class training and digital training methods.

Customized in-class training programs have been designed for branch employees based on their specific business lines. The programs, which are enriched with on-the-job, virtual classroom, video and distance learning are designed in line with the ING strategies. In 2019, more than 1,500 ING employees participated in branch training programs and more than 5 days per employee of in-class training was organized. In addition, within the scope of continuous learning and digitisation, one of ING's main strategies, an average of 9 hours of distance learning was provided per person.

By providing the opportunity to participate in the training from any location at any time, both the provision of existing classroom training in a virtual environment and distant retention studies following the training continued to increase the effectiveness of technology-based systems.

Management Development Programs are designed especially for all management levels. The "Thinking Forward Leadership Experience" program which is intended to roll out the leadership culture across all countries where ING is active was organized in Turkey in 2018 and held again in 2019 with the participation of all managerial level employees at the Headquarters.

With the Way of LeadING program at ING, employees who have been appointed as managers for the first time or who have joined ING as new managers are targeted to gain competencies that will enable them to be one step ahead in developing themselves, their teams and their businesses through the modular training program. 180 managers have embarked on an experiential leadership journey with the Unique Leaders Program designed with the teachings of nature, exclusive to branch managers.

Within the scope of ING's data-driven strategy, the 1-year long Data Science Certificate Program was initiated in cooperation with Özyeğin University, one of Turkey's leading universities.

The first graduates of the program, which was prepared by the university specifically for ING, were awarded their Data Science Certificates in 2019 after completing the intensive training program and the projects they will develop based on the Bank's needs. The ING students who successfully completed the program and have been awarded certificates will have the opportunity to specialize in their fields by continuing their graduate and doctoral programs at Özyeğin University. TrainING/LeadING Week (training festival weeks), organized for all employees who have worked at the ING Headquarters for the last 2 years, where they can develop themselves on personal development and leadership issues, continues to be held as a first in the sector.

A total of 2,000 participants participated in 1,000 different training sessions, workshops and quiz shows, which provided employees with the opportunity to choose their own field of development.

The 11th ING Practica Talent Camp event was held in the ING Headquarters building to allow young talented individuals who are undergraduates or graduates in their final year at university to become acquainted with business life, establish a dialogue with managers and to bring them into ING when they graduate, and approximately 91 students were able to take part in this camp.

Among the young talent seeking a career in sales in the branches, 55 individuals completed the 2.5-month long training program as an SME Plus and 25 individuals as a Mid-Corporate Banking ST (Sales Trainee), and have started to work in their branches.

In order to raise ING leaders of the future, the ITP (International Talent Program) is held regularly every year. With the 18 graduates who joined to the Bank in 2019, the number of ITP employees reached 88. The ITP employees undergo various rotation programs at ING for one year according to their selected career path, and join an international rotation project (STA-Short Term Assignment) in another country where ING is active. In 2019, 18 ITP employees were assigned on international projects.

Corporate Culture

ING Group continuously monitors the corporate climate and employee commitment with two worldwide surveys: OHI (organizational health index) and WPC (Winning Performance Culture).

The OHI survey is a global survey which aims to obtain a clear idea of the organization's health, measure its ability to stand behind common goals and succeed in the long term. The survey, which focuses on key organizational skills and abilities such as leadership, innovation and learning, also looks at how to relate to customers and the outside world.

The WPC survey measures the employee's relationship with the organization, their drive to achieve goals, how much they work in a productivity-supporting environment and how much they maintain their personal happiness. Employee loyalty is measured in a more emotional way, with necessary actions planned according to the results and the subsequent development is then followed.

These studies, which play a key role in the implementation of ING's “Thinking Forward” strategy and identify areas of development which will greatly affect the targeted performance culture across ING, help determine the steps to be taken towards the roadmap.

In this context, the OHI Live survey, which was conducted in three series in 2019, focused on the level of loyalty of employees and directed the future work and priorities of the institution. OHI Live and OHI Classic survey conducted in September, and Pulse surveys conducted twice a year were combined under the umbrella of Continuous Listening.

The Continuous Listening program is a tool that transforms the corporate culture and leadership climate at the Bank into an organization where people love to work at and proud to be a part of, and at the same time enables employees to make their success sustainable. In order to successfully execute the program at ING, meetings were held with the senior and regional management of each business line, results of the surveys performed during the year were assessed and awareness was created.

With its culture and working environment, the Bank’s aim is for its employees to be able to say “İyi ki ING’liyiz” (“Glad to be at ING”), and the Bank aims to maximize its employee loyalty through various sustainable and leading actions to be the most admired bank.

Performance Management and Remuneration

ING believes that profitability and growth improve when employees have measurable targets and share a common success culture by working together.

The Step Up performance process, which is a real-time development and progress process, helps each ING employee reveal their hidden potential by questioning themselves more, while providing an opportunity to raise their self-awareness and develop their competence with a feedback culture.

In this vein, the ING performance management system, “Success@ING”, is aimed at assessing all employees under the headings of the business objectives, behaviours representing the Orange Code and targets that transcend borders. It is designed to use the results as data for employees' career opportunities, talent programs, training plans, wage and benefits applications.

ING has a written remuneration policy which is consistent with the scope and structure of its activities, strategies, long-term objectives and risk management structures to prevent excessive risk taking and to contribute to effective risk management. This policy is competitive, fair and consistent in parallel with the contributions that employees provide to ING. The remuneration policy sets out the remuneration principles and rules which apply to the Board of Directors, the Chief Executive Officer, the Executive Committee, ING's senior management, including the Executive Vice Presidents, and all bank employees.

The effectiveness of the related policy is reviewed at least once a year by the Compensation Committee, which consists of two non-executive Board members. The Committee evaluates the remuneration policy and its implementation within the framework of risk management principles and submits its recommendations to the Board of Directors annually in a report. During the process of carrying out of the relevant review, the Board and Compensation Committee focus on ING's transparency, performance criteria and measurement, as well as the prevention of excessive risk taking.

The Board of Directors ensures that the remuneration of the board members, senior management and other relevant personnel (in accordance with the applicable regulations) is in line with ING's ethical values, internal balances and strategic objectives. The responsibilities assigned to the members of the committee, which is composed of the members of the Board of Directors, are taken into account.

ING's remuneration structure consists of fixed and variable wages. In the event that a decision is made by the Board of Directors to pay a bonus, a variable salary is entitled based on performance and within the framework of the criteria determined based on the working period. Criteria related to the job descriptions and distributions of employees and performance-based incentive payments are determined and announced by senior management.

Payments to employees in the internal control, inspection and risk management units are determined independently of the performance of the units they control or carry out their supervision and the performance of the employee's own function is taken into account in this respect.

The association between variable remuneration and performance is based on financial and non-financial performance criteria determined by ING. In these criteria, various parameters such as the return on capital, profitability, efficiency and customer satisfaction ratio are taken into account.

In evaluating the performance of qualified employees, besides their personal goals, the performance criteria of ING and ING NV are taken into consideration together and may vary depending on the person. The principles of accuracy, loyalty and mutual trust are taken as a basis in the variable salaries which ING will pay to employees. In the event of actions or omissions that may result in material/moral damage to ING, loss of reputation or violation of legislation, the variable salaries to be paid to the employee may be withdrawn, postponed or cancelled.

The method of payment of variable salaries for qualified employees is determined within the framework of the principles on "guidance on good remuneration practices in banks". At least 40% of the variable salary shall be deferred for a period of not less than 3 years and at least 50% is paid in non-cash form (shares of ING NV).

Branch employees are entitled to a bonus within the framework of the success showcase report card created at the beginning of each quarter within the framework of the targets set by their business lines and their performance in return, and the premium amounts are paid to them at the end of each quarter.

Within the framework of the Guidance on Good Remuneration Practices in Banks, members of the senior management and ING staff deemed to be performing a function which has a significant impact on the Bank's risk profile were classified as qualified employees. At the end of 2019, a total of 19 qualified employees were working at ING.

The share of variable wages paid for performance, including all top managers, within total personnel expenses, was 10.3%.

The Working Environment at ING

ING's FlexING program, "New Wine in Old Bottles", which provides the banking sector with flexible working models and aims to increase employee commitment and efficiency was further improved in 2019.

Flexible hours and flexible work place applications which increase employee loyalty and contribute to the work-life balance were expanded to include all employees in the head office and the subsidiaries.Thus, this program also provided employees with the chance to work flexible hours for 5 days in a week, or to work outside of the office for 2 days in a week.

In an effort to expand this practice at its branches, ING started implementing the flexible work model on a pilot basis in 42 branches in 2017, and all branches adopted the model in 2018. Additionally the branches are offered additional benefits where employees can come to work 1 hour late, or leave 1 hour early twice a month, as well as flexibility in work attire, where they can wear jeans to work on Fridays.

Furthermore, with Flexi 35, employees were given the chance to work in the İzmir office for a period of 10 days either consecutively or at different times.

This application helps employees with children plan a more comfortable vacation plan with their children during the summer, if they wish.ING's innovative human resources practices continue with the support provided to women employees. In the HeforShe dinners organized within the scope of the UN's "HeforShe" campaign, different groups of ING women come together and share ideas on how to improve the work-life balance.

Taking on board the feedback during these conversations, and in order to support the work-life balance of ING mothers and fathers and ensure they spend more time with their families, special "Orange Day with my Child" and "I'm Having a Baby" days off were introduced in 2016, following the introduction of special leave for "First Day of School", which was introduced in 2015.

As part of the "Me and My Child" leave:

- The "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 mothers and fathers to spend one day with their children, regardless of age, as they wish;
- The "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, employees with a newborn baby are granted six months' maternity leave. Fathers with newborn babies are granted 10 days of paternity leave which can be used any time within one year, so they can spend time with their children.

Parents whose children are starting kindergarten are entitled to one full day of leave on the first day of the week the nursery is opened, and a half day off on the remaining days.

Another right of leave, called "Orange Cap", started to be applied in 2018. Parents working at ING are allowed to be with their children on their graduation.

Breastfeeding rooms, which started to be installed in 2017, were completed in the Headquarters, the İOTM, Kahramanmaraş Operation and Call Center and at 135 branches in all regions by the end of 2019.

Help for mothers and expectant mothers include a full day off for pregnant employees for their monthly pre-natal check-up and the right work for half an hour less per day, nursing leave, psychological support for those with infants under the age of 12 months, and exemption from night shifts for 3 years in departments which require employees to work the night shift, such as the Customer Solution Centre.

With the application of "Welcome to ING", new members of the family are entitled to take five days off work in their first year.

With "Health First", 10 days of administrative leave is provided for employees if any of their 1st or 2nd degree relatives are in hospital.

Established in Kahramanmaraş in 2015 with the IKON brand with the aim of resolving employees' requests at first contact and facilitating human resources processes, the HR Service Center resolved 10,249 online requests and 18,050 calls received through calls within the same day during 2019.

By providing employees with a pleasant workplace environment, including in the ING Head Office building which was renewed in 2016, in its digitalized and modernized concept branches, and in the Kahramanmaraş Operation Centre where a new sports hall was opened, ING moves towards its target of becoming a company where people most want to work.

ING rewards employees who make a difference by touching human life and who are an example with their behaviour, with the Bank's "Glad to be (İyi Ki)" Awards. In parallel to the Orange Code, the awareness-raising effect of employees, who have taken the time and action to help others succeed, and who stand out a step further, is positively reflected to the corporate culture.

Information on the Transactions the Bank Carries out with its Risk Group

The Bank’s relations with the risk group in which it is included cover all kinds of banking transactions within the framework of the bank-customer relationship and within market conditions, in accordance with the Banking Law.

Details of the transactions with the risk group are included in footnote VII of Section 5 of the Disclosures and Footnotes of the Consolidated Financial Statements dated 31 December 2019 and the Disclosures and Footnotes on Unconsolidated Financial Statements.

Information on the Activity Areas of Support Service and the Persons and Organizations from which the Service was received In accordance with the Regulation on Support Services to Banks and Authorization of Support Service Organizations

At the end of 2019, in addition to the companies included in the table, support services were obtained for the retail loan operations from 2,207 stores and dealers.

Number	Support Service Provider	Description of the Support Service Area
1	NN Hayat ve Emeklilik A.Ş.	Bancassurance
2	Enforsec Bilgi Güvenliği Yazılım Bilişim Danışmanlık Ltd. Şti.	Information Systems
3	Fineksus Bilişim Çözümleri Ticaret Anonim Şirketi	Information Systems
4	IBM Global Services İş ve Tek. Hiz. ve Tic. Ltd. Şti.	Information Systems
5	İdeal Bilişim Hizmetleri San. ve Tic. Ltd. Şti.	Information Systems
6	Lostar Bilgi Güvenliği A.Ş.	Information Systems
7	SimAnt Bilgi İşlem San. ve Tic. Ltd. Şti.	Information Systems
8	Creditinfo UK Limited	Retail Banking
9	CSI Teknoloji Pazarlama Danışmanlık ve Ticaret Anonim Şirketi	Retail Banking
10	GNY Tanıtım İletişim Hizmetleri ve Dış Ticaret Ltd. Şti.	Retail Banking
11	Hangisi İnternet ve Bilgi Hizmetleri A.Ş.	Retail Banking
12	Konut Kredisi Com Tr Danışmanlık A.Ş.	Retail Banking
13	Be Bireysel Hiz. San. Tan. Oto. Tur. Bilş. Nak. ve Dış Ticaret Ltd. Şti.	Call Center
14	CMC İletişim ve Çağrı Merkezi Hizmetleri A.Ş	Call Center
15	Comdata Teknoloji ve Müşteri Hizmetleri A.Ş.	Call Center
16	Pluscom İletişim A.Ş.	Call Center
17	Sestek Ses ve İletişim Bilgisayar Teknolojileri San. Tic. A.Ş	Call Center
18	Pronet Güvenlik Hizmetleri A.Ş.	Security Services
19	TEPE Savunma ve Güvenlik Sistemleri Sanayi A.Ş.	Security Services
20	Mirsis Bilgi Teknolojileri Ltd.Şti.	Internal Control Group
21	FİGO Ticari Bilgi ve Uygulama Platformu A.Ş.	Working Capital Solutions
22	Key Internet Hizmetleri Bilgisayar Yazılım Donanım Mühendislik Müşavirlik San. Ve Tic. Ltd. Şirketi (Key Yazılım Çözümleri A.Ş.)	Loan Allocation
23	dFlora Bilişim Danışmanlık Ltd.Şti.	Customer Relations Management
24	F.I.T. Bilgi İşlem Sistemleri Servisleri San. ve Tic. A.Ş.	Cash Management
25	D.T.P Bilgi İşlem İletişim ve Ticaret A.Ş.	Cash Management and Trade Finance
26	3-D Bilişim Teknolojileri Danışmanlık ve Teknik Servis Ltd. Şti.	Operational Services
27	Aras Kurye Servisi A.Ş.	Operational Services
28	Arçelik Pazarlama A.Ş.	Operational Services
29	ATM Dış Ticaret Pazarlama A.Ş. (Joker)	Operational Services
30	Austria Card Turkiye Kart Operasyonları A.Ş.	Operational Services
31	Bilişim Bilgisayar Hizmetleri Ltd. Şti.	Operational Services
32	CBRE Emlak Danışmanlık Ltd.Şti.	Operational Services
33	Datasafe Arşivleme Hizmetleri A.Ş.	Operational Services
34	Desmer Güvenlik Hizmetleri A.Ş.	Operational Services
35	DM Partner Doğrudan Pazarlama ve Satış A.Ş.	Operational Services

Number	Support Service Provider	Description of the Support Service Area
36	Eksi Bir Artı Bir Yazılım Danışmanlık San. Ve Tic. A.Ş. (P1M1)	Operational Services
37	FU Gayrimenkul Danışmanlık A.Ş.	Operational Services
38	Fujifılm Dış Ticaret A.Ş.	Operational Services
39	İpoteka Gayrimenkul Yatırım Danışmanlık A.Ş.	Operational Services
40	Karaca Home Collection Tekstil San. Tic. A.Ş.	Operational Services
41	Karaca Züccaciye Ticaret ve San A.Ş.	Operational Services
42	Kurye-net Motorlu Kuryecilik ve Dağıtım A.Ş.	Operational Services
43	Liderler Paz. İth. İhr. San ve Tic. Ltd. Şti. (Modalife)	Operational Services
44	Loomis Güvenlik Hizmetleri A.Ş.	Operational Services
45	Migros A.Ş.	Operational Services
46	MTM Holografi Güvenlikli Basım Bil. Tek. A.Ş.	Operational Services
47	Postkom Basım Posta ve İletişim Hizmetleri A.Ş.	Operational Services
48	Payten Teknoloji A.Ş.	Operational Services
49	Plastik Kart Akıllı Kart İletişim Sistemleri Sanayi ve Ticaret A.Ş.	Operational Services
50	Schafer (Aslan Ticaret Dayanıklı Tüketim Malları Ltd. Şti.)	Operational Services
51	Tarentum Yazılım ve Danışmanlık A.Ş.	Operational Services
52	TeknoSA İç ve Dış Ticaret A.Ş.	Operational Services
53	Telekurye Dağıtım ve Kurye Hizmetleri A.Ş.	Operational Services
54	TT Mobil İletişim Hizmetleri A.Ş.	Operational Services
55	Vivense Teknoloji Hizmetleri A.Ş.	Operational Services

Evaluation of the Operations of the Audit Committee, Internal Audit, Financial Risk Management, Non-Financial Risk Management and Internal Control Systems

Internal Audit

In 2019, the Internal Audit department carried out activities to ensure that the activities of the Bank and its subsidiaries subject to consolidation were executed in line with the laws and other related legislation, as well as with internal strategies, policies, principles and objectives and ING Group policies and regulations, while ensuring that internal control and risk management systems were efficient and sufficient, to provide assurance to the Bank's senior management.

In line with the Regulations on the Internal Systems and Internal Capital Adequacy Assessment Process of the Banks, Application Controls and General Information System Controls (COBIT) are defined as controls for information systems and internal audit studies are performed.

The measures that can be taken and the precautions which can be put in place for dealing with the deficiencies, errors and risks determined following periodical and risk based internal audits carried out in all activities, branches, the Head Office units, processes and the subsidiaries subject to consolidation of the Bank were evaluated mutually with the relevant unit managers. Accordingly, solutions are being prepared to increase the quality of service in dialogue with the business units in order to realize a more effective control environment and risk management structure

Financial Risk Management

In addition to regular legal and internal reporting operations, the Financial Risk Management Department works with business units in their existing activities and performs independent analytical studies. It acts as a guide in the determining, monitoring, measurement and management of risks and carries out the necessary measures through the Audit Committee.

2019 has been an effective and intensive year of risk management activities. The Financial Risk Management department has worked in coordination with the business units for the implementation of legal regulations concerning risk management in the Bank.

Market Risk Management

Market risk is managed under banking accounts and trading accounts with different product guidelines and risk limits approved by the Board of Directors; and these limits are monitored regularly and the results of the measurements are shared with the Senior Management and the Board of Directors.

The work carried out under the heading of market risk management in 2019 is summarized below:

Asset Liability Risk Management

"Risk Control and Self-Assessment" related to interest rate and liquidity risks is carried out with the business lines and all business lines in addition to risk parties included in the risk assessment process and risk ownership process.

Regular information was shared regarding the impacts of changing policies and procedures on business activities and risk management styles.

The risk profile of banking accounts has been updated in accordance with changing requirements and legal constraints.

Risk measurement methodologies under the umbrella of interest rate risk and liquidity risk in banking accounts have been revised to comply with relevant international regulations and Group policies, and the relevant risk appetite has been updated within the scope of annual assessment.

In order to ensure that the liquidity risk related to funding is managed in a proactive manner, the risk thresholds and early warning signals determined for deposit movements continue to be monitored.

The Emergency Funding Plan (ADFP) was reviewed and updated with Risk Mitigation Techniques and Monitoring Indicators, and periodic tests on the consistency of the process were completed.

Analysis of asset and liability items, including different customer behavioral characteristics such as interest rate sensitivity and optionality was updated regularly and the impact of the results of the analysis on balance sheet risks was assessed.

Risk assessment is performed for products and services provided to customers under the current Product Approval and Review Process; with steps taken to ensure that business units take measures to minimize the risk associated with products and services by assessing the risks arising from these products and services in detail.

In line with changes in the Bank's risk policies, harmonization studies continued in relation to the measurement and management of the risk in consolidated subsidiaries on the basis of volume, quality and complexity. In this context, risk appetite related to the subsidiaries was updated.

Within the scope of the studies requested by the European Central Bank from ING Global, the Economic Value of the Capital reports continued to be prepared, and a historical analysis of the off-balance sheet products was carried out in calculating the Globally Reported Liquidity Coverage Ratio.

In order to comply with the changing international standards regarding the Interest Rate Risk Arising from Banking Accounts (BHFOR), the BHFOR numerical impact study requested by the BRSA was carried out.

Work on the software installation project, which was launched to enable a more healthy and integrated management of risks related to Assets and Liabilities Management, has continued intensively.

Through this software, the ICAAP stress test performed calculations related to interest rate risk in banking accounts, while the calculations related to liquidity risk and behavioral models were carried into the software environment.

Trading Risk Management

The product directive, which is determined in line with the risk profile of trading accounts, has been updated in line with evolving needs.

Position and sensitivity based limits determined on the basis of interest and exchange rate risk within trading accounts and VaR limits have been revised in accordance with the Bank's risk appetite.

These limits are monitored regularly and the results of the measurements are shared with the Executive Management and the Board of Directors

The Customer Product Approval Committee, which is responsible for ensuring that the derivative products the Bank sells to its customers are in compliance with ING policies and customer needs, and for setting the rules in this respect, continued its activities.

Credit Risk Management

Credit Risk Management aims to monitor and control the quality and level of activities of the credit facility and to revise the policies, guidelines and limits when necessary in order to identify, measure, report, monitor, control and comply with risk profiles.

In 2019, a year in which a changing credit risk management approach was implemented both locally and internationally within the Bank, a new infrastructure was established and developed, an effective risk management system was supported with both quantitative and qualitative work and awareness was raised through adopting the new credit risk management approach within the Bank.

In light of this, the work carried out by the credit risk management department under various sub-headings is summarized below:

- The models of the Probability of Default (PD) which are used for commercial and the SME customers, were reviewed and calibration studies were carried out.
- The system implementation to improve data quality was completed for the models of the Probability of Default (PD) which are used for commercial and the SME customers.
- Expected Credit Loss Provision calculation processes in line with IFRS 9 were improved and optimized, and the computational automation project was completed.
- Retrospective tests were carried out for TFRS 9 models.
- Monitoring and reporting of the performance of retail and corporate IRB PD models continued.
- Improvement and automation activities of reporting processes were completed.
- In addition to monitoring the legal risk limits in accordance with the legislation, risk appetite limits on the basis of portfolios were updated and approved by the Board of Directors.
- Within the framework of new limits, the limits in the loan portfolio were monitored on a monthly basis and reported to the Board of Directors.
- Changing and updated international standards and regulations were closely followed up in order to monitor and measure the Bank's credit risk and to conduct its activities in a healthy manner.
- The performance and quality of credit on a portfolio basis, and the changes in the portfolio at a risk level, were closely monitored to ensure risk safety and reported regularly to the Senior Management.

Risk and Capital Integration Department

- Within the scope of “Regulation on Internal Capital Adequacy Assessment Process (ICAAP)”, ICAAP report and stress test report studies were completed and shared with the BRSA.
- Stress tests and scenario analysis studies aimed at evaluating and measuring all risks which the Bank may be exposed to within the scope of ICAAP in the most efficient way possible, and determining the volume of capital it may need, were prepared and shared with the Board of Directors.
- The policy and implementation principles evaluated within the scope of ICAAP studies and which enable the internalization of the processes were prepared and revised and approved by the Board of Directors.
- The new products and services related the loans introduced to the market at the Bank were evaluated and risks that may arise from the new products and services were measured in detail and passed through the approval process.

Model Risk Management Department

The Model Risk Management Division operates independently of business units and risk divisions to ensure the independence of its work and reports directly to the head of Financial Risk Management.

The results of validation activities are reported to the Audit Committee and the Board of Directors. Models within the scope of validation are grouped under two headings; regulatory (IRB, IFRS 9 and ICAAP) and non-regulatory (managerial) (allocation, monitoring, pricing, etc. analytical models and methodologies used in their processes). Validation activities are carried out taking into account the characteristics of each model's own methodology and field of use by qualitative and quantitative tests including the process or processes which these models are used.

As part of these activities, the Validation department also conducts activities such as the establishment, approval, execution and updating of risk management policies, considering best practices of the industry and the domestic and international regulations related to these models.

Through these activities, ten models were validated in 2019, six of which are subject to official regulations (regulatory) and four of which are not subject to official regulation (managerial). In addition to these activities, TFRS 9 Model Validation Policy has been prepared as a new document and the current validation policy document has been updated, taking into account changing regulations and requirements.

Legal and International Regulations

Legal regulations, amended and extended to take account of changes to the risk management approach in the post-global crisis period, have raised the importance of the resources allocated by banks. Accordingly, the following activities were carried out in 2019:

Internal capital assessment processes were performed, enabling the effective assessment and measurement of all risks which the Bank may be exposed to and which are significant for the Bank, which form an integral part of the Bank's management and decision making process and which provide an opportunity to identify the extent of capital the Bank may need. Within the scope of this process, stress tests and scenario analyses were prepared.

Additionally, policies, procedures and codes of practice related to the Financial Risk Management have been revised based on predetermined review periods and updated procedures and policies were approved by the Board of Directors and/or relevant committees.

In addition, the IRRBB numerical impact study requested by the BRSA was conducted in order to comply with changing international standards regarding interest rate risk arising from banking accounts (IRRBB).

Impact studies have been carried regarding the so-called "Basel III Final Regulations" standards which are intended to be implemented from 1 January 2022.

In addition, the policies, procedures and principles of Financial Risk Management, revised and updated procedures and policies according to predetermined review periods, have been approved by the Board of Directors and/or the relevant committees.

With the new provisions regulation coming into force in 2018, IFRS 9 rules for Expected Credit Loss provisions and classification of credits were put into practice. Automation, reporting, improvement and optimization work on IFRS 9 has been continued in 2019.

Internal Control Department

The Internal Control Group has the following functions;

- Checks the compliance of banking transactions with laws, statutes, regulations and all provisions of legislation, Board resolutions and directives, and Head Office instructions set out in accordance with the prepared guidelines.
- Monitors the compliance of the Bank's balance sheet and regulatory reports with the existing laws, regulations, communiqués and circulars.
- Operates to ensure that controls in its activities are bound to specific rules and standardized.
- Maintains an involvement in and provides opinions for the revision of new and existing products, risk control self-assessment and issuance of project documents.

The Bank works to a basic principle of performing internal control activities centrally to cover the activities of all units and in branches in a risk oriented manner and establish control points to pre-emptively prevent risks before they arise and mitigate and manage any risks.

In 2019, on-site control activity was carried out in all branches. The internal auditors in the Branches Internal Control Group communicated with the branch to ensure that the determined issues were resolved during the internal control process, and that those issues not resolved during the process were monitored centrally the closing of the findings are continued from the center.

Business units are notified of urgent issues and issues of a special nature are transferred to the Internal Audit Department and relevant units.

The Head office and Subsidiaries Internal Control Department carries out control activities from the center within the framework of the control points in the control inventory and carries out control activities during the year in the subsidiaries determined within the control plan.

Internal control activities are carried out based on the prepared control points. Control points are kept up-to-date to reflect amendments in regulations and changes in products and services, and applied immediately to control activities. While new control points are added in parallel with changes in legislation, controls which are outdated are terminated.

The Internal Control department carried out the Sarbanes-Oxley (SOX) control tests within the Bank in 2019.

Operational and Information Risk Management

The seven operational risk categories identified in the June 2006 Basel-II study report which have been enriched by ING are assessed in the ten risk categories referred to as "non-financial risks". These categories are Compliance Risks, Control Risks, Unauthorized Activity Risks, Process Risks, Employment Implementation Risks, Personal and Physical Security Risks, Continuity Risks, Internal and External Fraud Risks and Information Technology Risks.

The role of Operational and Information Risk Management is to ensure the Bank's compliance with the Operational Risk Management Framework, local and international regulations relevant for the Bank and to act as the second line of defence for effective management of nine Non-Financial Risk Categories other than Compliance Risks.

The Operational and Information Risk Management executes this role with the following tasks:

- Determining Risk Appetite,
- Expressing opinions on risk assessment for support services to be purchased in accordance with the BRSA's Regulation on Bank Procurement of Support Services,
- Assessment of operational and technological risks related to new products and services in accordance with the Regulation on Internal Systems of Banks, acting as the point of monitoring and precaution to ensure all risks are included in the assessment based on the New Product and Services Approval Process and taking part in improvement of processes to minimize operational risks,
- Taking part in risk assessments, conducting inquiries, providing consultancy and monitoring remedial actions,
- Advising the management on actions to be taken against operational risks detected as a result of risk assessments and/or an incident,
- Advising on the identification process of Key Risk Indicators (KRI), monitoring, carrying out the annual review and ensuring that actions are taken in response to orange/red signals,
- Monitoring the design and effectiveness of key controls, assessing the processes for SOX and Key Control Tests and expressing opinions,

- Scenario Analyses Related to Non-financial Risks,
- Recording and reporting of Incidents Subject to Operational Risk,
- Ensuring the quality of data entry and controls to the ING Risk Monitoring System (iRisk), iRisk reporting and data in the system,
- Coordination and Management of Nonfinancial Risk Committee (NFRC) Processes,
- Preparing and reporting of Non-financial Risk Indicator Panel (NFRD)
- Operational Risk Capital Calculations and reporting,
- Providing consultancy and training to Bank employees on operational and information risks,
- Expressing opinion and providing consultancy on IT risks; supporting the operations of business lines and units under Technology within this scope, identifying and monitoring risk reducing actions,
- Detailed testing of Information Technology controls determined by Minimum Standards on the basis of assets and institutions,
- Identification and classification of information assets within the Bank and providing opinion and consultancy in risk analysis processes to ensure compliance of these assets with the relevant banking regulation, ING policies, procedures and best practice manuals,
- Providing support for setting up testing and reporting processes related to crisis management.

Compliance Risk Management

The Compliance Risk Management Department that works under the Audit Committee operates for the establishment of the compliance risk culture within ING and its subsidiaries, and carries out the measurement, assessment, monitoring and reporting of risks for the effective management of compliance risks.

In this context, in order to ensure effective management of compliance risks at the Bank and its subsidiaries, Compliance Risk Management carries out the following activities under 3 sections including Compliance Consulting, Department of Financial and Economic Crime Prevention Programs and Compliance Monitoring:

- Provides consultancy to senior management and other employees of the Bank in all areas related to compliance risks, including efforts to tackle financial and economic crimes and support effective management of compliance risks.
- Measures compliance risks, conducts control and monitoring activities.
- Ensures that measures are taken to ensure the compliance of the Bank's products, processes and operations performed, or planned to be performed, with the regulations in effect, ING standards and policies, and in this context, takes part in risk control self-assessment activities.
- The Bank carries out activities to raise awareness of the employees regarding the compliance policies and compliance risk management. The Bank provides in-house training within the framework of annual training planning.
- The Bank carries out monitoring activities to ensure the compliance of the Banks' subsidiaries with regulations, ING standards and rules.
- Reports to the Audit Committee and Non-Financial Risk Committee, which are also members of the Board of Directors.

It ensures legislative follow-up and coordination of regulatory relations with the Bank.

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 (CMB) 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.tr) 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, INGHuman 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, Ardunio 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 USD 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.

At 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 Celebral 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 2019, 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 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 Ediboğlu	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 Mc Carthy, (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- Risk Management and Internal Control 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.

Review of the Financial Situation and Risk Management

Asset Quality

26% of ING's total consolidated assets consist of cash, banks and receivables from money markets. Almost the entire consolidated securities portfolio of the Bank is composed of high liquidity government bonds and T-bills. Loans have the biggest share in consolidated assets, at 62% of the total, and the sum of net cash loans amounting to TL 40.8 billion at the end of 2019. As a result of the proactive approach taken by the Bank, the consolidated NPL ratio was at 6.95% and the ING preserved its status among the financial institutions with the best asset quality.

The share of non-interest bearing non-current assets such as fixed assets and non-financial subsidiaries within consolidated assets stands at 1.5%. This low value demonstrates Bank's continued focus on real banking operations.

Resource Structure, Liquidity and Fund Management

ING's consolidated deposits reached TL 39 billion in 2019. Deposits have a share of 60% in the consolidated balance sheet total and 51% in foreign sources and constitute the primary funding source. Even though the wide deposit structure of the ING represents a short term source, these are renewed upon maturity and remain in the bank for longer than the original term.

In addition, the Bank has had the opportunity to acquire long term resources from the parent company after joining ING Group. The total consolidated funds borrowed by the ING amounted to TL 10.9 billion in 2019, with the foreign sources accounted for 17% of the consolidated balance sheet.

ING's general liquidity policy is to manage the liquidity level such that it is resistant to market shocks, that it is based on an expansive deposit base and that it is aimed at the optimization of profitability and liquidity at the same time, in accordance with a precautionary risk management approach.

Equity

As of 31 December 2019, ING's consolidated equity was TL 8.5 billion and consolidated capital adequacy was 25.57%. In order to support the ING's growth focused strategy, the main shareholder has raised its cash capital by a total of TL 1.9 billion in recent years. In addition, as of 31 December 2019 the Bank provided subordinated loan amounting to TL 4.2 billion from its parent company.

Profitability

Developments in global and national markets continued to impact the sustainable profitability of banks in 2019. Despite this, ING grew consistently with sound equity and strong asset quality. In parallel with the developments in the economy and Bank's balance sheet, the ING wrote a consolidated profit before tax of TL 1,976 million.

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Information on Any Ratings Given by Rating Agencies

ING's performance is evaluated by international rating agencies.

Existing credit ratings given to Turkey by the international rating agency Moody's for long-term foreign currency issuer rating is "B1", while having foreign currency deposit ceiling of "B3". In this context, ING's long-term domestic and foreign currency deposit ratings are “B1” and “B3”, respectively.

Turkey's current credit ratings both for the long-term local and foreign currency are "BB-" by Fitch Ratings, while ING's long-term local and foreign currency credit ratings are "BB-" and "B+”.

Fitch Ratings Ltd.

On 12 November 2019, the international rating agency, Fitch Ratings Ltd. revised the Bank’s credit ratings as follows:

Long Term Foreign Currency Rate:	B+ (Outlook: Stable)
Long Term Local Currency Rate:	BB- (Outlook: Stable)
Short Term Foreign Currency Rate:	B
Short Term Local Currency Rate:	B
Support Rate:	4
National Long Term Rating:	AA (tur) (Outlook: Stable) (As confirmed 28 February 2019)
Financial Capacity Rating	b+ (As confirmed 28 February 2019)

Moody’s

On 18 June 2019, the international rating agency, Moody’s revised the Bank’s credit ratings as follows:

Long Term Turkish Lira Deposit Rate:	B1 (Outlook: Negative)
Short Term Turkish Lira Deposit Rate:	Note-Prime (As confirmed 18 June 2019)
Long Term Foreign Currency Deposit Rate:	B3 (Outlook: Negative)
Short Term Foreign Currency Deposit Rate:	Note-Prime (As confirmed 18 June 2019)
Baseline Credit Assessment - BCA	(Baseline Credit Assessment - BCA): caa1
National Scale Rating	Aa1.tr/TR-1 (As confirmed 18 June 2019)

Summary Board of Directors Report Presented to the General Assembly

To the General Assembly of ING Bank Anonim Şirketi,

2019 was a year of continuing moderate growth in the Turkish economy. In 2019, our Bank established its growth strategy, based on a sustainable long term plan, and continued its activities with sound equity and strong asset quality.

With its customer oriented approach, range of products and services, expansive distribution channels and experienced personnel, ING continued to provide its customers with appropriate financial products and services, drawing on the global knowledge and experience of ING Group, and investing in and adding value to the Turkish economy. As of 2019 year-end, the sum of consolidated deposits reached to TL 39 billion as the primary funding source, and the total consolidated cash and non-cash loans were TL 51.1 billion.

After joining the ING Group, the Bank has had the opportunity to acquire long term funds from the parent company. The total consolidated borrowed funds as of 2019 was TL 10.9 billion and the share of borrowed funds within consolidated balance sheet total was 17%.

The consolidated net cash loans of ING realized as TL 40.8 billion in accordance with its customer oriented strategy for real banking. At the year-end, consolidated loan portfolio of the Bank accounted for 62% of the total assets.

It appears that the deposit base which further expanded as a result of the investments made in recent years had a positive impact on the 2019 results. In addition, the effective marketing activities of the Bank in all the business units, as well as prudent risk policies and effective cost management, had an important role in profitability. As a result of these developments, the Bank's consolidated profit before tax in 2019 was TL 1.976 million.

As a result of these developments, on 31 December 2019, ING's

- Consolidated asset size TL 65.434 million,
- Consolidated equity TL 8.539 million,
- Consolidated capital adequacy ratio 25.57%,
- Consolidated net profit for the year TL 1.542 million.

The unconsolidated and consolidated financial statements showing the results of ING's operations for the period from 1 January to 31 December 2019 are presented for your review and approval.

Yours sincerely,

John T. Mc Carthy
Chairman of the Board of Directors

A. Canan Ediboğlu
Deputy CEO / Board Member

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

ING Bank A.Ş.

Publicly Announced Unconsolidated Financial Statements, Related Disclosures and Independent Auditors' Report Thereon
as of and for the Year Ended
31 December 2019

7 February 2020

This report consists 4 pages of "Independent Auditors' Report" and 108 pages of unconsolidated financial statements and its disclosures and footnotes.

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English (See Note I in Section Three)

To the General Assembly of ING Bank Anonim Şirketi

A) Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the accompanying unconsolidated financial statements of ING Bank Anonim Şirketi ("the Bank") which comprise the unconsolidated statement of financial position as at 31 December 2019 and the unconsolidated statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity, cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of ING Bank Anonim Şirketi as at 31 December 2019, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Board Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by Banking Regulation and Supervision Agency ("BRSA") and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Audit Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards ("TSA"s) published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the POA's Code of Ethics for Independent Auditors ("Code of Ethics") together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans measured at amortised cost

Refer to Section III, No: VII to the unconsolidated financial statements relating to the details of accounting policies and significant judgments of for impairment of loans measured at amortised cost.

<table>
<tr><th>Key audit matter</th><th>How the matter is addressed in our audit</th></tr>
<tr><td>
As of 31 December 2019, loans measured at amortised cost comprise 57% of the Bank's total assets.
The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard").
The Bank applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually.
The significant assumptions and estimates of the Bank's management are as follows:

significant increase in credit risk
incorporating the forward looking macroeconomic information in calculation of credit risk
design and implementation of expected credit loss model

The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.
The Bank estimates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the market value of the collateral provided for credit transactions.
The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and incorporating the future expectations.
Impairment on loans calculation is determined as a key audit matter, due to the significance of the
</td><td>
Our procedures for auditing the expected credit losses on loans include below:

We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists.
We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard.
We evaluated the Banks's business model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialist.
We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and evaluation of their classification. In this context, the current status of the loan customer has been evaluated by including forward looking information and macroeconomic expectations.
We evaluated the adequacy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis.
We tested the accuracy and completeness of the data in calculation of the data in the calculation models for the loans which are assessed on collective basis. We recalculated the expected credit loss calculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated.
We assessed the macroeconomic models which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.
We evaluated the subjective and objective criteria which are used in determining the significant increase in credit risk.

</td></tr>
</table>

estimates and the level of judgments and its complex structure as explained above.	• Additionally, we also evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the "BRSA Accounting and Reporting Legislation", and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Regulation and TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with BRSA Audit Regulation TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code No. 6102 ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2019 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are not intended to present the unconsolidated financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Funda Aslanoğlu, SMMM
Partner

7 February 2020
İstanbul, Turkey

The unconsolidated year end financial report of ING Bank A.Ş. prepared as of and for the year ended 31 December 2019

Address of the Bank	:	**Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8 34467 Sarıyer / İstanbul**
Phone and fax numbers of the Bank	:	**(212) 335 10 00**
		(212) 286 61 00
Web-site of the Bank	:	www.ing.com.tr
E-mail	:	disyazisma@ing.com.tr

The unconsolidated year end financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Disclosures and Footnotes that will be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency.

- General information about the Bank
- Unconsolidated financial statements of the Bank
- Explanations on accounting policies applied in the related period
- Information on financial structure and risk management of the Bank
- Explanations and notes related to unconsolidated financial statements
- Other explanations
- Independent auditors' report

The accompanying year end unconsolidated financial statements and footnotes to these financial statements which are expressed, unless otherwise stated, in **thousands of Turkish Lira** (TL), have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, relating appendices and interpretations on these, and are independently audited.

John T. Mc CARTHY	A. Canan EDİBOĞLU	K. Atıl ÖZUS	M. Gökçe ÇAKIT
Chairman of the Board	Deputy CEO / Board Member	CFO	Financial Reporting and Tax Director

M. Semra KURAN	Adrianus J. A. KAS
Chairman of the Audit Committee	Audit Committee Member

Contact information of the personnel in charge of addressing questions regarding this financial report:

Name-Surname/Title	:	M. Gökçe ÇAKIT / Director
Phone No	:	(212) 335 11 58
Fax No	:	(212) 286 61 00

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Section one

General information

I. History of the Bank including its incorporation date, initial legal status, amendments to legal status

The foundations of ING Bank A.Ş. ("The Bank") were laid in 1984 by the establishment of "The First National Bank of Boston Istanbul Branch", and the current structure has been formed with the below mergers and takeovers. The establishment and historical developments of the Bank are explained below:

"The First National Bank of Boston Istanbul Branch" was established in 1984. In 1990, "The First National Bank of Boston A.Ş." was established to accept deposits and carry out banking transactions, and the Articles of Association of the Bank were officially registered on 31 October 1990 and published in the Turkish Trade Registry Gazette on 5 November 1990. Upon the establishment of the Bank and permission to accept deposits, the assets and liabilities in the balance sheet of "The First National Bank of Boston Istanbul Branch" were transferred to the Bank.

The title of the Bank which was operating as a Turkish Bank with four shareholders including Ordu Yardımlaşma Kurumu ("OYAK"), was changed as "Türk Boston Bank A.Ş." in 1991; and OYAK purchased all other shares and became the sole owner of the Bank in 1993. On 10 May 1996, the title of "Türk Boston Bank A.Ş." was changed as "Oyak Bank A.Ş."

On the other hand, on 22 December 1999, upon a Council of Ministers Decree, the shareholding rights, management and supervision of Sümerbank A.Ş. except for its dividend rights were transferred to Savings Deposit Insurance Fund ("the SDIF") as per the third and fourth paragraphs of Article 14 of the Banking Law. In 2001, the SDIF decided to merge the assets and liabilities of the banks, namely Egebank A.Ş., Türkiye Tütüncüler Bankası Yaşarbank A.Ş., Yurt Ticaret ve Kredi Bankası A.Ş., Bank Kapital A.Ş. and Ulusal Bank T.A.Ş. that have been formerly transferred to the SDIF, into Sümerbank A.Ş.

According to a share transfer agreement executed between the SDIF and OYAK on 9 August 2001, all the shares constituting the capital of Sümerbank A.Ş. whose shares were transferred to the SDIF; were transferred to OYAK by the SDIF. As of 11 January 2002, it was resolved that Sümerbank A.Ş. would settle all its accounts and merge with the Bank and continue its banking operations under the Bank. The merger through transfer was performed on 11 January 2002 upon the approval of the Banking Regulation and Supervision Agency ("BRSA").

In accordance with the permissions of the Competition Board with the decree number 07-69/856-324 dated 6 September 2007 and of the BRSA with the decree number 2416 dated 12 December 2007; the transfer of 1,074,098,150 shares of the Bank that represent the total capital which belongs to OYAK in amount of TL 1,074,098 to ING Bank N.V as of 24 December 2007 has been approved by the Board of Directors decision numbered 55/1 and dated 24 December 2007 and the share transfer has been recorded in Shareholders Stock Register as of the same date. It has been decided to change the title of the Bank from "Oyak Bank A.Ş." to "ING Bank A.Ş." effective from 7 July 2008. The Articles of Association of the Bank has been changed with the Extraordinary General Meeting dated 26 June 2014 in accordance with Turkish Trade Art numbered 6102 and published in Turkish Trade Registry Gazette numbered 8608 and dated 9 July 2014.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. The Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on bank's risk group

The main shareholders and capital structure as of 31 December 2019 and 31 December 2018 are as follows:

	Current period		Prior period	
	Share amount Full TL	Share percentage	Share amount Full TL	Share percentage
ING Bank N.V.	3,486,267,793	100.00	3,486,267,793	100.00
Other shareholders total	4	-	4	-
Total	**3,486,267,797**	**100.00**	**3,486,267,797**	**100.00**

As of 31 December 2019, the Bank's paid-in capital consists of 3,486,267,797 shares with a nominal value of TL 1 (Full TL) each.

The Bank's paid-in capital is TL 3,486,268 as of 31 December 2019 and ING Bank N.V. has full control over the Bank's capital.

Other shareholders total represent the total shares of Chairman of the Board John T. Mc Carthy, Vice Chairman of the Board Adrianus J. A. Kas, the members of the Board A. Canan Ediboğlu and Sali Salieski with a nominal value of TL 1 (Full TL) each.

Mehmet Sırrı Erkan's share with a nominal value of TL 1 (full TL) was transferred to Marco Bragadin on 20 February 2019.

Vice chairman of the Board Mehmet Sırrı Erkan, whose term of duty has expired, has resigned from his duty as of 21 March 2019.

Marco Bragadin's share with a nominal value of TL 1 (full TL) was transferred to Sali Salieski on 20 August 2019.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Information on the Bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and shareholdings in the Bank

As of 31 December 2019, the Bank's Board of Directors (BOD), Members of Audit Committee and Chief Executive Officer and Executive Vice Presidents are as follows:

Name and Surname	Title	Responsibility area
John T. Mc Carthy	Chairman of the BoD	Legally declared
M. Semra Kuran	BoD Member and Chairman of the Audit Committee	Legally declared
Adrianus J. A. Kas	Vice Chairman of the BoD and Audit Committee Member	Legally declared
Pınar Abay	BoD Member and Chief Executive Officer	Legally declared
Sali Salieski	BoD Member	Legally declared
Alper Hakan Yüksel	Executive Vice President	Corporate Banking
Alper İhsan Gökgöz	Executive Vice President	Retail Banking
Ayşegül Akay	Executive Vice President	Financial Institutions and Debt Capital Markets
Bohdan Robert Stepkowski	Executive Vice President	Financial Markets
Gordana Hulina	Executive Vice President	Credits
Günce Çakır	Legal Executive Vice President	Legal
Ebru Sönmez Yanık	Executive Vice President	Corporate Customers Sales
İ. Bahadır Şamlı	Executive Vice President	Technology
İhsan Çakır	Executive Vice President	SME and Mid Corporate Banking
İlker Kayseri	Executive Vice President	Treasury
K. Atıl Özus	Chief Financial Officer	Financial Control and Treasury
Meltem Öztürk	Executive Vice President	Human Resources
Murat Tursun	Chief Audit Executive	Internal Audit
Nermin Güney	Executive Vice President	Financial Risk Management
N. Yücel Ölçer	Executive Vice President	Operation
Öcal Ağar	Executive Vice President	Business Lending and Risk Analytics

Öcal Ağar has been appointed as Business Lending and Risk Analytics Executive Vice President per the Board of Directors resolution No. 47 and dated 21 November 2018 after completion of the BRSA process, he started his duty as of 1 January 2019.

The Bank's Ordinary General Assembly meeting was held on 21 March 2019. With the division of duties resolution, no. 18/1, dated 21 March 2019, M. Semra Kuran was elected as Chairman and Adrianus Johannes Antonius Kas was elected as member of the Audit Committee.

Human Resources Executive Vice President Bahar Özen, has resigned from her duty as of 31 May 2019. Meltem Öztürk has been appointed as Human Resources Executive Vice President per the Board of Directors resolution No. 64/1 and dated 25 October 2019.

Sali Salieski has been appointed as Board of Member per the Board of Directors resolution No. 48/1 and dated 7 August 2019, after completion of the BRSA process, he started his duty as of 17 September 2019.

Chief Executive Officer and Executive Vice Presidents have no share in the Bank.

IV. Information on the Bank's qualified shareholders

ING Bank N.V. has full control over the Bank's management with 3,486,267,793 shares and 100% paid-in share.

V. Summary information on the Bank's activities and services

The Bank is principally engaged in all types of banking transactions, accepting deposits and all kinds of legal transactions, activities and operations within banking license within the scope provided by the Banking Law, and all existing and/or future laws, regulations and decree laws and related legislation. The Bank carries out its operations with 210 domestic branches.

VI. Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods

Subsidiaries of the Bank are subject to consolidation within the scope of full consolidation, there is no difference consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Consolidated Financial Statements of Banks in Turkey.

VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the Bank and its subsidiaries

None.

Section two

Unconsolidated financial statements

I. Unconsolidated balance sheet (statement of financial position)
II. Unconsolidated statement of off-balance sheet items
III. Unconsolidated statement of profit or loss
IV. Unconsolidated statement profit or loss and other comprehensive income
V. Unconsolidated statement of changes in equity
VI. Unconsolidated statement of cash flows
VII. Statement of profit distribution

ING Bank A.Ş.

Unconsolidated balance sheet (statement of financial position) as of 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Audited			Audited
					Current period			Prior period
	Assets	Note			(31/12/2019)			(31/12/2018)
		(section five)	TL	FC	Total	TL	FC	Total
I.	**Financial assets (net)**		**12,717,937**	**7,952,365**	**20,670,302**	**8,777,863**	**9,070,957**	**17,848,820**
1.1	**Cash and cash equivalents**		**8,844,512**	**7,672,848**	**16,517,360**	**4,898,370**	**8,725,244**	**13,623,614**
1.1.1	Cash and balances at Central Bank	(I-1)	650,206	6,777,345	7,427,551	698,872	8,211,359	8,910,231
1.1.2	Banks	(I-3)	242	895,503	895,745	1,082	513,885	514,967
1.1.3	Money market placements		8,202,551	-	8,202,551	4,202,437	-	4,202,437
1.1.4	Expected credit losses (-)	(I-5)	(8,487)	-	(8,487)	(4,021)	-	(4,021)
1.2	**Financial assets at fair value through profit or loss**	**(I-2)**	**32,731**	**89,993**	**122,724**	**1,962**	**26,814**	**28,776**
1.2.1	Government securities		32,696	89,993	122,689	1,914	26,814	28,728
1.2.2	Equity instruments		35	-	35	35	-	35
1.2.3	Other financial assets		-	-	-	13	-	13
1.3	**Financial assets at fair value through other comprehensive income**	**(I-4)**	**1,338,052**	**229**	**1,338,281**	**645,710**	**208**	**645,918**
1.3.1	Government securities		1,329,200	-	1,329,200	639,797	-	639,797
1.3.2	Equity instruments		8,852	229	9,081	5,913	208	6,121
1.3.3	Other financial assets		-	-	-	-	-	-
1.4	**Derivative financial assets**		**2,502,642**	**189,295**	**2,691,937**	**3,231,821**	**318,691**	**3,550,512**
1.4.1	Derivative financial assets measured at fair value through profit or loss	(I-2)	2,467,326	188,178	2,655,504	262,910	318,691	581,601
1.4.2	Derivative financial assets measured at fair value through other comprehensive income	(I-11)	35,316	1,117	36,433	2,968,911	-	2,968,911
II.	**Financial assets measured at amortised cost**		**23,846,373**	**11,083,848**	**34,930,221**	**29,870,560**	**9,392,241**	**39,262,801**
2.1	**Loans**	**(I-5)**	**23,623,201**	**11,083,848**	**34,707,049**	**30,206,503**	**9,392,241**	**39,598,744**
2.2	**Receivables from leasing transactions**	**(I-10)**	**-**	**-**	**-**	**-**	**-**	**-**
2.3	**Factoring receivables**		**-**	**-**	**-**	**-**	**-**	**-**
2.4	**Other financial assets measured at amortised cost**	**(I-6)**	**2,114,571**	**-**	**2,114,571**	**1,194,996**	**-**	**1,194,996**
2.4.1	Government securities		2,114,571	-	2,114,571	1,194,996	-	1,194,996
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	**Expected credit losses (-)**	**(I-5)**	**(1,891,399)**	**-**	**(1,891,399)**	**(1,530,939)**	**-**	**(1,530,939)**
III.	**Assets held for sale and assets of discontinued operations (net)**	**(I-16)**	**660**	**-**	**660**	**660**	**-**	**660**
3.1	Assets held for sale		660	-	660	660	-	660
3.2	Assets from discontinued operations		-	-	-	-	-	-
IV.	**Equity investments**		**83,265**	**334**	**83,599**	**95,573**	**334**	**95,907**
4.1	**Investments in associates (net)**	**(I-7)**	-	-	-	-	-	-
4.1.1	Associates consolidated by using equity method		-	-	-	-	-	-
4.1.2	Unconsolidated associates		-	-	-	-	-	-
4.2	**Investments in subsidiaries (net)**	**(I-8)**	**83,265**	**334**	**83,599**	**95,573**	**334**	**95,907**
4.2.1	Unconsolidated financial subsidiaries		83,265	334	83,599	95,573	334	95,907
4.2.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
4.3	**Jointly Controlled Partnerships (Joint Ventures) (net)**	**(I-9)**	-	-	-	-	-	-
4.3.1	Joint ventures consolidated by using equity method		-	-	-	-	-	-
4.3.2	Unconsolidated joint ventures		-	-	-	-	-	-
V.	**Tangible assets (net)**	**(I-12)**	**946,477**	**-**	**946,477**	**683,472**	**-**	**683,472**
VI.	**Intangible assets (net)**	**(I-13)**	**54,262**	**-**	**54,262**	**39,804**	**-**	**39,804**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		54,262	-	54,262	39,804	-	39,804
VII.	**Investment property (net)**	**(I-14)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Current tax asset**	**(I-15)**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Deferred tax asset**		**-**	**-**	**-**	**-**	**-**	**-**
X.	**Other assets (net)**	**(I-17)**	**454,857**	**4,343**	**459,200**	**574,435**	**12,763**	**587,198**
	Total assets		**38,103,831**	**19,040,890**	**57,144,721**	**40,042,367**	**18,476,295**	**58,518,662**

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

(Convenience translation of the unconsolidated financial statements and related disclosures and footnotes originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş.

Unconsolidated balance sheet (statement of financial position) as of 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Liabilities	Note (section five)	Audited Current period (31/12/2019) TL	FC	Total	Audited Prior period (31/12/2018) TL	FC	Total
I.	**Deposits**	**(II-1)**	**23,512,236**	**15,695,771**	**39,208,007**	**20,015,191**	**12,324,071**	**32,339,262**
II.	**Loans received**	**(II-3)**	**189,364**	**2,543,888**	**2,733,252**	**312,222**	**11,533,127**	**11,845,349**
III.	**Money market funds**		**14,228**	**82,601**	**96,829**	**2,166**	**20,450**	**22,616**
IV.	**Securities Issued (net)**	**(II-4)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1	Bills		-	-	-	-	-	-
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	**Funds**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrower funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**Financial liabilities at fair value through profit or loss**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Derivative financial liabilities**		**819,686**	**163,048**	**982,734**	**911,803**	**199,998**	**1,111,801**
7.1	Derivative financial liabilities at fair value through profit or loss	(II-2)	470,966	156,390	627,356	652,925	195,470	848,395
7.2	Derivative financial liabilities at fair value through other comprehensive income	(II-7)	348,720	6,658	355,378	258,878	4,528	263,406
VIII.	**Factoring payables**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Lease payables (net)**	**(II-6)**	**298,719**	**-**	**298,719**	**-**	**-**	**-**
X.	**Provisions**	**(II-8)**	**275,590**	**-**	**275,590**	**316,879**	**-**	**316,879**
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		55,089	-	55,089	50,903	-	50,903
10.3	Insurance technical reserves (net)		-	-	-	-	-	-
10.4	Other provisions		220,501	-	220,501	265,976	-	265,976
XI.	**Current tax liability**	**(II-9)**	**127,771**	**-**	**127,771**	**239,595**	**-**	**239,595**
XII.	**Deferred tax liability**	**(II-9)**	**190,647**	**-**	**190,647**	**430,595**	**-**	**430,595**
XIII.	**Liabilities for assets held for sale and assets of discontinued operations (net)**	**(II-10)**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	**Subordinated debt**	**(II-11)**	**-**	**4,237,398**	**4,237,398**	**-**	**3,813,522**	**3,813,522**
14.1	Loans		-	4,237,398	4,237,398	-	3,813,522	3,813,522
14.2	Other debt instruments		-	-	-	-	-	-
XV.	**Other liabilities**	**(II-5)**	**654,019**	**109,248**	**763,267**	**874,613**	**102,183**	**976,796**
XVI.	**Shareholders' equity**	**(II-12)**	**8,236,954**	**(6,447)**	**8,230,507**	**7,426,729**	**(4,482)**	**7,422,247**
16.1	Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2	Capital reserves		-	-	-	-	-	-
16.2.1	Share premiums		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		-	-	-	-	-	-
16.3	Other comprehensive income/expense items not to be recycled to Profit or Loss		139,597	-	139,597	139,558	-	139,558
16.4	Other comprehensive income/expense items to be recycled in Profit or Loss		(72,920)	(6,447)	(79,367)	593,143	(4,482)	588,661
16.5	Profit reserves		3,207,698	-	3,207,698	2,146,000	-	2,146,000
16.5.1	Legal reserves		243,692	-	243,692	190,604	-	190,604
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary reserves		2,964,006	-	2,964,006	1,955,396	-	1,955,396
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or (loss)		1,476,311	-	1,476,311	1,061,760	-	1,061,760
16.6.1	Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2	Current period profit or (loss)		1,476,311	-	1,476,311	1,061,760	-	1,061,760
	Total liabilities and shareholders' equity		**34,319,214**	**22,825,507**	**57,144,721**	**30,529,793**	**27,988,869**	**58,518,662**

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

ING Bank A.Ş.

Unconsolidated statement of off-balance sheet items as of 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Audited			Audited
					Current period			Prior period
	Off-balance sheet items	**Note**			**(31/12/2019)**			**(31/12/2018)**
		(section five)	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
A.	**Off-balance sheet commitments (I+II+III)**		**34,463,153**	**80,441,539**	**114,904,692**	**46,860,923**	**71,444,884**	**118,305,807**
I.	**Guarantees and warranties**	**(III-1)**	**1,656,079**	**11,937,632**	**13,593,711**	**2,140,362**	**13,989,602**	**16,129,964**
1.1	Letters of guarantee		1,652,005	5,434,532	7,086,537	2,137,639	5,110,252	7,247,891
1.1.1	Guarantees subject to state tender law		4,075	-	4,075	14,570	-	14,570
1.1.2	Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3	Other letters of guarantee		1,647,930	5,434,532	7,082,462	2,123,069	5,110,252	7,233,321
1.2	Bank acceptances		-	4,008	4,008	-	39,370	39,370
1.2.1	Import letter of acceptance		-	4,008	4,008	-	39,370	39,370
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		445	1,125,301	1,125,746	396	1,763,942	1,764,338
1.3.1	Documentary letters of credit		445	1,125,301	1,125,746	396	1,763,942	1,764,338
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Pre-financing given as guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Purchase guarantees for securities issued		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		-	5,178,054	5,178,054	-	6,977,654	6,977,654
1.9	Other warranties		3,629	195,737	199,366	2,327	98,384	100,711
II.	**Commitments**	**(III-1)**	**3,703,566**	**3,993,491**	**7,697,057**	**4,142,884**	**913,196**	**5,056,080**
2.1	Irrevocable commitments		3,703,566	3,993,491	7,697,057	4,142,884	913,196	5,056,080
2.1.1	Forward asset purchase commitments		405,769	3,986,470	4,392,239	403,269	895,834	1,299,103
2.1.2	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		1,695,522	4,890	1,700,412	1,807,625	15,526	1,823,151
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		271,795	-	271,795	352,249	-	352,249
2.1.8	Tax and fund liabilities from export commitments		23,780	-	23,780	20,545	-	20,545
2.1.9	Commitments for credit card limits		1,300,968	-	1,300,968	1,553,689	-	1,553,689
2.1.10	Commitments for credit cards and banking services promotions		5,732	-	5,732	5,479	-	5,479
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		-	2,131	2,131	28	1,836	1,864
2.2	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	**(III-2)**	**29,103,508**	**64,510,416**	**93,613,924**	**40,577,677**	**56,542,086**	**97,119,763**
3.1	Derivative financial instruments for hedging purposes		5,080,000	2,205,819	7,285,819	21,984,936	4,734,539	26,719,475
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		5,080,000	2,205,819	7,285,819	21,984,936	4,734,539	26,719,475
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Derivative financial instruments for trading purposes		24,023,508	62,304,597	86,328,105	18,592,741	51,807,547	70,400,288
3.2.1	Forward foreign currency buy/sell transactions		1,887,129	6,750,727	8,637,856	3,095,729	11,074,747	14,170,476
3.2.1.1	Forward foreign currency transactions-buy		1,152,631	3,165,311	4,317,942	2,553,730	4,648,919	7,202,649
3.2.1.2	Forward foreign currency transactions-sell		734,498	3,585,416	4,319,914	541,999	6,425,828	6,967,827
3.2.2	Swap transactions related to foreign currency and interest rates		21,428,055	52,028,104	73,456,159	15,281,888	39,024,040	54,305,928
3.2.2.1	Foreign currency swap-buy		1,995,789	20,179,446	22,175,235	3,562,681	18,118,592	21,681,273
3.2.2.2	Foreign currency swap-sell		4,018,266	16,330,202	20,348,468	10,579,207	11,726,454	22,305,661
3.2.2.3	Interest rate swap-buy		7,707,000	7,759,228	15,466,228	570,000	4,589,497	5,159,497
3.2.2.4	Interest rate swap-sell		7,707,000	7,759,228	15,466,228	570,000	4,589,497	5,159,497
3.2.3	Foreign currency, interest rate and securities options		708,324	3,525,766	4,234,090	181,758	1,708,760	1,890,518
3.2.3.1	Foreign currency options-buy		354,162	1,762,883	2,117,045	90,879	854,380	945,259
3.2.3.2	Foreign currency options-sell		354,162	1,762,883	2,117,045	90,879	854,380	945,259
3.2.3.3	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	33,366	-	33,366
B.	**Custody and pledged items (IV+V+VI)**		**191,814,960**	**32,697,106**	**224,512,066**	**236,760,446**	**46,229,628**	**282,990,074**
IV.	**Items held in custody**		**1,581,605**	**2,085,348**	**3,666,953**	**939,226**	**1,929,120**	**2,868,346**
4.1	Customer fund and portfolio balances		1,314,449	-	1,314,449	401,049	-	401,049
4.2	Investment securities held in custody		57,473	320,291	377,764	89,196	291,567	380,763
4.3	Checks received for collection		73,866	432,425	506,291	279,585	411,616	691,201
4.4	Commercial notes received for collection		135,816	1,279,406	1,415,222	169,395	1,131,833	1,301,228
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		1	53,226	53,227	1	94,104	94,105
4.8	Custodians		-	-	-	-	-	-
V.	**Pledged received**		**25,845,046**	**7,230,622**	**33,075,668**	**36,573,782**	**9,371,568**	**45,945,350**
5.1	Marketable securities		133,731	57,440	191,171	223,731	7,819	231,550
5.2	Guarantee notes		215,042	245,927	460,969	7,252,373	1,944,017	9,196,390
5.3	Commodity		910	-	910	910	-	910
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		22,542,362	6,200,939	28,743,301	25,499,601	6,140,983	31,640,584
5.6	Other pledged items		2,953,001	726,316	3,679,317	3,597,167	1,278,749	4,875,916
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	**Accepted independent guarantees and warranties**		**164,388,309**	**23,381,136**	**187,769,445**	**199,247,438**	**34,928,940**	**234,176,378**
	Total off-balance sheet items (A+B)		**226,278,113**	**113,138,645**	**339,416,758**	**283,621,369**	**117,674,512**	**401,295,881**

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

(Convenience translation of the unconsolidated financial statements and related disclosures and footnotes originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş.

Unconsolidated statement of profit or loss
for the year ended 31 December 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Income and expense items	Note (section five)	Audited Current period (01/01/2019-31/12/2019)	Audited Prior period (01/01/2018-31/12/2018)
I.	**Interest income**	**(IV-1)**	**6,964,124**	**6,793,042**
1.1	Interest on loans		5,267,641	6,085,489
1.2	Interest on reserve requirements		64,659	76,719
1.3	Interest on banks		81,537	79,060
1.4	Interest on money market transactions		1,104,221	281,594
1.5	Interest on marketable securities portfolio		444,089	269,804
1.5.1	Financial assets at fair value through profit or loss		20,463	33,128
1.5.2	Financial assets at fair value through other comprehensive income		152,865	73,946
1.5.3	Financial assets measured at amortised cost		270,761	162,730
1.6	Finance lease income		-	-
1.7	Other interest income		1,977	376
II.	**Interest expense (-)**	**(IV-2)**	**(3,809,721)**	**(3,440,895)**
2.1	Interest on deposits		(3,436,275)	(2,915,974)
2.2	Interest on funds borrowed		(313,354)	(480,878)
2.3	Interest on money market transactions		(9,340)	(15,070)
2.4	Interest on securities issued		-	(20,632)
2.5	Finance lease expense		(48,506)	-
2.6	Other interest expenses		(2,246)	(8,341)
III.	**Net interest income/expense (I - II)**		**3,154,403**	**3,352,147**
IV.	**Net fees and commissions income/expense**		**588,604**	**583,567**
4.1	Fees and commissions received		762,035	787,227
4.1.1	Non-cash loans		224,234	236,319
4.1.2	Other	(IV-12)	537,801	550,908
4.2	Fees and commissions paid (-)		(173,431)	(203,660)
4.2.1	Non-cash loans		(699)	(338)
4.2.2	Other	(IV-12)	(172,732)	(203,322)
V	**Dividend income**	**(IV-3)**	**67,860**	**68,844**
VI.	**Trading gain/(loss) (net)**	**(IV-4)**	**615,086**	**(159,764)**
7.1	Trading gain/(loss) on securities		(2,681)	(40,879)
7.2	Gain/(loss) on derivative financial transactions		1,050,558	3,278,583
7.3	Foreign exchange gain/(loss)		(432,791)	(3,397,468)
VII.	**Other operating income**	**(IV-5)**	**590,204**	**630,118**
VIII.	**Gross operating income (III+IV+V+VI+VII)**		**5,016,157**	**4,474,912**
IX.	**Expected credit loss (-)**	**(IV-6)**	**(1,204,303)**	**(1,282,314)**
X.	**Other provision expenses (-)**		**(9,004)**	**(98,073)**
XI.	**Personnel expenses (-)**		**(717,368)**	**(626,921)**
XII	**Other operating expenses**	**(IV-7)**	**(1,209,414)**	**(1,122,777)**
XIII.	**Net operating profit/(loss) (IX-X-XI)**		**1,876,068**	**1,344,827**
XIV.	**Income resulted from mergers**		**-**	**-**
XV.	**Income/loss from investments under equity accounting**		**-**	**-**
XVI.	**Gain/loss on net monetary position**		**-**	**-**
XVII.	**Operating profit/loss before taxes (XII+...+XV)**	**(IV-8)**	**1,876,068**	**1,344,827**
XVIII.	**Provision for taxes of continued operations (±)**	**(IV-9)**	**(399,757)**	**(283,067)**
18.1	Current tax provision		(459,489)	(214,013)
18.2	Expense effect of deferred tax (+)		(252,262)	(289,707)
18.3	Income effect of deferred tax (-)		311,994	220,653
XIX.	**Net profit/(loss) from continuing operations (XVI±XVII)**	**(IV-10)**	**1,476,311**	**1,061,760**
XX.	**Income from discontinued operations**		-	-
20.1	Income from non-current assets held for resale		-	-
20.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
20.3	Income from other discontinued operations		-	-
XXI.	**Expenses for discontinued operations (-)**		-	-
21.1	Expenses for non-current assets held for resale		-	-
21.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
21.3	Loss from other discontinued operations		-	-
XXII.	**Profit/(loss) before tax from discontinued operations (XIX-XX)**		-	-
XXIII.	**Tax provision for discontinued operations (±)**		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	**Net profit/(loss) from discontinued operations (XXI±XXII)**		-	-
XXV.	**Net profit/(loss) (XVIII+XXIII)**	**(IV-11)**	**1,476,311**	**1,061,760**
	Earnings per share		0.4235	0.3046

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

Unconsolidated statement profit or loss and other comprehensive income for the year ended 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Profit or loss and other comprehensive income	Audited Current period (01/01/2019-31/12/2019)	Audited Prior period (01/01/2018-31/12/2018)
I.	**Current period profit/loss**	**1,476,311**	**1,061,760**
II.	**Other comprehensive income**	**(668,966)**	**342,489**
2.1	**Other income/expense items not to be recycled to profit or loss**	**(938)**	**(1,406)**
2.1.1	Gains/(losses) on revaluation of property, plant and equipment	-	-
2.1.2	Gains/(losses) on revaluation of intangible assets	-	-
2.1.3	Defined benefit plans' actuarial gains/(losses)	(1,180)	(1,794)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	-	15
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	242	373
2.2	**Other income/expense items to be recycled to profit or loss**	**(668,028)**	**343,895**
2.2.1	Translation differences	-	-
2.2.2	Income/(Expenses) from valuation and/or reclassification of financial assets measured at FVOCI	118,732	(10,864)
2.2.3	Gains/(losses) from cash flow hedges	(966,734)	447,901
2.2.4	Gains/(losses) on hedges of net investments in foreign operations	-	-
2.2.5	Other income/(expense) items to be recycled to profit or loss	-	-
2.2.6	Deferred taxes on other comprehensive income to be recycled to profit or loss	179,974	(93,142)
III.	**Total comprehensive income (I+II)**	**807,345**	**1,404,249**

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

ING Bank A.Ş.

Unconsolidated statement of changes in equity
for the year ended 31 December 2019
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

Changes in equity

	Statement of changes in shareholders' equity						Other comprehensive income/expense items not to be recycled to profit or loss			Other comprehensive income/expense items to be recycled to profit or loss						
	Audited	Note	Paid-in capital	Share premium	Share cancellation profits	Other capital reserves	Revaluation surplus on tangible and intangible assets	Defined benefit plans' actuarial gains/losses	Other (1)	Translation differences	Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI	Other (2)	Profit reserves	Prior period profit or (loss)	Current period profit or (loss)	Total shareholders' equity
	Prior period (01/01/2018-31/12/2018)															
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**46,732**	**299**	**143**	**326**	**(17,799)**	**250,288**	**1,158,736**	**-**	**843,752**	**5,768,745**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**(399)**	**-**	**11,951**	**-**	**406,451**	**-**	**-**	**418,003**
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	(399)	-	11,951	-	406,451	-	-	418,003
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**46,732**	**299**	**(256)**	**326**	**(5,848)**	**250,288**	**1,565,187**	**-**	**843,752**	**6,186,748**
IV.	Total comprehensive income		-	-	-	-	-	(1,421)	15	-	(8,781)	352,676	-	-	1,061,760	1,404,249
V.	Capital increase by cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	94,189	-	-	-	-	-	580,813	-	(843,752)	(168,750)
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	(168,750)	-	-	(168,750)
11.2	Transfers to reserves		-	-	-	-	94,189	-	-	-	-	-	749,563	-	(843,752)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,122)**	**(241)**	**326**	**(14,629)**	**602,964**	**2,146,000**	**-**	**1,061,760**	**7,422,247**
	Current period (01/01/2019-31/12/2019)															
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,122)**	**(241)**	**326**	**(14,629)**	**602,964**	**2,146,000**	**-**	**1,061,760**	**7,422,247**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,122)**	**(241)**	**326**	**(14,629)**	**602,964**	**2,146,000**	**-**	**1,061,760**	**7,422,247**
IV.	Total comprehensive income		-	-	-	-	-	(938)	-	-	94,559	(762,587)	-	-	1,476,311	807,345
V.	Capital increase by cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	977	-	-	-	-	-	1,061,698	-	(1,061,760)	915
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves	(II-12)	-	-	-	-	977	-	-	-	-	-	1,060,783	-	(1,061,760)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	915	-	-	915
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,060)**	**(241)**	**326**	**79,930**	**(159,623)**	**3,207,698**	**-**	**1,476,311**	**8,230,507**

(1) Other (Shares of investments valued by equity method in other comprehensive income not to be recycled to profit or loss and other accumulated amounts of other comprehensive income items not to be recycled to other profit or loss)

(2) Other (Cash flow hedge gain/loss, shares of investments valued by equity method in other comprehensive income recycled to profit or loss and other accumated amounts of other comprehensive income items recycled to other profit or loss)

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

ING Bank A.Ş.

Unconsolidated statement of cash flows
for the year ended 31 December 2019
(All amounts expressed in full of Turkish Lira ("TL") unless otherwise stated)

	Statement of cash flows	Note	Audited Current period (01/01/2019-31/12/2019)	Audited Prior period (01/01/2018-31/12/2018)
A.	**Cash flows from banking operations**			
1.1	**Operating profit/(loss) before changes in operating assets and liabilities**		**1,407,464**	**3,388,855**
1.1.1	Interest received		7,083,068	6,569,712
1.1.2	Interest paid		(3,888,038)	(3,406,406)
1.1.3	Dividend received		67,860	68,844
1.1.4	Fees and commissions received		773,051	780,011
1.1.5	Other income	(VI-2)	126,975	82,549
1.1.6	Collections from previously written-off loans and other receivables		766,049	614,267
1.1.7	Payments to personnel and service suppliers		(1,478,568)	(1,429,263)
1.1.8	Taxes paid		(571,313)	(114,687)
1.1.9	Other	(VI-2)	(1,471,620)	223,828
1.2	**Changes in operating assets and liabilities**		**1,642,351**	**1,508,751**
1.2.1	Net increase/decrease in financial assets at fair value through profit or loss		(93,803)	13,302
1.2.2	Net (increase) decrease in due from bank		(156,960)	(152,173)
1.2.3	Net (increase) decrease in loans		4,732,241	(1,903,890)
1.2.4	Net (increase) decrease in other assets	(VI-2)	3,070,160	92,775
1.2.5	Net increase (decrease) in bank deposits		(447,237)	(37,866)
1.2.6	Net increase (decrease) in other deposits		5,686,300	735,161
1.2.7	Net increase/decrease in financial liabilities at fair value through profit or loss		-	-
1.2.8	Net increase / (decrease) in funds borrowed		(10,083,411)	1,232,260
1.2.9	Net increase / (decrease) in matured payables		-	-
1.2.10	Net increase / (decrease) in other liabilities	(VI-2)	(1,064,939)	1,529,182
I.	**Net cash provided from banking operations**		**3,049,815**	**4,897,606**
B.	**Cash flow from investing activities**			
II.	**Net cash provided from investing activities**		**(1,415,360)**	**(316,147)**
2.1	Cash paid for acquisition of subsidiaries, investments in associates and joint ventures		-	-
2.2	Cash obtained from disposal of subsidiaries, investments in associates and joint ventures		13,223	-
2.3	Purchases of property and equipment		(355,958)	(332,402)
2.4	Disposals of property and equipment		385,181	135,125
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income		(553,200)	(241,088)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income		15,836	3,049
2.7	Cash paid for purchase of financial assets measured at amortised cost		(912,878)	-
2.8	Cash obtained from sale of financial assets measured at amortised cost		36,299	142,041
2.9	Other	(VI-2)	(43,863)	(22,872)
C.	**Cash flows from financing activities**			
III.	**Net cash provided from financing activities**		**(104,913)**	**(168,750)**
3.1	Cash obtained from funds borrowed and securities issued	(II-4)	-	265,000
3.2	Cash used for repayment of funds borrowed and securities issued	(II-4)	-	(265,000)
3.3	Issued equity instruments		-	-
3.4	Dividends paid	(II-12)	-	(168,750)
3.5	Payments for finance leases		(104,913)	-
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**(VI-2)**	**931,358**	**1,332,484**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**2,460,900**	**5,745,193**
VI.	**Cash and cash equivalents at beginning of the period**	**(VI-1)**	**10,630,383**	**4,885,190**
VII.	**Cash and cash equivalents at the end of the period**	**(VI-1)**	**13,091,283**	**10,630,383**

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

ING Bank A.Ş.

Statement of profit distribution
for the year ended 31 December 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Profit distribution table	Audited Current period (31/12/2019) (*)	Audited Prior period (31/12/2018)
I.	**Distribution of current year profit**		
1.1	Current year profit	1,876,068	1,344,827
1.2	Taxes and duties payable (-)	399,757	283,067
1.2.1	Corporate tax (Income tax)	459,489	214,013
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(59,732)	69,054
A.	**Net profit for the year (1.1-1.2)**	**1,476,311**	**1,061,760**
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	53,088
1.5	Other statutory reserves (-)	-	-
B.	**Net profit available for distribution (A-(1.3+1.4+1.5))**	**1,476,311**	**1,008,672**
1.6	First dividend to shareholders (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	Dividend to board of directors (-)	-	-
1.9	Second dividend to shareholders (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Statutory reserves (-)	-	-
1.11	Extraordinary reserves (**)	-	1,007,695
1.12	Other reserves	-	-
1.13	Special funds (***)	-	977
II.	**Distribution of reserves**		
2.1	Appropriated reserves	-	-
2.2	Dividends to shareholders (-)	-	-
2.2.1	To owners of ordinary shares	-	-
2.2.2	To owners of privileged shares	-	-
2.2.3	To owners of preferred shares	-	-
2.2.4	To profit sharing bonds	-	-
2.2.5	To holders of profit and loss sharing certificates	-	-
2.3	Dividends to personnel (-)	-	-
2.4	Dividends to board of directors (-)	-	-
III.	**Earnings per share**		
3.1	To owners of ordinary shares	0.42	0.30
3.2	To owners of ordinary shares (%)	42.35%	30.46%
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	**Dividend per share**		
4.1	To owners of ordinary shares	-	-
4.2	To owners of ordinary shares (%)	-	-
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

(*) Profit distribution is realized in accordance with Bank's General Meeting decision and as of the preparation date of the financial statements, 2019 annual ordinary general meeting has not been held yet. In accordance with the regulations in Turkey, companies do not make profit distribution based on consolidated financials. In this respect, the profit distribution tables stated above belong to the Bank.

(**) According to Ordinary General Meeting dated 21 March 2019, amounting to TL 174,313 of distributable profit for the year 2018, has been classified as first dividend share and related amount has been kept as extraordinary reserves with TL 833,382.

(***) According to Ordinary General Meeting dated 21 March 2019, amounting to TL 977 of distributable profit for the year 2018 is composed of the benefit of Corporate Tax exemption on real estate sales profit and related amount is transferred to separate fund under equity in accordance with Corporate Tax Law 5520 article 5. and 1. paragraph clause (e).

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

Section three

Accounting policies

I. Explanations on basis of presentation

a. The preparation of the unconsolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and regulation on the Regulation on Accounting Applications for Banks and Safeguarding of Documents

The unconsolidated financial statements have been prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" and other regulations, communiqués, explanations and circulars promulgated by the Banking Regulation and Supervision Agency ("BRSA") in relation to accounting and financial reporting principles of banks and for the issues not regulated by as per Turkish Accounting Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") (hereafter, referred as "BRSA Accounting and Financial Reporting Legislation"). The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared at Turkish Lira on a historical cost basis, except for the financial assets and financial liabilities measured on a fair value basis.

The preparation of unconsolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the use of certain critical accounting estimates and assumptions by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates and assumptions include fair value calculation of financial instruments and impairment of financial assets are being reviewed regularly and, when necessary, adjustments are made and the effects of these adjustments are reflected to the statement of profit or loss.

b. Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

c. Accounting policies and valuation principles applied in the presentation of financial statements

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements are determined and applied in accordance with BRSA Accounting and Financial Reporting Legislation. These accounting policies and valuation principles are explained in Notes II to XXV below.

The accounting policies adopted in the preparation of the unconsolidated financial statements are consistent with the standards used in the previous year, except for the items explained in the Note I-d.

d. Changes in accounting policies and disclosures

The Bank has started to apply TFRS 16 Leases standard in the accompanying unconsolidated financial statements starting from 1 January 2019 for the first time based on the regulation published in the Official Gazette no. 29826 dated 16 April 2018 which came into force starting from 1 January 2019. The effects of TFRS 16 on the financial statements of the Bank are presented in section three, footnote XXV.

Standards effective as of 1 January 2019

TFRS 16 Leases

TFRS16 Leases standard ("TFRS 16"), effective starting from 1 January 2019, removes the distinction between operating and finance leases applied by the lessee in TAS17 Leases ("TAS 17"). Instead, it is set forth a single accounting model similar to the accounting of finance leases on balance sheet. For lessors, the accounting stays almost the same.

II. Explanations on the strategy of using financial instruments and foreign currency transactions

The Bank manages its financial instruments strategies according to its liability structure. The liability structure is mainly comprised of deposits. The investment instruments are generally chosen from liquid instruments. Thus, liquidity is sustained to meet liabilities. As of the reporting date, the Bank's asset and shareholder's equity structure is sufficient to meet its liabilities.

Due to the risks management policy, the Bank does not take significant currency positions. In case of a currency risk due from the customer transactions, the Bank makes contra transactions in order to close the position.

The investment decisions are made taking the balance sheet items' maturity structure and interest rates into consideration. Limits related to the balance sheet are determined. The distribution of assets is determined and income analyses are made according to this distribution.

When carrying out off-balance sheet forward transactions, the Bank aims to perform contra transactions as well, thus paying maximum attention to the currency and interest rate risks. The customer limits for transactions are determined.

Explanations on foreign currency transactions:

Translation gains and losses arising from foreign currency transactions are accounted for within the period in which the transaction occurs. In period-ends, foreign currency denominated monetary assets and liabilities are translated into TL with the exchange buying rates of the Bank prevailing at the reporting date. Gains and losses arising from such transactions are recognized in the statement of profit or loss under the account of foreign exchange gains or losses.

III. Presentation of information related to consolidated subsidiaries

Investments in associates and subsidiaries are accounted in accordance with the "Turkish Accounting Standard on Separate Financial Statements" ("TAS 27") in the unconsolidated financial statements and measured in the financial statements according to their costs. Dividends are recognized in the statement of profit or loss when the right of dividend is obtained.

IV. Explanations on forward and options contracts and derivative instruments

The Bank's derivative instruments consist of forward buy/sell, swaps, futures, and options contracts.

Derivative financial instruments of the Bank are classified as "Derivative Financial Assets Designated at Fair Value through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value through Other Comprehensive Income" per TFRS 9.

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the statement of profit or loss under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

IV. Explanations on forward and options contracts and derivative instruments (continued)

Explanations on derivative financial instruments held for hedging purpose

As permitted by TFRS 9, the Bank continues to apply hedge accounting in accordance with TAS 39.

The Bank enters into interest rate and cross currency swap transactions in order to hedge the changes in cash flows of the floating-rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under "accumulated other comprehensive income or expense to be reclassified to profit or loss" in shareholders' equity, and the ineffective portion is recognised in income statement. The changes recognized in shareholders' equity is removed and included in income statement in the same period when the hedged cash flows effect the income or loss.

Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the "Dollar off-set model" and the hedge accounting is applied as long as the test results are between the ranges of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to income statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity and presented under "accumulated other comprehensive income or expense to be reclassified to profit or loss" are continued to be kept in this account.

When the cash flows of hedged item incur, the gain/losses accounted for under shareholders' equity are recognised in income statement considering the original maturity.

V. Explanations on interest income and expense

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate which equals the future cash flows of a financial asset or liability to its net book value) by taking into consideration present principal amount.

As of 1 January 2018, the Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods for the financial assets impaired and classified as non-performing loan. Such interest income calculation is based on contractual basis for all financial assets subject to impairment calculation. During calculation of loss given default rate in expected credit loss models effective interest rate is used, thus, calculation of expected credit losses includes calculated interest amount. Therefore, a reclassification is made between the accounts of "Expected Credit Losses" and "Interest Income from Loans" for such calculated interest amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

VI. Explanations on fee and commission income and expenses

Commissions paid for the loans provided and fees and commissions collected from clients in return for these loans are reflected on the statement of profit or loss in the period when they arise. On the other hand, of the fees and commissions collected from clients, the portions exceeding the amounts paid, and the fees and commissions collected without being associated with any cost are treated as an element of the effective interest of the loan, and they are recognized in the statement of profit or loss during the term of the loan on an accrual basis. Fees and commission expenses paid to the institutions and companies granting the loan are treated as an element of the effective interest, and they are associated with the statement of profit or loss during the term of the loan.

VII. Explanations on financial instruments

Initial recognition of financial instruments

A financial asset or a financial liability is recognized in the statement of financial position only when it is a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

Initial measurement of financial instrument

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 Revenue from contracts with customers, at initial recognition, the Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Thus, the Bank has classified all financial assets beginning from 1 January 2018 on the basis of the business model used for the management of these assets and the contractual cash flows.

As per TFRS 9, the Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss. The Bank has tested the "Solely Payments of Principal and Interest" test for all financial assets within the scope of TFRS 9 transition and evaluated asset classifications within the business model.

Assessment of business model

As per TFRS 9, the business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Bank's business models are divided into three categories.

A business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Central Bank, banks, money market placements, financial assets measured at amortized cost, loans, lease receivables, factoring receivables and other receivables are evaluated within this business model.

A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The business model in which financial assets are held both for the collection of contractual cash flows and for the sale of financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at fair value through other comprehensive income are evaluated within this business model.

VII. Explanations on financial instruments (continued)

Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss derivative financial instruments are evaluated within this business model.

Measurement categories of financial assets and liabilities

According to TFRS 9, Bank's financial assets are classified in three main categories as listed below:

- Financial assets measured at fair value through profit/loss

- Financial assets measured at fair value through other comprehensive income and

- Financial assets measured at amortized cost (including credits).

Financial assets measured at fair value through profit/loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income:

As per TFRS 9, the financial investments are measured at fair value through other comprehensive income if financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Other comprehensive income income/expense items to be recycled in profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition an entity can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

VII. Explanations on financial instruments (continued)

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

Loans:

Loans represents financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors.

Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the effective interest rate method.

Bank's loans are recorded under the "Loans Measured at Amortized Cost" account.

VIII. Explanations on impairment of financial assets

With the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside (Provision Regulation)" promulgated by BRSA in the Official Gazette, no. 29750, dated 22 June 2016, the Bank has started calculating provisions as of 1 January 2018, in scope of TFRS 9 for financial instruments, loans and other receivables. Accordingly, loss allowance for expected credit losses is recognized for the financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income.

Per TFRS 9, loss allowance for expected credit losses is recognised on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss. Expected credit loss estimates should include objective information weighted according to possibilities and that can be supported about past events, existing conditions and predictions about future economic conditions.

Financial assets within the scope of TFRS 9 are allocated to the three stages according to the change in the quality of the loan after initial recognition and are calculated on the basis of the expected loan loss stage:

- **Stage 1:** For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.
- **Stage 2:** In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

  A financial asset is transferred from Stage 1 to Stage 2 when there is a significant increase in credit risk after initial recognition. Bank has established a framework which incorporates quantitative and qualitative information to identify significant risk increase on an asset level applying a relative assessment. Each financial asset is assessed at the reporting date to determine significant risk increase.

  Bank considers the following criteria.

VIII. Explanations on impairment of financial assets (continued)

Quantitative criteria: The change in lifetime probability of default is the main trigger the transfer between Stage 1 and Stage 2. The trigger compares probability of default at the origination date versus probability of default at the reporting date, considering the remaining maturity. Assets can be transferred in both directions between Stage 1 and Stage 2. In order to determine if movements can be considered as significant, Bank implements different probability of default thresholds to evaluate absolute and relative changes occurring in both retail and corporate portfolios. Related thresholds are being analyzed by back-testing and revised accordingly if necessary. In this context, the Bank has changed the related thresholds as of 31 March 2019.

Qualitative criteria: Bank considers several indicators aligned with those used in credit risk management. Specific qualitative criteria for retail and corporate portfolio has been defined, according to its particularities and with the policies currently in use. The use of these qualitative criteria is complemented with the use of expert judgement.

- ➢ Having past due more than 30 days,
- ➢ Loans classified to watch list status according to the decision of the Bank's management,
- ➢ Restructured loans in compliance with "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside ",
- ➢ Restructured loans according to an administrative judgement,
- ➢ Other consumer loans of individual clients whose one of the consumer loan transferred to non-performing loan portfolio.

- **Stage 3:** Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

The following criteria are taken into consideration in determining the impairment:

- ➢ Having past due more than 90 days
- ➢ Problems in aspect of client's creditworthiness
- ➢ Collaterals and/or debtor's equities are insufficient for the timely payment of receivables
- ➢ Collection of receivables is considered to be delayed for more than 90 days due to macroeconomic, industry specific or customer specific reasons.

Use of present, past, future information and macroeconomic predictions:

Expected loss estimations take into consideration multiple macroeconomic scenarios for which the probability is measured according to past events, existing conditions and predictions about future economic conditions for economic variables (such as unemployment rates, GDP growth, FX rate fluctuations, real estate prices, and short-term interest rates). Bank has defined three macroeconomic scenarios to use for future predictions, a baseline, an up-scenario and a down-scenario. Macroeconomic models are used to convert the parameters used in expected loss estimations to forward looking versions. Different models exist for large corporate, financial institutions, corporate, retail mortgage and retail portfolios.

Expected credit loss measurement:

Bank applies "Probability of Default x Exposure at Default x Loss Given Default" method which also takes the time value of money into account. For Stage 1 financial assets; a forward-looking approach on a twelve-month period is applied in order to calculate expected credit loss. For Stage 2 financial assets; a lifetime expected loss is calculated. The lifetime expected loss is the discounted sum of the portions of lifetime losses related to default events within each period of twelve months till maturity. For Stage 3 financial assets; the probability of default equals 100%, the loss given default and the exposure at default represent a lifetime expected loss calculated based on properties of the defaulted loan.

IX. Explanations on offsetting financial assets

Financial assets and liabilities are shown on the balance sheet at their net amounts when the Bank has a legally enforceable right to offset the recognized amounts and intents to settle the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. Explanations on sales and repurchase agreements and securities lending transactions

Marketable securities sold under repurchase agreements ("Repo") are classified as financial assets whose fair value difference is reflected on profit-loss, and which are other comprehensive income or will be measured at amortised cost, in parallel to the classification of financial instruments. Funds provided in return for repo transactions are recognized in the "funds provided by repo transactions" accounts. The income related to repurchase agreements are reflected to the interest income on marketable securities and expenses paid in relation to repurchase agreements are recognized in "interest on money market borrowings" accounts.

Securities ("Reverse repo") that are purchased with repurchase agreements are classified under receivables from reverse repo transactions. Interest income obtained from reverse repo transactions are recognized under the account "interest obtained from money market transactions".

Securities lending transactions are classified under "money market placements" and accruals are calculated for the interest expense occurred.

XI. Explanations on property and equipment held for sale and related to discontinued operations and on payables regarding these assets

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing loans and receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations "TFRS 5".

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. To have a high possibility of sale, a plan should have been made for the sale of the asset (or the asset group to be disposed) and an active program should have been started by the management, aiming to complete the plan and determine the buyers.

The properties obtained from the Bank's receivables are shown at the fixed assets held for sale line according to the execution of the forward sales agreement.

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the statement of profit or loss. The Bank does not have any discontinued operations.

XII. Explanations on goodwill and other intangible assets

The intangible assets are measured at their cost calculated by adding the acquisition costs and other direct costs necessary for making the asset in working order. Subsequently, intangible assets are carried at cost less accumulated depreciation and provision for value decrease.

Intangible assets are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

The intangible assets	7% - 33%

The Bank does not have goodwill.

XIII. Explanations on property and equipment

Property and equipment are initially measured at cost calculated by adding the acquisition fees and any directly attributable costs for making the asset in working order. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value decrease.

According to precautionary and materiality principles, when the current value of property and equipment is less than their net cost, the net cost which exceeds their current value is recognized in expense account as provision for impairment.

Property and equipment are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

Immovables	2%
Movables, assets acquired by financial leasing	2% - 50%
Right-of-use assets	9% - 50%

The depreciation is set aside at the amount calculated through proportion of the yearly depreciation amount foreseen for the assets held for less than one accounting period to the time for which the asset is held in asset.

Gains and losses on the disposal of property and equipment are reflected to the profit and loss of the related period.

Expenditures for the repair and maintenance of property and equipment are recognized as expense.

There is no injunction, pledge or mortgage on property and equipment.

There is no purchase commitment related to property and equipment.

XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

The Bank does not have any leasing operations as lessor.

b. Accounting of leasing operations as lessee

Assets acquired under financial leases are capitalized at lower of the fair values of leased assets or discounted value of lease installments. While the total amounts of lease amounts are recognized as liability, the related interest amounts are accounted for as deferred interest. Assets subject to financial leases are followed under property and equipment and are depreciated by using straight-line method. The estimated depreciation rates are determined according to their estimated useful lives.

The Bank performs operating lease for branches ATM locations and vehicles. With the "TFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under "Tangible Fixed Assets" as an asset and under "Liabilities from Leasing" as a liability. Other operating leases are not considered within the scope of TFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under Other Operating Expenses.

The impact and application of TFRS 16 transition were explained in section three, footnote XXV.

XV. Explanations on provisions, contingent assets and liabilities

Provisions and contingent liabilities are accounted in accordance with, "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when there is a present legal or constructive obligation as a result of past events at the balance sheet date; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation

Provisions are set aside for highly probable and reliably estimated amount of liabilities arisen as a result of prior period events, at the time when such liabilities arise.

XVI. Explanations on obligations related to employee rights

Provision for employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Bank.

The Bank has calculated provision for employee severance benefits in the attached financial statements in accordance with "Turkish Accounting Standard for Employee Benefits ("TAS 19")" by using the "Projection Method" and discounted the total provision by using the current market yield on government bonds based on their previous experience in the issues of completion of personnel service period and severance pay eligibility. Actuarial gains and losses are recognized under equity in accordance with the "TAS 19" standard.

In accordance with the existing social legislation in Turkey, the Bank is required to make contribution to Social Security Institution ("SSI") on behalf of their employees. Other than the contributions that the Bank is required to pay, there is no additional requirement to make payment to neither their employees nor SSI. These premiums are reflected to personnel expenses when they accrue.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the employees are members.

XVII. Explanations on taxation

a. Current tax

The Bank is subject to tax legislation and practices effective in Turkey.

While the corporate tax rate was at the rate of 20% since 1 January 2006, for all companies, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

While according to the provisions of Corporate Tax Law, No. 5520, exemption shall be applied for 75% of the earnings from the sale of the properties and participation shares that corporations have kept among their assets for at least two full years (provided that they are added in the capital or kept in a special fund account in liabilities for five years as provided in the Law), and from the sales of founders' shares, preference shares and preferred rights they have kept for same duration; Article 89/a of the Law, No. 7061 effective upon promulgation in the Official Gazette, No. 30261, dated 5 December 2017 and Articles 5.1.e and 5.1.f of Corporate Tax Law have been amended, the exemption applied as 75% was decreased to 50% to be effective as of the promulgation of the Law for the above mentioned sale of properties.

XVII. Explanations on taxation (continued)

Corporate tax rate is applied on the tax base calculated after the addition of the non-deductible expenses in the commercial income of corporations and deduction of exemptions stated in tax laws (such as participation income exemption) and deductions. No other tax is paid unless profit is distributed.

According to the Corporate Tax Law, financial losses can be carried forward to offset against corporate tax base of the related period for up to five years. Tax authorities inspect tax returns and the related accounting records within five years and check the tax calculations.

Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. Pursuant to the tax legislation, an advance tax is calculated and paid based on earnings generated for each quarter. The amounts thus paid are deducted from the tax calculated over annual earning.

Current year tax amounts to be paid are netted off as they are related with prepaid tax amounts.

b. Deferred tax

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities were measured by 20% tax rate. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

If transactions and events are recorded in the statement of profit or loss, then the related tax effects are also recognized in the statement of profit or loss. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

The deferred tax assets and liabilities are reported as net in the financial statements.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of deferred tax asset to be utilized.

c. Transfer pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communique on Disguised Profit Distribution by way of Transfer Pricing" published on 18 November 2007 explains the application related issues in detail. According to this Communique, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

As discussed under subject Communique's "7.1 Annual Documentation" section, taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XVIII. Explanations on borrowings

The Bank, whenever required, generates funds from domestic and foreign sources in the form of borrowings, syndications, securitizations, and bill and bond issuances in the local and international markets. The funds borrowed are recorded at their purchase costs and valued at amortised costs using the effective interest method.

XIX. Explanation on issuance of equity securities

There are no issuance of equity securities in 2019.

XX. Explanations on guarantees and acceptances

The Bank’s letters of acceptances with its customers are simultaneously realized with customers’ payments and are followed in off-balance sheet items.

XXI. Explanations on government incentives

As of the balance sheet date, there is no government grant for the Bank.

XXII. Explanations on segment reporting

An operating segment is a component of an entity:

a. That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
b. Whose operating results are regularly reviewed by the entity's authorised decision maker for the purpose of taking decisions about resources to be allocated to the segment and assessing its performance, and
c. For which discrete financial information is available.

Reporting according to the operational segment is presented in note XII of Section Four.

XXIII. Profit reserves and distribution of profit

Under the Turkish Commercial Code (“TCC”), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

XXIV. Explanations on other disclosures

The accompanying financial statements as of 31 December 2019 are prepared and previous period financial statements are revised in accordance with the “Communique amending the Communique on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” published in the Official Gazette dated 1 February 2019 and effective starting from 1 January 2019.

XXV. Explanation on TFRS 16 leases standard

TFRS 16 Leases standard is published in the Official Gazette no. 29826 dated 16 April 2018 which is effective for the accounting periods after 31 December 2018.

The Bank has started to apply the standard starting from 1 January 2019 for the first time. This standard is applied with modified retrospective approach recognizing the cumulative effect of initially applying the standard at the date of initial application. In this context, comparative financial statements are not restated.

The Bank – as lessee:

The Bank assesses whether a contract is (or contains) a lease at the inception of the contract. A contract is a lease contract or contains a lease on the basis of whether the the right to control the use of an identified asset is being transferred for a period of time, against remuneration. In this case, at the commencement date, the right-of-use assets are recognized under "Tangible Assets" and lease liabilities are recognized under "Lease Payables" by the Bank.

The Bank initially measures the right-of-use asset applying a cost model in the financial statements and it includes the following:

(a) Lease liabilities in the balance sheet, initially measured at the present value,

(b) Remaining lease payment amount before or at the commencement date, after all lease incentives are eliminated,

(c) All initial direct costs beared by the Bank,

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Bank measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

The Bank applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

At the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the alternative borrowing interest rate in case of implicit interest rate cannot be defined easily.

At the commencement date, the lease payments included into the measurement of lease liabilities are composed of payments will be made during the underlying asset's lease term and payments that are not made at the commencement date are indicated below:

(a) Remaining amount of fixed payments after elimination of any lease incentives receivable,

(b) Variable future lease payments resulting from a change in an index or a rate used to determine those payments' initial measurement at the commencement date,

(c) Amounts expected to be payable under a residual value guarantee by the Bank,

(d) Purchasing option's cost if the Bank is sure at a reasonable level that purchasing option will be used,

(e) Payment of the fine due to the termination of the lease if the lease period refers to an option for the termination of the lease.

After the commencement date, the Bank measures the lease liability as indicated below:

(a) Measures the lease liability by increasing the carrying amount to reflect interest on the lease liability,

(b) Measures the lease liability by reducing the carrying amount to reflect the lease payments made,

(c) Remeasures the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

XXV. Explanation on TFRS 16 leases standard (continued)

Reclassifications and remeasurements during the first time appliciation of TFRS 16 Leases Standard dated 1 January 2019 are presented in the table below:

	31 December 2018	TFRS 16 Reclassification Effect	TFRS 16 Measurement Effect	1 January 2019
Tangible assets(net) (*)	683,472	13,916	296,364	993,752
Other assets (**)	587,198	(13,916)	-	573,282
Lease liabilities (net) (***)	-	-	296,364	296,364

(*) In accordance with TFRS 16, the Bank recognised a lease liability and a right-of-use asset amounting to TL 296,364 as of 1 January 2019 for leases previously accounted as an operating lease under TAS 17.

(**) In accordance with TFRS 16, the Bank recognised prepaid lease expenses amounting to TL 13,916 under tangible assets as right-of-use assets which were previously classified under other assets.

(***) As of 1 January 2019, the weighted average of the alternative borrowing interest rates applied to TL lease liabilities presented in the statement of financial position of the Bank is 17.60%.

During the transition, the Bank recognised lease liability concerning the lease which were previously recognised as operational leasing as per TAS 17. These liabilities were measured based on the discounted current value by using the alternative borrowing rate of interest of remaining lease payments as of 1 January 2019.

Short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard and their payments continue to be accounted as expense in the period they incur. Moreover, lease agreements with a remaining duration of 12 months or less as of 1 January 2019, have been evaluated within the scope of the same exemption. Within this scope, TL 15,808 has been paid in the relevant period.

Direct costs are not included while evaluating the right-of-use asset at the initial application date.

If a contract contains extention or termination terms, the Bank management's judgement and assessment are used for the determination of useful life of right-of-use-assets.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Section four

Information on financial position and risk management of the Bank

I. Explanations on unconsolidated capital

Unconsolidated total capital and capital adequacy ratio has been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks."

As of 31 December 2019, the Bank's total capital is TL 12,458,250 and the capital adequacy ratio is 26.82%. As of 31 December 2018, the Bank's total capital amounted to TL 11,119,321 and capital adequacy ratio was 21.74%.

	Current period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	3,207,698	
Other comprehensive income according to TAS	221,913	
Profit	1,476,311	
Net profit for the period	1,476,311	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Common equity Tier I capital before deductions	**8,392,190**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	2,060	
Leasehold improvements on operational leases	55,069	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	54,262	54,262
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the common equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the common equity	-	
Amounts exceeding 15% of the common equity as per the 2nd clause of the provisional article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity in case adequate additional Tier I capital or Tier II capital is not available	-	
Total deductions from common equity Tier I capital	**111,391**	
Total common equity Tier I capital	**8,280,799**	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I capital and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital	-	
Bank's direct and indirect investments in its own Additional Tier I capital	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	-	
Total additional Tier I capital	-	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**8,280,799**	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on unconsolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	3,767,469	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	415,377	
Tier II Capital Before Deductions	**4,182,846**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	**-**	
Total Tier II Capital	**4,182,846**	
Total capital (the sum of tier i capital and tier ii capital)	**12,463,645**	
Total of core capital and additional capital (total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	
Other items to be defined by the BRSA (-)	5,395	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	12,458,250	
Total risk weighted amounts	46,444,698	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	17.83	
Tier I Capital Adequacy Ratio (%)	17.83	
Capital Adequacy Ratio (%)	26.82	
BUFFERS		
Total buffer requirement	2.75	
Capital protection buffer requirement (%)	2.50	
Bank specific cyclical buffer requirement (%)	0.25	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	11.83	
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	176,577	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	415,377	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	415,377	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4		
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	
	-	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on unconsolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	2,146,000	
Other comprehensive income according to TAS	140,125	
Profit	1,061,760	
Net profit for the period	1,061,760	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Common equity Tier I capital before deductions	**6,834,153**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	14,870	
Leasehold improvements on operational leases	39,955	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	36,215	36,215
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the common equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the common equity	-	
Amounts exceeding 15% of the common equity as per the 2nd clause of the provisional article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity in case adequate additional Tier I capital or Tier II capital is not available	-	
Total deductions from common equity Tier I capital	**91,040**	
Total common equity Tier I capital	**6,743,113**	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I capital and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital		
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period		
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	-	
Total additional Tier I capital	-	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**6,743,113**	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on unconsolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	3,807,119	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	577,011	
Tier II Capital Before Deductions	**4,384,130**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	**4,384,130**	
Total capital (the sum of tier i capital and tier ii capital)	**11,127,243**	
Total of core capital and additional capital (total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	
Other items to be defined by the BRSA	7,922	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	11,119,321	
Total risk weighted amounts	51,146,897	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	13.18	
Tier I Capital Adequacy Ratio (%)	13.18	
Capital Adequacy Ratio (%)	21.74	
BUFFERS		
Total buffer requirement	1.937	
Capital protection buffer requirement (%)	1.875	
Bank specific cyclical buffer requirement (%)	0.062	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	7.184	
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	177,124	
Limits related to provisions considered in Tier II calculation	-	
General provisions for standard based receivables (before ten thousand twenty five limitation)	593,394	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	577,011	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	
Upper limit for Additional Tier II Capital subject to Temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4		

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on unconsolidated capital (continued)

Information about debt instruments that will be included in total capital calculation:

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible at stand-alone / consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 82 million (TL 486 million) and EUR 72 million (TL 481 million)	USD 73 million (TL 433 million) and EUR 68 million (TL 454 million)	USD 62 million (TL 369 million) and EUR 231 million (TL 1,544 million)
Par value of instrument (Currency in million)	USD 102 million (TL 607 million) and EUR 90 million (TL 602 million)	USD 91 million (TL 541 million) and EUR 85 million (TL 568 million)	USD 62 million (TL 369 million) and EUR 231 million (TL 1,544 million)
Accounting classification	Subordinated Loans	Subordinated Loans	Subordinated Loans
Original date of issuance	11 March 2014	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	After 5th year
Coupons / dividends	-	-	-
Fixed or floating dividend/coupon	Floating	Floating	Floating
Coupon rate and any related index	Libor+2.78% and Euribor+2.29%	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%
Existence of a dividend stopper	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-
Existence of step up or other incentive to redeem	None	None	None
Noncumulative or cumulative	-	-	-
Convertible or non-convertible	None	None	None
If convertible, conversion trigger(s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory or optional conversion	-	-	-
If convertible, specify instrument type convertible into	-	-	-
If convertible, specify issuer of instrument it converts into			
Write-down feature	None	None	None
If write-down, write-down trigger(s)	-	-	-
If write-down, full or partial	-	-	-
If write-down, permanent or temporary	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on unconsolidated capital (continued)

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders' equity	8,230,507	8,230,507
Gains from cash flow hedge transactions	(159,623)	159,623
Leasehold improvements on operational leases	55,069	(55,069)
Goodwill and intangible assets	54,262	(54,262)
General provision	415,377	415,377
Subordinated debt (*)	4,237,398	3,767,469
Other deductions from shareholders' equity	5,395	(5,395)
Capital		**12,458,250**

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the parent bank amounting to USD 102 million and EUR 90 million and USD 91 million and EUR 85 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than five years as of 31 December 2019.

II. Explanation on unconsolidated credit risk

1. The Bank's credit risk management strategy consists of limit settings within legal limitations, conservative credit allocation structure, proper documentation structure in line with the standards and strong monitoring and follow-up systems. Risk management strategy also includes sector-specific, currency and customer diversification. With the credit evaluations and monthly reporting to the top level management, loans having high exposures and factors that may cause deterioration in the loan quality are closely monitored, preventing the credit quality to decrease. Additionally, various analysis about concentration risks is made for monitoring portfolio risk as well as within the scope of Internal Capital Adequacy Assessment Process ("ICAAP") and these activities are supported by stress tests. The sectoral distributions of loans are reported monthly and can be limited according to the conjunctions. However, geographical limitation is not implemented. Documentation for risk management strategy is revised at least once a year under the supervision of the Audit Committee.

As prescribed in the related legislation, the credit worthiness of the debtors is monitored regularly. The credit limits are determined by the Board of Directors, the Bank's Credit Committee and other related credit departments. The account statements related to given loans are obtained and reviewed as prescribed in the legislation. The Bank receives sufficient collateral for the loans given and other receivables. The received collaterals comprise of personal and legal entity guarantees, pledge of vehicle, mortgages, cash blockage and customer checks and Credit Guarantee Fund suretyship having Treasury guarantee.

Loans that have overdue principal, interest or both for less than 90 days after the maturity or due date are considered past due loans by the Bank. Loans that have overdue principal, interest or both for more than 90 days after the maturity or due date or the debtors of which are deemed unworthy by the Bank are considered impaired loans.

The Bank has started to apply TFRS 9 Financial Instruments ("TFRS 9") published by POA in the accompanying consolidated financial statements starting from 1 January 2018. Bank calculates Expected Credit Loss based provisions for credit losses.

The sum of risk exposures that are offset and for which credit risk mitigation is not applied are presented monthly to the Audit Committee per different risk categories and types and monthly, periodically and annual changes are monitored by the senior management.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Explanations on unconsolidated credit risk (continued)

Risk classifications	Current period risk amount (*)	Current period average (**)	Prior period risk amount (*)	Prior period average (**)
Conditional and unconditional receivables from central governments and Central Banks	9,617,952	9,937,908	9,103,955	8,646,802
Conditional and unconditional receivables from regional or local governments	1,096,530	939,945	814,597	677,616
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	1	6	7
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	14,936,304	13,884,492	10,427,244	8,810,914
Conditional and unconditional receivables from corporates	21,682,171	22,028,504	25,888,395	25,459,379
Conditional and unconditional receivables from retail portfolios	14,524,431	15,201,180	17,832,597	19,442,478
Conditional and unconditional receivables secured by mortgages	2,608,006	3,324,620	3,850,485	4,507,580
Past due receivables	253,061	249,671	205,904	225,036
Receivables defined under high risk category by BRSA	1,114,344	1,000,879	802,255	408,005
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Stock transactions	92,680	95,302	102,028	101,998
Other receivables	2,609,825	3,561,787	2,882,590	3,284,246
Total	**68,535,304**	**70,224,289**	**71,910,056**	**71,564,061**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(**) The average risk amount was calculated by taking the arithmetic average of the values in the monthly reports prepared in balance sheet period in regards to "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

2. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.

3. Related to forward transactions, options and similar agreements, the bank operates the daily collateral management policies in accordance with ISDA agreements (CSA) and where needed the credit exposure is reduced by the usage of rights and performing of the acts.

4. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

   When there is an issue or it is evaluated that the company might have an issue on repayments of the loan that are given in Corporate, Commercial, SME Banking segments, such companies have been transferred to Credits Restructuring and Recovery Group. The rating of all companies that were transferred to Credits Restructuring and Recovery Group have been reassessed. As a rule, the rating of the company has been reduced at the time of transfer, company's restructuring decision has been reconsidered and after decision is made the monitoring methods in the legislation have been applied. Existing ratings of the companies that are in legal follow up and are not restructured have been reduced again. On the other hand, companies that have issues on their financial positions or business operations but not restructured, have been monitored closely in terms of company operations and cash flows.

   The Bank considers that long-term commitments are more exposed to credit risk than short-term commitments, and risk decomposition has been made according to that.

5. Transactions in foreign countries have been made with many correspondent banks in many countries. The counterparty limits have been set for the risks that may arise in transactions with banks. Credit risks have been managed according to credit worthiness and limits of the counterparties.

   The Bank does not have any material credit risk concentration as an active participant of international banking market when considered with financial operations of other financial institutions.

II. Explanations on unconsolidated credit risk (continued)

6. The proportion of the Bank's top 100 and 200 cash loan balances in total cash loans is 32% and 38% respectively (31 December 2018: 26% and 33%).

The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 85% and 90% (31 December 2018: 86% and 89%).

The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total cash and non-cash loans 46% and 52% (31 December 2018: 44% and 49%).

7. Stage 1 and Stage 2 expected losses for unconsolidated credit risk amount to TL 415,377 (31 December 2018: TL 593,394).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

43II. Explanations on unconsolidated credit risk (continued)

8. Amount of profile on significant risks in significant regions

Profile on significant risks in significant regions (*)

	Risk categories (**)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Current period																		
Domestic	9,617,952	1,096,530	-	-	-	10,665,996	20,230,190	14,520,916	2,607,740	252,986	1,114,344	-	-	-	-	8,852	2,609,822	62,725,328
European Union Countries	-	-	-	-	-	3,578,901	189,402	2,330	266	38	-	-	-	-	-	229	3	3,771,169
OECD Countries (***)	-	-	-	-	-	231,393	-	107	-	-	-	-	-	-	-	-	-	231,500
Off- Shore banking regions	-	-	-	-	-	7,262	-	-	-	-	-	-	-	-	-	-	-	7,262
USA, Canada	-	-	-	-	-	423,814	-	8	-	-	-	-	-	-	-	-	-	423,822
Other Countries	-	-	-	-	-	28,938	918,611	1,070	-	37	-	-	-	-	-	-	-	948,656
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	343,968	-	-	-	-	-	-	-	-	83,599	-	427,567
Undistributed assets / liabilities (****)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**9,617,952**	**1,096,530**	**-**	**-**	**-**	**14,936,304**	**21,682,171**	**14,524,431**	**2,608,006**	**253,061**	**1,114,344**	**-**	**-**	**-**	**-**	**92,680**	**2,609,825**	**68,535,304**

	Risk categories (**)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Prior period																		
Domestic	9,103,955	814,597	6	-	-	5,720,521	24,760,701	17,829,659	3,849,736	205,789	802,052	-	-	-	-	5,912	2,882,590	65,975,518
European Union Countries	-	-	-	-	-	3,794,703	565,640	1,744	653	53	203	-	-	-	-	209	-	4,363,205
OECD Countries (***)	-	-	-	-	-	93,750	-	138	-	-	-	-	-	-	-	-	-	93,888
Off- Shore banking regions	-	-	-	-	-	68,589	-	-	-	-	-	-	-	-	-	-	-	68,589
USA, Canada	-	-	-	-	-	532,646	-	2	96	-	-	-	-	-	-	-	-	532,744
Other Countries	-	-	-	-	-	217,035	2,646	1,054	-	62	-	-	-	-	-	-	-	220,797
Investment in associates, subsidiaries and joint ventures	-	-	-	-	-	-	559,408	-	-	-	-	-	-	-	-	95,907	-	655,315
Undistributed assets / liabilities (****)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**9,103,955**	**814,597**	**6**	**-**	**-**	**10,427,244**	**25,888,395**	**17,832,597**	**3,850,485**	**205,904**	**802,255**	**-**	**-**	**-**	**-**	**102,028**	**2,882,590**	**71,910,056**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor
(**) Risk categories that are defined in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks"
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables
(***) EU countries, OECD countries other than USA and Canada
(****) Assets and liabilities that are not distributed according to a consistent principle

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Explanations on unconsolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

	Risk categories (**)																			
Current period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TL**	**FC**	**Total**
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**238,954**	**37,152**	**12,230**	**-**	**16,720**	**-**	**-**	**-**	**-**	**-**	**12**	**91,343**	**213,725**	**305,068**
Farming and raising livestock	-	-	-	-	-	-	133,516	30,272	12,133	-	13,732	-	-	-	-	-	9	76,295	113,367	189,662
Forestry	-	-	-	-	-	-	5,036	3,159	97	-	49	-	-	-	-	-	2	8,343	-	8,343
Fishing	-	-	-	-	-	-	100,402	3,721	-	-	2,939	-	-	-	-	-	1	6,705	100,358	107,063
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**11,412,667**	**1,841,173**	**682,026**	**-**	**323,257**	**-**	**-**	**-**	**-**	**-**	**911**	**3,762,779**	**10,497,255**	**14,260,034**
Mining	-	-	-	-	-	-	2,594,340	62,501	7,873	-	11,741	-	-	-	-	-	20	185,834	2,490,641	2,676,475
Production	-	-	-	-	-	-	8,611,860	1,755,592	669,341	-	307,406	-	-	-	-	-	849	3,487,802	7,857,246	11,345,048
Electricity, gas, water	-	-	-	-	-	-	206,467	23,080	4,812	-	4,110	-	-	-	-	-	42	89,143	149,368	238,511
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**1,604,123**	**256,217**	**94,937**	**10**	**106,578**	**-**	**-**	**-**	**-**	**-**	**194**	**722,852**	**1,339,207**	**2,062,059**
Services	**6,174,181**	**-**	**-**	**-**	**-**	**14,936,304**	**8,380,268**	**2,219,795**	**875,412**	**2**	**646,698**	**-**	**-**	**-**	**-**	**92,145**	**10,373**	**17,943,730**	**15,391,448**	**33,335,178**
Wholesale and retail trade	-	-	-	-	-	-	3,123,183	1,708,851	380,567	2	512,552	-	-	-	-	-	1,044	4,062,160	1,664,039	5,726,199
Hotel food, beverage services	-	-	-	-	-	-	405,160	101,808	396,297	-	30,062	-	-	-	-	-	394	274,924	658,797	933,721
Transportation and telecommunication	-	-	-	-	-	-	1,314,338	223,178	68,937	-	51,531	-	-	-	-	-	204	543,685	1,114,503	1,658,188
Financial institutions	6,174,181	-	-	-	-	14,936,304	875,559	24,478	3,887	-	1,574	-	-	-	-	92,145	8,478	12,266,602	9,850,004	22,116,606
Real estate and renting service	-	-	-	-	-	-	703,306	42,327	15,797	-	10,548	-	-	-	-	-	115	407,968	364,125	772,093
Self-employment service	-	-	-	-	-	-	1,375,369	82,840	6,764	-	36,669	-	-	-	-	-	103	214,410	1,287,335	1,501,745
Education services	-	-	-	-	-	-	21,772	13,092	1,637	-	1,457	-	-	-	-	-	15	24,725	13,248	37,973
Health and social services	-	-	-	-	-	-	561,581	23,221	1,526	-	2,305	-	-	-	-	-	20	149,256	439,397	588,653
Other	**3,443,771**	**1,096,530**	**-**	**-**	**-**	**-**	**46,159**	**10,170,094**	**943,401**	**253,049**	**21,091**	**-**	**-**	**-**	**-**	**535**	**2,598,335**	**17,417,680**	**1,155,285**	**18,572,965**
Total	**9,617,952**	**1,096,530**	**-**	**-**	**-**	**14,936,304**	**21,682,171**	**14,524,431**	**2,608,006**	**253,061**	**1,114,344**	**-**	**-**	**-**	**-**	**92,680**	**2,609,825**	**39,938,384**	**28,596,920**	**68,535,304**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Explanations on unconsolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

	Risk categories (**)																			
Prior period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TL**	**FC**	**Total**
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**247,131**	**140,022**	**20,277**	**-**	**6,553**	**-**	**-**	**-**	**-**	**-**	**-**	**257,491**	**156,492**	**413,983**
Farming and raising livestock	-	-	-	-	-	-	177,700	119,994	17,546	-	6,159	-	-	-	-	-	-	205,593	115,806	321,399
Forestry	-	-	-	-	-	-	31,599	10,858	2,566	-	308	-	-	-	-	-	-	33,930	11,401	45,331
Fishing	-	-	-	-	-	-	37,832	9,170	165	-	86	-	-	-	-	-	-	17,968	29,285	47,253
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**13,754,334**	**2,575,294**	**973,131**	**-**	**266,279**	**-**	**-**	**-**	**-**	**-**	**-**	**6,462,331**	**11,106,707**	**17,569,038**
Mining	-	-	-	-	-	-	3,048,085	121,295	44,403	-	7,220	-	-	-	-	-	-	275,220	2,945,783	3,221,003
Production	-	-	-	-	-	-	10,276,619	2,409,726	919,512	-	226,746	-	-	-	-	-	-	5,939,078	7,893,525	13,832,603
Electricity, gas, water	-	-	-	-	-	-	429,630	44,273	9,216	-	32,313	-	-	-	-	-	-	248,033	267,399	515,432
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**1,458,993**	**531,550**	**60,313**	**-**	**89,798**	**-**	**-**	**-**	**-**	**-**	**-**	**1,114,945**	**1,025,709**	**2,140,654**
Services	**7,269,162**	**-**	**-**	**-**	**-**	**10,426,458**	**10,287,277**	**4,325,858**	**1,610,984**	**-**	**423,332**	**-**	**-**	**-**	**-**	**101,513**	**-**	**18,457,040**	**15,987,544**	**34,444,584**
Wholesale and retail trade	-	-	-	-	-	-	4,377,849	3,512,691	685,427	-	355,420	-	-	-	-	-	-	7,516,361	1,415,026	8,931,387
Hotel food, beverage services	-	-	-	-	-	-	728,920	158,352	757,021	-	7,271	-	-	-	-	-	-	423,723	1,227,841	1,651,564
Transportation and telecommunication	-	-	-	-	-	-	1,716,867	314,311	67,037	-	35,938	-	-	-	-	-	-	763,718	1,370,435	2,134,153
Financial institutions	7,269,162	-	-	-	-	10,426,458	1,163,097	19,419	5,228	-	1,147	-	-	-	-	101,513	-	8,723,963	10,262,061	18,986,024
Real estate and renting service	-	-	-	-	-	-	852,926	85,262	26,406	-	2,953	-	-	-	-	-	-	566,212	401,335	967,547
Self-employment service	-	-	-	-	-	-	1,131,150	149,947	16,497	-	16,108	-	-	-	-	-	-	274,833	1,038,869	1,313,702
Education services	-	-	-	-	-	-	6,801	25,123	21,965	-	2,436	-	-	-	-	-	-	41,194	15,131	56,325
Health and social services	-	-	-	-	-	-	309,667	60,753	31,403	-	2,059	-	-	-	-	-	-	147,036	256,846	403,882
Other	**1,834,793**	**814,597**	**6**	**-**	**-**	**786**	**140,660**	**10,259,873**	**1,185,780**	**205,904**	**16,293**	**-**	**-**	**-**	**-**	**515**	**2,882,590**	**15,746,294**	**1,595,503**	**17,341,797**
Total	**9,103,955**	**814,597**	**6**	**-**	**-**	**10,427,244**	**25,888,395**	**17,832,597**	**3,850,485**	**205,904**	**802,255**	**-**	**-**	**-**	**-**	**102,028**	**2,882,590**	**42,038,101**	**29,871,955**	**71,910,056**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

II. Explanations on unconsolidated credit risk (continued)

10. Term distribution of risks with term structure (*)

Current Period	Time to maturity						
Risk categories	**1 month**	**1-3months**	**3-6 months**	**6-12 months**	**Over 1 year**	**Demand**	**Total**
Conditional and unconditional receivables from central governments and Central Banks	6,178,914	519,002	151,947	1,326,484	1,441,365	240	9,617,952
Conditional and unconditional receivables from regional or local governments	-	-	-	-	1,096,530	-	1,096,530
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	9,223,818	380,798	534,284	1,811,233	2,168,049	818,122	14,936,304
Conditional and unconditional receivables from corporates	487,453	1,430,249	2,985,171	3,349,106	10,795,386	2,634,806	21,682,171
Conditional and unconditional receivables from retail portfolios	396,554	742,600	917,679	1,899,855	9,785,551	782,192	14,524,431
Conditional and unconditional receivables secured by mortgages	19,995	89,574	94,750	210,364	1,888,521	304,802	2,608,006
Past due receivables	-	-	-	-	-	253,061	253,061
Receivables defined under high risk category by BRSA	-	-	-	-	-	1,114,344	1,114,344
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	92,680	92,680
Other receivables	-	-	-	-	-	2,609,825	2,609,825
Total	**16,306,734**	**3,162,223**	**4,683,831**	**8,597,042**	**27,175,402**	**8,610,072**	**68,535,304**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

Prior Period	Time to maturity						
Risk categories	**1 month**	**1-3months**	**3-6 months**	**6-12 months**	**Over 1 year**	**Demand**	**Total**
Conditional and unconditional receivables from central governments and Central Banks	7,267,861	-	-	-	1,834,793	1,301	9,103,955
Conditional and unconditional receivables from regional or local governments	-	18,474	135	-	795,988	-	814,597
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	6	6
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	4,774,714	454,048	246,473	606,806	3,844,136	501,067	10,427,244
Conditional and unconditional receivables from corporates	2,584,023	2,178,425	2,432,949	1,851,993	14,118,186	2,722,819	25,888,395
Conditional and unconditional receivables from retail portfolios	478,906	1,008,714	1,175,250	1,901,591	12,389,588	878,548	17,832,597
Conditional and unconditional receivables secured by mortgages	53,285	145,919	113,102	332,315	2,613,933	591,931	3,850,485
Past due receivables	-	-	-	-	-	205,904	205,904
Receivables defined under high risk category by BRSA	-	-	-	-	-	802,255	802,255
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	102,028	102,028
Other receivables	-	-	-	-	-	2,882,590	2,882,590
Total	**15,158,789**	**3,805,580**	**3,967,909**	**4,692,705**	**35,596,624**	**8,688,449**	**71,910,056**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

II. Explanations on unconsolidated credit risk (continued)

11. Explanations on risk categories as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks

In determining the risk weights of the risk categories mentioned in article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, the Bank uses the ratings provided by international rating firm, Fitch Ratings in the Credit Risk Based Amount calculations as of 31 December 2019. Fitch ratings are used for the risk exposures to banks where the counterparties are resident in abroad. Furthermore, Fitch ratings are used for foreign currency securities issued by Treasury and other foreign currency risks that are associated with Central governments.

Matching of the risk ratings used in calculations with the credit quality grades stated in the Regulation on Measurement and Assessment of Capital Adequacy of Banks is presented below.

Credit quality level	**1**	**2**	**3**	**4**	**5**	**6**
Fitch rating note	AAA and AA-	A+ and A-	BBB+ and BBB-	BB+ and BB-	B+ and B-	CCC+ and below

Risk amounts based on risk weights

Current Period	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**200%**	**250%**	**1250%**	**Deducted from equity**
Amount before credit risk mitigation	9,542,554	-	10,543,066	-	3,774,730	15,878,636	28,392,120	404,198	-	-	-	116,786
Amount after credit risk mitigation	11,594,935	-	2,257,915	1,037,933	5,137,129	12,942,789	26,571,729	404,198	-	-	-	116,786

Prior Period	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**200%**	**250%**	**1250%**	**Deducted from equity**
Amount before credit risk mitigation	8,596,365	-	5,283,414	-	4,233,105	19,862,297	33,445,185	489,690	-	-	-	98,962
Amount after credit risk mitigation	13,375,331	-	1,060,531	1,475,610	6,294,247	14,100,057	30,502,022	489,690	-	-	-	98,962

12. Miscellaneous information regarding important sectors or counterparty type

The Bank evaluates its financial assets in 3 stages based on TFRS 9 as explained in section three note VIII. In this respect, the life time expected credit losses are recognized for impaired loans (defaulted) and the probability of default is considered as 100%.

When the loan is not defaulted yet, but there is a significant increase in the credit risk since origination date, the life time expected credit losses are calculated for these loans (stage 2).

For loans in stage 1, 12-month default probability is calculated. The expected credit loss within 12 months from the date of reporting is recognized in the financial statements.

Current period	**Loans (*)**		
	Impaired (TFRS 9)		**Expected credit losses (TFRS 9)**
Important sectors / Counterparties	**Significant increase in credit risk (Stage 2)**	**Defaulted (Stage 3)**	
Agriculture	**13,809**	**32,857**	**17,839**
Farming and raising livestock	13,225	27,247	14,425
Forestry	534	988	989
Fishing	50	4,622	2,425
Manufacturing	**848,681**	**628,288**	**369,558**
Mining	20,981	42,035	33,538
Production	817,146	544,657	298,178
Electricity, gas, water	10,554	41,596	37,842
Construction	**210,862**	**249,795**	**159,955**
Services	**1,696,988**	**1,350,066**	**831,703**
Wholesale and retail trade	631,233	1,061,339	588,018
Hotel food, beverage services	249,495	84,201	65,256
Transportation and telecommunication	300,494	97,397	86,187
Financial institutions	233,389	2,584	8,988
Real estate and lending service	176,274	18,147	21,640
Self-employment service	48,224	77,602	49,297
Education service	18,536	3,145	3,565
Health and social services	39,343	5,651	8,752
Other	**1,365,866**	**683,609**	**512,072**
Total	**4,136,206**	**2,944,615**	**1,891,127**

(*) Represents the distribution of cash loans.

II. Explanations on unconsolidated credit risk (continued)

Prior Period	Loans (*)		
	Impaired (TFRS 9)		
Important sectors / Counterparties	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	Expected credit losses (TFRS 9)
Agriculture	**163,544**	**13,415**	**12,596**
Farming and raising livestock	118,544	11,690	10,408
Forestry	1,962	1,531	1,336
Fishing	43,038	194	852
Manufacturing	**2,578,795**	**489,805**	**322,286**
Mining	107,150	38,347	36,930
Production	2,433,384	406,325	270,946
Electricity, gas, water	38,261	45,133	14,410
Construction	**505,825**	**189,315**	**127,311**
Services	**4,188,331**	**793,308**	**577,802**
Wholesale and retail trade	2,483,410	682,325	427,699
Hotel food, beverage services	849,866	14,814	50,095
Transportation and telecommunication	234,763	56,276	37,790
Financial institutions	20,025	2,029	2,677
Real estate and lending service	324,667	6,232	31,774
Self-employment service	218,546	23,565	20,597
Education service	18,917	3,567	2,692
Health and social services	38,137	4,500	4,478
Other	**3,146,543**	**568,082**	**490,790**
Total	**10,583,038**	**2,053,925**	**1,530,785**

(*) Represents the distribution of cash loans.

13. Information related to value adjustments and credit provisions

Current period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,074,061	1,169,665	(634,153)	-	**1,609,573**
Stage 1 and stage 2 provisions (**)	597,455	244,823	(418,151)	-	**424,127**

Prior Period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,157,762	566,058	(649,759)	-	**1,074,061**
Stage 1 and stage 2 provisions (**)	365,940	530,029	(298,514)	-	**597,455**

(*) Determined according to currency differences, merges, acquisitions and selling of subsidiaries.

(**) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

14. Exposures subject to countercyclical capital buffer

Country name	RWA calculations for private sector loans in banking book	RWA calculations for trading book	Total
Turkey	34,898,105	257,250	35,155,355
Azerbaijan	915,636	-	915,636
Ireland	337,832	-	337,832
United Kingdom	98,552	873,151	971,703
Germany	64,645	108	64,753
France	56,607	299,699	356,306
Greece	43,184	-	43,184
Holland	41,403	32,070	73,473
Romania	41,081	2	41,083
Switzerland	33,819	-	33,819
Other	105,358	175,864	281,222

III. Explanation on unconsolidated currency risk

Management of foreign currency risk is differentiated on the basis of "Banking Book" and "Trading Book", where trading book is managed in accordance with foreign currency trading position limits as well as value at risk ("VaR") and banking book is managed foreign exchange position limits scope. The results of measurements are shared periodically with senior management, Asset Liability Committee, Audit Committee and the Board of Directors. Besides, currency risk is also taken into account in the capital adequacy ratio calculation as part of the market risk under the standard method.

The simple arithmetic average of USD and EUR buying rates of the Bank for the thirty one days before the balance sheet date are 5.8565 (Full TL) and 6.5067 (Full TL) respectively.

The Bank's USD and EUR buying rates as of balance sheet date and five business days prior to this date are as follows:

	1 USD	1 EUR
The Bank's "foreign exchange buying rates" (31 December 2019)	5.9501	6.6843
Previous days;		
30 December 2019	5.9493	6.6567
27 December 2019	5.9579	6.6449
26 December 2019	5.9561	6.5994
25 December 2019	5.9561	6.5994
24 December 2019	5.9561	6.5994

III. Explanation on unconsolidated currency risk (continued)

Information related to currency risk

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	3,780,692	1,909,771	1,086,882	6,777,345
Banks	328,258	143,796	423,449	895,503
Financial assets at fair value through profit or loss	84,948	77,955	-	162,903
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	229	-	-	229
Loans	9,863,033	1,351,102	-	11,214,135
Investments in associates, subsidiaries and joint ventures	-	334	-	334
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	1,117	-	-	1,117
Tangible assets (net)	-	-	-	-
Intangible assets (net)	-	-	-	-
Other assets	2,632	1,527	184	4,343
Total assets	**14,060,909**	**3,484,485**	**1,510,515**	**19,055,909**
Liabilities				
Bank deposit	1,753,235	365,788	39	2,119,062
Foreign currency deposits	4,361,944	8,454,036	760,729	13,576,709
Funds from interbank money market	82,601	-	-	82,601
Borrowings	3,628,070	3,153,216	-	6,781,286
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	20,531	61,181	2	81,714
Hedging derivative financial liabilities	6,658	-	-	6,658
Other liabilities	16,477	17,167	1,158	34,802
Total liabilities	**9,869,516**	**12,051,388**	**761,928**	**22,682,832**
Net on balance sheet position	**4,191,393**	**(8,566,903)**	**748,587**	**(3,626,923)**
Net off-balance sheet position	**(4,187,714)**	**8,547,259**	**(746,180)**	**3,613,365**
Financial derivative assets	8,256,457	17,520,277	1,416,254	27,192,988
Financial derivative liabilities	12,444,171	8,973,018	2,162,434	23,579,623
Non-cash loans	**4,818,547**	**6,936,265**	**182,820**	**11,937,632**
Prior period				
Total assets	**13,640,919**	**3,733,474**	**1,262,779**	**18,637,172**
Total liabilities	**13,082,479**	**14,216,323**	**512,873**	**27,811,675**
Net on-balance sheet position	**558,440**	**(10,482,849)**	**749,906**	**(9,174,503)**
Net off-balance sheet position	**(539,563)**	**10,469,558**	**(748,022)**	**9,181,973**
Financial derivative assets	7,987,608	19,445,937	1,196,112	28,629,657
Financial derivative liabilities	8,527,171	8,976,379	1,944,134	19,447,684
Non-cash loans	**5,566,823**	**8,243,943**	**178,836**	**13,989,602**

In the foreign currency risk table:

The principal and accrual of TL 130,287 (31 December 2018: TL 462,816) of foreign currency indexed loans are shown under loans.

The foreign currency amounts which are not included in currency risk table according to the regulation about foreign currency net general position/capital adequacy standard ratio are explained below with the order in the table above.

Held-for-trading derivative financial assets: TL 115,268 (31 December 2018: TL 301,939).
Held-for trading derivative financial liabilities: TL 149,122 (31 December 2018: TL 181,676).
Hedge funds (Effective Portion): TL (6,447) (31 December 2018: TL (4,482)).
Interest rate swap (buy) transactions and options (buy): TL 8,862,138 (31 December 2018: TL 4,680,290).
Interest rate swap (sell) transactions and options (sell): TL 8,862,138 (31 December 2018: TL 4,680,290).

III. Explanation on unconsolidated currency risk (continued)

Financial derivative assets/liabilities include the foreign currency buy/sell transactions indicated below.

Forward foreign currency-buy transactions: TL 2,085,348 (31 December 2018: TL 454,812).
Forward foreign currency-sell transactions: TL 1,901,122 (31 December 2018: TL 441,022).

Sensitivity to currency risk

Table below shows the sensitivity of the Bank to a 10% change in USD and EUR rates.

	Percentage change in exchange rates	Effect on profit / loss before tax		Effect on equity (*)	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
USD	10% increase	(1,964)	(1,329)	-	-
USD	10% decrease	1,964	1,329	-	-
EURO	10% increase	368	1,888	(645)	(448)
EURO	10% decrease	(368)	(1,888)	645	448

(*) Represents effect on equity excluding profit/loss before tax.

IV. Explanations on unconsolidated interest rate risk

Interest risk, which refers to the loss which interest sensitive assets and liabilities in and off balance sheet that might be subject to due to the changes in the interest rate as a result of maturity mismatch, is differentiated and managed on the basis of banking book and trading book as part of compliance with both Basel regulations and other international standards. Within this context, in addition to the value at risk limit for trading book, sensitivity limit against interest rate shocks has been determined under trading books and banking books. Capital requirement relating to market risk is calculated through the Standard Method according to Basel II.

In order to hedge interest rate risk, hedging strategies are applied through off-balance sheet transactions provided that the limits determined by the Board of Directors are not exceeded, and interest rate risk is managed by ensuring optimum balance between fixed and floating rate assets within the balance sheet.

The measurement and sensitivity analysis related to the interest rate risk on the balance sheet are performed regularly and the results are shared with the senior management, Asset Liability Committee, the Audit Committee and the Board of Directors periodically. Internal calculations for the interest rate risk arising from banking books are made on a daily and monthly basis, whereas interest rate risk in the banking books standard ratio is reported on a monthly basis to BRSA.

IV. Explanations on unconsolidated interest rate risk (continued)

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

Current period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	6,173,942	-	-	-	-	1,253,609	7,427,551
Banks	578,003	-	-	-	-	317,742	895,745
Financial assets at fair value through profit and loss	600,153	1,885,382	89,787	191,066	11,805	35	2,778,228
Money market placements	8,202,551	-	-	-	-	-	8,202,551
Financial assets measured at fair value through other comprehensive income	149,177	303,234	191,169	722,053	-	9,081	1,374,714
Loans (***)	5,488,335	4,136,897	10,428,569	10,850,076	751,546	1,160,227	32,815,650
Financial assets measured at amortised cost	39,629	1,202,325	381,325	491,292	-	-	2,114,571
Other assets (*)	-	-	-	-	-	1,535,711	1,535,711
Total assets	**21,231,790**	**7,527,838**	**11,090,850**	**12,254,487**	**763,351**	**4,276,405**	**57,144,721**
Liabilities							
Bank deposits	2,119,017	-	-	-	-	6,297	2,125,314
Other deposits	30,674,457	1,432,378	187,090	1,107	-	4,787,661	37,082,693
Money market borrowings	14,228	-	-	82,601	-	-	96,829
Miscellaneous payables	94,267	-	-	-	-	320,601	414,868
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	1,685,490	4,383,541	532,189	369,430	-	-	6,970,650
Other liabilities (**)	419,255	554,354	68,963	75,905	-	9,335,890	10,454,367
Total liabilities	**35,006,714**	**6,370,273**	**788,242**	**529,043**	**-**	**14,450,449**	**57,144,721**
Balance sheet long position	-	1,157,565	10,302,608	11,725,444	763,351	-	23,948,968
Balance sheet short position	(13,774,924)	-	-	-	-	(10,174,044)	(23,948,968)
Off-balance sheet long position	234,833	2,659,036	-	879,280	-	-	3,773,149
Off-balance sheet short position	-	-	(1,688,216)	-	(281,638)	-	(1,969,854)
Total position	**(13,540,091)**	**3,816,601**	**8,614,392**	**12,604,724**	**481,713**	**(10,174,044)**	**1,803,295**

(*) Non-interest bearing column in other assets line, tangible assets, intangible assets, assets held for sale, associates and subsidiaries expected loss provisions for non-credit financial assets and other assets.
(**) Non-interest bearing column in other liabilities line consists of other foreign liabilities, provisions, lease payables, derivative financial liabilities, taxes payable and equity.
(***) Non-performing loans are presented under "non-interest bearing" column.

Prior year's information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	7,244,807	23,054	-	-	-	1,642,370	8,910,231
Due from other banks and financial institutions	13,873	821	-	-	-	500,273	514,967
Financial assets at fair value through profit and loss	155,358	191,223	247,324	16,424	-	48	610,377
Money market placements	4,202,437	-	-	-	-	-	4,202,437
Available-for-sale financial assets	30	263,210	8,849	367,708	-	6,121	645,918
Loans and receivables	7,805,448	4,551,347	10,018,565	14,216,678	952,781	516,395	38,061,214
Held-to-maturity investments	-	245,961	949,035	-	-	-	1,194,996
Other assets (*)	796,624	2,172,287	-	-	-	1,409,611	4,378,522
Total assets	**20,218,577**	**7,447,903**	**11,223,773**	**14,600,810**	**952,781**	**4,074,818**	**58,518,662**
Liabilities							
Bank deposits	-	-	-	-	-	2,291,934	2,291,934
Other deposits	24,562,173	1,597,554	434,870	170	-	3,452,561	30,047,328
Money market borrowings	2,188	-	-	-	20,428	-	22,616
Miscellaneous payables	-	-	-	-	-	373,211	373,211
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	2,811,720	10,135,758	1,819,912	891,481	-	-	15,658,871
Other liabilities (**)	353,325	337,360	405,863	15,253	-	9,012,901	10,124,702
Total liabilities	**27,729,406**	**12,070,672**	**2,660,645**	**906,904**	**20,428**	**15,130,607**	**58,518,662**
Balance sheet long position	-	-	8,563,128	13,693,906	932,353	-	23,189,387
Balance sheet short position	(7,510,829)	(4,622,769)	-	-	-	(11,055,789)	(23,189,387)
Off-balance sheet long position	4,426,576	10,107,379	-	-	-	-	14,533,955
Off-balance sheet short position	-	-	(4,805,614)	(7,375,467)	(530,121)	-	(12,711,202)
Total position	**(3,084,253)**	**5,484,610**	**3,757,514**	**6,318,439**	**402,232**	**(11,055,789)**	**1,822,753**

(*) Non-interest bearing column in other assets line consists of subsidiaries, tangible assets, intangible assets, current tax, deferred tax, assets held for sale and other assets.
(**) Non-interest bearing column in other liabilities line consists of other foreign liabilities, provisions, taxes payable and equity.

IV. Explanations on unconsolidated interest rate risk (continued)

2. Current period average interest rates applied to monetary financial instruments by the Bank

Current period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	-
Banks	(0.45)	1.25	-	-
Financial assets at fair value through profit and loss	2.04	6.46	-	14.31
Money market placements	-	-	-	11.36
Financial assets measured at fair value through other comprehensive income	-	-	-	16.07
Loans	3.40	6.17	-	17.00
Financial assets measured at amortised cost	-	-	-	17.79
Liabilities				
Bank deposits	(0.46)	1.61	-	-
Other deposits	0.18	1.46	-	9.13
Money market borrowings	-	-	-	8.50
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	1.22	3.56	-	12.19

Prior period average interest rates applied to monetary financial instruments by the Bank

Prior period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	2.00	-	13.00
Due from other banks and financial institutions	(0.36)	2.39	-	-
Financial assets at fair value through profit and loss	2.14	6.95	-	15.16
Money market placements	-	-	-	24.31
Financial assets available-for-sale	-	-	-	15.24
Loans and receivables	3.92	6.52	-	20.89
Held-to-maturity investments	-	-	-	19.82
Liabilities				
Bank deposits	(0.36)	2.39	-	-
Other deposits	0.48	2.71	-	18.73
Money market borrowings	-	-	-	15.00
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.94	3.89	-	11.74

V. Explanations on equity securities position risk derived from unconsolidated banking books

1. Explanations on accounting policies for equity investments in subsidiaries and associates

Accounting policies for equity investments in subsidiaries and associates are disclosed in section III disclosure III.

2. Comparison of carrying value, fair value and market value of equity investments

Current period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Stock investments	-	-	-
Not quoted	**9,081**	**887**	**887**
Stock investments	9,081	887	887
Financials subsidiaries	**83,599**	**-**	**-**
Financials subsidiaries	83,599	-	-

Prior period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Stock investments	-	-	-
Not quoted	**6,121**	**887**	**887**
Stock investments	6,121	887	887
Financials subsidiaries	**95,907**	**-**	**-**
Financials subsidiaries	95,907	-	-

(*) Only equity investments having market value are presented under "Fair Value" column.

3. Information on realized gains or losses on revaluation of securities, revaluation surplus and unrealized gains or losses and their included amounts in core and additional capital

	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses		
Current period		Total	Including into the additional capital	Total	Including into the core capital	Including into the additional capital
Private equity investments	-	-	-	-	-	-
Shares traded on a stock exchange	-	-	-	-	-	-
Other stocks	-	127	-	(254)	(254)	-
Total	**-**	**127**	**-**	**(254)**	**(254)**	**-**

	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses		
Prior period		Total	Including into the supplementary capital	Total	Including into the core capital	Including into the supplementary capital
Private equity investments	-	-	-	-	-	-
Shares traded on a stock exchange	-	-	-	-	-	-
Other stocks	-	127	-	(254)	(254)	-
Total	**-**	**127**	**-**	**(254)**	**(254)**	**-**

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private sector investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	92,680	92,680	7,414

Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private sector investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	102,028	102,028	8,162

(*) The amount is calculated by using standard method within the scope of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio

1. Information on matters related to liquidity risk

a. Information on liquidity risk management, such as risk capacity, responsibilities and the structure of liquidity risk management, the Bank’s internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application

A policy (“Market Risk Management Policy”) which includes measures to be taken and practices that might be applied in normal and stressed economic conditions for liquidity risk management and responsibilities of the senior management was formed. This policy has been approved by the Asset Liability Committee and by the Board of Directors. Within the scope of this policy, the liquidity risk is managed under the Asset Liability Committee which senior representatives of businesses are members of the Committee.

In accordance with the provisions of the policy, a liquidity buffer that can supply adequate liquidity level under any economic circumstances and which is not subject to the collateral, has been determined. In addition, the Contingency Funding Plan to be implemented in times of stress is currently in force. Besides, Asset Liability Committee and Board of Directors approved liquidity risk appetite has been established in order to enable monitoring and managing the risk numerically. The relevant parameters are analyzed regularly and reported to the members of Asset Liability Committee and Board of Directors.

Furthermore, the Bank’s liquidity buffers are evaluated under different stress scenarios with the comprehensive liquidity stress test approach established in accordance with ING Group’s common policies on market risk and global regulations (Internal Liquidity Adequacy Assessment Process / ILAAP-Internal Liquidity Adequacy Assessment Process). In addition, there is also the Risk Control Self- Assessment process still within scope of ILAAP, in the Risk Control Self- Assessment process, comprehensive assessments are done related to liquidity risk, and after the relevant risks are identified, their potential financial impact on the Bank’s operations and the impact on risk metrics is assessed periodically.

To ensure proactive management of funding liquidity risk, risk thresholds specified on the deposit movements and early warning signals are monitored. The Contingency Funding Plan monitoring metrics are not limited to this scope but also include other liquidity risk indicators. The Contingency Funding plan monitoring metrics can trigger decision-making conditions on whether the Bank will implement the Contingency Funding Plan in order to anticipate the potential development in liquidity stress incidents.

b. Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank’s subsidiaries

The liquidity risk of the Bank is managed by the Asset and Liability Management. Furthermore, subsidiaries manage their own liquidity risk by themselves. In order to make a central funding strategy, a funding plan including subsidiaries is established every year. In addition, information about the implementation and realization of the funding plan is shared with the Asset Liability Committee. According to the limits determined by the Board of Directors, liquidity gap and surplus are monitored and actions are taken in accordance with the price, interest rate and maturity structure.

c. Information on the Bank’s funding strategy including the policies on funding types and variety of maturities

As for the funding diversification; short, medium and long term targets are determined in parallel to business line planning as part of the budgeting process in the Bank. Besides, the Bank's funding capacity is monitored regularly, and shared with Asset Liability Committee and Board of Directors. In this way, factors which may affect the ability to create additional funding can be followed closely by senior management and the validity of the estimated funding generation capacity can be monitored.

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

ç. Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities

Almost all of the Bank's liabilities are in TL, USD or EURO, and TL funds consist of mainly equity and deposits. The Bank's liquidity in TL is managed via repo / reverse repo transactions with / in CBRT/BIST using high quality securities owned by the Bank. While the main purpose is using liabilities in TL to fund TL assets, the necessary FX swap transactions and FC funds are used in creating assets in TL within the limits set by the Board of Directors. Foreign currency funds are obtained through FC deposit and foreign based FC borrowings including syndications. Liquidity shortage/surplus values are calculated on a daily basis by Asset and Liability Management and these values are reported to the Asset Liability Committee. Besides, the Total and FC liquidity coverage ratio is calculated on a daily basis, and shared with all related units and senior management, and reported separately to Asset Liability Committee and Board of Directors. The Bank has TL/FC borrowing limits ready to use in CBT and other banks.

d. Information on liquidity risk mitigation techniques

The first measure towards the mitigation of the liquidity risk as part of the budget process is planning the reduction of maturity mismatch and funding diversity. Within this context, syndication, other foreign funding, parent funding and other domestic funding facilities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, Contingency Funding Plan monitoring indicators are continuously monitored and reported regularly to Asset Liability Committee and Board of Directors. With these indicators, intervals indicating the actions to be taken according to the triggering levels and measurement methods such as actual deposit inflows and outflows, stress test, liquidity buffer level, regulatory and structural liquidity ratios and so on are defined and these intervals support the decision making process. Moreover, a set of measures were set in the Contingency Funding Plan to bring the Bank's liquidity buffer back to reasonable levels during the crisis period. The important factors that will support the decision making mechanism, including the feasibility of these measures depending on the financial impact and stress scenarios, execution time of the measures are also explained.

e. Information on the use of stress tests

The Bank has a written liquidity stress testing procedure which includes the implementation of stress testing and responsibilities, is approved by Asset Liability Committee. To ensure that the existing positions remain within risk tolerance, the Market Risk Management and Product Control Group plans, designs, manages the stress tests, reports the results to Asset Liability Committee and Board of Directors on a regularly basis and reviews the stress tests annually. Stress test scenarios of the Bank consider Bank specific, market-wide and combined cases, and reflect short term or long term consequences, are used in stress testing where the scenario and parameters are reviewed annually with the participation of the Asset and Liability Management and business lines. On the other hand, results of stress testing are used as the leading indicator within the process of activating the Contingency Funding Plan.

f. Overview on emergency and contingency liquidity situation plans

The Bank has established the Asset and Liability Committee and Board of Directors approved Contingency Funding Plan, which includes the policies, methods and responsibilities of senior management and business lines that can be applied in stressed situations or when liquidity shortages are faced. In addition, as a precursor of liquidity shortage or an unexpected situation, contingency funding plan monitoring indicators are monitored and presented to the senior management in the ALCO meeting monthly and to the Board of Directors (per meeting) by the Market Risk Management and Product Control Group. The effective internal and external communication channels and a contingency team including are defined in order to provide liquidity contingency management and implement various elements /management actions of the plan. Monitoring metrics of the contingency funding plan are reviewed annually in terms of changes in market and stress conditions.

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

2. Liquidity coverage ratio

In accordance with BRSA's "Regulation on Banks' Liquidity Coverage Ratio Calculation", promulgated in the Official Gazette, No. 28948, dated 21 March 2014, the Bank calculates and shares the Liquidity Coverage Ratio to BRSA on a weekly basis. Liquidity Coverage Ratio is above the values stated in the regulation.

Dates and values of the lowest and highest FX and total liquidity coverage ratio calculated monthly over the last three months are presented in the below table.

	Minimum	Date	Maximum	Date
TL+FC	199.77%	6 December 2019	301.12%	25 October 2019
FC	124.22%	6 December 2019	178.26%	22 November 2019

Liquidity coverage ratio

	Total unweighted value (*)		Total weighted value (*)	
Current period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets				
High quality liquid assets			20,846,646	8,930,383
Cash Outflows				
Real person and retail deposits	31,533,232	10,406,754	2,598,831	1,040,676
Stable deposits	11,089,843	-	554,492	-
Less stable deposits	20,443,389	10,406,754	2,044,339	1,040,676
Unsecured funding other than real person and retail deposits	8,602,704	5,999,351	5,907,763	4,338,580
Operational deposits	138,518	7,805	34,630	1,951
Non-operational deposits	7,298,489	5,537,495	4,778,854	3,882,578
Other unsecured debt	1,165,697	454,051	1,094,279	454,051
Secured funding			-	-
Other cash outflows	15,185,068	7,982,196	5,886,089	3,334,318
Derivative exposures and collateral completion liabilities	4,597,942	2,448,125	4,597,942	2,448,125
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	10,587,126	5,534,071	1,288,147	886,193
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**14,392,683**	**8,713,574**
Cash inflows				
Secured lending	8,085,924	-	-	-
Unsecured lending	3,580,757	1,177,446	2,317,797	881,563
Other cash inflows	4,157,475	2,083,243	3,923,689	2,080,863
Total cash inflows	**15,824,156**	**3,260,689**	**6,241,486**	**2,962,426**
				Total adjusted value
Total high quality liquid assets stock			20,846,646	8,930,383
Total net cash outflows			8,151,197	5,751,148
Liquidity coverage ratio (%)			**260.16**	**157.12**

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

	Total unweighted value (*)		Total weighted value (*)	
Prior period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets				
High quality liquid assets			12,811,309	9,060,653
Cash Outflows				
Real person and retail deposits	26,669,120	8,112,135	2,250,646	811,214
Stable deposits	8,325,320	-	416,266	-
Less stable deposits	18,343,800	8,112,135	1,834,380	811,214
Unsecured funding other than real person and retail deposits	5,034,631	2,777,166	2,816,450	1,464,280
Operational deposits	170,631	6,595	42,658	1,649
Non-operational deposits	3,654,503	2,287,246	1,637,933	979,306
Other unsecured debt	1,209,497	483,325	1,135,859	483,325
Secured funding			-	-
Other cash outflows	25,452,156	13,747,026	14,316,939	8,244,974
Derivative exposures and collateral completion liabilities	12,670,710	7,085,663	12,670,711	7,085,663
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	12,781,446	6,661,363	1,646,228	1,159,311
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**19,384,035**	**10,520,468**
Cash inflows				
Secured lending	2,092,071	-	-	-
Unsecured lending	7,453,684	2,768,947	4,886,237	2,275,437
Other cash inflows	9,696,966	5,586,141	9,451,375	5,579,664
Total cash inflows	**19,242,721**	**8,355,088**	**14,337,612**	**7,855,101**
				Total adjusted value
Total high quality liquid assets stock			12,811,309	9,060,653
Total net cash outflows			5,300,357	3,123,270
Liquidity coverage ratio (%)			**243.33**	**298.06**

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

3. Other explanations on unconsolidated liquidity coverage ratio

Short term liquidity is managed within the regulatory limits in the Bank, the liquid assets are managed by using "Liquidity Coverage Ratio" calculations to monitor the minimum liquidity limits and keep sufficient stock of high quality liquid assets to meet the net cash outflows. Liquidity coverage ratio is calculated as per the Regulation on Banks' Liquidity Coverage Ratio Calculation. The ratio is affected from Bank's unencumbered high quality liquid asset value that can be converted to cash any time and the possible cash inflows and outflows arising from assets, liability and off balance sheet items of the Bank.

The Bank evaluates cash equivalents, time and demand deposit accounts held in Central Bank of Turkey, reserve requirements and the unencumbered securities issued by the Treasury as high quality liquid assets.

The primary sources to meet the liquidity needs of the Bank are funds from interbank money market or repurchasing agreements or direct sales of the HTC&S portfolio. Besides the borrowing from the parent company in the medium and long term, in order to manage concentration risk with respect to funding resources, the Bank aims to reduce maturity mismatch and mitigate the liquidity risk by taking actions aiming to increase diversification in funding resources. A strategy in targeting small ticket size on the deposits is implemented as another element of the strategy to mitigate the concentration risk.

Although the Bank's wide range and small ticket size deposit structure including Orange Account represents a short term funding source parallel to the sector it renews itself at the maturity date and remains in the Bank for a longer period compared to its original maturity.

Details of the Bank's foreign currency balance sheet as of 31 December 2019 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 30% of the Bank's foreign currency liabilities consist of funds obtained from other financial institutions and subordinated loans and 69% is composed of deposits. Cash and cash equivalents comprise 40% and loans comprise 58% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency.

Details of the Bank's Turkish Lira balance sheet as of 31 December 2019 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 69% of the Bank's total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Bank has borrowing facilities both in domestic & foreign banks and Takasbank & BIST repo market. 57% of the assets in Turkish Lira balance sheet are loans and 23% are cash and cash equivalents.

The cash flows from derivative financial instruments are included in LCR calculations according to the terms of regulation. The Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

4. Breakdown of assets and liabilities according to their outstanding maturities

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	3,063,118	4,364,433	-	-	-	-	-	7,427,551
Banks	724,559	171,186	-	-	-	-	-	895,745
Financial assets at fair value through profit or loss	-	168,520	421,860	506,843	1,665,806	15,164	35	2,778,228
Money market placements	-	8,202,551	-	-	-	-	-	8,202,551
Financial assets measured at fair value through other comprehensive income	-	144,412	274,887	193,433	748,095	4,804	9,083	1,374,714
Loans	97,201	4,513,556	3,453,238	11,319,766	11,616,448	762,226	1,053,215	32,815,650
Financial assets measured at amortised cost	-	39,629	295,277	1,204,844	574,821	-	-	2,114,571
Other assets (*)	-	-	-	-	-	-	1,535,711	1,535,711
Total assets	**3,884,878**	**17,604,287**	**4,445,262**	**13,224,886**	**14,605,170**	**782,194**	**2,598,044**	**57,144,721**
Liabilities								
Bank deposits	2,005,107	120,207	-	-	-	-	-	2,125,314
Other deposits	4,950,769	30,511,348	1,432,378	187,090	1,108	-	-	37,082,693
Borrowings	-	37,184	498,842	575,633	3,946,015	1,912,976	-	6,970,650
Funds from interbank money market	-	14,228	-	-	82,601	-	-	96,829
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	230,509	-	-	-	-	-	184,359	414,868
Other liabilities (**)	-	413,935	72,333	300,281	429,991	64,912	9,172,915	10,454,367
Total liabilities	**7,186,385**	**31,096,902**	**2,003,553**	**1,063,004**	**4,459,715**	**1,977,888**	**9,357,274**	**57,144,721**
Liquidity (deficit)/surplus	**(3,301,507)**	**(13,492,615)**	**2,441,709**	**12,161,882**	**10,145,455**	**(1,195,694)**	**(6,759,230)**	**-**
Net Off Balance Sheet Position	**-**	**(48,911)**	**224,210**	**288,985**	**1,360,511**	**-**	**-**	**1,824,795**
Derivative financial assets	-	15,627,483	7,431,759	13,079,309	11,058,809	522,000	-	47,719,360
Derivative financial liabilities	-	15,676,394	7,207,549	12,790,324	9,698,298	522,000	-	45,894,565
Net Off Balance Sheet Position	**34,003**	**352,299**	**833,743**	**6,280,412**	**4,764,268**	**1,328,986**	**-**	**13,593,711**
Prior period								
Total assets	2,148,812	19,481,223	5,093,231	11,104,081	17,740,492	1,024,817	1,926,006	58,518,662
Total liabilities	6,721,291	25,084,818	3,492,082	6,123,224	4,799,021	3,888,910	8,409,316	58,518,662
Liquidity (deficit)/surplus	**(4,572,479)**	**(5,603,595)**	**1,601,149**	**4,980,857**	**12,941,471**	**(2,864,093)**	**(6,483,310)**	**-**
Net Off Balance Sheet Position	**-**	**(115,403)**	**63,692**	**428,261**	**1,479,268**	**-**	**-**	**1,855,818**
Derivative financial assets	-	10,465,186	14,187,788	12,174,323	12,130,335	530,159	-	49,487,791
Derivative financial liabilities	-	10,580,589	14,124,096	11,746,062	10,651,067	530,159	-	47,631,973
Net Off Balance Sheet Position	**45,754**	**903,255**	**1,583,809**	**4,696,551**	**7,268,474**	**1,632,121**	**-**	**16,129,964**

(*) Unallocated column in other assets mainly consists of other assets that are necessary for banking activities and that cannot be liquidated in the short term as tangible assets, associates and subsidiaries, stationery, prepaid expenses, expected loss provisions for non-credit financial assets and equity securities.

(**) Unallocated column in other liabilities mainly consists of provisions, unallocated part of taxes payable and shareholders' equity.

5. Breakdown of liabilities according to their remaining contractual maturities

The Bank's remaining maturities of the contractual liabilities excluding derivative transactions are presented below. Interests on liabilities are included in the distribution. The "Adjustments" column presents probable cash flow on later periods. These amounts are included into the maturity analysis, but not included into the carrying value of liabilities in the balance sheet.

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total	Adjustments	Carrying value
Liabilities									
Deposits	6,955,876	30,631,555	1,530,317	235,388	1,190	-	39,354,326	(146,319)	39,208,007
Funds borrowed from other financial institutions	-	37,184	498,842	577,858	4,132,773	1,927,574	7,174,231	(203,581)	6,970,650
Funds from interbank money market	-	14,228	-	-	82,601	-	96,829	-	96,829
Securities issued	-	-	-	-	-	-	-	-	-

Prior period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Total	Adjustments	Balance sheet value
Liabilities									
Deposits	5,744,495	24,562,173	1,653,639	484,107	242	-	32,444,656	(105,394)	32,339,262
Funds borrowed from other financial institutions	-	175,123	1,594,984	5,478,845	4,740,697	3,821,533	15,811,182	(152,311)	15,658,871
Funds from interbank money market	-	2,188	-	-	-	20,428	22,616	-	22,616
Securities issued	-	-	-	-	-	-	-	-	-

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

6. Breakdown of derivative instruments according to their remaining contractual maturities

Current period	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	**43,289**	**1,257,882**	**2,597,504**	**4,729,007**	**739,794**	**9,367,476**
Buying transactions	40,560	647,012	1,176,778	2,271,466	344,142	4,479,958
Selling transactions	2,729	610,870	1,420,726	2,457,541	395,652	4,887,518
Transactions for foreign net investment hedge (III)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	**43,289**	**1,257,882**	**2,597,504**	**4,729,007**	**739,794**	**9,367,476**
Derivative transactions held for trading						
Trading transactions (I)	**27,958,159**	**9,027,637**	**11,580,627**	**7,613,267**	**-**	**56,179,690**
Forward foreign currency transactions – buy	1,225,880	1,209,021	1,779,093	103,948	-	4,317,942
Forward foreign currency transactions – sell	1,217,809	1,195,191	1,772,070	134,844	-	4,319,914
Swap transactions- buy	10,883,710	3,152,336	4,118,813	4,371,119	-	22,525,978
Swap transactions – sell	10,940,506	2,957,859	3,880,045	3,003,356	-	20,781,766
Foreign currency options – buy	1,825,203	252,602	15,173	-	-	2,092,978
Foreign currency options – sell	1,865,051	260,628	15,433	-	-	2,141,112
Foreign currency futures – buy	-	-	-	-	-	-
Foreign currency futures – sell	-	-	-	-	-	-
Interest rate derivatives (II)	**3,646,151**	**5,067,727**	**13,778,423**	**11,128,342**	**568,998**	**34,189,641**
Interest rate swap - buy	1,875,314	2,566,186	6,936,607	5,537,099	273,926	17,189,132
Interest rate swap - sell	1,770,837	2,501,541	6,841,816	5,591,243	295,072	17,000,509
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	**-**	**-**	**-**	**-**	**-**	**-**
B. Total trading derivative transactions(I+II+III)	**31,604,310**	**14,095,364**	**25,359,050**	**18,741,609**	**568,998**	**90,369,331**
Derivative transaction total (A+B)	**31,647,599**	**15,353,246**	**27,956,554**	**23,470,616**	**1,308,792**	**99,736,807**

Prior period	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	**1,543,800**	**2,106,396**	**11,923,291**	**16,091,268**	**1,382,875**	**33,047,630**
Buying transactions	858,019	1,261,672	6,217,391	8,566,341	645,306	17,548,729
Selling transactions	685,781	844,724	5,705,900	7,524,927	737,569	15,498,901
Transactions for foreign net investment hedge (III)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	**1,543,800**	**2,106,396**	**11,923,291**	**16,091,268**	**1,382,875**	**33,047,630**
Derivative transactions held for trading						
Trading transactions (I)	**19,239,172**	**25,450,670**	**13,020,500**	**2,710,799**	**-**	**60,421,141**
Forward foreign currency transactions – buy	1,499,128	3,639,760	1,992,154	71,607	-	7,202,649
Forward foreign currency transactions – sell	1,453,596	3,583,350	1,870,979	59,902	-	6,967,827
Swap transactions- buy	7,400,047	8,857,256	4,325,756	1,284,820	-	21,867,879
Swap transactions – sell	7,624,606	9,139,488	4,433,702	1,294,470	-	22,492,266
Foreign currency options – buy	625,678	115,053	198,796	-	-	939,527
Foreign currency options – sell	636,117	115,763	199,113	-	-	950,993
Foreign currency futures – buy	-	-	-	-	-	-
Foreign currency futures – sell	-	-	-	-	-	-
Interest rate derivatives (II)	**667,000**	**1,529,287**	**1,824,097**	**6,594,540**	**36,519**	**10,651,443**
Interest rate swap - buy	334,099	769,152	918,357	3,299,023	18,291	5,338,922
Interest rate swap - sell	332,901	760,135	905,740	3,295,517	18,228	5,312,521
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	**33,366**	**-**	**-**	**-**	**-**	**33,366**
B. Total derivative transactions held for trading (I+II+III)	**19,939,538**	**26,979,957**	**14,844,597**	**9,305,339**	**36,519**	**71,105,950**
Derivative transaction total (A+B)	**21,483,338**	**29,086,353**	**26,767,888**	**25,396,607**	**1,419,394**	**104,153,580**

VII. Explanations on unconsolidated leverage ratio

Leverage ratio table prepared in accordance with the communique "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette No.28812 dated 5 November 2013 is presented below. As of 31 December 2019, the Bank's leverage ratio is calculated by taking average of end of month leverage ratios for the last three months is 9.70% (31 December 2018: 7.93%). This ratio is higher than minimum ratio. While the capital increased by 23% mainly as a result of increase in net profits, total risk amount decreased by 1%.Therefore, the current period leverage ratio increased by 177 basis points compared to prior period.

Information on unconsolidated leverage ratio

	Current period (*)	Prior period (*)
On-balance sheet items		
On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)	*55,502,857*	*56,779,302*
Asset deducted from core capital	*(82,907)*	*(55,823)*
The total amount of risk on-balance sheet exposures	55,419,950	56,723,479
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	*2,678,007*	*4,408,227*
The potential credit risk amount of derivative financial instruments and credit derivatives	*3,216,995*	*606,490*
The total risk amount of derivative financial instruments and credit derivatives	5,895,002	5,014,717
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	*469,851*	*145,863*
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	469,851	145,863
Off-balance sheet items		
Gross notional amount for off-balance sheet items	*23,419,176*	*22,659,380*
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	23,419,176	22,659,380
Capital and total exposures		
Core capital	8,255,005	6,703,342
Total exposures	85,203,979	84,543,439
Leverage ratio		
Leverage ratio	9.70	7.93

(*) The amounts in the table represents the average of last three months.

VIII. Explanations on presentation of financial assets and liabilities at their fair values

1. In the current and the prior period, the fair values of financial assets and liabilities are calculated as stated below.

The fair value of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost (financial assets available for sale in the prior period) are determined based on market prices.

The fair value of the loans with fixed interest rates is determined by the discounted cash flows using the current market interest rates. For the loans with floating interest rates, the fair value is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the loan.

The fair value of demand deposit represents the carrying value. The fair values of time deposits and funds are calculated by the discounted cash flows using the current market interest rates.

The fair value of funds borrowed from other financial institutions with fixed interest rates are determined by discounted cash flows using the current market interest rates. For funds with floating interest rates, it is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the borrowing.

Carrying value of miscellaneous payables represents their fair value.

2. The following table summarizes the carrying values and fair values of financial assets and liabilities.

	Carrying value	Fair value	Carrying value	Fair value
	Current period	Current period	Prior period	Prior period
Financial assets	**45,366,798**	**45,996,555**	**44,619,532**	**42,905,438**
Money market placements	8,202,551	8,200,512	4,202,437	4,200,232
Due from banks	895,745	894,945	514,967	514,170
Financial assets at fair value through other comprehensive income	1,338,281	1,338,281	645,918	645,918
Financial assets measured at amortised cost	2,114,299	2,268,208	1,194,996	1,192,821
Loans	32,815,922	33,294,609	38,061,214	36,352,297
Financial liabilities	**46,690,354**	**45,361,573**	**48,393,960**	**47,061,147**
Bank deposits	2,125,314	2,124,107	2,291,934	2,291,209
Other deposits	37,082,693	35,729,004	30,047,328	28,673,083
Funds borrowed	6,970,650	6,997,172	15,658,871	15,701,134
Money market borrowings	96,829	96,422	22,616	22,510
Securities issued	-	-	-	-
Miscellaneous payables	414,868	414,868	373,211	373,211

3. Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities

Level 1: Quoted market prices (non-adjusted) for identical assets or liabilities.

Level 2: Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the Level 1.

Level 3: Data not based on observable data regarding assets or liabilities.

VIII. Explanations on presentation of financial assets and liabilities at their fair values (continued)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value in financial statements as of 31 December 2019 and 31 December 2018 is presented in the table below:

Current period	Level 1	Level 2	Level 3	Total
Total assets	**1,451,924**	**2,691,937**	**9,081**	**4,152,942**
Financial assets at fair value through profit or loss	122,724	2,655,504	-	2,778,228
Government debt securities	122,689	-	-	122,689
Trading derivative financial assets	-	2,655,504	-	2,655,504
Equity instruments	35	-	-	35
Other marketable securities	-	-	-	-
Financial assets at fair value through other comprehensive income	1,329,200	-	9,081	1,338,281
Equity instruments	-	-	9,081	9,081
Government debt securities	1,329,200	-	-	1,329,200
Hedging derivative financial assets	-	36,433	-	36,433
Cash flow hedges	-	36,433	-	36,433
Total liabilities	**-**	**982,734**	**-**	**982,734**
Trading derivative financial liabilities	-	627,356	-	627,356
Hedging derivative financial liabilities	-	355,378	-	355,378
Cash flow hedges	-	355,378	-	355,378

Prior period	Level 1	Level 2	Level 3	Total
Total assets	**668,573**	**3,550,512**	**6,121**	**4,225,206**
Financial assets at fair value through profit or loss	28,776	581,601	-	610,377
Government debt securities	28,728	-	-	28,728
Trading derivative financial assets	-	581,601	-	581,601
Equity instruments	35	-	-	35
Other marketable securities	13	-	-	13
Financial assets at fair value through other comprehensive income	639,797	-	6,121	645,918
Equity instruments	-	-	6,121	6,121
Government debt securities	639,797	-	-	639,797
Hedging derivative financial assets	-	2,968,911	-	2,968,911
Cash flow hedges	-	2,968,911	-	2,968,911
Total liabilities	**-**	**1,111,801**	**-**	**1,111,801**
Trading derivative financial liabilities	-	848,395	-	848,395
Hedging derivative financial liabilities	-	263,406	-	263,406
Cash flow hedges	-	263,406	-	263,406

There are no transfers between the 1st and the 2nd levels as of 31 December 2019 and 31 December 2018.

The movement table of financial assets at Level 3 is presented in below.

	Current period	Prior period
Balance at the end of the prior period	6,121	6,052
Purchases	2,939	-
Redemption / sale	-	-
Valuation difference	21	69
Transfers	-	-
Balance at the end of the current period	**9,081**	**6,121**

IX. Explanations on the transactions carried out on behalf and account of other persons and fiduciary transactions

The Bank performs purchase, sale, custody, and fund management services on behalf of its customers, and information about these transactions are shown in the off-balance sheet statement.

The Bank has no trust transactions.

X. Explanations on unconsolidated risk management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be announced to Public by Banks, promulgated in the Official Gazette, No. 29511, dated 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for credit risk in the calculation of capital adequacy by the Bank, tables required by Internal Rating Based approach ("IRB") are not presented.

1. General explanations on Bank's risk management and risk weighted assets

a. Bank's risk management approach

Bank's risk management strategy and activities have been formed under the responsibility of the Board of Directors. The risk management strategy applied in the Bank is based on three lines of defence model.

1. Line of defence

Business units are the first line of defence and primarily responsible for performance, operation, compliance and control of the risks affecting the business line.

2. Line of defence

Risk Management, Financial Control and Asset Liability Management and Legal functions, which are the second line of defence, support the first line of defence in terms of implementation, training, advising, monitoring and reporting.

Risk Management is responsible for identifying, measuring, monitoring, controlling and reporting risks at corporate level. Bank's Risk Management consists of Financial Risk Management, Operational and Information Risk Management, Compliance departments and reports to the Audit Committee. Financial Risk Management includes Market Risk Management and Product Control, Credit Risk Control, Validation, Risk&Capital Integration and Reporting departments.

3. Line of defence

Internal Audit Department is the third line of defence. Internal Audit Department carries out both risk based and general audits. In addition, Internal Audit Department is responsible for reviewing and ensuring the integrity of the whole governance structure including risk governance, and presence, effectiveness and implementation of policies and procedures.

According to this strategy, these lines of defence carry out their activities through certain decision making committees such as the Executive Committee, Asset Liability Management Committee, Credit Committee and Non-Financial Risk Committee. External auditors and relevant Regulators and Regulating Entities are considered as third line of defence.

Senior Management and Board of Directors are notified on the market risks monthly or on a more frequent basis; and this notification consists of balance sheet developments, market developments, assessment of the risks incurred despite the determined risk appetite and other risk developments. Furthermore credit risk reports focusing on development of performing and non-performing loan portfolios, rating distribution of portfolios, transitions and trends of ratings, concentration risks, business units and product based risk parameters and risk appetite indicators are closely followed.

X. Explanations on unconsolidated risk management (continued)

In addition to measurement and assessment of the risks under normal market conditions, stress tests under the scope of ICAAP and also for internal purposes are performed to evaluate the possible risks under adverse market conditions. In this stress test, all kinds of financial risks that can be faced by the Bank are taken into account and evaluated under adverse and extremely adverse scenarios. Also reverse stress test is performed which defines the conditions that the Bank's regulatory limits is breached. The Bank prepares stress test reports within the context of ICAAP on a consolidated basis as per the guideline, numbered 6656, and dated 14 January 2016 on the Stress Test to be Used in Banks' Capital and Liquidity Planning. The Stress Test provides a prospective perspective in possible adverse incidents or adverse situations.

It is aimed that all important risks are defined and relations between them are established in order to perform sensitivity analyses in the most effective manner throughout the Bank. Accordingly, the Bank performs the stress test together with all relevant units in a consolidated manner.

Detailed explanations on the Bank's risk appetite and credit risk can be found in section "Credit Risk", and detailed explanations on market risk can be found in section "Market Risk" while detailed explanations on operational risk can be found in section "Operational Risk".

b. Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	Prior period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	**38,523,295**	**43,238,474**	**3,081,864**
Standardized approach (SA)	38,523,295	43,238,474	3,081,864
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	**1,928,264**	**2,922,432**	**154,261**
Standardized approach for counterparty credit risk (SA-CCR)	1,928,264	2,922,432	154,261
Internal model method	-	-	-
Basic risk weight approach to internal models equity position in the banking account	-	-	-
Investments made in collective investment companies – look-through approach	-	-	-
Investments made in collective investment companies – mandate-based approach	-	-	-
Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
Settlement Risk	-	-	-
Securitization positions in banking accounts	-	-	-
IRB ratings-based approach (RBA)	-	-	-
IRB Supervisory Formula Approach (SFA)	-	-	-
SA/simplified supervisory formula approach	-	-	-
Market risk	**156,025**	**345,325**	**12,482**
Standardized approach (SA)	156,025	345,325	12,482
Internal model approaches (IMM)	-	-	-
Operational risk	**5,837,114**	**4,640,666**	**466,969**
Basic indicator approach	5,837,114	4,640,666	466,969
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	**46,444,698**	**51,146,897**	**3,715,576**

X. Explanations on unconsolidated risk management (continued)

2. Linkages between financial statements and risk amounts

a. Differences and linkage between scope of accounting consolidation and regulatory consolidation

		Revalued amount in accordance with TAS				
Assets	**Revalued amount in accordance with TAS as reported in published financial statements**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Securitization positions**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Cash and balances with Central Bank	7,427,551	7,427,551	-	-	-	-
Financial assets at fair value through profit and loss	2,778,228	-	2,655,504	-	2,778,228	-
Banks	895,745	895,745	-	-	-	-
Money market placements	8,202,551	-	8,202,551	-	-	-
Financial assets measured at fair value through other comprehensive income	1,338,281	1,338,281	-	-	-	-
Financial assets measured at amortised cost	2,114,571	2,114,571	-	-	-	-
Expected credit losses (-)	8,487	-	-	-	-	8,487
Loans (Net)	32,815,650	33,129,839	-	-	-	(308,794)
Loans	31,762,434	31,762,434	-	-	-	5,395
Lease receivables	-	-	-	-	-	-
Factoring receivables	-	-	-	-	-	-
Non performing receivables	2,944,615	2,944,615	-	-	-	-
Expected credit losses (-)	1,891,399	1,577,210	-	-	-	314,189
Associates (net)	-	-	-	-	-	-
Subsidiaries (net)	83,599	83,599	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Derivative financial assets held for hedging	36,433	-	36,433	-	-	-
Tangible assets (net)	946,477	891,408	-	-	-	55,069
Intangible assets (net)	54,262	-	-	-	-	54,262
Investment property (net)	-	-	-	-	-	-
Tax asset	-	-	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	660	660	-	-	-	-
Other assets	459,200	459,200	-	-	-	-
Total assets	**57,144,721**	**46,340,854**	**10,894,488**	**-**	**2,778,228**	**(207,950)**
Liabilities						
Deposit	39,208,007	-	-	-	-	39,208,007
Derivative financial liabilities at fair value through profit or loss	627,356	-	-	-	-	627,356
Loans received	2,733,252	-	-	-	-	2,733,252
Money market funds	96,829	-	96,829	-	-	-
Securities issued	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables	298,719	-	-	-	-	298,719
Derivative financial liabilities at fair value through other comprehensive income	355,378	-	-	-	-	355,378
Provisions	275,590	32,363	-	-	-	155,203
Tax liability	318,418	-	-	-	-	318,418
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	4,237,398	-	-	-	-	4,237,398
Other liabilities	763,267	-	-	-	-	-
Shareholders' equity	8,230,507	-	-	-	-	8,221,756
Total liabilities	**57,144,721**	**32,363**	**96,829**	**-**	**-**	**56,155,487**

X. Explanations on unconsolidated risk management (continued)

b. Main differences between risk amounts and the amounts revalued in accordance with TAS financial statements

	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk (*)
Assets carrying value in accordance with TAS	**57,352,671**	**46,340,854**	-	**10,894,488**	**2,778,228**
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	989,234	32,363	-	96,829	-
Total net amount under scope of regulatory consolidation	**56,363,437**	**46,308,491**	-	**10,797,659**	**2,778,228**
Off-balance sheet amount	21,258,406	10,330,833	-	499,215	-
Differences due to risk mitigation	-	(328,327)	-	(7,661,243)	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Bank	-	-	-	-	(2,622,203)
Exposure amounts	-	**56,310,997**	-	**3,635,631**	**156,025**

(*) The amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

c. Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities:

There is no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

3. Explanations about credit risk

3.1. General Information on Credit Risk

a. General Qualitative Information on Credit Risk

Bank's Credit Risk Management reports to the Audit Committee. In order to carry out its functions and responsibilities more effectively, Credit Risk Management is structured as Credit Risk Control and Risk&Capital Integration and Reporting Department. Credit Risk Control team is responsible for developing, monitoring and sustaining the models to be used in Internal Ratings Based Method and TFRS 9 calculations and the integration of rating models in the bank systems. Also management of QRM system which is a credit portfolio corporate risk management solution allowing bank based risk management, IRB calculations and reporting are other responsibilities. Risk&Capital Integration is responsible to form ICAAP process to carry out stress testing and reporting.

Risk appetite expresses the total risk level assumed by the Bank in order to realise its strategies. To ensure that the Bank's risk appetite is equal to or below risk capacity, in general there is a buffer between the risk capacity and risk appetite. Bank's risk appetite is compatible with the main shareholder's risk appetite, and the Bank pays sufficient attention to protect the interests of all stakeholders such as deposit holders and legal regulators.

Risk appetite is determined according to the risk identification and assessment results, the risk capacity formed by the Bank considering the legal qualitative and quantitative limits and similarly the Bank's risk management and control abilities. If it is possible to implement, risk appetite indicators are approved by the management units (committees) formed for the relevant risk type. Both the risk appetite structure and risk appetite indicators are revised by the Audit Committee and presented by the Audit Committee to the Board of Directors. The approval authority for risk appetite structure and indicators is the Board of Directors.

X. Explanations on unconsolidated risk management (continued)

Bank's risk profile is regularly measured, monitored in comparison with the risk appetite and reported to the Board of Directors and certain senior committees. Under credit risk, general condition of the credit portfolio, non-performing loans, risk appetite indicators, firm and group concentrations, legal credit ratios, development of capital adequacy ratio, development and distribution of ratings based on business units, rating and risk transitions, Probability of Default ("PD"), loss given default ("LGD") and Exposure at Default ("EAD") parameters are followed. Reports prepared in scope of ICAAP study are presented to the senior management and Board of Directors before they are sent to the BRSA.

Many rating models and scorecards are used in different processes such as allocation, monitoring, collection, pricing, etc. for the purpose of managing credit risk. With these models, internal data sources and external data sources (such as CB credit risk and limit report, Credit Bureau) are used and creditworthiness of new clients is measured; and development of the existing credit portfolio is closely monitored. Performance of models is regularly monitored by Model Risk Management team under Financial Risk Management in addition to the teams developing the models.

b. Assets credit quality

	Gross carrying values of (according to TAS)			
	Defaulted	**Non-defaulted**	**Provisions / amortization and impairment**	**Defaulted**
Loans	2,944,615	31,762,434	1,891,127	32,815,922
Debt securities (*)	-	3,443,771	9,023	3,434,748
Off-balance sheet exposures	126,606	21,164,162	120,386	21,170,382
Total	**3,071,221**	**56,370,367**	**2,020,536**	**57,421,052**

(*) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

c. Changes in stock of defaulted loans and debt securities

	Current period	**Prior period**
Defaulted loans and debt securities at the end of the previous reporting period	2,053,925	1,683,658
Loans and debt securities defaulted since the last reporting period	1,818,616	1,526,664
Transferred to non-defaulted status	-	-
Amounts written off (*)	(161,877)	(542,130)
Other changes (**)	(766,049)	(614,267)
Defaulted loans and debt securities at the end of the reporting period	**2,944,615**	**2,053,925**

(*) Specific provisions for undrawn non-cash loans are not included in the table. Amounts written off also includes the NPL sale of the Bank amounting to TL 149,567 (31 December 2018: TL 533,027).

(**) Collections within the period have included "Other changes" account.

ç. Additional explanations on the creditworthiness of assets

Definitions of overdue and provision set aside are presented in Section Four – II Explanations on Credit Risk footnote.

Definitions of the methods used in determining the provision amounts:

The methods used are presented in the footnote of Section Three VIII – explanations on impairment in financial assets.

X. Explanations on unconsolidated risk management (continued)

Definitions of the restructured receivables:

The Bank can restructure the first and second group loans and other receivables, as well as non-performing loans and receivables. All loan products are considered together and a single restructuring protocol is formed; according to the legislation and general economic situation, variable or fixed terms are provided to enhance customers' ability to repay the loan.

Breakdown of receivables according to geographical regions, sector and remaining maturity:

Breakdown of receivables according to geographical regions, sector and remaining maturity is presented in footnote in Section Four II – explanations on credit risk.

Receivable amounts for which provisions are set aside on geographical regions and sectors and amounts written off with the provisions

Breakdown of receivables according to geographical regions

	Non-performing loans (**)	Specific provision
Domestic	2,941,184	1,573,855
EU Countries	3,260	3,222
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other countries	171	133
Total	**2,944,615**	**1,577,210**

(*) OECD countries other than EU countries, USA and Canada.
(**) Non-cash loans are not included.

Sectoral receivables and related provisions are presented in Section Four - II. explanations on credit risk disclosure.

Aging of overdue exposures

	Current period	Prior period
Due 31 – 60	294,350	554,476
Due 61 – 90	115,937	267,993
Total	**410,287**	**822,469**

Breakdown of restructured receivables by whether or not provisions are allocated

	Current period	Prior period
Loans structured from standard loans and other receivables	-	-
Loans structured from closely monitored loans and other receivables	1,071,845	689,761
Loans restructured from non-performing loans	23,986	5,451

The Bank classifies all of its loans and receivables as Stage 2 if they meet the restructured loan conditions while being in the performing loan portfolio according to the "Provision Regulation". Restructured loans classified as Stage 2 are subject to Stage 2 expected credit losses while restructured loans classified as non-performing loans are subject to specific provision.

X. Explanations on unconsolidated risk management (continued)

Information on expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Opening balance (*)	**184,152**	**413,303**	**1,074,061**	**1,671,516**
Additional provision during the period	29,159	34,125	632,820	696,104
Disposals (-)	(14,466)	(79,470)	(484,586)	(578,522)
Amounts written off (-)	-	-	(149,567)	(149,567)
Transferred to Stage 1	15,626	(82,679)	-	(67,053)
Transferred to Stage 2	(13,202)	165,913	-	152,711
Transferred to Stage 3	-	(228,334)	536,845	308,511
Ending balance	**201,269**	**222,858**	**1,609,573**	**2,033,700**

(*) Includes provisions for non-cash loans and provisions accounted under equity for financial assets at fair value through other comprehensive income.

3.2. Credit risk mitigation techniques

a. Qualitative disclosure requirements related to credit risk mitigation techniques

The Bank pays specific attention to the fact that the risk is completely covered by the collaterals and the easiness of collateral conversion into cash in case of default. In addition, the primary repayment source of loan is the cash flows from operations. Therefore, the financial status and retrospective and prospective cash flows of the firms to which credit proposal is made (the debtor) are analysed with due care during loan disbursement.

Collaterals in the Bank are divided into two groups as financial collaterals and guarantees. Collaterals are considered as allowed by the related regulations.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Collaterals are entered in the main banking application Finsoft through branches. Collaterals are activated after the Credit Operation Centre ("CROM") teams' check and approval of the collateral entries.

The Bank monitors up to date value of the collaterals by type. As a general principle, the Bank revises all collaterals at least once a year. For the firms which still have a credit risk, the existing collaterals are not released unless the guarantees in the credit notification are fully ensured or risk amount is decreased.

The Bank makes the assessment according to the latest expert value in the real estate guarantees taken as a real property.

The Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

X. Explanations on unconsolidated risk management (continued)

b. Credit risk mitigation techniques

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Loans (*)	25,652,845	7,163,077	5,930,025	3,171,934	2,768,696	-	-
Debt securities (*)	3,434,748	-	-	-	-	-	-
Total	**29,087,593**	**7,163,077**	**5,930,025**	**3,171,934**	**2,768,696**	**-**	**-**
Of which defaulted	2,944,615	-	-	-	-	-	-

(*) Stage 1 and Stage 2 expected credit losses are deducted from the related balance sheet amounts according to regulation.

c. Qualitative disclosures on Banks’ use of external credit ratings under the standardised approach for credit risk

Explanations are disclosed in Section Four II - explanations on credit risk disclosures.

ç. Credit risk exposure and credit risk mitigation effects

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
Claims on sovereigns and Central Banks	9,617,952	-	12,386,649	-	2,053,172	16.58%
Claims on regional governments or local authorities	1,096,530	-	1,019,827	-	568,304	55.73%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	13,240,064	6,566,543	4,954,912	1,696,241	2,352,960	35.38%
Claims on corporates	13,321,374	11,413,432	11,949,167	8,319,130	19,727,063	97.33%
Claims on retails	13,915,041	3,610,170	12,350,287	592,502	9,693,020	74.89%
Claims secured by residential property	1,038,036	20,281	1,038,036	6,680	370,060	35.42%
Claims secured by commercial property	1,487,318	122,601	1,487,318	75,971	882,091	56.43%
Past due loans	253,061	-	253,061	-	257,439	101.73%
Higher risk categories decided by the Board	1,114,344	-	1,114,344	-	1,170,052	105.00%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	2,604,905	24,594	2,604,910	4,919	1,356,460	51.97%
Stock investments	92,680	-	92,674	-	92,674	100.00%
Total	**57,781,305**	**21,757,621**	**49,251,185**	**10,695,443**	**38,523,295**	**64.26%**

d. Standardised approach – Exposures by asset classes and risk weights

Risk classes	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit exposures amount (post CCF and post-CRM)
Claims on sovereigns and Central Banks	10,333,476	-	-	-	-	-	2,053,173	-	-	-	12,386,649
Claims on regional governments or local authorities	-	-	-	-	903,049	-	116,778	-	-	-	1,019,827
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2,257,663	-	2,421,132	-	1,937,388	34,970	-	-	6,651,153
Claims on corporates	8,084	-	252	-	201,508	-	20,058,453	-	-	-	20,268,297
Claims on retails	-	-	-	-	-	12,942,789	-	-	-	-	12,942,789
Claims secured by residential property	-	-	-	1,037,933	-	-	6,783	-	-	-	1,044,716
Claims secured by commercial property	-	-	-	-	1,362,399	-	200,890	-	-	-	1,563,289
Past due loans	-	-	-	-	12,785	-	218,726	21,550	-	-	253,061
Higher risk categories decided by the Board	-	-	-	-	236,256	-	530,410	347,678	-	-	1,114,344
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	1,253,375	-	-	-	-	-	1,356,454	-	-	-	2,609,829
Stock investments	-	-	-	-	-	-	92,674	-	-	-	92,674
Total	**11,594,935**	**-**	**2,257,915**	**1,037,933**	**5,137,129**	**12,942,789**	**26,571,729**	**404,198**	**-**	**-**	**59,946,628**

X. Explanations on unconsolidated risk management (continued)

4. Evaluation of counterparty credit risk according to measurement methods

a. Qualitative disclosure on counterparty credit risk

According to Appendix 2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, promulgated in the Official Gazette, no. 29511, dated 23 October 2015, the counterparty credit risk arising from the transactions that binding both parties such as derivatives and repo, is calculated. The sum of renewal cost for derivative transactions and potential credit risk amount is considered as the risk amount. Renewal cost is calculated with valuation of contracts at fair value and potential credit risk amount is calculated by multiplying the contract amounts with the credit conversion ratios stated in the appendix of the regulation.

For the forward, option and other derivative contracts, collateral management is conducted daily according to the International Swap and Derivative Association ("ISDA") and Credit Support Annex ("CSA") agreements concluded with international counterparties, and when needed, short term total credit risk is reduced by usage of rights and performance of duties.

For the forward, option and other derivative transactions which are done by local agreements and not according to ISDA agreement, the credit risk is controlled via "Pre-Settlement" limit monitoring. Pre-settlement limit is allocated for the firms and organizations according to analysis and allocation processes. The basic rule for the Bank is that client risks do not exceed such limits. Risks are monitored simultaneously with the market and developed models are used in calculation.

The maximum risk that the counterparty may incur due to futures, options and other derivative transactions are limited, monitored with daily and instant reports. Possible limit breaches are reported to the high level committees and senior management of the bank and related actions taken to mitigate the risk.

X. Explanations on unconsolidated risk management (continued)

b. Counterparty credit risk (CCR) approach analysis

	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
Standardised Approach - CCR (for derivatives)	2,691,937	499,215	-	1.40	3,191,152	1,656,234
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	444,479	89,012
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						**1,745,246**

(*) Effective expected positive exposure

c. Credit valuation adjustment (CVA) capital charge

	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) VaR component (including the 3×multiplier)	-	-
(ii) Stressed VaR component (including the 3×multiplier)	-	-
All portfolios subject to the Standardised CVA capital charge	3,191,152	183,018
Total subject to the CVA capital charge	3,191,152	183,018

ç. Analysis of counterparty credit risk (CCR) exposure by approach

Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims on sovereigns and Central Banks	-	-	-	-	-	-	-	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	991,041	2,184,593	-	8,478	-	-	3,184,112
Claims on corporates	375	-	236	-	-	432,147	-	-	432,758
Claims included in the regulatory retail portfolios	-	-	-	-	18,761	-	-	-	18,761
Claims secured by residential property	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	**375**	**-**	**991,277**	**2,184,593**	**18,761**	**440,625**	**-**	**-**	**3,635,631**

(*) Total credit exposure: After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**) Other assets: Includes counterparty credit risk that does not reported in "central counterparty" table.

d. Collaterals for counterparty credit risk (CCR)

Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.

e. Credit derivatives

There is no credit derivative transaction.

X. Explanations on unconsolidated risk management (continued)

5. Explanations on securitisation

There is no secuitisation transaction.

6. Explanations on market risk

The Bank has reviewed activities of market risk management and has taken necessary precautions in order to mitigate the market risk within the framework of financial risk management, according to the "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Valuation Process" and the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette No. 29057 and dated 11 July 2014.

Market risk is managed based on different product mandates based on banking books and trading books and within the risk limits including sensitivity that is approved by Board of Directions in where related limits are monitored on a regular basis and the results are shared with senior management and the Board of Directors. In addition, the impacts of change in balance sheet due to banking activities on risk appetite are simulated.

Audit Committee monitors and evaluates market risk closely. Recommendations are presented to the Asset Liability Committee and Board of Directors in terms of the risk management.

Risk management strategies and policies are updated regarding to regulations stated above and approved by Board of Directors. In relation to the regulatory capital requirements, on a consolidated and unconsolidated basis, standard method is used in measuring market risk. In addition to the standard method, for internal reporting purposes, value-at-risk (VaR) is used in daily calculation of amount subject to market risk and are reported to the senior management. Stress tests and scenario analyses are also applied within the scope of ICAAP to complement the risk analysis. In addition, compliance on ING Group's policies related to market risk, especially for the international regulations (ILAAP - Internal Liquidity adequacy Assessment Process) was reviewed regularly, all these analysis are reflected in the relevant written procedures and policies. Due to the increase in the regulatory regulations and the need for pursuing more sophisticated risk management in recent years, the project of a software has been launched to manage risks related to asset liability management in a more integrated structure and currently enhancements are in progress.

	RWA
Outright products	**156,025**
Interest rate risk (general and specific)	144,862
Equity risk (general and specific)	-
Foreign exchange risk	11,163
Commodity risk	-
Options	-
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
Total	**156,025**

X. Explanations on unconsolidated risk management (continued)

7. Explanations on operational risk

The "Basic Indicator Method" that is stated in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2019 is calculated by using the gross income of the Bank in 2016, 2017 and 2018.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non-interest income.

Current period	2016 amount	2017 amount	2018 amount	Total / Number of years of positive gross income	Ratio (%)	Total
Gross income	2,524,151	2,903,831	3,911,401	3,113,128	15	466,969
Amount subject to operational risk (Amount*12.5)						**5,837,114**

8. Interest rate risk arising from banking book

Interest rate risk in the banking book is managed within the framework of sensitivity based risk limits which is internally determined by the Board of Directors, and results are shared periodically with senior management, Asset Liability Committee, Audit Committee and Board of Directors. In addition, interest rate risk in the banking book is calculated according to the interest structure profile of all interest sensitive assets and liabilities and the period remaining for their maturity or re-pricing dates under the Regulation on Measurement and Evaluation of the Interest Rate Risk in the Banking Book through Standard Shock Method published by the BRSA in the Official Gazette no: 28034 and dated 23 August 2011.

Under the regulation, core deposit is calculated only for demand deposits and also separately for each currency. Maturity profile of demand deposit assumptions have been determined by taking into account the analyses conducted by the Bank through using historical data for demand deposit portfolio and the maximum hypothetical maturity limit stated in the Regulation.

In addition, analysis being performed about asset and liability accounts comprising different customer behavior characteristics such as internal interest sensitivity and optionality, and effects on balance sheet risk are evaluated within the framework of analysis results and business lines' expectations.

Interest rate risk in the banking book standard ratio is calculated at the end of months by measuring and evaluating the interest rate risk resulting from balance sheet and off-balance sheet positions in the banking books through standard shock method. Profits/losses refer to the profit/loss risk that might occur in the market value of financial assets and liabilities in the balance sheet as a result of applying upward/downward scenarios to the market interest rate.

Currency	Applied shock (+ / -x basis points)	Gains / (Losses)	Gains / Equity (Losses) / Equity
TL	(-) 400	818,044	6.57%
TL	(+) 500	(894,213)	(7.18)%
EURO	(-) 200	(9,239)	(0.07)%
EURO	(+) 200	(63,779)	(0.51)%
USD	(-) 200	47,861	0.38%
USD	(+) 200	(50,674)	(0.41)%
Total (for negative shocks)		**856,666**	**6.88%**
Total (for positive shocks)		**(1,008,666)**	**(8.10)%**

XI. Explanations on hedge transactions

Breakdown of the derivative transactions used in cash flow hedges

	Current period			Prior period		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate swaps	7,285,819	36,433	355,378	19,825,586	519,311	263,406
Cross currency swaps	-	-	-	6,893,889	2,449,600	-
Total	**7,285,819**	**36,433**	**355,378**	**26,719,475**	**2,968,911**	**263,406**

Explanations on derivative transactions used in cash flow hedges

Current period

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV Assets	Hedging instrument FV Liabilities	Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	9,043	355,378	(708,869)	49,675	21,119
Interest rate swaps	TL revolving loans	Cash flow risk due to the changes in the interest rates of TL revolving loans	27,390	-	(42,988)	4,959	-
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(214,877)	1,094	-
Total			**36,433**	**355,378**	**(966,734)**	**55,728**	**21,119**

Prior period

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV Assets	Hedging instrument FV Liabilities	Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
Interest rate swaps	TL customer deposits	Cash flow risk due to the changes in the interest rates of customer deposits	519,311	263,406	294,768	9,555	(8,075)
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	2,449,600	-	153,133	3,792	-
Total			**2,968,911**	**263,406**	**447,901**	**13,347**	**(8,075)**

Contractual maturity analysis of the derivative transactions subject to cash flow hedges:

Maturity analysis of the derivative transactions subject to cash flow hedges is provided in the Note VI of Section Four.

XII. Explanations on segment reporting

The Bank operates mainly in corporate, SME, commercial and retail banking services. In scope of corporate, SME and commercial banking operations, customers are provided with special banking services including cash management service. In retail banking operations, customers are provided with debit and credit card, retail loan, online banking and private banking services. Spot TL, foreign exchange buy/sell transactions, derivative transactions, and treasury bill/government bond buy/sell transactions are performed at treasury operations.

Information on operating segments is prepared in accordance with the data provided by the Bank’s Management Reporting System.

Current period – 31 December 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	1,198,919	1,502,986	452,498	3,154,403
Net commissions and fees income and other operating income	641,956	442,299	94,553	1,178,808
Trading gain/loss	106,517	46,661	461,908	615,086
Dividend income	-	-	67,860	67,860
Provision for impairment of loans and other receivables	(883,269)	(314,129)	(6,905)	(1,204,303)
Segment results	1,064,123	1,677,817	1,069,914	3,811,854
Other operating expenses (**)	-	-	-	(1,935,786)
Income from continuing operations before tax	-	-	-	1,876,068
Tax provision (*)	-	-	-	(399,757)
Net profit	**-**	**-**	**-**	**1,476,311**

Prior period – 31 December 2018	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	1,203,048	1,160,071	989,028	3,352,147
Net commissions and fees income and other operating income	819,695	335,340	58,650	1,213,685
Trading gain/loss	333,939	55,582	(549,285)	(159,764)
Dividend income	-	-	68,844	68,844
Provision for impairment of loans and other receivables	(901,692)	(378,893)	(1,729)	(1,282,314)
Segment results	1,454,990	1,172,100	565,508	3,192,598
Other operating expenses (**)	-	-	-	(1,847,771)
Income from continuing operations before tax	-	-	-	1,344,827
Tax provision (*)	-	-	-	(283,067)
Net profit	**-**	**-**	**-**	**1,061,760**

(*) Other operational expenses and tax provision are presented at total column due to inability to allocate among the sections.
(**) Includes “Personnel Expenses” and “Other Provision Expenses” that presented in the statement of profit or loss as a different items.

Current period – 31 December 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	22,930,428	11,631,450	22,582,843	57,144,721
Liability	10,448,513	28,957,843	9,507,858	48,914,214
Equity	-	-	8,230,507	8,230,507

Prior period – 31 December 2018	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	27,589,411	11,908,013	19,021,238	58,518,662
Liability	9,070,641	23,402,180	18,623,594	51,096,415
Equity	-	-	7,422,247	7,422,247

Section five

Information and disclosures related to unconsolidated financial statements

I. Explanations and notes related to assets of the unconsolidated balance sheet

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey

1.1. Information on cash equivalents

	Current period		Prior period	
	TL	FC	TL	FC
Cash in TL/foreign currency	305,784	947,584	291,076	1,349,619
Balances with the Central Bank of Turkey	344,422	5,829,761	407,796	6,861,366
Other	-	-	-	374
Total	**650,206**	**6,777,345**	**698,872**	**8,211,359**

1.2. Information related to the account of the Central Bank of Turkey

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	344,422	1,465,328	407,796	1,850,723
Restricted time deposit	-	1,336,860	-	2,281,923
Reserve requirement	-	3,027,573	-	2,728,720
Total	**344,422**	**5,829,761**	**407,796**	**6,861,366**

As per the "Communiqué on Reserve Requirements" promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date in terms of TL, USD / EURO and gold at a rate ranging between 1% and 7% for Turkish lira deposits and liabilities depending on their maturity and at a rate ranging between 5% and 21% for foreign currency deposits and foreign currency other liabilities depending on their maturity.

The Central Bank of Turkey pays interest to banks that provide credit growth in accordance with the communique principles dated 9 December 2019 and numbered 2019/19, for Turkish Lira required reserves.

TL 344,181 (31 December 2018: TL 406,495) of the TL reserve deposits provided over the average balance and TL 1,465,328 (31 December 2018: TL 1,850,723) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

2. Information on financial assets at fair value through profit/loss

2.1. Information on financial assets at fair value through profit/loss subject to repo transactions and those given as collateral/blocked

Financial assets at fair value through profit or loss subject to repo transactions and those given as collateral/blocked are stated below in net amount.

	Current period	Prior period
Unrestricted portfolio	52,090	21,385
Collateral / blocked	70,634	7,391
Total	**122,724**	**28,776**

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

2.2. Positive differences related to derivative financial assets held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	71,372	52	232,495
Swap transactions	2,467,192	114,566	262,703	82,758
Futures transactions	-	-	-	-
Options	134	2,240	155	3,438
Other	-	-	-	-
Total	**2,467,326**	**188,178**	**262,910**	**318,691**

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	242	895,503	1,082	513,885
Domestic	242	30	1,082	813
Foreign	-	895,473	-	513,072
Headquarters and branches abroad	-	-	-	-
Total	**242**	**895,503**	**1,082**	**513,885**

3.2. Information on foreign banks

	Unrestricted amount		Restricted amount	
	Current period	Prior period	Current period	Prior period
EU countries	324,592	137,856	406,420	232,219
USA, Canada	23,226	29,202	396	-
OECD Countries (*)	139,304	4,863	-	-
Off-shore banking regions	-	-	-	-
Other	1,535	108,932	-	-
Total	**488,657**	**280,853**	**406,816**	**232,219**

(*) OECD countries except EU countries, USA and Canada

As of 31 December 2019, restricted bank balance amounting to TL 406,816 (31 December 2018: TL 232,219) all of which is comprised of (31 December 2018: All amount) collaterals that is held by counter banks under CSA contracts and is calculated based on related derivatives market price.

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

4. Information on financial assets at fair value through other comprehensive income

4.1. Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral/blocked

Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral/blocked with net amounts are shown in below table.

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Unrestricted portfolio	1,324,062	643,752
Repo transactions	14,219	2,166
Collateral / blocked (*)	-	-
Total	**1,338,281**	**645,918**

(*) Consists of bonds given as collaterals by the Bank to be a member of Interbank, BIST, Derivatives Exchange, Takasbank Money Markets and to operate in those markets.

4.2. Information on financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Debt securities	1,329,581	658,605
Quoted to stock exchange	1,329,581	658,605
Not quoted	-	-
Equity certificates	9,081	6,121
Quoted to stock exchange	-	-
Not quoted	9,081	6,121
Provision for impairment (-)	(381)	(18,808)
Total	**1,338,281**	**645,918**

5. Information on loans

5.1. Information on the balance of all types of loans and advances given to shareholders and employees of the Bank

	Current period		Prior period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders of the Bank	120	569,874	71	570,374
Corporate shareholders	-	569,874	-	570,374
Real person shareholders	120	-	71	-
Indirect loans granted to shareholders of the Bank	39	201,879	47	200,958
Loans granted to employees of the Bank	32,606	-	29,302	-
Total	**32,765**	**771,753**	**29,420**	**771,332**

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.2. Information on the first and second group loans and other receivables including restructured or rescheduled loans

Cash loans	Standard loans	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	
			Revised contract terms	Refinance
Non-specialized loans	27,626,228	3,064,361	1,071,845	-
Business loans	9,697,199	1,474,390	604,541	-
Export loans	5,311,611	423,728	55,405	-
Import loans	-	-	-	-
Loans given to financial sector	1,571,876	200,881	-	-
Consumer loans	9,169,060	835,218	368,574	-
Credit cards	599,428	92,770	43,325	-
Other	1,277,054	37,374	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**27,626,228**	**3,064,361**	**1,071,845**	**-**

	Current period		Prior period	
	Standard loans	Loans and other receivables under close monitoring	Standard loans	Loans and other receivables under close monitoring
12 Month Expected Credit Losses	134,255	5	117,472	-
Loans	*120,823*	-	*106,554*	-
Other assets	*4,673*	5	*6,744*	-
Banks and money market placements	*8,487*	-	*4,021*	-
Marketable securities	*272*	-	*153*	-
Lifetime expected credit losses significant increase in credit risk	-	193,094	-	378,466
Loans	-	*193,094*	-	*378,466*
Total	**134,255**	**193,099**	**117,472**	**378,466**

5.3. Loans according to their maturity structure

Cash loans	Standard loans	Loans and other receivables under close monitoring	
		Loans and receivables not subject to restructuring	Restructured loans and receivables
Short-term loans and other receivables	6,835,891	542,488	111,505
Medium and long-term loans and other receivables	20,790,337	2,521,873	960,340
Total	**27,626,228**	**3,064,361**	**1,071,845**

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.4. Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel

	Short term	Medium and long term	Total
Consumer loans – TL	**391,723**	**9,772,587**	**10,164,310**
Mortgage loans	172	3,518,735	3,518,907
Automotive loans	13,064	294,517	307,581
General purpose loans	378,487	5,959,335	6,337,822
Other	-	-	-
Consumer loans – indexed to FC	**-**	**57**	**57**
Mortgage loans	-	57	57
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	**657,728**	**29,091**	**686,819**
With installments	212,263	29,091	241,354
Without installments	445,465	-	445,465
Consumer credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	**4,303**	**19,061**	**23,364**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	4,303	19,061	23,364
Other	-	-	-
Personnel loans – indexed to FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	**9,362**	**-**	**9,362**
With installments	2,921	-	2,921
Without installments	6,441	-	6,441
Personnel credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	**185,121**	**-**	**185,121**
Overdraft accounts – FC (real person)	**-**	**-**	**-**
Total	**1,248,237**	**9,820,796**	**11,069,033**

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.5. Information on commercial loans with installments and corporate credit cards

	Short term	Medium and long term	Total
Commercial installment loans - TL	**789,236**	**3,836,304**	**4,625,540**
Real estate loans	-	20,682	20,682
Automotive loans	932	104,156	105,088
General purpose loans	-	-	-
Other	788,304	3,711,466	4,499,770
Commercial installment loans – indexed to FC	**9**	**49,719**	**49,728**
Real estate loans	-	-	-
Automotive loans	-	4,918	4,918
General purpose loans	-	-	-
Other	9	44,801	44,810
Commercial installment loans - FC	**5,217**	**9,976**	**15,193**
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	5,217	9,976	15,193
Corporate credit cards – TL	**39,342**	**-**	**39,342**
With installments	14,028	-	14,028
Without installments	25,314	-	25,314
Corporate credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	**87,267**	**-**	**87,267**
Overdraft loans – FC (legal entity)	**-**	**-**	**-**
Total	**921,071**	**3,895,999**	**4,817,070**

5.6. Loans according to borrowers

	Current period	Prior period
Public	1,288,869	814,597
Private	30,473,565	36,730,222
Total	**31,762,434**	**37,544,819**

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	31,420,640	36,709,457
Foreign loans	341,794	835,362
Total	**31,762,434**	**37,544,819**

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.8. Loans granted to subsidiaries and associates

	Current period	Prior period
Direct loans granted to subsidiaries and associates	342,373	535,713
Indirect loans granted to subsidiaries and associates	-	-
Total	**342,373**	**535,713**

5.9. Specific provisions set aside against loans

	Current period	Prior period
Loans and receivables with limited collectability	136,197	136,996
Loans and receivables with doubtful collectability	260,303	164,068
Uncollectible loans and receivables	1,180,710	744,702
Total	**1,577,210**	**1,045,766**

5.10. Information on non-performing loans (net)

5.10.1 Information on non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Gross amounts before specific provision	12,870	2,100	9,016
Restructured loans	12,870	2,100	9,016
Prior period			
Gross amounts before specific provision	222	509	4,720
Restructured loans	222	509	4,720

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.10.2. Information on total non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior period end balance	**676,253**	**383,292**	**994,380**
Additions (+)	1,647,174	20,686	150,756
Transfers to other categories of non-performing loans (+)	-	1,634,300	1,256,261
Transfers from other categories of non-performing loans (-)	(1,634,300)	(1,256,261)	-
Collections (-)	(273,777)	(164,096)	(328,176)
Write-offs (-)	(299)	(822)	(11,189)
Sold Portfolio (*)	-	-	(149,567)
Corporate and commercial loans	-	-	(16,682)
Retail loans	-	-	(103,427)
Credit cards	-	-	(29,458)
Other	-	-	-
Current period end balance	**415,051**	**617,099**	**1,912,465**
Provisions (-)	(136,197)	(260,303)	(1,180,710)
Net balance on balance sheet	**278,854**	**356,796**	**731,755**

(*) The Bank sold non-performing loan portfolio amounting to TL 149,567 to domestic asset management companies at 20 November 2019.

5.10.3. Information on foreign currency non-performing loans and other receivables

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Balance at the end of the period	60,901	51,548	67,013
Provision (-)	(48,975)	(25,391)	(34,605)
Net balance on balance sheet	**11,926**	**26,157**	**32,408**
Prior period			
Balance at the end of the period	19,589	2,647	41,827
Provision (-)	(4,191)	(1,447)	(32,414)
Net balance on balance sheet	**15,398**	**1,200**	**9,413**

Non-performing loans granted as foreign currency are followed under TL accounts of balance sheet.

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.10.4. Gross and net amounts of non-performing loans per customer categories

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)	**278,854**	**356,796**	**731,755**
Loans granted to corporate entities and real person (gross)	415,051	617,099	1,912,465
Provision amount(-)	(136,197)	(260,303)	(1,180,710)
Loans granted to corporate entities and real person (net)	278,854	356,796	731,755
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision amount (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)	**539,257**	**219,224**	**249,678**
Loans granted to corporate entities and real person (gross)	676,253	383,292	994,380
Provision amount (-)	(136,996)	(164,068)	(744,702)
Loans granted to corporate entities and real person (net)	539,257	219,224	249,678
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision amount (-)	-	-	-
Other loans (net)	-	-	-

5.10.5. According to TFRS 9, accruals, valuation differences and related provisions calculated for non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Current period (Net)	**15,129**	**18,365**	**22,846**
Interest accruals and valuation differences	20,026	31,094	41,301
Provision (-)	(4,897)	(12,729)	(18,455)
Prior period (Net)	**16,522**	**4,492**	**-**
Interest accruals and valuation differences	20,065	6,287	-
Provision (-)	(3,543)	(1,795)	-

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.11. Liquidation policy for uncollectible loans and receivables

In case there are collaterals in accordance with the Article 8 of "Regulation on Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and Provision for these Loans and other Receivables" the receivable shall be collected as soon as possible by either administrative or legal interferences by liquidating such collaterals.

In case there are no collaterals, even if the evidence of insolvency is provided, information gathered in various periods and legal procedures are followed to identify the assets acquired by the borrower after the insolvency.

Before and after the legal procedures, the Bank attempts to collect its receivables by means of restructuring the loans and receivables from the companies showing an indication of operating on ongoing basis and having a productive contribution in the economic environment.

5.12. Information on the write-off policy

In order to collect loans and other receivables classified as "Uncollectible Loans and Receivables", the Bank applies all legal procedures. At the end of the legal procedures, if the loans and receivables cannot be collected, the provisions provided for these receivables are reversed and the gross receivable amount is written down to 1 Kr (Trace cost) upon the receipt of the evidence of insolvency from the customers. The legal procedures start again for these loans and receivables carried at their trace costs if an improvement in the situation of the debtors or guarantors is identified.

The Bank writes down the loans and receivables to nil before initiating a legal follow-up in case the expected amount of recovery is lower than the expected cost of the legal follow-up. The Board of Directors has authorized the senior management to make the necessary assessments within certain limits.

6. Financial assets measured at amortised cost (net)

6.1. Financial assets subject to repurchase agreements and provided as collateral/blocked

	Current period	Prior period
Investments subject to repurchase agreements	-	-
Collateralised / blocked investments (*)	350,729	386,219
Total	**350,729**	**386,219**

(*) Consists of bonds given as collaterals by the Bank to be a member of Interbank, BIST, Derivatives Exchange, Takasbank, Money Markets and to operate in those markets.

6.2. Government securities measured at amortised cost

	Current period	Prior period
Government bonds	2,114,571	1,194,996
Treasury bills	-	-
Other government securities	-	-
Total	**2,114,571**	**1,194,996**

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	2,114,571	1,194,996
Quoted to stock exchange	2,114,571	1,194,996
Not quoted	-	-
Impairment provision (-)	-	-
Total	**2,114,571**	**1,194,996**

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	1,194,996	1,316,936
Foreign currency differences on monetary assets	-	-
Purchases during the period	912,878	-
Disposals through sales and redemptions	(36,299)	(142,041)
Provision for impairment (-)	-	-
Change in redemption cost	42,996	20,101
Period end balance	**2,114,571**	**1,194,996**

7. Information on associates (net)

7.1. Explanations related to the associates

The Bank does not have any associates.

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 31 December 2019 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Factoring	ING Leasing	ING Brokerage
Paid in capital and adjustment to paid-in capital	1,291	40,000	30,000	20,765
Profit reserves, capital reserves and prior year profit/loss	-	79,141	102,327	5,655
Profit/loss	62,924	28,330	37,262	7,724
Development cost of operating lease (-)	-	(3)	(3)	-
Intangible assets (-)	-	(533)	(361)	(15)
Total core capital	**64,215**	**146,935**	**169,225**	**34,129**
Supplementary capital	**-**	**-**	**-**	**-**
Capital	**64,215**	**146,935**	**169,225**	**34,129**
Net usable shareholder's equity	**64,215**	**146,935**	**169,225**	**34,129**

The Bank does not have any additional capital requirements due to the subsidiaries included in the calculation of capital requirement.

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

8.2. Information on consolidated subsidiaries

Title (*)	Address (City / Country)	The Bank's share percentage-If different voting (%)	The Bank's risk group share (%)
(1) ING European Financial Services Plc.	Dublin/Ireland	100%	100%
(2) ING Factoring	İstanbul/Turkey	100%	100%
(3) ING Leasing	İstanbul/Turkey	100%	100%
(4) ING Brokerage	İstanbul/Turkey	100%	100%

(*) The sale of the shares representing 100% of the capital of ING Portfolio Management, one of the subsidiaries of the Bank, to TEB Portföy Yönetimi A.Ş has been completed on 31 May 2019.

As of 31 December 2019 financial information on consolidated subsidiaries as follows (*):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/ loss	Prior period profit/loss	Fair value
(1)	7,249,105	64,215	5	318,398	-	62,924	58,258	-
(2)	575,273	147,471	1,599	91,139	-	28,330	32,261	-
(3)	1,079,463	169,589	989	65,509	-	37,262	33,605	-
(4)	142,990	34,144	180	6,408	-	7,724	5,267	-

(*) The financial information of ING Factoring, ING Leasing, ING Brokerage and ING European Financial Services Plc are obtained from 31 December 2019 audited financial statements.

8.3. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	95,907	95,907
Movements during the period	(12,308)	-
Purchases	-	-
Bonus shares obtained	-	-
Dividends from current year income	-	-
Sales (*)	(12,308)	-
Revaluation increase	-	-
Provisions for impairment	-	-
Balance at the end of the period	83,599	95,907
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

(*) A share sale and purchase agreement representing the 100% of capital of ING Portfolio Management has been signed between the Bank and TEB Portföy Yönetimi A.Ş on 5 April 2019. The actual sales transaction and share transfer were completed on 31 May 2019 following the completion of necessary legal permissions and other procedures related to the sale in accordance with the agreement.

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

8.4. Sectoral information on consolidated financial subsidiaries and the related carrying amounts

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies	40,000	40,000
Leasing companies	22,500	22,500
Finance companies	-	-
Other financial subsidiaries	21,099	33,407

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

10. Information on finance lease receivables (net)

The Bank has no receivables from finance lease.

11. Information on derivative financial assets held for hedging

11.1 Information on positive differences of derivative financial assets held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	35,316	1,117	2,968,911	-
Net investment hedge	-	-	-	-
Total	**35,316**	**1,117**	**2,968,911**	**-**

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

12. Information on tangible assets (net)

Current period	Real estates	Leased tangible assets	Right-of-use assets	Other fixed assets	Total
Cost					
Opening balance	272,473	51,329	-	912,699	1,236,501
Additions	7,486	-	524,791	348,472	880,749
Disposals	-	(51,329)	(175,363)	(314,278)	(540,970)
Transferred	-	-	-	(200)	(200)
Currency differences	-	-	-	21	21
Provisions for impairment	2,884	-	-	1,500	4,384
Closing balance	282,843	-	349,428	948,214	1,580,485
Accumulated depreciation					
Opening balance	(117,981)	(50,781)	-	(384,267)	(553,029)
Current year depreciation expense	(6,660)	(40)	(70,382)	(53,924)	(131,006)
Disposals	-	50,821	15,232	34,663	100,716
Transferred	-	-	-	(50,668)	(50,668)
Currency differences	-	-	-	(21)	(21)
Closing balance	(124,641)	-	(55,150)	(454,217)	(634,008)
Net book value	**158,202**	**-**	**294,278**	**493,997**	**946,477**

Prior period	Real estates	Leased tangible assets	Other fixed assets	Total
Cost				
Opening balance	265,852	55,555	710,514	1,031,921
Additions	7,033	612	324,757	332,402
Disposals	(1,116)	(4,838)	(115,620)	(121,574)
Provisions for impairment	704	-	(7,000)	(6,296)
Closing balance	272,473	51,329	912,651	1,236,453
Accumulated depreciation				
Opening balance	(112,099)	(55,524)	(362,063)	(529,686)
Current year depreciation expense	(6,433)	(96)	(48,272)	(54,801)
Disposals	551	4,839	26,116	31,506
Closing balance	(117,981)	(50,781)	(384,219)	(552,981)
Net book value	**154,492**	**548**	**528,432**	**683,472**

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

13. Information on intangible assets (net)

	Current period	Prior period
Cost		
Opening balance	203,107	180,235
Additions	43,863	22,872
Disposals	-	-
Closing balance	246,970	203,107
Accumulated amortization		
Opening balance	(163,303)	(141,020)
Current year's amortization expense	(29,405)	(22,283)
Disposals	-	-
Closing balance	(192,708)	(163,303)
Net book value	**54,262**	**39,804**

14. Information on investment properties (net)

The Bank does not have investment properties.

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

As of 31 December 2019 current tax asset and corporation tax payable are netted of and accounted as current tax liability in the unconsolidated balance sheet. The explanations about current tax asset / liability for the current and previous period are disclosed in Note II.9 of Section Five.

15.2. Explanations on deferred tax asset

Deferred tax asset and liability are netted and shown in liabilities of unconsolidated balance sheet as deferred tax liability, and explanations about deferred tax asset / liability for the current and prior period are disclosed in Note II 9 of Section Five.

16. Explanations on assets held for sale and discontinued operations (net)

16.1. Explanations on assets held for sale

	Current period	Prior period
Opening balance (net)	660	660
Additions	-	-
Disposals (-)	-	-
Depreciation (-)	-	-
Balance at the end of the period (net)	**660**	**660**

16.2. Explanations on discontinued operations

The Bank does not have assets with respect to the discontinued operations.

17. Other assets exceed 10% of the balance sheet total (excluding off balance sheet commitments), breakdown of the names and amounts of accounts constructing at least 20% of grand totals

Other assets in the balance sheet excluding off balance sheet commitments do not exceed 10% of the balance sheet total.

II. Explanations and notes related to liabilities of the unconsolidated balance sheet

1. Information on deposits

1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	831,751	-	16,240,073	4,026,182	99,910	44,510	24,430	-	21,266,856
Foreign currency deposits	2,889,150	-	6,374,771	3,655,967	182,604	69,118	21,210	-	13,192,820
Residents in Turkey	2,676,347	-	6,296,101	3,523,314	154,601	60,151	19,799	-	12,730,313
Residents abroad	212,803	-	78,670	132,653	28,003	8,967	1,411	-	462,507
Public sector deposits	227,064	-	-	11,718	82	-	-	-	238,864
Commercial deposits	607,211	-	1,152,694	206,515	2,704	2,877	-	-	1,972,001
Other institutions deposits	11,704	-	914	15,328	90	132	95	-	28,263
Precious metals deposits	383,889	-	-	-	-	-	-	-	383,889
Interbank deposits	2,005,107	-	119,046	-	-	-	1,161	-	2,125,314
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	2	-	119,046	-	-	-	-	-	119,048
Foreign banks	2,005,105	-	-	-	-	-	1,161	-	2,006,266
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
									-
Total	**6,955,876**	**-**	**23,887,498**	**7,915,710**	**285,390**	**116,637**	**46,896**	**-**	**39,208,007**

Prior period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	536,506	-	13,392,719	3,403,652	410,389	159,553	59,788	-	17,962,607
Foreign currency deposits	1,925,323	-	4,813,121	2,677,231	139,011	122,450	202,156	-	9,879,292
Residents in Turkey	1,705,199	-	4,744,197	2,563,934	131,998	114,289	201,221	-	9,460,838
Residents abroad	220,124	-	68,924	113,297	7,013	8,161	935	-	418,454
Public sector deposits	241,369	-	-	9,941	719	-	-	-	252,029
Commercial deposits	561,915	-	833,785	297,246	13,975	7,281	37,585	-	1,751,787
Other institutions deposits	17,236	-	2,647	11,085	195	161	77	-	31,401
Precious metals deposits	170,212	-	-	-	-	-	-	-	170,212
Interbank deposits	2,291,934	-	-	-	-	-	-	-	2,291,934
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	726	-	-	-	-	-	-	-	726
Foreign banks	2,291,208	-	-	-	-	-	-	-	2,291,208
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**5,744,495**	**-**	**19,042,272**	**6,399,155**	**564,289**	**289,445**	**299,606**	**-**	**32,339,262**

1.2. Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance

Saving deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit insurance	
	Current period	Prior period	Current period	Prior period
Saving deposit	15,320,004	12,397,645	5,935,983	5,560,491
Foreign currency saving deposits	4,343,663	2,783,584	5,705,258	4,649,289
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

1.3. Information on whether the saving deposits / private current accounts of real persons not subject to commercial transactions in the Turkey branch of the Bank headquartered abroad are in scope of insurance in the country where the head office is located

The Bank's head office is in Turkey and its saving deposits are covered by saving deposit insurance.

1.4. Saving deposits of real persons not under the guarantee of saving deposit insurance fund

	Current period	Prior period
Deposits and other accounts in foreign branches	-	-
Saving deposits and other accounts of controlling shareholders and their mothers, fathers, spouses, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, general manager and vice presidents, and their mothers, fathers, spouses and children in care	18,655	14,738
Saving deposits and other accounts in scope of the property holdings derived from crime defined in Article 282 of Turkish Criminal Law No: 5237, dated 26 September 2004	-	-
Saving deposits in deposit bank established in Turkey in order to engage solely in off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading

2.1. Table of negative differences for derivative financial liabilities held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	39,986	-	88,476
Swap transactions	470,639	113,360	652,663	103,240
Future transactions	-	-	-	-
Options	327	3,044	262	3,754
Other	-	-	-	-
Total	**470,966**	**156,390**	**652,925**	**195,470**

3. Banks and other financial institutions

3.1. Information on banks and other financial institutions

	Current period		Prior period	
	TL	FC	TL	FC
Funds borrowed from Central Bank of Turkey	-	-	-	-
Funds borrowed from domestic banks and institutions	184,763	18,842	107,924	648,641
Funds borrowed from foreign banks, institutions and funds	4,601	2,525,046	204,298	10,884,486
Total	**189,364**	**2,543,888**	**312,222**	**11,533,127**

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	189,364	15,849	128,190	1,716,863
Medium and long term	-	2,528,039	184,032	9,816,264
Total	**189,364**	**2,543,888**	**312,222**	**11,533,127**

3.3. Funding industry group where the Bank's liabilities are concentrated

The Bank's liabilities are concentrated on the main shareholder, ING Bank N.V.

4. Explanations on securities issued (net)

The Bank does not have any securities issued end of the reporting period (31 December 2018: None).

5. If other liabilities exceed 10% of the balance sheet total, names and amounts of the accounts constituting at least 20% of grand totals

Other liabilities do not exceed 10% of the balance sheet total.

6. Explanations on lease liabilities (net)

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	850	806	-	-
Between 1-4 years	117,963	97,473	-	-
More than 4 year	322,533	200,440	-	-
Total	**441,346**	**298,719**	**-**	**-**

7. Information on derivative financial liabilities held for hedging

7.1. Negative differences related to derivative financial liabilities held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	348,720	6,658	258,878	4,528
Net investment hedge	-	-	-	-
Total	**348,720**	**6,658**	**258,878**	**4,528**

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

8. Information on provisions

8.1. Information on the exchange rate decrease provision on foreign currency indexed loans and financial lease receivables

None (31 December 2018: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans (Stage 3)	32,363	28,295
Provision for credit card score promotion	1,373	1,833
Other provisions	186,765	235,848
Allowance for expected credit losses (Stage 1 and Stage 2) (*)	*88,023*	*97,456*
Other	*98,742*	*138,392*
Total	**220,501**	**265,976**

(*) Non-cash loan provisions are included.

Amount to TL 69,225 (31 December 2018: TL 71,338) of the other provisions consist of provisions set aside as a result of the legal assessment for the lawsuits that are likely to result against the Bank.

The deposit holders of off-shore accounts held at Sümerbank A.Ş. (together with other dissolved banks merged into Sümerbank A.Ş., all of which were ultimately merged into the Bank), which were opened before Savings Deposit Insurance Fund (SDIF) seized these banks, initiates lawsuits against the Bank (former title Oyak Bank A.Ş.). As a result of these lawsuits, the Bank pays certain amounts to these off-shore deposit holders of the dissolved banks. SDIF indemnifies these amounts in accordance with the Share Transfer Agreement entered into between Turkish Armed Forces Assistance (and Pension) Fund (OYAK) and SDIF (STA).

SDIF, however, does not fully indemnify the Bank and pays these amounts subject to legal reservation against the STA provisions. SDIF initiated eight enforcement proceedings to claim the amount it had indemnified, a total of approximately TL 478 million (Full TL). Upon the Bank's objection to legal grounds of the enforcement proceedings initiated by SDIF against the Bank, SDIF initiated cancellation of objection lawsuits against the Bank. Currently, there are seven of such lawsuits: (i) the first case relates to the first enforcement proceeding of approximately TL 21.9 million (Full TL) (the "First Case"), (ii) the second case relates to the second enforcement proceeding of approximately TL 21.8 million (Full TL) (the "Second Case"), (iii) the third case relates to the third and fifth enforcement proceedings of a total of approximately TL 97.7 million (Full TL) (the "Third Case") and (iv) the fourth case relates to the fourth enforcement proceeding of approximately TL 109.5 million (Full TL) (the "Fourth Case"). SDIF has not yet initiated a case in connection with the sixth enforcement proceeding of approximately TL 126 million (Full TL) against which the Bank objected and SDIF filed a lawsuit (the "Sixth Case") for the cancellation of objection lawsuit. Furthermore, SDIF initiated the seventh enforcement procedure for approximately TL 52 million and the Bank objected to this payment request and the case was filed by the SDIF. The case is going on the first instance court. SDIF initiated the eighth enforcement procedure for approximately TL 49 million (Full TL) and the Bank objected to this payment request.

In the First Case, the first instance court ruled in favor of the Bank, which was later reversed by the Supreme Court of Appeals (Yargıtay). Currently, the First Case is before the first instance court following the appellate decision, where the court of first instance decided to obtain an expert opinion in accordance with the Supreme Court of Appeals' decision. Following the court appointed expert's examination of the case, the expert report is completed and it is in favor of the Bank. The first instance court decided in favor of the Bank however SDIF is entitled to appeal against the decision. In this case, information was received that the appeal of the SDIF was rejected and the decision was upheld in favor of the Bank. Against this approval decision, the Court of Cassation, the way of correction of the decision is clear. In

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

case the SDIF makes a decision correction, the decision is expected to be finalized in favor of the Bank in the first half of 2020. The first instance court held the trial of the Second Case, Third Case and Fourth Case together due to the first instance court's earlier decision to merge these cases. However, the first instance court only ruled on the merits of the Second Case in favor of ING Bank A.Ş. and rejected SDIF's claims and decided to demerge each of the Third Case and the Fourth Case from the Second Case. In the proceedings held after the court's demerger decision, the court decided in favor of the Bank for each case.

Also in the sixth case, the first instance court decided in favor of the bank. The court's decision in the Second Case and in the other cases are subject to a two-tiered appeal, i.e., appeal before the regional appellate court and the Supreme Court of Appeals.

On the other hand, there is an administrative law dispute between the Bank and SDIF. The Bank has filed a lawsuit for the annulment of the administrative resolution No. 2013/36 dated 31 January 2013 of SDIF's Fund Board (the "SDIF Fund Board Decision"), which constitutes the legal basis of the SDIF's abovementioned actions. Although the first instance administrative court ruled in favor of the Bank to annul the SDIF Fund Board Decision, the Council of State (i.e., the Administrative Supreme Court of Appeals, Danıştay) reversed the first instance court's decision on the grounds that the administrative courts lack jurisdiction because the dispute was a matter of private law and not one of administrative law. The Bank submitted a motion for the post judgment relief, i.e., correction of judgment which the Council of State rejected. Upon completion of the Council of State's review, the first instance court rendered a decision in line with the Council of State's decision against which the Bank (claiming the annulment of the SDIF Fund Board Decision) and SDIF (claiming the determination of the SDIF Fund Board Decision's legal validity by the administrative courts rather than a lack of jurisdiction decision) filed an appeal.

No provisions were set aside in respect of the amounts that the Bank paid in connection with the off-shore lawsuits, court decisions on off-shore lawsuits and lawsuits filed by SDIF, considering the (i) relevant provisions of the STA, (ii) relevant provisions of the of the Share Purchase Agreement dated 18 June 2007 relating to the purchase of the Bank's shares (owned by OYAK) by ING Bank N.V. and (iii) the course of the pending lawsuits against SDIF.

8.3. Information on provisions for employee benefits

As of 31 December 2019, TL 29,879 (31 December 2018: 29,418 TL) of TL 55,089 (31 December 2018: TL 50,903) provisions for employee benefits is the unused vacation provision. Full provision is provided for the unused vacation liability.

TL 25,210 (31 December 2018: TL 21,485) of the provisions for employee benefits is the termination benefit provision. In accordance with the labor law, the Bank is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 6,379.86 (Full TL) at 31 December 2019 and TL 5,434.42 (Full TL) at 31 December 2018 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the unconsolidated financial statements dated 31 December 2019 and 31 December 2018, the Bank operating in Turkey has calculated severance pay by taking into account their experience in personnel service completion or termination, and by discounting it via using the forecasted annual inflation and interest rates.

	Current period	Prior period
Net discount rate	3.71%	3.84%
Inflation rate	8.2%	9.3%
Interest rate	12.2%	13.5%
Probability of severance	32.9%	30.9%

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

Movement of the provision for termination benefit:

	Current period	Prior period
Balance at the beginning of the period	21,485	17,246
Change during the year	19,086	14,278
Actuarial gain	1,180	1,794
Benefits paid during the year	(16,541)	(11,833)
Balance at the end of the period	**25,210**	**21,485**

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

The Bank has current corporate tax liability as of 31 December 2019 amounting to TL 37,900 (31 December 2018: TL 131,125).

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	37,900	131,125
Taxation of securities	35,451	42,224
Property tax	21,682	37,741
Banking insurance transaction tax ("BITT")	5,840	4,553
Foreign exchange transaction tax	2,312	-
Value added tax payable	839	1,250
Other	10,682	10,100
Total	**114,706**	**226,993**

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	4,850	4,681
Social security premiums-employer	7,187	6,926
Bank social aid pension fund premium-employee	-	-
Bank social aid pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	342	332
Unemployment insurance-employer	686	663
Other	-	-
Total	**13,065**	**12,602**

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

9.2. Explanations on deferred tax liabilities

As of 31 December 2019, the net deferred tax liabilities of the Bank amounts to TL 190,647 (31 December 2018: TL 430,595) which is calculated based on the deductible temporary differences.

	Current period		Prior period	
Timing differences constituting the basis for deferred tax	**Accumulated temporary differences**	**Deferred tax asset / (liability)**	**Accumulated temporary differences**	**Deferred tax asset / (liability)**
Provisions (*)	142,710	31,023	208,885	43,493
Fair value differences for financial assets and liabilities	67,935	14,095	(38,036)	(6,850)
Derivative valuation differences	(1,657,516)	(339,656)	(2,844,627)	(599,098)
Expected credit losses of Stage I and II	415,377	83,491	593,394	130,547
Other	103,232	20,400	10,028	1,313
Total deferred tax assets / (liabilities) net		**(190,647)**		**(430,595)**

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.

Deferred tax assets / liabilities movements of the current and previous years are as follows:

Deferred tax assets / (liabilities)	**Current period (1 January – 31 December 2019)**	**Prior period (1 January – 31 December 2018)**
Prior period beginning balance	**(430,595)**	**(334,347)**
TFRS 9 effect	-	65,575
Opening balance	**(430,595)**	**(268,772)**
Deferred tax income / (expense) net	59,732	(69,054)
Deferred tax recognized under equity	180,216	(92,769)
Balance at the end of the period	**(190,647)**	**(430,595)**

10. Information on liabilities regarding assets held for sale

As of 31 December 2019 and 31 December 2018, there are no liabilities regarding assets held for sale.

11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
To be included in the calculation of additional capital borrowing instruments	**-**	**-**	**-**	**-**
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	**-**	**4,237,398**	**-**	**3,813,522**
Subordinated loans (*)	-	4,237,398	-	3,813,522
Subordinated debt instruments	-	-	-	-
Total	**-**	**4,237,398**	**-**	**3,813,522**

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the bank amounting to USD 102 million and EUR 90 million and USD 91 million and EUR 85 million are amortised by 20% and then included in Tier II Capital, as their remaining maturity is less than five years as of 31 December 2019.

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

12. Information on shareholders' equity

12.1. Paid-in capital

	Current period	Prior period
Common stock (*)	3,486,268	3,486,268
Preferred stock	-	-

(*) The amount represents nominal capital.

12.2. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so, the amount of registered share capital ceiling

Paid-in-capital amount is TL 3,486,268 and registered share capital system is not applied.

12.3. Information on share capital increases and their sources; other information on increased capital shares in current period

There is no capital increase in the current period by the capital increases and their sources.

12.4. Information on share capital increases from capital reserves

There is no capital increas from capital reserves in the current period.

12.5 Capital commitments in the last fiscal year and in the interim period following the last fiscal year, the general purpose of these commitments and projected resources required to meet these commitments

There are no capital commitments in the last fiscal year and in the interim period following the last fiscal year.

12.6. Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of future assumptions made by taking into account the uncertainties of these indicators on the Bank's equity:

The Bank's balance sheet is managed in a conservative manner in order to be minimally affected by interest, currency and credit risks. The Bank's operations are aimed to be continued with a conservative approach and with an increasing profitability. The year end income is transferred to the statutory reserves and extraordinary reserves under the shareholder's equity. The Bank tries to invest the majority of its shareholder's equity in interest bearing assets and to keep investments in non-banking assets such as tangible assets, investments in non-financial subsidiaries limited.

12.7. Information on preferred shares

There are no preferred shares.

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	79,689	-	(14,870)	-
Foreign exchange difference	-	-	-	-
Total	**79,689**	**-**	**(14,870)**	**-**

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

12.9. Profit reserves and profit distribution

Under the Turkish Commercial Code ("TCC"), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

As per the decision made at the annual general assembly of shareholders of the Bank on 21 March 2019, the distribution of the net profit of the year 2018, is as follows.

Profit distribution table of 2018	
2018 net profit	**1,061,760**
A – I. Legal Reserve (TCC 519/A) 5%	(53,088)
B – The First Dividend for Shareholders	-
C – Extraordinary Reserves	(1,007,695)
D – Special funds	(977)

III. Explanations and notes related to unconsolidated off-balance sheet accounts

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	4,392,239	1,299,103
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	1,700,412	1,823,151
Commitments for cheque payments	271,795	352,249
Commitments for credit card limits	1,300,968	1,553,689
Commitments for credit cards and banking services promotions	5,732	5,479
Other irrevocable commitments	25,911	22,409
Total	**7,697,057**	**5,056,080**

1.2. Type and amount of probable losses and obligations arising from off-balance sheet items

1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others deemed as financial commitments and other letter of credits

	Current period	Prior period
Commitments and contingencies	5,377,420	7,078,365
Letter of credits	1,125,746	1,764,338
Bank acceptance loans	4,008	39,370
Total	**6,507,174**	**8,882,073**

1.2.2. Irrevocable guarantees, temporary guarantees and other similar commitments and contingencies

	Current period	Prior period
Irrevocable letters of guarantees	5,199,241	5,554,763
Cash loans letters of guarantees	1,301,515	990,029
Advance letters of guarantees	473,458	569,482
Temporary letters of guarantees	27,687	54,865
Other	84,636	78,752
Total	**7,086,537**	**7,247,891**

1.3. Explanation on non-cash loans

1.3.1. Total amount of non-cash loans

	Current period	Prior period
Non-cash loans given against cash loans	6,479,567	7,967,682
With original maturity of 1 year or less than 1 year	334,422	248,412
With original maturity of more than 1 year	6,145,145	7,719,270
Other non-cash loans	7,114,144	8,162,282
Total	**13,593,711**	**16,129,964**

III. Explanations and notes related to unconsolidated off-balance sheet accounts (continued)

1.3.2. Information on sectoral risk concentrations of non-cash loans

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	**6,744**	**0.41**	**11,176**	**0.08**	**11,866**	**0.55**	**16,673**	**0.11**
Farming and raising	3,241	0.20	11,176	0.08	8,334	0.39	15,391	0.10
Forestry	34	-	-	-	3,095	0.14	1,282	0.01
Fishing	3,469	0.21	-	-	437	0.02	-	-
Manufacturing	**260,944**	**15.76**	**6,867,638**	**57.52**	**294,239**	**13.75**	**8,165,656**	**58.36**
Mining	8,049	0.49	2,953,664	24.74	12,546	0.59	3,306,262	23.63
Production	230,479	13.92	3,646,274	30.54	252,450	11.79	4,397,336	31.43
Electric, gas and water	22,416	1.35	267,700	2.24	29,243	1.37	462,058	3.30
Construction	**219,062**	**13.23**	**687,075**	**5.76**	**392,703**	**18.35**	**432,424**	**3.09**
Services	**1,158,675**	**69.96**	**4,369,667**	**36.62**	**1,425,628**	**66.61**	**5,372,179**	**38.42**
Wholesale and retail trade	748,516	45.20	940,702	7.88	968,697	45.26	733,841	5.25
Hotel, food and beverage	13,541	0.82	91,559	0.77	12,867	0.60	115,526	0.83
Transportation and telecommunication	89,191	5.39	594,959	4.98	70,038	3.27	1,217,822	8.71
Financial institutions	207,270	12.52	1,685,128	14.12	274,600	12.83	2,600,651	18.59
Real estate and renting services	20,154	1.22	8,407	0.07	33,172	1.55	53,699	0.38
Self-employment services	69,845	4.22	635,732	5.33	55,491	2.59	421,765	3.01
Education services	44	-	-	-	151	0.01	-	-
Health and social services	10,114	0.61	413,180	3.47	10,612	0.50	228,875	1.65
Other	**10,654**	**0.64**	**2,076**	**0.02**	**15,926**	**0.74**	**2,670**	**0.02**
Total	**1,656,079**	**100.00**	**11,937,632**	**100.00**	**2,140,362**	**100.00**	**13,989,602**	**100.00**

1.3.3. Non-cash loans classified in Group I and Group II

	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans	1,573,556	11,860,216	33,174	65,153
Letter of guarantees	1,569,482	5,401,924	33,174	22,827
Bank acceptances	-	4,008	-	-
Letter of credits	445	1,122,819	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other	3,629	5,331,465	-	42,326

III. Explanations and notes related to unconsolidated off-balance sheet accounts (continued)

2. Information on derivative transactions

	Current period	Prior period
Types of hedging transactions		
Fair value hedges (I)	**-**	**-**
Purchase transactions	-	-
Sale transactions	-	-
Cash flow hedges (II)	**7,285,819**	**26,719,475**
Purchase transactions	3,642,909	14,465,746
Sale transactions	3,642,910	12,253,729
Net investment hedges (III)	**-**	**-**
Purchase transactions	-	-
Sale transactions	-	-
A. Total derivatives held for hedging (I+II+III)	**7,285,819**	**26,719,475**
Derivative transactions held for trading		
Trading transactions (I)	**55,395,649**	**60,047,928**
Forward foreign currency transactions – buy	4,317,942	7,202,649
Forward foreign currency transactions – sell	4,319,914	6,967,827
Swap transactions- buy	22,175,235	21,681,273
Swap transactions – sell	20,348,468	22,305,661
Foreign currency options – buy	2,117,045	945,259
Foreign currency options – sell	2,117,045	945,259
Foreign currency futures – buy	-	-
Foreign currency futures – sell	-	-
Interest rate derivatives (II)	**30,932,456**	**10,318,994**
Interest rate swap - buy	15,466,228	5,159,497
Interest rate swap - sell	15,466,228	5,159,497
Interest rate options - buy	-	-
Interest rate options - sell	-	-
Securities options - buy	-	-
Securities options - sell	-	-
Interest futures - buy	-	-
Interest futures - sell	-	-
Other trading derivative transactions (III)	-	33,366
B. Total derivative transactions held for trading (I+II+III)	**86,328,105**	**70,400,288**
Total derivative transactions (A+B)	**93,613,924**	**97,119,763**

3. Information on credit swaps and related risks

As of 31 December 2019 and 31 December 2018, there are no credit derivative transactions.

4. Information on contingent liabilities and assets

As of 31 December 2019, provision of TL 83,225 (31 December 2018: 71,338 TL) is set aside by considering legal assessment for the lawsuits with a high probability of resulting against the Bank.

5. Information on the services provided on behalf of others

Related information is provided in note IX of section four.

IV. Explanations and notes related to unconsolidated statement of profit or loss

1. Information on interest income

1.1. Information on interest income from loans

	Current period		Prior period	
	TL	FC	TL	FC
Interest on loans (*)	4,814,598	453,043	5,636,796	448,693
Short term loans	1,410,192	100,283	2,248,376	61,986
Medium and long term loans	3,170,258	352,760	3,288,437	386,707
Interest on loans under follow-up	234,148	-	99,983	-
Premiums received from resource utilization support fund	-	-	-	-

(*) Commissions and fees received from cash loans are included.

1.2. Information on interest income received from banks

	Current period		Prior period	
	TL	FC	TL	FC
From Central Bank of Turkey	-	-	-	-
From domestic banks	41,656	907	45,332	2,089
From foreign banks	454	38,520	9,598	22,041
From branches abroad	-	-	-	-
Total	**42,110**	**39,427**	**54,930**	**24,130**

1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	19,866	597	32,278	850
Financial assets measured at fair value through other comprehensive income	152,865	-	73,946	-
Financial assets measured at amortised cost	270,761	-	162,730	-
Total	**443,492**	**597**	**268,954**	**850**

1.4 Information on interest income received from associates and subsidiaries

	Current period	Prior period
Interest income from associates and subsidiaries	4,963	8,011

IV. Explanations and notes related to unconsolidated statement of profit or loss (continued)

2. Information on interest expenses

2.1. Information on interest on funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Banks (*)	38,675	269,677	80,197	393,239
Central Bank of Turkey	-	-	-	-
Domestic banks	19,809	1,184	9,882	1,973
Foreign banks	18,866	268,493	70,315	391,266
Branches and offices abroad	-	-	-	-
Other institutions (*)	-	5,002	-	7,442
Total	**38,675**	**274,679**	**80,197**	**400,681**

(*) Commissions and fees paid for cash funds borrowed are included.

2.2. Information on interest expenses paid to associates and subsidiaries

	Current period	Prior period
Interest expenses paid to associates and subsidiaries	21,336	7,372

2.3. Information on interest on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Interest on securities issued	-	-	20,632	-

2.4. Allocation of interest expenses on deposits according to maturity of deposits

		Time deposit						
Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Accumulated deposits	Total
Turkish lira								
Bank deposits	-	881	-	-	-	-	-	881
Saving deposits	-	2,320,329	640,117	41,731	19,842	17,608	-	3,039,627
Public sector deposits	-	-	2,251	102	-	-	-	2,353
Commercial deposits	-	134,304	61,535	1,690	1,248	4,452	-	203,229
Other deposits	-	193	1,803	15	19	29	-	2,059
7 days call accounts	-	-	-	-	-	-	-	-
Total	**-**	**2,455,707**	**705,706**	**43,538**	**21,109**	**22,089**	**-**	**3,248,149**
Foreign currency								
Foreign currency deposits	-	93,975	70,100	2,942	1,949	1,382	-	170,348
Banks deposits	-	17,778	-	-	-	-	-	17,778
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	**-**	**111,753**	**70,100**	**2,942**	**1,949**	**1,382**	**-**	**188,126**
Grand total	**-**	**2,567,460**	**775,806**	**46,480**	**23,058**	**23,471**	**-**	**3,436,275**

IV. Explanations and notes related to unconsolidated statement of profit or loss (continued)

3. Information on dividend income

	Current period	Prior period
Financial assets at fair value through profit and loss	-	-
Financial assets at fair value through other comprehensive income	3,000	16
Other	64,860	68,828
Total	**67,860**	**68,844**

4. Information on trading income/loss (net)

	Current period	Prior period
Income	**26,628,255**	**45,552,599**
Gains on capital market transactions	68,028	41,619
Gains on derivative financial instruments	13,958,825	21,361,014
Foreign exchange gains	12,601,402	24,149,966
Loss (-)	**(26,013,169)**	**(45,712,363)**
Loss on capital market transactions	(70,709)	(82,498)
Loss on derivative financial instruments	(12,908,267)	(18,082,431)
Foreign exchange loss	(13,034,193)	(27,547,434)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 20,133 (31 December 2018: TL 2,788,257 net profit).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	464,961	547,569
Income arising from sale of assets	55,314	16,138
Banking services income	2,945	4,625
Other non-interest income	66,984	61,786
Total	**590,204**	**630,118**

6. Allowance for expected credit losses

	Current period	Prior period
Expected credit losses	1,204,103	1,282,223
12-Month expected credit loss (Stage 1)	59,281	128,558
Expected credit loss significant increase in credit risk (Stage 2)	14,468	267,837
Expected credit loss impaired credits (Stage 3)	1,130,354	885,828
Impairment losses on securities	200	91
Financial assets measured at fair value through profit/loss	200	65
Financial assets measured at fair value through other comprehensive income	-	26
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	-	-
Total	**1,204,303**	**1,282,314**

IV. Explanations and notes related to unconsolidated statement of profit or loss (continued)

7. Information on other operating expenses

	Current period	Prior period
Reserves for employee termination benefits	2,545	2,445
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	5,500	7,000
Depreciation expense of tangible assets	131,006	54,801
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	29,405	22,283
Impairment expense of equity participations for which equity method is applied	-	-
Impairment expense for securities that to be disposed	-	-
Depreciation expense of securities that to be disposed	-	-
Impairment expense of held for sale tangible assets and discontinued operations	-	-
Other operating expenses	761,197	802,339
Operating lease expenses related with TFRS 16 exception (*)	15,808	116,461
Repair and maintenance expenses	32,862	31,754
Advertisement expenses	101,739	86,394
Other expenses	610,788	567,730
Loss on sales of assets	21,818	2,586
Other	257,943	231,323
Total	**1,209,414**	**1,122,777**

(*) Amount of 31 December 2018 represents all operating lease expenses.

8. Information on income / (loss) before taxes for continued and discontinued operations

As of 31 December 2019, the income before taxes is TL 1,876,068 (31 December 2018: 1,344,827 TL).

9. Information on tax provision for continued and discontinued operations

As of 31 December 2019, the corporate tax provision expense for the period is TL 459,489 (31 December 2018: TL 214,013), and the deferred tax income is TL 59,732 (31 December 2018: TL 69,054 deferred tax expense).

10. Information on net operating income after taxes for continued and discontinued operations

As of 31 December 2019, the net operating income after taxes is TL 1,476,311 (31 December 2018: TL 1,061,760).

11. The explanations on net income/loss for the period

Interest income from regular banking transactions is TL 6,964,124 (31 December 2018: TL 6,793,042), while the interest expense is TL 3,809,721 (31 December 2018: TL 3,440,895).

There are no changes in estimations related to the items in the financial statements.

12. If the other items in the statement of profit or loss exceed 10% of the statement of profit or loss total, explanations on the sub-accounts amounting to at least 20% of these items

Other fees and commissions received amounting to TL 537,801 (31 December 2018: TL 550,908) has included TL 197,911 (31 December 2018: TL 170,786) resulting from the credit card fees and commissions, TL 92,639 (31 December 2018: TL 125,396) resulting from service fees and commissions from contracted merchants and TL 144,548 (31 December 2018: TL 118,079) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 172,732 (31 December 2018: TL 203,322) has included TL 115,225 (31 December 2018: TL 157,276) resulting from credit card exchange commissions.

V. Explanations and notes related to unconsolidated statement of changes in shareholders' equity

Under the Turkish Commercial Code ("TCC"), legal reserves comprise of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

The Ordinary General Assembly Meeting of the Bank was held on 21 March 2019. In the Ordinary General Assembly meeting, it was decided to transfer TL 1,061,760 unconsolidated net income from 2018 operations to statutory legal reserves, extraordinary reserves and revaluation surplus on tangible and intangible assets as a real estate sale income and utilized from the tax exemption amounting to TL 53,088 TL 1,007,695 and TL 977 respectively.

General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements.

As of the balance sheet date, unconsolidated legal reserves amount to TL 243,692 (31 December 2018: TL 190,604), and TL 53,088 (31 December 2018: TL 94,189) of this amount consists of the amount transferred from the previous year profit within the current period.

As of the balance sheet date, consolidated extraordinary reserves amount to TL 2,964,006 (31 December 2018: 1,955,396 TL).

VI. Explanations and notes related to the unconsolidated statement of cash flows

1. Information on cash flow statements

Components of cash and cash equivalents are cash, cash in foreign currency, money in transit, cheques purchased, demand deposits including unrestricted deposits in the Central Bank of Turkey and time deposits in banks with original maturities less than three months.

1.1. Cash and cash equivalents at the beginning of the period

	31 December 2018	31 December 2017
Cash	**1,641,069**	**2,269,440**
Cash in vault	291,076	299,399
Cash in foreign currency	1,349,993	1,970,041
Cash equivalents	**8,989,314**	**2,615,750**
Central Bank of Turkey	4,517,388	1,178,608
Banks	281,926	390,341
Interbank money market	4,190,000	1,046,801
Total	**10,630,383**	**4,885,190**

1.2. Cash and cash equivalents at the end of period

	31 December 2019	31 December 2018
Cash	**1,253,368**	**1,641,069**
Cash in vault	305,784	291,076
Cash in foreign currency	947,584	1,349,993
Cash equivalents	**11,837,915**	**8,989,314**
Central Bank of Turkey	3,146,437	4,517,388
Banks	488,927	281,926
Interbank money market	8,202,551	4,190,000
Total	**13,091,283**	**10,630,383**

VI. Explanations and notes related to the consolidated statement of cash flows (continued)

2. Explanation about other line items included in the cash flow and about the effect of changes in foreign exchange rates on cash and cash equivalents line item included in the cash flow statement:

Amounting to TL 126,975 increase (31 December 2018: TL 82,549 increase) under "Operating profit before changes in operating assets and liabilities" consists of other operational incomes.

Amounting to TL 1,471,620 decrease (31 December 2018: TL 223,828 increase) under "Operating profit before changes in operating assets and liabilities" consists of profit / loss from capital market transactions, profit/loss from derivative transactions and other operational expenses.

Amounting to TL 3,070,160 increase (31 December 2018: TL 92,775 decrease) under "Changes in operating assets and liabilities" consists of mainly changes in prepaid expenses and changes in exchange accounts under other assets.

Amounting to TL 1,064,939 decrease (31 December 2018: TL 1,529,182 increase) under "Changes in operating assets and liabilities" consists of mainly changes in fees and commissions obtained in advance and changes in exchange account under other liabilities.

Amounting to TL 43,863 decrease (31 December 2018: TL 22,872 decrease) under "Net cash flow from investment activities" consists of mainly purchase of intangible assets.

The effect of changes in the foreign currency rates on the cash and cash equivalents has been determined by the sum of exchange rate differences of translation into TL of cash and cash equivalents denominated in foreign currency in the beginning and the end of the period quarterly and as approximately TL 931,358 (31 December 2018: TL 1,332,484).

VII. Explanations and notes related to risk group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances

1.1. Current period

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	535,713	23,051	71	570,374	47	200,958
End of the period	342,373	2,441	120	569,874	39	201,879
Interest and commission income	4,963	90,494	4	1,260	-	280

1.2 Prior period

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	147,261	6,092	30	438,513	13	197,080
End of the period	535,713	23,051	71	570,374	47	200,958
Interest and commission income	8,011	89,211	675	890	-	344

1.3. Information on deposit balances of the risk group of the Bank

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposit						
Beginning of the period	61,826	88,113	25,152	8,426	2,400	3,070
End of the period	238,282	61,826	102,613	25,152	29,018	2,400
Interest expense on deposits	19,853	5,776	497	478	688	279

1.4. Information on forward and option agreements and other similar agreements entered into with the risk group of the Bank

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at fair value through profit / loss						
Beginning of the period	-	-	11,502,875	9,971,955	20,039	33,080
End of the period	36,724	-	23,135,735	11,502,875	27,994	20,039
Total profit/loss	14,133	26,176	88,037	(96,605)	41,236	101,253
Transactions with hedging purposes						
Beginning of the period	-	-	-	-	-	-
End of the period	-	-	2,005,290	-	-	-
Total profit/loss	-	-	(31,269)	-	-	-

VII. Explanations and notes related to risk group of the Bank (continued)

1.5. Information on placements made with the risk group of the Bank

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Banks						
Beginning of the period	-	-	13,735	63,731	4,087	33,504
End of the period	-	-	20,051	13,735	8,121	4,087
Interest income received	-	-	698	10,509	142	236

1.6. Information on loans borrowed from the risk group of the Bank

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans						
Beginning of the period	-	218,398	5,309,702	7,418,245	7,702	8,403
End of the period	-	-	1,563,448	5,309,702	3,901	7,702
Interest and commission paid	-	1,596	94,244	182,238	1,495	915

The Bank also has subordinated loan amounting to TL 4,237,398 from its shareholder ING Bank NV as of 31 December 2019 (31 December 2018: TL 3,813,522).

1.7 Information regarding benefits provided to the Bank's top management:

Benefits paid to key management personnel for the year ended as of 31 December 2019 is amounting to TL 33,246 (31 December 2018: TL 26,839).

VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Bank

	Number	Number of employees
Domestic branches	210	3,733

			Country
Foreign representative offices	-	-	-

			Total assets	Capital
Foreign branches	-	-	-	-
Off-shore banking region branches	-	-	-	-

Section six

Other Explanations

I. Other explanations on the Bank's operations

None.

II. Explanations and notes related to subsequent events

Chief Executive Officer and BoD Member of the Bank, Pınar Abay, has resigned from her duty as of 1 January 2020 to be appointed as Global Executive Committee Member of ING Group. A. Canan Ediboğlu has been appointed as Deputy Chief Executive Officer per the Board of Directors resolution No. 82/1 and dated 24 December 2019, starting from 1 January 2020. Pınar Abay, has been appointed as the Member of the Board of Directors according to the Board of Directors resolution No. 2 and dated 6 January 2020.

Corporate Banking Executive Vice President of the Bank, Alper Hakan Yüksel, has resigned from his duty as of 1 January 2020 to be appointed as Global Head of LAM Head for EMEA Region of ING Group. Financial Institutions and Debt Capital Markets Executive Vice President of the Bank, Ayşegül Akay, has been appointed as the Executive Vice President for Corporate Banking and Executive Committee Member per the Board of Directors resolution No. 79/1 and dated 18 December 2019. She started her duty as of 1 January 2020.

Corporate Customers Sales Executive Vice President of the Bank, Ebru Sönmez Yanık, has resigned from her duty as of 14 January 2020.

Credits Executive Vice President of the Bank, Gordana Hulina, has resigned from her duty and has been appointed as the Head of Financial Risk Management of ING Belgium and Luxemburg starting from 15 January 2020. Business Lending and Risk Analytics Executive Vice President of the Bank, Öcal Ağar, has been appointed as Credits Executive Vice President and Executive Committee Member per the Board of Directors resolution No. 79/1 and dated 18 December 2019, after completion of the BRSA process, he started his duty as of 15 January 2020.

Section seven

Independent auditors' report

I. Explanations on the independent auditors' report

The unconsolidated financial statements of the Bank as of 31 December 2019, have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and the independent audit report dated 7 February 2020 is presented at the beginning of this report.

II. Explanations and notes prepared by independent auditors

There are no other significant footnotes and explanations related to the operations of the Bank that is not mentioned above.

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

ING Bank A.Ş. and Its Financial Subsidiaries

Publicly Announced Consolidated Financial Statements, Related Disclosures and Independent Auditors' Report Thereon as of and for the Year Ended 31 December 2019

7 February 2020

This report consists 4 pages of "Independent Auditors' Report" and 108 pages of consolidated financial statements and its disclosures and footnotes.

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English (See Note I in Section Three)

To the General Assembly of ING Bank Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of ING Bank Anonim Şirketi ("the Bank") and its financial subsidiaries (together the "Group") which comprise the consolidated balance sheet as at 31 December 2019 and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity, cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of ING Bank Anonim Şirketi and its consolidated financial subsidiaries as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Board Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by Banking Regulation and Supervision Agency ("BRSA") and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Audit Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards ("TSA"s) published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the POA's Code of Ethics for Independent Auditors ("Code of Ethics") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans, lease and factoring receivables measured at amortised cost

Refer to Section III, No: VII to the consolidated financial statements relating to the details of accounting policies and significant judgments of for impairment of loans measured at amortised cost.

Key audit matter	***How the matter is addressed in our audit***
As of 31 December 2019, loans measured at amortised cost comprise 62% of the Group's total assets. The Group recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard"). The Group applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually. The significant assumptions and estimates of the Group's management are as follows: - significant increase in credit risk - incorporating the forward looking macroeconomic information in calculation of credit risk - design and implementation of expected credit loss model The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets. The Group estimates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the market value of the collateral provided for credit transactions.	Our procedures for auditing the expected credit losses on loans include below: • We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. • We evaluated the adequacy of the subjective and objective criteria that is defined in the Group's impairment accounting policy compared with the Regulation and Standard. • We evaluated the Group's business model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialist. • We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and evaluation of their classification. In this context, the current status of the loan customer has been evaluated by including forward looking information and macroeconomic expectations. • We evaluated the adequacy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis. • We tested the accuracy and completeness of the data in calculation of the data in the calculation models for the loans which are assessed on collective basis. We recalculated the expected credit loss calculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated. • We assessed the macroeconomic models which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. • We evaluated the subjective and objective criteria which are used in determining the significant increase in credit risk.

The collective basis expected credit loss calculation is based on processes which are modelled by using current and past data sets and incorporating the future expectations. Impairment on loans calculation is determined as a key audit matter, due to the significance of the estimates and the level of judgments and its complex structure as explained above.	• Additionally, we also evaluated the adequacy of the disclosures in the consolidated financial statements related to impairment provisions.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the "BRSA Accounting and Reporting Legislation", and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Regulation and TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with BRSA Audit Regulation and TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2019 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Funda Aslanoğlu, SMMM
Partner

7 February 2020
İstanbul, Turkey

The consolidated year end financial report of ING Bank A.Ş. and it's financial subsidiaries prepared as of and for the year ended 31 December 2019

Address of the Bank	:	**Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8** **34467 Sarıyer / İstanbul**
Phone and fax numbers of the Bank	:	**(212) 335 10 00** **(212) 286 61 00**
Web-site of the Bank	:	www.ing.com.tr
E-mail	:	disyazisma@ing.com.tr

The consolidated year end financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Disclosures and Footnotes that will be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency.

- General information about the Parent Bank
- Consolidated financial statements of the Parent Group
- Explanations on accounting policies applied in the related period
- Information on financial structure and risk management of the Group
- Explanations and notes related to consolidated financial statements
- Other explanations
- Independent Auditors' report

Investment in associates, joint ventures, direct and indirect subsidiaries whose financial statements have been consolidated in this report are as follows.

Subsidiaries	**Investments in associates**	**Joint ventures**
1. ING European Financial Services Plc. 2. NG Finansal Kiralama A.Ş. 3. ING Faktoring A.Ş. 4. ING Menkul Değerler A.Ş.	None	None

The accompanying year end consolidated financial statements and footnotes to these financial statements which are expressed, unless otherwise stated, in **thousands of Turkish Lira** (TL), have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, relating appendices and interpretations on these, and are independently audited.

John T. Mc CARTHY Chairman of the Board	A. Canan EDİBOĞLU Deputy CEO / Board Member	K. Atıl ÖZUS CFO	M. Gökçe ÇAKIT Financial Reporting and Tax Director

M. Semra KURAN Chairman of the Audit Committee	Adrianus J. A. KAS Audit Committee Member

Contact information of the personnel in charge of addressing questions regarding this financial report:

Name-Surname/Title	:	M. Gökçe ÇAKIT / Director
Phone No	:	(212) 335 11 58
Fax No	:	(212) 286 61 00

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Section one

General information

I. History of the Parent Bank including its incorporation date, initial legal status, amendments to legal status

The foundations of ING Bank A.Ş. ("The Parent Bank") were laid in 1984 by the establishment of "The First National Bank of Boston Istanbul Branch" and the current structure has been formed with the below mergers and takeovers. The establishment and historical developments of the Parent Bank are explained below:

"The First National Bank of Boston Istanbul Branch" was established in 1984. In 1990, "The First National Bank of Boston A.Ş." was established to accept deposits and carry out banking transactions, and the Articles of Association of the Bank were officially registered on 31 October 1990 and published in the Turkish Trade Registry Gazette on 5 November 1990. Upon the establishment of the Bank and permission to accept deposits, the assets and liabilities in the balance sheet of "The First National Bank of Boston Istanbul Branch" were transferred to the Bank.

The title of the Bank which was operating as a Turkish Bank with four shareholders including Ordu Yardımlaşma Kurumu ("OYAK"), was changed as "Türk Boston Bank A.Ş." in 1991; and OYAK purchased all other shares and became the sole owner of the Bank in 1993. On 10 May 1996, the title of "Türk Boston Bank A.Ş." was changed as "Oyak Bank A.Ş.".

On the other hand, on 22 December 1999, upon a Council of Ministers Decree, the shareholding rights, management and supervision of Sümerbank A.Ş. except for its dividend rights were transferred to Savings Deposit Insurance Fund ("the SDIF") as per the third and fourth paragraphs of Article 14 of the Banking Law. In 2001, the SDIF decided to merge the assets and liabilities of the banks, namely Egebank A.Ş., Türkiye Tütüncüler Bankası Yaşarbank A.Ş., Yurt Ticaret ve Kredi Bankası A.Ş., Bank Kapital A.Ş. and Ulusal Bank T.A.Ş. that have been formerly transferred to the SDIF, into Sümerbank A.Ş.

According to a share transfer agreement executed between the SDIF and OYAK on 9 August 2001, all the shares constituting the capital of Sümerbank A.Ş. whose shares were transferred to the SDIF; were transferred to OYAK by the SDIF. As of 11 January 2002, it was resolved that Sümerbank A.Ş. would settle all its accounts and merge with the Parent Bank and continue its banking operations under the Parent Bank. The merger through transfer was performed on 11 January 2002 upon the approval of the Banking Regulation and Supervision Agency ("BRSA").

In accordance with the permissions of the Competition Board with the decree number 07-69/856-324 dated 6 September 2007 and of the BRSA with the decree number 2416 dated 12 December 2007; the transfer of 1,074,098,150 shares of the Parent Bank that represent the total capital which belongs to OYAK in amount of TL 1,074,098 to ING Bank N.V as of 24 December 2007 has been approved by the Board of Directors decision numbered 55/1 and dated 24 December 2007 and the share transfer has been recorded in Shareholders Stock Register as of the same date. It has been decided to change the title of the Parent Bank from "Oyak Bank A.Ş." to "ING Bank A.Ş." effective from 7 July 2008. The Articles of Association of the Parent Bank has been changed with the Extraordinary General Meeting dated 26 June 2014 in accordance with Turkish Trade Art numbered 6102 and published in Turkish Trade Registry Gazette numbered 8608 and dated 9 July 2014.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. The Parent Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on its risk group

The main shareholders and capital structure as of 31 December 2019 and 31 December 2018 are as follows:

	Current period		Prior period	
	Share amount Full TL	Share percentage	Share amount Full TL	Share percentage
ING Bank N.V.	3,486,267,793	100.00	3,486,267,793	100.00
Other shareholders total	4	-	4	-
Total	**3,486,267,797**	**100.00**	**3,486,267,797**	**100.00**

As of 31 December 2019, the Parent Bank's paid-in capital consists of 3,486,267,797 shares with a nominal value of TL 1 (Full TL) each.

The Parent Bank's paid-in capital is TL 3,486,268 as of 31 December 2019 and ING Bank N.V. has full control over the Parent Bank's capital.

Other shareholders total represent the total shares of Chairman of the Board John T. Mc Carthy, Vice Chairman of the Board Adrianus J. A. Kas, the members of the Board A. Canan Ediboğlu and Sali Salieski with a nominal value of TL 1 (Full TL) each.

Mehmet Sırrı Erkan's share with a nominal value of TL 1 (full TL) was transferred to Marco Bragadin on 20 February 2019.

Vice chairman of the Board Mehmet Sırrı Erkan, whose term of duty has expired, has resigned from his duty as of 21 March 2019.

Marco Bragadin's share with a nominal value of TL 1 (full TL) was transferred to Sali Salieski on 20 August 2019.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Information on the Parent Bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and shareholdings in the Parent Bank

As of 31 December 2019, the Parent Bank's Board of Directors (BOD), Members of Audit Committee and Chief Executive Officer and Executive Vice Presidents are as follows:

Name and Surname	Title	Responsibility area
John T. Mc Carthy	Chairman of the BoD	Legally declared
M. Semra Kuran	BoD Member and Chairman of the Audit Committee	Legally declared
Adrianus J. A. Kas	Vice Chairman of the BoD and Audit Committee Member	Legally declared
Pınar Abay	BoD Member and Chief Executive Officer	Legally declared
Sali Salieski	BoD Member	Legally declared
Alper Hakan Yüksel	Executive Vice President	Corporate Banking
Alper İhsan Gökgöz	Executive Vice President	Retail Banking
Ayşegül Akay	Executive Vice President	Financial Institutions and Debt Capital Markets
Bohdan Robert Stepkowski	Executive Vice President	Financial Markets
Gordana Hulina	Executive Vice President	Credits
Günce Çakır	Legal Executive Vice President	Legal
Ebru Sönmez Yanık	Executive Vice President	Corporate Customers Sales
İ. Bahadır Şamlı	Executive Vice President	Technology
İhsan Çakır	Executive Vice President	SME and Mid Corporate Banking
İlker Kayseri	Executive Vice President	Treasury
K. Atıl Özus	Chief Financial Officer	Financial Control and Treasury
Meltem Öztürk	Executive Vice President	Human Resources
Murat Tursun	Chief Audit Executive	Internal Audit
Nermin Güney	Executive Vice President	Financial Risk Management
N. Yücel Ölçer	Executive Vice President	Operation
Öcal Ağar	Executive Vice President	Business Lending and Risk Analytics

Öcal Ağar has been appointed as Business Lending and Risk Analytics Executive Vice President per the Board of Directors resolution No. 47 and dated 21 November 2018 after completion of the BRSA process, he started his duty as of 1 January 2019.

The Parent Bank's Ordinary General Assembly meeting was held on 21 March 2019. With the division of duties resolution, no. 18/1, dated 21 March 2019, M. Semra Kuran was elected as Chairman and Adrianus Johannes Antonius Kas was elected as member of the Audit Committee.

Human Resources Executive Vice President Bahar Özen, has resigned from her duty as of 31 May 2019. Meltem Öztürk has been appointed as Human Resources Executive Vice President per the Board of Directors resolution No. 64/1 and dated 25 October 2019.

Sali Salieski has been appointed as Board of Member per the Board of Directors resolution No. 48/1 and dated 7 August 2019, after completion of the BRSA process, he started his duty as of 17 September 2019.

Chief Executive Officer and Executive Vice Presidents have no share in the Parent Bank.

IV. Information on the Parent Bank's qualified shareholders

ING Bank N.V. has full control over the Parent Bank's management with 3,486,267,793 shares and 100% paid-in share.

V. Summary information on the Parent Bank's activities and services

The Parent Bank is principally engaged in all types of banking transactions, accepting deposits and all kinds of legal transactions, activities and operations within banking license within the scope provided by the Banking Law, and all existing and/or future laws, regulations and decree laws and related legislation. The Parent Bank carries out its operations with 210 domestic branches.

The Parent Bank and its subsidiaries ING European Financial Services Plc., ING Finansal Kiralama A.Ş., ING Faktoring A.Ş. and ING Menkul Değerler A.Ş. has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group" in these consolidated financial statements and notes to consolidated financial statements.

VI. Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods

Subsidiaries of the Parent Bank are subject to consolidation within the scope of full consolidation, there is no difference consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Consolidated Financial Statements of Banks in Turkey.

VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the Parent Bank and its subsidiaries

None.

Section two

Consolidated financial statements

I. Consolidated balance sheet (statement of financial position)
II. Consolidated statement of off-balance sheet items
III. Consolidated statement of profit or loss
IV. Consolidated statement of profit or loss and other comprehensive income
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VI. Consolidated statement of cash flows
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ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position) as of 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Audited			Audited
					Current period			Prior period
	Assets	Note			(31/12/2019)			(31/12/2018)
		(section five)	TL	FC	Total	TL	FC	Total
I.	**Financial assets (net)**		**12,787,477**	**8,199,141**	**20,986,618**	**8,999,453**	**9,624,383**	**18,623,836**
1.1	**Cash and cash equivalents**		**8,911,743**	**7,919,624**	**16,831,367**	**5,132,989**	**9,278,715**	**14,411,704**
1.1.1	Cash and balances at Central Bank	(I-1)	650,207	6,777,349	7,427,556	698,875	8,211,362	8,910,237
1.1.2	Banks	(I-3)	13,802	1,142,275	1,156,077	81,826	1,067,353	1,149,179
1.1.3	Money market placements		8,256,577	-	8,256,577	4,360,089	-	4,360,089
1.1.4	Expected credit losses (-)	(I-5)	(8,843)	-	(8,843)	(7,801)	-	(7,801)
1.2	**Financial assets at fair value through profit or loss**	**(I-2)**	**32,731**	**89,993**	**122,724**	**1,962**	**26,814**	**28,776**
1.2.1	Government securities		32,696	89,993	122,689	1,914	26,814	28,728
1.2.2	Equity instruments		35	-	35	35	-	35
1.2.3	Other financial assets		-	-	-	13	-	13
1.3	**Financial assets at fair value through other comprehensive income**	**(I-4)**	**1,340,361**	**229**	**1,340,590**	**647,875**	**208**	**648,083**
1.3.1	Government securities		1,329,200	-	1,329,200	639,797	-	639,797
1.3.2	Equity instruments		11,161	229	11,390	8,078	208	8,286
1.3.3	Other financial assets		-	-	-	-	-	-
1.4	**Derivative financial assets**		**2,502,642**	**189,295**	**2,691,937**	**3,216,627**	**318,646**	**3,535,273**
1.4.1	Derivative financial assets measured at fair value through profit or loss	(I-2)	2,467,326	188,178	2,655,504	247,716	318,646	566,362
1.4.2	Derivative financial assets measured at fair value through other comprehensive income	(I-11)	35,316	1,117	36,433	2,968,911	-	2,968,911
II.	**Financial assets measured at amortised cost**		**24,094,454**	**18,836,493**	**42,930,947**	**30,376,699**	**18,050,360**	**48,427,059**
2.1	**Loans**	**(I-5)**	**23,645,713**	**17,911,812**	**41,557,525**	**30,182,121**	**16,794,475**	**46,976,596**
2.2	**Receivables from leasing transactions**	**(I-10)**	**39,828**	**813,238**	**853,066**	**46,502**	**1,068,105**	**1,114,607**
2.3	**Factoring receivables**		**277,074**	**111,443**	**388,517**	**567,736**	**187,780**	**755,516**
2.4	**Other financial assets measured at amortised cost**	**(I-6)**	**2,114,571**	**-**	**2,114,571**	**1,194,996**	**-**	**1,194,996**
2.4.1	Government securities		2,114,571	-	2,114,571	1,194,996	-	1,194,996
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	**Expected credit losses (-)**	**(I-5)**	**(1,982,732)**	**-**	**(1,982,732)**	**(1,614,656)**	**-**	**(1,614,656)**
III.	**Assets held for sale and assets of discontinued operations (net)**	**(I-16)**	**660**	**-**	**660**	**660**	**-**	**660**
3.1	Assets held for sale		660	-	660	660	-	660
3.2	Assets from discontinued operations		-	-	-	-	-	-
IV.	**Equity investments**		**-**	**-**	**-**	**-**	**-**	**-**
4.1	**Investments in associates (net)**	**(I-7)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1.1	Associates consolidated by using equity method		-	-	-	-	-	-
4.1.2	Unconsolidated associates		-	-	-	-	-	-
4.2	**Investments in subsidiaries (net)**	**(I-8)**	**-**	**-**	**-**	**-**	**-**	**-**
4.2.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
4.3	**Jointly Controlled Partnerships (Joint Ventures) (net)**	**(I-9)**	**-**	**-**	**-**	**-**	**-**	**-**
4.3.1	Joint ventures consolidated by using equity method		-	-	-	-	-	-
4.3.2	Unconsolidated joint ventures		-	-	-	-	-	-
V.	**Tangible assets (net)**	**(I-12)**	**946,973**	**5**	**946,978**	**684,290**	**7**	**684,297**
VI.	**Intangible assets (net)**	**(I-13)**	**55,171**	**-**	**55,171**	**40,788**	**-**	**40,788**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		55,171	-	55,171	40,788	-	40,788
VII.	**Investment property (net)**	**(I-14)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Current tax asset**	**(I-15)**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Deferred tax asset**		**47**	**-**	**47**	**11,293**	**-**	**11,293**
X.	**Other assets (net)**	**(I-17)**	**499,399**	**13,994**	**513,393**	**602,285**	**21,864**	**624,149**
	Total assets		**38,384,181**	**27,049,633**	**65,433,814**	**40,715,468**	**27,696,614**	**68,412,082**

The accompanying explanations and notes form an integral part of these consolidated financial statements.

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position) as of 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Audited			Audited
					Current period			Prior period
	Liabilities	**Note**			**(31/12/2019)**			**(31/12/2018)**
		(section five)	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**Deposits**	**(II-1)**	**23,355,995**	**15,613,731**	**38,969,726**	**19,969,274**	**12,308,163**	**32,277,437**
II.	**Loans received**	**(II-3)**	**313,517**	**10,544,127**	**10,857,644**	**467,942**	**20,899,432**	**21,367,374**
III.	**Money market funds**		**14,228**	**82,601**	**96,829**	**2,166**	**20,450**	**22,616**
IV.	**Securities Issued (net)**	**(II-4)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1	Bills		-	-	-	-	-	-
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	**Funds**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrower funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**Financial liabilities at fair value through profit or loss**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Derivative financial liabilities**		**819,686**	**162,690**	**982,376**	**911,803**	**199,959**	**1,111,762**
7.1	Derivative financial liabilities at fair value through profit or loss	(II-2)	470,966	156,032	626,998	652,925	195,431	848,356
7.2	Derivative financial liabilities at fair value through other comprehensive income	(II-7)	348,720	6,658	355,378	258,878	4,528	263,406
VIII.	**Factoring payables**		**23**	**2,290**	**2,313**	**26**	**620**	**646**
IX.	**Lease payables (net)**	**(II-6)**	**298,779**	**-**	**298,779**	**-**	**-**	**-**
X.	**Provisions**	**(II-8)**	**225,321**	**319**	**225,640**	**271,080**	**-**	**271,080**
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		57,205	-	57,205	53,664	-	53,664
10.3	Insurance technical reserves (net)		-	-	-	-	-	-
10.4	Other provisions		168,116	319	168,435	217,416	-	217,416
XI.	**Current tax liability**	**(II-9)**	**132,517**	**1,276**	**133,793**	**250,939**	**797**	**251,736**
XII.	**Deferred tax liability**	**(II-9)**	**191,341**	**-**	**191,341**	**430,595**	**-**	**430,595**
XIII.	**Liabilities for assets held for sale and assets of discontinued operations (net)**	**(II-10)**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	**Subordinated debt**	**(II-11)**	**-**	**4,237,398**	**4,237,398**	**-**	**3,813,522**	**3,813,522**
14.1	Loans		-	4,237,398	4,237,398	-	3,813,522	3,813,522
14.2	Other debt instruments		-	-	-	-	-	-
XV.	**Other liabilities**	**(II-5)**	**751,226**	**148,208**	**899,434**	**1,058,514**	**149,188**	**1,207,702**
XVI.	**Shareholders' equity**	**(II-12)**	**8,544,988**	**(6,447)**	**8,538,541**	**7,662,094**	**(4,482)**	**7,657,612**
16.1	Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2	Capital reserves		-	-	-	-	-	-
16.2.1	Share premiums		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		-	-	-	-	-	-
16.3	Other comprehensive income/expense items not to be recycled to Profit or Loss		139,347	-	139,347	139,276	-	139,276
16.4	Other comprehensive income/expense items to be recycled in Profit or Loss		(71,334)	(6,447)	(77,781)	598,124	(4,482)	593,642
16.5	Profit reserves		3,448,841	-	3,448,841	2,297,792	-	2,297,792
16.5.1	Legal reserves		256,871	-	256,871	201,819	-	201,819
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary reserves		3,191,970	-	3,191,970	2,095,973	-	2,095,973
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or (loss)		1,541,866	-	1,541,866	1,140,634	-	1,140,634
16.6.1	Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2	Current period profit or (loss)		1,541,866	-	1,541,866	1,140,634	-	1,140,634
16.7	Minority interest		-	-	-	-	-	-
	Total liabilities and shareholders' equity		**34,647,621**	**30,786,193**	**65,433,814**	**31,024,433**	**37,387,649**	**68,412,082**

The accompanying explanations and notes form an integral part of these consolidated financial statements.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of off-balance sheet items as of 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Audited			Audited
					Current period			Prior period
	Off-balance sheet items	Note			(31/12/2019)			(31/12/2018)
		(section five)	TL	FC	Total	TL	FC	Total
A.	**Off-balance sheet commitments (I+II+III)**		**34,478,415**	**75,741,500**	**110,219,915**	**46,655,305**	**63,802,736**	**110,458,041**
I.	**Guarantees and warranties**	**(III-1)**	**1,669,594**	**6,670,880**	**8,340,474**	**2,163,251**	**6,724,218**	**8,887,469**
1.1	Letters of guarantee		1,649,564	5,076,444	6,726,008	2,135,210	4,474,703	6,609,913
1.1.1	Guarantees subject to state tender law		4,075	-	4,075	14,570	-	14,570
1.1.2	Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3	Other letters of guarantee		1,645,489	5,076,444	6,721,933	2,120,640	4,474,703	6,595,343
1.2	Bank acceptances		-	4,008	4,008	-	39,370	39,370
1.2.1	Import letter of acceptance		-	4,008	4,008	-	39,370	39,370
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		445	1,125,301	1,125,746	396	1,763,942	1,764,338
1.3.1	Documentary letters of credit		445	1,125,301	1,125,746	396	1,763,942	1,764,338
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Pre-financing given as guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Purchase guarantees for securities issued		-	-	-	-	-	-
1.7	Factoring guarantees		15,956	72,095	88,051	25,318	99,940	125,258
1.8	Other guarantees		-	197,295	197,295	-	247,879	247,879
1.9	Other warranties		3,629	195,737	199,366	2,327	98,384	100,711
II.	**Commitments**	**(III-1)**	**3,705,313**	**4,635,183**	**8,340,496**	**4,144,632**	**913,196**	**5,057,828**
2.1	Irrevocable commitments		3,705,313	4,635,183	8,340,496	4,144,632	913,196	5,057,828
2.1.1	Forward asset purchase commitments		405,769	3,986,470	4,392,239	403,269	895,834	1,299,103
2.1.2	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		1,695,522	646,582	2,342,104	1,807,625	15,526	1,823,151
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		271,795	-	271,795	352,249	-	352,249
2.1.8	Tax and fund liabilities from export commitments		23,780	-	23,780	20,545	-	20,545
2.1.9	Commitments for credit card limits		1,300,950	-	1,300,950	1,553,684	-	1,553,684
2.1.10	Commitments for credit cards and banking services promotions		5,732	-	5,732	5,479	-	5,479
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		1,765	2,131	3,896	1,781	1,836	3,617
2.2	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	**(III-2)**	**29,103,508**	**64,435,437**	**93,538,945**	**40,347,422**	**56,165,322**	**96,512,744**
3.1	Derivative financial instruments for hedging purposes		5,080,000	2,205,819	7,285,819	21,984,936	4,734,539	26,719,475
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		5,080,000	2,205,819	7,285,819	21,984,936	4,734,539	26,719,475
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Derivative financial instruments for trading purposes		24,023,508	62,229,618	86,253,126	18,362,486	51,430,783	69,793,269
3.2.1	Forward foreign currency buy/sell transactions		1,887,129	6,750,727	8,637,856	3,095,729	11,074,747	14,170,476
3.2.1.1	Forward foreign currency transactions-buy		1,152,631	3,165,311	4,317,942	2,553,730	4,648,919	7,202,649
3.2.1.2	Forward foreign currency transactions-sell		734,498	3,585,416	4,319,914	541,999	6,425,828	6,967,827
3.2.2	Swap transactions related to foreign currency and interest rates		21,428,055	51,953,125	73,381,180	15,051,633	38,647,276	53,698,909
3.2.2.1	Foreign currency swap-buy		1,995,789	20,142,032	22,137,821	3,332,426	18,037,056	21,369,482
3.2.2.2	Foreign currency swap-sell		4,018,266	16,292,637	20,310,903	10,579,207	11,431,226	22,010,433
3.2.2.3	Interest rate swap-buy		7,707,000	7,759,228	15,466,228	570,000	4,589,497	5,159,497
3.2.2.4	Interest rate swap-sell		7,707,000	7,759,228	15,466,228	570,000	4,589,497	5,159,497
3.2.3	Foreign currency, interest rate and securities options		708,324	3,525,766	4,234,090	181,758	1,708,760	1,890,518
3.2.3.1	Foreign currency options-buy		354,162	1,762,883	2,117,045	90,879	854,380	945,259
3.2.3.2	Foreign currency options-sell		354,162	1,762,883	2,117,045	90,879	854,380	945,259
3.2.3.3	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	33,366	-	33,366
B.	**Custody and pledged items (IV+V+VI)**		**191,850,928**	**32,720,240**	**224,571,168**	**236,801,620**	**46,253,124**	**283,054,744**
IV.	**Items held in custody**		**1,617,573**	**2,108,482**	**3,726,055**	**980,400**	**1,952,616**	**2,933,016**
4.1	Customer fund and portfolio balances		1,314,449	-	1,314,449	401,049	-	401,049
4.2	Investment securities held in custody		57,473	320,291	377,764	89,196	291,567	380,763
4.3	Checks received for collection		95,899	433,100	528,999	308,278	412,217	720,495
4.4	Commercial notes received for collection		137,270	1,288,791	1,426,061	169,395	1,143,098	1,312,493
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		12,482	66,300	78,782	12,482	105,734	118,216
4.8	Custodians		-	-	-	-	-	-
V.	**Pledged received**		**25,845,046**	**7,230,622**	**33,075,668**	**36,573,782**	**9,371,568**	**45,945,350**
5.1	Marketable securities		133,731	57,440	191,171	223,731	7,819	231,550
5.2	Guarantee notes		215,042	245,927	460,969	7,252,373	1,944,017	9,196,390
5.3	Commodity		910	-	910	910	-	910
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		22,542,362	6,200,939	28,743,301	25,499,601	6,140,983	31,640,584
5.6	Other pledged items		2,953,001	726,316	3,679,317	3,597,167	1,278,749	4,875,916
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	**Accepted independent guarantees and warranties**		**164,388,309**	**23,381,136**	**187,769,445**	**199,247,438**	**34,928,940**	**234,176,378**
	Total off-balance sheet items (A+B)		**226,329,343**	**108,461,740**	**334,791,083**	**283,456,925**	**110,055,860**	**393,512,785**

The accompanying explanations and notes form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss
for the year ended 31 December 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Income and expense items	Note (section five)	Audited Current period (01/01/2019-31/12/2019)	Audited Prior period (01/01/2018-31/12/2018)
I.	**Interest income**	**(IV-1)**	**7,424,141**	**7,273,105**
1.1	Interest on loans		5,577,024	6,368,425
1.2	Interest on reserve requirements		64,659	76,719
1.3	Interest on banks		98,851	92,767
1.4	Interest on money market transactions		1,104,530	281,594
1.5	Interest on marketable securities portfolio		444,089	269,826
1.5.1	Financial assets at fair value through profit or loss		20,463	33,150
1.5.2	Financial assets at fair value through other comprehensive income		152,865	73,946
1.5.3	Financial assets measured at amortised cost		270,761	162,730
1.6	Finance lease income		43,740	55,460
1.7	Other interest income		91,248	128,314
II.	**Interest expense (-)**	**(IV-2)**	**(3,961,663)**	**(3,612,001)**
2.1	Interest on deposits		(3,419,570)	(2,911,610)
2.2	Interest on funds borrowed		(481,981)	(656,348)
2.3	Interest on money market transactions		(9,340)	(15,070)
2.4	Interest on securities issued		-	(20,632)
2.5	Finance lease expense		(48,526)	-
2.6	Other interest expenses		(2,246)	(8,341)
III.	**Net interest income/expense (I - II)**		**3,462,478**	**3,661,104**
IV.	**Net fees and commissions income/expense**		**487,583**	**485,589**
4.1	Fees and commissions received		684,035	715,522
4.1.1	Non-cash loans		133,740	147,108
4.1.2	Other	(IV-12)	550,295	568,414
4.2	Fees and commissions paid (-)		(196,452)	(229,933)
4.2.1	Non-cash loans		(699)	(378)
4.2.2	Other	(IV-12)	(195,753)	(229,555)
V	**Dividend income**	**(IV-3)**	**3,115**	**167**
VI.	**Trading gain/(loss) (net)**	**(IV-4)**	**605,830**	**(177,627)**
7.1	Trading gain/(loss) on securities		(2,680)	(40,888)
7.2	Gain/(loss) on derivative financial transactions		928,396	3,199,952
7.3	Foreign exchange gain/(loss)		(319,886)	(3,336,691)
VII.	**Other operating income**	**(IV-5)**	**604,888**	**652,156**
VIII.	**Gross operating income (III+IV+V+VI+VII)**		**5,163,894**	**4,621,389**
IX.	**Expected credit loss (-)**	**(IV-6)**	**(1,217,243)**	**(1,286,554)**
X.	**Other provision expenses (-)**		**(9,334)**	**(98,409)**
XI.	**Personnel expenses (-)**		**(742,014)**	**(650,828)**
XII	**Other operating expenses**	**(IV-7)**	**(1,219,373)**	**(1,131,292)**
XIII.	**Net operating profit/(loss) (IX-X-XI)**		**1,975,930**	**1,454,306**
XIV.	**Income resulted from mergers**		**-**	**-**
XV.	**Income/loss from investments under equity accounting**		**-**	**-**
XVI.	**Gain/loss on net monetary position**		**-**	**-**
XVII.	**Operating profit/loss before taxes (XII+...+XV)**	**(IV-8)**	**1,975,930**	**1,454,306**
XVIII.	**Provision for taxes of continued operations (±)**	**(IV-9)**	**(434,064)**	**(313,672)**
18.1	Current tax provision		(482,086)	(240,335)
18.2	Expense effect of deferred tax (+)		(261,649)	(308,433)
18.3	Income effect of deferred tax (-)		309,671	235,096
XIX.	**Net profit/(loss) from continuing operations (XVI±XVII)**	**(IV-10)**	**1,541,866**	**1,140,634**
XX.	**Income from discontinued operations**		-	-
20.1	Income from non-current assets held for resale		-	-
20.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
20.3	Income from other discontinued operations		-	-
XXI.	**Expenses for discontinued operations (-)**		-	-
21.1	Expenses for non-current assets held for resale		-	-
21.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
21.3	Loss from other discontinued operations		-	-
XXII.	**Profit/(loss) before tax from discontinued operations (XIX-XX)**		-	-
XXIII.	**Tax provision for discontinued operations (±)**		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	**Net profit/(loss) from discontinued operations (XXI±XXII)**		-	-
XXV.	**Net profit/(loss) (XVIII+XXIII)**	**(IV-11)**	**1,541,866**	**1,140,634**
25.1	Profit/(Loss) from the Group		1,541,866	1,140,634
25.2	Income/(Loss) from Minority Interest (-)		-	-
	Earnings per share		0.4423	0.3272

The accompanying explanations and notes form an integral part of these consolidated financial statements.

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement profit or loss and other comprehensive income for the year ended 31 December 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Profit or loss and other comprehensive income	Audited Current period (01/01/2019-31/12/2019)	Audited Prior period (01/01/2018-31/12/2018)
I.	**Current period profit/loss**	**1,541,866**	**1,140,634**
II.	**Other comprehensive income**	**(660,937)**	**351,337**
2.1	**Other income/expense items not to be recycled to profit or loss**	**(906)**	**(1,550)**
2.1.1	Gains/(losses) on revaluation of property, plant and equipment	-	-
2.1.2	Gains/(losses) on revaluation of intangible assets	-	-
2.1.3	Defined benefit plans' actuarial gains/(losses)	(1,138)	(1,974)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	-	15
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	232	409
2.2	**Other income/expense items to be recycled to profit or loss**	**(660,031)**	**352,887**
2.2.1	Translation differences	7,858	8,794
2.2.2	Income/(Expenses) from valuation and/or reclassification of financial assets measured at FVOCI	119,091	(10,642)
2.2.3	Gains/(losses) from cash flow hedges	(966,734)	447,901
2.2.4	Gains/(losses) on hedges of net investments in foreign operations	-	-
2.2.5	Other income/(expense) items to be recycled to profit or loss	-	-
2.2.6	Deferred taxes on other comprehensive income to be recycled to profit or loss	179,754	(93,166)
III.	**Total comprehensive income (I+II)**	**880,929**	**1,491,971**

The accompanying explanations and notes form an integral part of these consolidated financial statements.

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of changes in equity
for the year ended 31 December 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Changes in equity

	Statement of changes in shareholders' equity						Other comprehensive income/expense items not to be recycled to profit or loss			Other comprehensive income/expense items to be recycled to profit or loss								
	Audited	Note	Paid-in capital	Share premium	Share cancellation profits	Other capital reserves	Revaluation surplus on tangible and intangible assets	Defined benefit plans' actuarial gains/losses	Other (1)	Translation differences	Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI	Other (2)	Profit reserves	Prior period profit or (loss)	Current period profit or (loss)	Total equity except from minority interest	Minority interest	Total shareholders' equity
	Prior period (01/01/2018-31/12/2018)																	
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**46,732**	**161**	**143**	**26,338**	**(16,548)**	**250,288**	**1,232,863**	**-**	**888,155**	**5,914,400**	**-**	**5,914,400**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**(399)**	**-**	**11,951**	**-**	**408,439**	**-**	**-**	**419,991**	**-**	**419,991**
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	(399)	-	11,951	-	408,439	-	-	419,991	-	419,991
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**46,732**	**161**	**(256)**	**26,338**	**(4,597)**	**250,288**	**1,641,302**	**-**	**888,155**	**6,334,391**	**-**	**6,334,391**
IV.	Total comprehensive income		-	-	-	-	-	(1,565)	15	8,794	(8,583)	352,676	-	-	1,140,634	1,491,971	-	1,491,971
V.	Capital increase by cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-	(31,274)	-	-	31,274	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	94,189	-	-	-	-	-	625,216	-	(888,155)	(168,750)	-	(168,750)
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	(168,750)	-	-	(168,750)	-	(168,750)
11.2	Transfers to reserves		-	-	-	-	94,189	-	-	-	-	-	793,966	-	(888,155)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,404)**	**(241)**	**3,858**	**(13,180)**	**602,964**	**2,297,792**	**-**	**1,140,634**	**7,657,612**	**-**	**7,657,612**
	Current period (01/01/2019-31/12/2019)																	
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,404)**	**(241)**	**3,858**	**(13,180)**	**602,964**	**2,297,792**	**-**	**1,140,634**	**7,657,612**	**-**	**7,657,612**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,404)**	**(241)**	**3,858**	**(13,180)**	**602,964**	**2,297,792**	**-**	**1,140,634**	**7,657,612**	**-**	**7,657,612**
IV.	Total comprehensive income		-	-	-	-	-	(906)	-	(3,534)	94,698	(762,587)	-	-	1,541,866	869,537	-	869,537
V.	Capital increase by cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-	-	-	-	11,392	-	-	11,392	-	11,392
XI.	Profit distribution		-	-	-	-	977	-	-	-	-	-	1,139,657	-	(1,140,634)	-	-	-
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves	(II-12)	-	-	-	-	977	-	-	-	-	-	1,139,657	-	(1,140,634)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,310)**	**(241)**	**324**	**81,518**	**(159,623)**	**3,448,841**	**-**	**1,541,866**	**8,538,541**	**-**	**8,538,541**

(1) Other (Shares of investments valued by equity method in other comprehensive income not to be recycled to profit or loss and other accumulated amounts of other comprehensive income items not to be recycled to other profit or loss)

(2) Other (Cash flow hedge gain/loss, shares of investments valued by equity method in other comprehensive income recycled to profit or loss and other accumulated amounts of other comprehensive income items recycled to other profit or loss)

The accompanying explanations and notes form an integral part of these consolidated financial statements.

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of cash flows
for the year ended 31 December 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Statement of cash flows	Note	Audited Current period (01/01/2019-31/12/2019)	Audited Prior period (01/01/2018-31/12/2018)
A.	**Cash flows from banking operations**			
1.1	**Operating profit/(loss) before changes in operating assets and liabilities**		**1,391,191**	**3,156,742**
1.1.1	Interest received		7,544,919	7,048,271
1.1.2	Interest paid		(4,039,980)	(3,577,512)
1.1.3	Dividend received		3,115	167
1.1.4	Fees and commissions received		659,877	708,306
1.1.5	Other income	(VI-2)	126,267	81,958
1.1.6	Collections from previously written-off loans and other receivables		793,590	621,575
1.1.7	Payments to personnel and service suppliers		(1,490,754)	(1,446,325)
1.1.8	Taxes paid		(600,029)	(135,760)
1.1.9	Other	(VI-2)	(1,605,814)	(143,938)
1.2	**Changes in operating assets and liabilities**		**1,202,535**	**2,452,411**
1.2.1	Net increase/decrease in financial assets at fair value through profit or loss		(93,803)	13,404
1.2.2	Net (increase) decrease in due from bank		(160,384)	(152,173)
1.2.3	Net (increase) decrease in loans		6,002,134	(1,250,906)
1.2.4	Net (increase) decrease in other assets	(VI-2)	3,046,096	227,686
1.2.5	Net increase (decrease) in bank deposits		(447,237)	(37,866)
1.2.6	Net increase (decrease) in other deposits		5,509,844	773,470
1.2.7	Net increase/decrease in financial liabilities at fair value through profit or loss		-	-
1.2.8	Net increase / (decrease) in funds borrowed		(11,481,044)	1,265,817
1.2.9	Net increase / (decrease) in matured payables		-	-
1.2.10	Net increase / (decrease) in other liabilities	(VI-2)	(1,173,071)	1,612,979
I.	**Net cash provided from banking operations**		**2,593,726**	**5,609,153**
B.	**Cash flow from investing activities**			
II.	**Net cash provided from investing activities**		**(1,467,022)**	**(317,713)**
2.1	Cash paid for acquisition of subsidiaries, investments in associates and joint ventures		-	-
2.2	Cash obtained from disposal of subsidiaries, investments in associates and joint ventures		13,223	-
2.3	Purchases of property and equipment		(356,161)	(333,101)
2.4	Disposals of property and equipment		333,853	135,125
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income		(553,547)	(241,296)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income		15,836	3,049
2.7	Cash paid for purchase of financial assets measured at amortised cost		(912,878)	-
2.8	Cash obtained from sale of financial assets measured at amortised cost		36,299	142,041
2.9	Other	(VI-2)	(43,647)	(23,531)
C.	**Cash flows from financing activities**			
III.	**Net cash provided from financing activities**		**(106,097)**	**(168,750)**
3.1	Cash obtained from funds borrowed and securities issued	(II-4)	-	265,000
3.2	Cash used for repayment of funds borrowed and securities issued	(II-4)	-	(265,000)
3.3	Issued equity instruments		-	-
3.4	Dividends paid	(II-12)	-	(168,750)
3.5	Payments for finance leases		(106,097)	-
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**(VI-2)**	**964,621**	**1,175,197**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**1,985,228**	**6,297,887**
VI.	**Cash and cash equivalents at beginning of the period**	**(VI-1)**	**11,420,391**	**5,122,504**
VII.	**Cash and cash equivalents at the end of the period**	**(VI-1)**	**13,405,619**	**11,420,391**

The accompanying explanations and notes form an integral part of these consolidated financial statements.

ING Bank A.Ş. and its Financial Subsidiaries

Statement of profit distribution
for the year ended 31 December 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Profit distribution table	Audited Current period (31/12/2019) (*)	Audited Prior period (31/12/2018)
I.	**Distribution of current year profit**		
1.1	Current year profit	1,876,068	1,344,827
1.2	Taxes and duties payable (-)	399,757	283,067
1.2.1	Corporate tax (Income tax)	459,489	214,013
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(59,732)	69,054
A.	**Net profit for the year (1.1-1.2)**	**1,476,311**	**1,061,760**
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	53,088
1.5	Other statutory reserves (-)	-	-
B.	**Net profit available for distribution (A-(1.3+1.4+1.5))**	**1,476,311**	**1,008,672**
1.6	First dividend to shareholders (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	Dividend to board of directors (-)	-	-
1.9	Second dividend to shareholders (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Statutory reserves (-)	-	-
1.11	Extraordinary reserves (**)	-	1,007,695
1.12	Other reserves	-	-
1.13	Special funds (***)	-	977
II.	**Distribution of reserves**		
2.1	Appropriated reserves	-	-
2.2	Dividends to shareholders (-)	-	-
2.2.1	To owners of ordinary shares	-	-
2.2.2	To owners of privileged shares	-	-
2.2.3	To owners of preferred shares	-	-
2.2.4	To profit sharing bonds	-	-
2.2.5	To holders of profit and loss sharing certificates	-	-
2.3	Dividends to personnel (-)	-	-
2.4	Dividends to board of directors (-)	-	-
III.	**Earnings per share**		
3.1	To owners of ordinary shares	0.42	0.30
3.2	To owners of ordinary shares (%)	42.35%	30.46%
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	**Dividend per share**		
4.1	To owners of ordinary shares	-	-
4.2	To owners of ordinary shares (%)	-	-
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

(*) Profit distribution is realized in accordance with Bank's General Meeting decision and as of the preparation date of the financial statements, 2019 annual ordinary general meeting has not been held yet. In accordance with the regulations in Turkey, companies do not make profit distribution based on consolidated financials. In this respect, the profit distribution tables stated above belong to the Bank.

(**) According to Ordinary General Meeting dated 21 March 2019, amounting to TL 174,313 of distributable profit for the year 2018, has been classified as first dividend share and related amount has been kept as extraordinary reserves with TL 833,382.

(***) According to Ordinary General Meeting dated 21 March 2019, amounting to TL 977 of distributable profit for the year 2018 is composed of the benefit of Corporate Tax exemption on real estate sales profit and related amount is transferred to separate fund under equity in accordance with Corporate Tax Law 5520 article 5. and 1. paragraph clause (e).

The accompanying explanations and notes form an integral part of these consolidated financial statements.

Section three

Accounting policies

I. Explanations on basis of presentation

a. The preparation of the consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and regulation on the Regulation on Accounting Applications for Banks and Safeguarding of Documents

The consolidated financial statements have been prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" and other regulations, communiqués, explanations and circulars promulgated by the Banking Regulation and Supervision Agency ("BRSA") in relation to accounting and financial reporting principles of banks and for the issues not regulated by as per Turkish Accounting Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") (hereafter, referred as "BRSA Accounting and Financial Reporting Legislation"). The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The consolidated financial statements have been prepared at Turkish Lira on a historical cost basis, except for the financial assets and financial liabilities measured on a fair value basis.

The preparation of consolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the use of certain critical accounting estimates and assumptions by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates and assumptions include fair value calculation of financial instruments and impairment of financial assets are being reviewed regularly and, when necessary, adjustments are made and the effects of these adjustments are reflected to the statement of profit or loss.

b. Accounting policies and valuation principles applied in the presentation of consolidated financial statements

The accounting policies and valuation principles applied in the preparation of consolidated financial statements are determined and applied in accordance with BRSA Accounting and Financial Reporting Legislation. These accounting policies and valuation principles are explained in Notes II to XXV below.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with the standards used in the previous year, except for as explained in Note I-d.

c. Changes in accounting policies and disclosures

The Group has started to apply TFRS 16 Leases standard in the accompanying consolidated financial statements starting from 1 January 2019 for the first time based on the regulation published in the Official Gazette no. 29826 dated 16 April 2018, which came into force starting from 1 January 2019. The effects of TFRS 16 on the financial statements of the Group are presented in section three, footnote XXV.

Standards effective as of 1 January 2019

TFRS 16 Leases

TFRS 16 Leases standard ("TFRS 16"), effective starting from 1 January 2019, removes the distinction between operating and finance leases applied by the lessee in TAS 17 Leases ("TAS 17"). Instead, it is set forth a single accounting model similar to the accounting of finance leases on balance sheet. For lessors, the accounting stays almost the same.

II. Explanations on the strategy of using financial instruments and foreign currency transactions

The Group manages its financial instruments strategies according to its liability structure. The liability structure is mainly comprised of deposits. The investment instruments are generally chosen from liquid instruments. Thus, liquidity is sustained to meet liabilities. As reporting date, the Group's asset and shareholder's equity structure is sufficient to meet its liabilities.

Due to the risks management policy, the Group does not take significant currency positions. In case of a currency risk due from the customer transactions, the Group makes contra transactions in order to close the position.

The investment decisions are made taking the balance sheet items' maturity structure and interest rates into consideration. Limits related to the balance sheet are determined. The distribution of assets is determined and income analyses are made according to this distribution.

When carrying out off-balance sheet forward transactions, the Group aims to perform contra transactions as well, thus paying maximum attention to the currency and interest rate risks. The customer limits for transactions are determined.

Explanations on foreign currency transactions:

Translation gains and losses arising from foreign currency transactions are accounted for within the period in which the transaction occurs. In period-ends, foreign currency denominated monetary assets and liabilities are translated into TL with the exchange buying rates of the Parent Bank prevailing at the reporting date. Gains and losses arising from such transactions are recognized in the statement of profit or loss under the account of foreign exchange gains or losses.

Foreign currency denominated accounts of the subsidiaries within the Group have been valued with the foreign exchange buying rates applicable on the reporting date.

Regarding the financial statements of the foreign subsidiary of the Group, balance sheet items are converted to Turkish Lira at the period-end balance sheet exchange rates, and statement of profit or loss items are converted at average exchange rate, and all resulting exchange differences are accounted in the shareholders' equity under "Other comprehensive income/expense items to be recycled in Profit or Loss".

III. Explanations on consolidated subsidiaries

According to the full consolidation method, all of the subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The book value of the Parent Bank's investment in each subsidiary and the capital of each subsidiary are eliminated. Intercompany balances and profits and losses resulting from intercompany transactions are offset against each other. Parent Bank's guarantees given for the cash loans granted by consolidated subsidiaries are eliminated at consolidation and such exposures are included under cash loans in assets.

Where different accounting policies have been applied by the subsidiaries, these accounting policies have been aligned with the accounting policies of the Parent Bank.

ING European Financial Services Plc.

ING European Financial Services Plc. was established in 1994, in Ireland, to operate in corporate finance, issuance of certificates of deposits and treasury services.

The financial statements of the Company are prepared in EUR in accordance with the accounting principles effective in Ireland. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

III. Explanations on consolidated subsidiaries (continued)

ING Faktoring A.Ş. (ING Factoring)

ING Factoring was established in 2008 for the purpose of engaging in import, export and local factoring activities. The Company was granted operation license by the BRSA Board Decision, No. 3564, dated 3 March 2010.

The Company prepares its financial statements in accordance with the communique on the Application of Uniform Chart of Accounts and its Guide Book for Financial Leasing, Factoring and Financing Companies, TAS, TFRS and other regulations, communiqués, explanations and circulars promulgated by the BRSA in relation to accounting and financial reporting principles. The required adjustments and re-classifications have been made on the financial statements of the Company in order comply with the financial statements of the Parent Bank.

ING Finansal Kiralama A.Ş. (ING Leasing)

ING Leasing was established in 2008 for the purpose of operating in financial leasing activities and execute all kinds of transactions and contracts related to these activities. The company was granted operating license with the BRSA Board Decision, No. 3564, dated 3 March 2010.

The Company prepares its financial statements in accordance with the communique on the Application of Uniform Chart of Accounts and its Guide Book for Financial Leasing, Factoring and Financing Companies, TAS, TFRS and other regulations, communiqués, explanations and circulars promulgated by the BRSA in relation to accounting and financial reporting principles. The required adjustments and re-classifications have been made on the financial statements of the Company in order comply with the financial statements of the Parent Bank.

ING Menkul Değerler A.Ş. (ING Securities)

ING Securities was established in 1991 under the title Universal Menkul Değerler A.Ş. in 1991, and was acquired by ING UK Holdings Limited on 30 October 2008, and the title of the Company was changed as ING Menkul Değerler A.Ş. at the date of 27 May 2009. 100% shares of ING Securities were purchased by the Parent Bank on 15 August 2012.

Capital Markets Board approved the Company's application for continuing its operations and performing margin trading, short selling and lending and borrowing transactions of capital market instruments under its trading brokerage license as of 11 January 2013. On 26 July 2013, the Capital Markets Board approved the Company's application for a license to operate as an intermediary in trading derivatives for the purpose of operating in the futures and options market. With the Capital Market Board letter, dated 19 November 2013, the application of ING Securities for the establishment of an agency was approved as from 15 November 2013.

The financial statements of the Company are prepared in accordance with the Capital Markets Board legislation with respect to TAS enacted by POA. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

IV. Explanations on forward and options contracts and derivative instruments

The Group's derivative instruments consist of forward buy/sell, swaps, futures, and options contracts.

Derivative financial instruments of the Group are classified as "Derivative Financial Assets Designated at Fair Value through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value through Other Comprehensive Income" per TFRS 9.

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the statement of profit or loss under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

Explanations on derivative financial instruments held for hedging purpose

As permitted by TFRS 9, the Group continues to apply hedge accounting in accordance with TAS 39.

The Group enters into interest rate and cross currency swap transactions in order to hedge the changes in cash flows of the floating-rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under "accumulated other comprehensive income or expense to be reclassified to profit or loss" in shareholders' equity, and the ineffective portion is recognised in income statement. The changes recognized in shareholders' equity is removed and included in income statement in the same period when the hedged cash flows effect the income or loss.

Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the "Dollar off-set model" and the hedge accounting is applied as long as the test results are between the ranges of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to income statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity and presented under "accumulated other comprehensive income or expense to be reclassified to profit or loss" are continued to be kept in this account.

When the cash flows of hedged item incur, the gain/losses accounted for under shareholders' equity are recognised in income statement considering the original maturity.

V. Explanations on interest income and expenses

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate which equals the future cash flows of a financial asset or liability to its net book value) by taking into consideration present principal amount.

As of 1 January 2018, the Group applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods for the financial assets impaired and classified as non-performing loan. Such interest income calculation is based on contractual basis for all financial assets subject to impairment calculation. During calculation of loss given default rate in expected credit loss models effective interest rate is used, thus, calculation of expected credit losses includes calculated interest amount. Therefore, a reclassification is made between the accounts of "Expected Credit Losses" and "Interest Income From Loans" for such calculated interest amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

VI. Explanations on fee and commission income and expenses

Commissions paid for the loans provided and fees and commissions collected from clients in return for these loans are reflected on the statement of profit or loss in the period when they arise. On the other hand, of the fees and commissions collected from clients, the portions exceeding the amounts paid, and the fees and commissions collected without being associated with any cost are treated as an element of the effective interest of the loan, and they are recognized in the statement of profit or loss during the term of the loan on an accrual basis. Fees and commission expenses paid to the institutions and companies granting the loan are treated as an element of the effective interest, and they are associated with the statement of profit or loss during the term of the loan.

VII. Explanations on financial instruments

Initial recognition of financial instruments

A financial asset or a financial liability is recognized in the statement of financial position only when it is a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

Initial measurement of financial instrument

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 Revenue from contracts with customers, at initial recognition, the Group measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

VII. Explanations on financial instruments (continued)

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Thus, the Group has classified all financial assets beginning from 1 January 2018 on the basis of the business model used for the management of these assets and the contractual cash flows.

As per TFRS 9, the Group classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss. The Group has tested the "Solely Payments of Principal and Interest" test for all financial assets within the scope of TFRS 9 transition and evaluated asset classifications within the business model.

Assessment of business model

As per TFRS 9, the business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Group's business models are divided into three categories.

A business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Central Bank, banks, money market placements, financial assets measured at amortized cost, loans, lease receivables, factoring receivables and other receivables are evaluated within this business model.

A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The business model in which financial assets are held both for the collection of contractual cash flows and for the sale of financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at fair value through other comprehensive income are evaluated within this business model.

Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss derivative financial instruments are evaluated within this business model.

VII. Explanations on financial instruments (continued)

Measurement categories of financial assets and liabilities

According to TFRS 9, the Bank's financial assets are classified in three main categories as listed below:

- Financial assets measured at fair value through profit/loss

- Financial assets measured at fair value through other comprehensive income and

- Financial assets measured at amortized cost (including credits).

Financial assets measured at fair value through profit/loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income:

As per TFRS 9, the financial investments are measured at fair value through other comprehensive income if financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Other comprehensive income income/expense items to be recycled in profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition an entity can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

VII. Explanations on financial instruments (continued)

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

Loans:

Loans represents financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors.

Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the effective interest rate method.

Group's loans are recorded under the "Loans Measured at Amortized Cost" account.

VIII. Explanations on impairment of financial assets

With the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside (Provision Regulation)" promulgated by BRSA in the Official Gazette, no. 29750, dated 22 June 2016, the Group has started calculating provisions as of 1 January 2018, in scope of TFRS 9 for financial instruments, loans and other receivables. Accordingly, loss allowance for expected credit losses is recognized for the financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income.

Per TFRS 9, loss allowance for expected credit losses is recognised on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss. Expected credit loss estimates should include objective information weighted according to possibilities and that can be supported about past events, existing conditions and predictions about future economic conditions.

Financial assets within the scope of TFRS 9 are allocated to the three stages according to the change in the quality of the loan after initial recognition and are calculated on the basis of the expected loan loss stage:

- **Stage 1:** For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.
- **Stage 2:** In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

  A financial asset is transferred from Stage 1 to Stage 2 when there is a significant increase in credit risk after initial recognition. Group has established a framework which incorporates quantitative and qualitative information to identify significant risk increase on an asset level applying a relative assessment. Each financial asset is assessed at the reporting date to determine significant risk increase.

  Group considers the following criteria.

  Quantitative criteria: The change in lifetime probability of default is the main trigger the transfer between Stage 1 and Stage 2. The trigger compares probability of default at the origination date versus probability of default at the reporting date, considering the remaining maturity. Assets can be transferred in both directions between Stage 1 and Stage 2. In order to determine if movements can be considered as significant, Group implements different probability of default thresholds to evaluate absolute and relative changes occurring in both retail and corporate portfolios. Related thresholds

VIII. Explanations on impairment of financial assets (continued)

are being analyzed by back-testing and revised accordingly if necessary. In this context the Group has changed the related thresholds as of 31 March 2019.

Qualitative criteria: Group considers several indicators aligned with those used in credit risk management. Specific qualitative criteria for retail and corporate portfolio has been defined, according to its particularities and with the policies currently in use. The use of these qualitative criteria is complemented with the use of expert judgement.

- Having past due more than 30 days,
- Loans classified to watch list status according to the decision of the Group's management,
- Restructured loans in compliance with "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside ",
- Restructured loans according to an administrative judgement,
- Other consumer loans of individual clients whose one of the consumer loan transferred to non-performing loan portfolio.

- **Stage 3:** Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

  The following criteria are taken into consideration in determining the impairment:

  - Having past due more than 90 days
  - Problems in aspect of client's creditworthiness
  - Collaterals and/or debtor's equities are insufficient for the timely payment of receivables
  - Collection of receivables is considered to be delayed for more than 90 days due to macroeconomic, industry specific or customer specific reasons.

Use of present, past, future information and macroeconomic predictions: Expected loss estimations take into consideration multiple macroeconomic scenarios for which the probability is measured according to past events, existing conditions and predictions about future economic conditions for economic variables (such as unemployment rates, GDP growth, FX rate fluctuations, real estate prices, and short-term interest rates). Group has defined three macroeconomic scenarios to use for future predictions, a baseline, an up-scenario and a down-scenario. Macroeconomic models are used to convert the parameters used in expected loss estimations to forward looking versions. Different models exist for large corporate, financial institutions, corporate, retail mortgage and retail portfolios.

Expected credit loss measurement:

Group applies "Probability of Default x Exposure at Default x Loss Given Default" method which also takes the time value of money into account. For Stage 1 financial assets; a forward-looking approach on a twelve-month period is applied in order to calculate expected credit loss. For Stage 2 financial assets; a lifetime expected loss is calculated. The lifetime expected loss is the discounted sum of the portions of lifetime losses related to default events within each period of twelve months till maturity. For Stage 3 financial assets; the probability of default equals 100%, the loss given default and the exposure at default represent a lifetime expected loss calculated based on properties of the defaulted loan.

IX. Explanations on offsetting financial assets

Financial assets and liabilities are shown on the balance sheet at their net amounts when the Group has a legally enforceable right to offset the recognized amounts and intents to settle the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. Explanations on sales and repurchase agreements and securities lending transactions

Marketable securities sold under repurchase agreements ("Repo") are classified as financial assets whose fair value difference is reflected on profit-loss, and which are other comprehensive income or will be measured at amortised cost, in parallel to the classification of financial instruments. Funds provided in return for repo transactions are recognized in the "funds provided by repo transactions" accounts. The income related to repurchase agreements are reflected to the interest income on marketable securities and expenses paid in relation to repurchase agreements are recognized in "interest on money market borrowings" accounts.

Securities ("Reverse repo") that are purchased with repurchase agreements are classified under receivables from reverse repo transactions. Interest income obtained from reverse repo transactions are recognized under the account "interest obtained from money market transactions".

Securities lending transactions are classified under "money market placements" and accruals are calculated for the interest expense occurred.

XI. Explanations on property and equipment held for sale and related to discontinued operations and on payables regarding these assets

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing loans and receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations ("TFRS 5").

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. To have a high possibility of sale, a plan should have been made for the sale of the asset (or the asset group to be disposed) and an active program should have been started by the management, aiming to complete the plan and determine the buyers.

The properties obtained from the Group's receivables are shown at the fixed assets held for sale line according to the execution of the forward sales agreement.

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the statement of profit or loss. The Group does not have any discontinued operations.

XII. Explanations on goodwill and other intangible assets

The intangible assets are measured at their cost calculated by adding the acquisition costs and other direct costs necessary for making the asset in working order.

Subsequently, intangible assets are carried at cost less accumulated depreciation and provision for value decrease.

Intangible assets are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

The intangible assets	7% - 33%

The Group does not have goodwill.

XIII. Explanations on property and equipment

Property and equipment are initially measured at cost calculated by adding the acquisition fees and any directly attributable costs for making the asset in working order. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value decrease.

According to precautionary and materiality principles, when the current value of property and equipment is less than their net cost, the net cost which exceeds their current value is recognized in expense account as provision for impairment.

Property and equipment are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

Immovables	2%
Movables, assets acquired by financial leasing	2% - 50%
Right-of-use assets	9% - 50%

The depreciation is set aside at the amount calculated through proportion of the yearly depreciation amount foreseen for the assets held for less than one accounting period to the time for which the asset is held in asset.

Gains and losses on the disposal of property and equipment are reflected to the profit and loss of the related period.

Expenditures for the repair and maintenance of property and equipment are recognized as expense.

There is no injunction, pledge or mortgage on property and equipment.

There is no purchase commitment related to property and equipment.

XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

The Parent Bank does not have any leasing operations as lessor.

b. Accounting of leasing operations as lessee

Assets acquired under financial leases are capitalized at lower of the fair values of leased assets or discounted value of lease installments. While the total amounts of lease amounts are recognized as liability, the related interest amounts are accounted for as deferred interest. Assets subject to financial leases are followed under property and equipment and are depreciated by using straight-line method. The estimated depreciation rates are determined according to their estimated useful lives.

The Group performs operating lease for branches, ATM locations and vehicles. With the "TFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under "Tangible Fixed Assets" as an asset and under "Liabilities from Leasing" as a liability. Other operating leases are not considered within the scope of TFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under "Other Operating Expenses".

The impact and application of TFRS 16 transition were explained in section three, footnote XXV.

XV. Explanations on provisions, contingent assets and liabilities

Provisions and contingent liabilities are accounted in accordance with, "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when there is a present legal or constructive obligation as a result of past events at the balance sheet date; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation

Provisions are set aside for highly probable and reliably estimated amount of liabilities arisen as a result of prior period events, at the time when such liabilities arise.

XVI. Explanations on obligations related to employee rights

Provision for employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Parent Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Parent Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Parent Bank.

The Parent Bank has calculated provision for employee severance benefits in the attached financial statements in accordance with "Turkish Accounting Standard for Employee Benefits ("TAS 19") by using the "Projection Method" and discounted the total provision by using the current market yield on government bonds based on their previous experience in the issues of completion of personnel service period and severance pay eligibility. Actuarial gains and losses are recognized under equity in accordance with the TAS 19 standard.

In accordance with the existing social legislation in Turkey, the Parent Bank is required to make contribution to Social Security Institution ("SSI") on behalf of their employees. Other than the contributions that the Bank is required to pay, there is no additional requirement to make payment to neither their employees nor SSI. These premiums are reflected to personnel expenses when they accrue.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the employees are members.

XVII. Explanations on taxation

a. Current tax

The Parent Bank and its subsidiaries operating in Turkey are subject to tax legislation and practices effective in Turkey.

While the corporate tax rate was at the rate of 20% since 1 January 2006, for all companies, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

While according to the provisions of Corporate Tax Law, No. 5520, exemption shall be applied for 75% of the earnings from the sale of the properties and participation shares that corporations have kept among their assets for at least two full years (provided that they are added in the capital or kept in a special fund account in liabilities for five years as provided in the Law), and from the sales of founders' shares, preference shares and preferred rights they have kept for same duration; Article 89/a of the Law, No. 7061 effective upon promulgation in the Official Gazette, No. 30261, dated 5 December 2017 and Articles 5.1.e and 5.1.f of Corporate Tax Law have been amended, the exemption applied as 75% was decreased to 50% to be effective as of the promulgation of the Law for the above mentioned sale of properties.

Corporate tax rate is applied on the tax base calculated after the addition of the non-deductible expenses in the commercial income of corporations and deduction of exemptions stated in tax laws (such as participation income exemption) and deductions. No other tax is paid unless profit is distributed.

According to the Corporate Tax Law, financial losses can be carried forward to offset against corporate tax base of the related period for up to five years. Tax authorities inspect tax returns and the related accounting records within five years and check the tax calculations.

Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. Pursuant to the tax legislation, an advance tax is calculated and paid based on earnings generated for each quarter. The amounts thus paid are deducted from the tax calculated over annual earning.

Current year tax amounts to be paid are netted off as they are related with prepaid tax amounts.

XVII. Explanations on taxation (continued)

b. Deferred tax

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities were measured by 20% tax rate. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

If transactions and events are recorded in the statement of profit or loss, then the related tax effects are also recognized in the statement of profit or loss. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

The deferred tax assets and liabilities are reported as net in the financial statements.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of deferred tax asset to be utilized.

c. Transfer pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communique on Disguised Profit Distribution by way of Transfer Pricing" published on 18 November 2007 explains the application related issues in detail. According to this Communique, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

As discussed under subject Communique's "7.1 Annual Documentation" section, taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XVIII. Explanations on borrowings

The Group, whenever required, generates funds from domestic and foreign sources in the form of borrowings, syndications, securitizations, and bill and bond issuances in the local and international markets. The funds borrowed are recorded at their purchase costs and valued at amortised costs using the effective interest method.

XIX. Explanation on issuance of equity securities

There are no issuance of equity securities in 2019.

XX. Explanations on guarantees and acceptances

The Group's letters of acceptances with its customers are simultaneously realized with customers' payments and are followed in off-balance sheet items.

XXI. Explanations on government incentives

As of the balance sheet date, there is no government grant for the Group.

XXII. Explanations on segment reporting

An operating segment is a component of an entity:

a. That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

b. Whose operating results are regularly reviewed by the entity's authorised decision maker for the purpose of taking decisions about resources to be allocated to the segment and assessing its performance, and

c. For which discrete financial information is available.

Reporting according to the operational segment is presented in Note XII of Section Four.

XXIII. Profit reserves and distribution of profit

Under the Turkish Commercial Code ("TCC"), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

XXIV. Explanations on other disclosures

The accompanying financial statements as of 31 December 2019 are prepared and previous period financial statements are revised in accordance with the "Communique amending the Communique on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" published in the Official Gazette dated 1 February 2019 and effective starting from 1 January 2019.

XXV. Explanation on TFRS 16 leases standard

TFRS 16 Leases standard is published in the Official Gazette no. 29826 dated 16 April 2018 which is effective for the accounting periods after 31 December 2018.

The Group has started to apply the standard starting from 1 January 2019 for the first time. This standard is applied with modified retrospective approach recognizing the cumulative effect of initially applying the standard at the date of initial application. In this context, comparative financial statements are not restated.

The Group – as lessee:

The Group assesses whether a contract is (or contains) a lease at the inception of the contract. A contract is a lease contract or contains a lease on the basis of whether the right to control the use of an identified asset is being transferred for a period of time, against remuneration. In this case, at the commencement date, the right-of-use assets are recognized under "Tangible Assets" and lease liabilities are recognized under "Lease Payables" by the Group.

The Group initially measures the right-of-use asset applying a cost model in the financial statements and it includes the following:

(a) Lease liabilities in the balance sheet, initially measured at the present value,

(b) Remaining lease payment amount before or at the commencement date, after all lease incentives are eliminated,

(c) All initial direct costs beared by the Group,

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

XXV. Explanation on TFRS 16 leases standard (continued)

The Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments are discounted using the alternative borrowing interest rate in case of implicit interest rate cannot be defined easily.

At the commencement date, the lease payments included into the measurement of lease liabilities are composed of payments will be made during the underlying asset's lease term and payments that are not made at the commencement date are indicated below:

(a) Remaining amount of fixed payments after elimination of any lease incentives receivable,

(b) Variable future lease payments resulting from a change in an index or a rate used to determine those payments' initial measurement at the commencement date,

(c) Amounts expected to be payable under a residual value guarantee by the Bank,

(d) Purchasing option's cost if the Group is sure at a reasonable level that purchasing option will be used,

(e) Payment of the fine due to the termination of the lease if the lease period refers to an option for the termination of the lease.

After the commencement date, the Group measures the lease liability as indicated below:

(a) Measures the lease liability by increasing the carrying amount to reflect interest on the lease liability,

(b) Measures the lease liability by reducing the carrying amount to reflect the lease payments made,

(c) Remeasures the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease.

Reclassifications and remeasurements during the first time appliciation of TFRS 16 Leases Standard dated 1 January 2019 are presented in the table below:

	31 December 2018	TFRS 16 Reclassification Effect	TFRS 16 Measurement Effect	1 January 2019
Tangible assets(net) (*)	684,290	13,916	299,579	997,785
Other assets (**)	624,149	(13,916)	-	610,233
Lease liabilities (net) (***)	-	-	299,579	299,579

(*) In accordance with TFRS 16, the Bank recognised a lease liability and a right-of-use asset amounting to TL 299,579 as of 1 January 2019 for leases previously accounted as an operating lease under TAS 17.

(**) In accordance with TFRS 16, the Bank recognised prepaid lease expenses amounting to TL 13,916 under tangible assets as right-of-use assets which were previously classified under other assets.

(***) As of 1 January 2019, the weighted average of the alternative borrowing interest rates applied to TL lease liabilities presented in the statement of financial position of the Bank is 17.60%.

During the transition, the Group recognised lease liability concerning the lease which were previously recognised as operational leasing as per TAS 17. These liabilities were measured based on the discounted current value by using the alternative borrowing rate of interest of remaining lease payments as of 1 January 2019.

Short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard and their payments continue to be accounted as expense in the period they incur. Moreover, lease agreements with a remaining duration of 12 months or less as of 1 January 2019, have been evaluated within the scope of the same exemption. Within this scope, TL 16,011 has been paid in the relevant period.

Direct costs are not included while evaluating the right-of-use asset at the initial application date.

If a contract contains extention or termination terms, the Group management's judgement and assessment are used for the determination of useful life of right-of-use assets.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Section four

Information on financial position and risk management of the Group

I. Explanations on consolidated capital

Information about consolidated capital items

Consolidated total capital and capital adequacy ratio has been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks."

As of 31 December 2019, the Group's total capital is TL 12,787,247 and the consolidated capital adequacy ratio is 25.57%. As of 31 December 2018, the Group's total capital amounted to TL 11,386,129 and capital adequacy ratio was 21.11%.

	Current period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	3,448,841	
Other comprehensive income according to TAS	223,499	
Profit	1,541,866	
Net profit for the period	1,541,866	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Minority interest	-	
Common equity tier I capital before deductions	**8,700,474**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	2,310	
Leasehold improvements on operational leases (-)	55,075	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	55,155	55,155
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital, which exceeds 10% of common equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, which exceeds 10% of common equity of the Bank (-)	-	
Portion of mortgage servicing rights exceeding 10% of the common equity (-)	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the common equity (-)	-	
Amounts exceeding 15% of the common equity as per the 2nd clause of the provisional article 2 of the Regulation on the Equity of Banks (-)	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital (-)	-	
Excess amount arising from mortgage servicing rights (-)	-	
Excess amount arising from deferred tax assets based on temporary differences (-)	-	
Other items to be defined by the BRSA (-)	-	
Deductions to be made from common equity in case adequate additional Tier I capital or Tier II capital is not available (-)	-	
Total deductions from common equity tier I capital	**112,540**	
Total common equity tier I capital	**8,587,934**	
ADDITIONAL TIER I CAPITAL		
Preferred stock not included in common equity tier I capital and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (in scope of Temporary Article 3)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital		
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period		
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	**-**	
Total additional Tier I capital	**-**	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**8,587,934**	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on consolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	3,767,469	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (in scope of Temporary Article 3)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	437,239	
Tier II Capital Before Deductions	**4,204,708**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	**4,204,708**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**12,792,642**	
Total of Core Capital and Additional Capital (Total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than three Years	-	
Other items to be defined by the BRSA (-)	5,395	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	12,787,247	
Total risk weighted amounts	50,014,595	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	17.17	
Tier I Capital Adequacy Ratio (%)	17.17	
Capital Adequacy Ratio (%)	25.57	
BUFFERS		
Total buffer requirement	2.607	
Capital protection buffer requirement (%)	2.500	
Bank specific cyclical buffer requirement (%)	0.107	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	11.17	
Amounts below the Excess Limits as per the Deduction Principles	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	176,061	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	437,239	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	437,239	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	-	
Upper limit for Additional Tier I Capital subject to Temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on consolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	2,297,792	
Other comprehensive income according to TAS	143,375	
Profit	1,140,634	
Net profit for the period	1,140,634	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Minority interest	-	
Common equity tier I capital before deductions	**7,068,069**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	13,421	
Leasehold improvements on operational leases	39,962	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	37,209	37,209
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital, which exceeds 10% of common equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, which exceeds 10% of common equity of the Bank (-)	-	
Portion of mortgage servicing rights exceeding 10% of the common equity (-)	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the common equity (-)	-	
Amounts exceeding 15% of the common equity as per the 2nd clause of the provisional article 2 of the Regulation on the Equity of Banks (-)	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital (-)	-	
Excess amount arising from mortgage servicing rights (-)	-	
Excess amount arising from deferred tax assets based on temporary differences (-)	-	
Other items to be defined by the BRSA (-)	-	
Deductions to be made from common equity in case adequate additional Tier I capital or Tier II capital is not available (-)	-	
Total deductions from common equity tier I capital	**90,592**	
Total common equity tier I capital	**6,977,477**	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not included in common equity tier i capital and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (in scope of Temporary Article 3)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital		
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period		
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	**-**	
Total additional Tier I capital	**-**	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**6,977,477**	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on consolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	3,807,119	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (in scope of Temporary Article 3)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	609,455	
Tier II Capital Before Deductions	**4,416,574**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	**4,416,574**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**11,394,051**	
Total of Core Capital and Additional Capital (Total equities)	-	
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	7,922	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	11,386,129	
Total risk weighted amounts	53,932,535	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	12.94	
Tier I Capital Adequacy Ratio (%)	12.94	
Capital Adequacy Ratio (%)	21.11	
BUFFERS		
Total buffer requirement	1.912	
Capital protection buffer requirement (%)	1.875	
Bank specific cyclical buffer requirement (%)	0.037	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	6.937	
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	188,440	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	618,520	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	609,455	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4		
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on consolidated capital (continued)

Information about debt instruments that will be included in total capital calculation:

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible at stand-alone / consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 82 million (TL 486 million) and EUR 72 million (TL 481 million)	USD 73 million (TL 433 million) and EUR 68 million (TL 454 million)	USD 62 million (TL 369 million) and EUR 231 million (TL 1,544 million)
Par value of instrument (Currency in million)	USD 102 million (TL 607 million) and EUR 90 million (TL 602 million)	USD 91 million (TL 541 million) and EUR 85 million (TL 568 million)	USD 62 million (TL 369 million) and EUR 231 million (TL 1,544 million)
Accounting classification	Subordinated Loans	Subordinated Loans	Subordinated Loans
Original date of issuance	11 March 2014	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	After 5th year
Coupons / dividends	-	-	-
Fixed or floating dividend/coupon	Floating	Floating	Floating
Coupon rate and any related index	Libor+2.78% and Euribor+2.29%	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%
Existence of a dividend stopper	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-
Existence	None	None	None
Noncumulative or cumulative	-	-	-
Convertible or non-convertible	None	None	None
If convertible, conversion trigger(s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory or optional conversion	-	-	-
If convertible, specify instrument type convertible into	-	-	-
If convertible, specify issuer of instrument it converts into			
Write-down feature	None	None	None
If write-down, write-down trigger(s)	-	-	-
If write-down, full or partial	-	-	-
If write-down, permanent or temporary	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on consolidated capital (continued)

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders' equity	8,538,541	8,538,541
Gains from cash flow hedge transactions	(159,623)	159,623
Leasehold improvements on operational leases	55,075	(55,075)
Goodwill and intangible assets	55,171	(55,155)
General provision	437,239	437,239
Subordinated debt (*)	4,237,398	3,767,469
Other deductions from shareholders' equity	5,395	(5,395)
Capital		**12,787,247**

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the parent bank amounting to USD 102 million and EUR 90 million and USD 91 million and EUR 85 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than five years as of 31 December 2019.

II. Explanations on consolidated credit risk

1. The Parent Bank's credit risk management strategy consists of limit settings within legal limitations, conservative credit allocation structure, proper documentation structure in line with the standards and strong monitoring and follow-up systems. Risk management strategy also includes sector-specific, currency and customer diversification. With the credit evaluations and monthly reporting to the top level management, loans having high exposures and factors that may cause deterioration in the loan quality are closely monitored, preventing the credit quality to decrease. Additionally, various analysis about concentration risks is made for monitoring portfolio risk as well as within the scope of Internal Capital Adequacy Assessment Process ("ICAAP") and these activities are supported by stress tests. The sectoral distributions of loans are reported monthly and can be limited according to the conjunctions. However, geographical limitation is not implemented. Documentation for risk management strategy is revised at least once a year under the supervision of the Audit Committee.

As prescribed in the related legislation, the credit worthiness of the debtors is monitored regularly. The credit limits are determined by the Board of Directors, the Parent Bank's Credit Committee and other related credit departments. The account statements related to given loans are obtained and reviewed as prescribed in the legislation. The Parent Bank receives sufficient collateral for the loans given and other receivables. The received collaterals comprise of personal and legal entity guarantees, pledge of vehicle, mortgages, cash blockage, customer checks and Credit Guarantee Fund suretyship having Treasury guarantee.

Loans that have overdue principal, interest or both for less than 90 days after the maturity or due date are considered past due loans by the Parent Bank. Loans that have overdue principal, interest or both for more than 90 days after the maturity or due date or the debtors of which are deemed unworthy by the Parent Bank are considered impaired loans.

The Parent Bank has started to apply TFRS 9 Financial Instruments ("TFRS 9") published by POA in the accompanying consolidated financial statements starting from 1 January 2018. Bank calculates Expected Credit Loss based provisions for credit losses.

The sum of risk exposures that are offset and for which credit risk mitigation is not applied are presented monthly to the Audit Committee per different risk categories and types and monthly, periodically and annual changes are monitored by the senior management.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Explanations on consolidated credit risk (continued)

Risk classifications	Current period risk amount (*)	Current period average (**)	Prior period risk amount (*)	Prior period average (**)
Conditional and unconditional receivables from central governments and Central Banks	9,617,305	9,942,739	9,115,248	8,654,384
Conditional and unconditional receivables from regional or local governments	1,096,530	939,945	814,597	677,616
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	1	6	7
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	15,558,624	14,592,786	11,222,427	9,247,336
Conditional and unconditional receivables from corporates	24,462,248	24,871,205	27,750,897	27,883,725
Conditional and unconditional receivables from retail portfolios	14,571,744	15,273,726	17,926,789	19,536,556
Conditional and unconditional receivables secured by mortgages	2,589,507	3,321,536	3,850,485	4,498,559
Past due receivables	253,061	249,671	205,904	225,036
Receivables defined under high risk category by BRSA	1,124,324	1,012,257	818,037	417,908
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Stock transactions	11,390	9,886	8,286	8,277
Other receivables	2,666,356	3,624,313	2,926,203	3,333,420
Total	**71,951,089**	**73,838,065**	**74,638,879**	**74,482,824**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
(**) The average risk amount was calculated by taking the arithmetic average of the values in the monthly reports prepared in balance sheet period in regards to "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

2. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.

3. Related to forward transactions, options and similar agreements, the bank operates the daily collateral management policies in accordance with ISDA agreements (CSA) and where needed the credit exposure is reduced by the usage of rights and performing of the acts.

4. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

When there is an issue or it is evaluated that the company might have an issue on repayments of the loan that are given in Corporate, Commercial, SME Banking segments, such companies have been transferred to Credits Restructuring and Recovery Group. The rating of all companies that were transferred to Credits Restructuring and Recovery Group have been reassessed. As a rule, the rating of the company has been reduced at the time of transfer, company's restructuring decision has been reconsidered and after decision is made, the monitoring methods in the legislation have been applied. Existing ratings of the companies that are in legal follow up and are not restructured have been reduced again. On the other hand, companies that have issues on their financial positions or business operations but not restructured, have been monitored closely in terms of company operations and cash flows.

The Group considers that long-term commitments are more exposed to credit risk than short-term commitments, and risk decomposition has been made according to that.

II. Explanations on consolidated credit risk (continued)

5. Transactions in foreign countries have been made with many correspondent banks in many countries. The counterparty limits have been set for the risks that may arise in transactions with banks. Credit risks have been managed according to credit worthiness and limits of the counterparties.

The Group does not have any material credit risk concentration as an active participant of international banking market when considered with financial operations of other financial institutions.

6. The proportion of the Group's top 100 and 200 cash loan balances in total cash loans is 42% and 49% respectively (31 December 2018: 37% and 44%).

The proportion of the Group's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 76% and 83% (31 December 2018: 74% and 80%).

The proportion of the Group's top 100 and 200 customers' cash and non-cash loan balances in total cash and non-cash loans 48% and 54% (31 December 2018: 43% and 49%).

7. Stage 1 and Stage 2 expected losses for consolidated credit risk amount to TL 437,239 (31 December 2018: TL 618,520).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Explanations on consolidated credit risk (continued)

8. Amount of profile on significant risks in significant regions

Profile on significant risks in significant regions (*)

	Risk categories (**)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Current period																		
Domestic	9,617,305	1,096,530	-	-	-	11,215,028	23,354,235	14,568,231	2,589,240	252,980	1,124,323	-	-	-	-	11,160	2,666,356	66,495,388
European Union Countries	-	-	-	-	-	3,652,103	189,402	2,330	267	38	1	-	-	-	-	230	-	3,844,371
OECD Countries (***)	-	-	-	-	-	231,393	-	107	-	-	-	-	-	-	-	-	-	231,500
Off- Shore banking regions	-	-	-	-	-	7,262	-	-	-	-	-	-	-	-	-	-	-	7,262
USA, Canada	-	-	-	-	-	423,814	-	8	-	-	-	-	-	-	-	-	-	423,822
Other Countries	-	-	-	-	-	29,024	918,611	1,068	-	43	-	-	-	-	-	-	-	948,746
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed assets / liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**9,617,305**	**1,096,530**	**-**	**-**	**-**	**15,558,624**	**24,462,248**	**14,571,744**	**2,589,507**	**253,061**	**1,124,324**	**-**	**-**	**-**	**-**	**11,390**	**2,666,356**	**71,951,089**

	Risk categories (**)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Prior period																		
Domestic	9,115,248	814,597	6	-	-	6,452,048	27,182,611	17,923,852	3,849,736	205,789	817,834	-	-	-	-	8,078	2,926,203	69,296,002
European Union Countries	-	-	-	-	-	3,858,359	565,640	1,744	653	53	203	-	-	-	-	208	-	4,426,860
OECD Countries (***)	-	-	-	-	-	93,750	-	138	-	-	-	-	-	-	-	-	-	93,888
Off- Shore banking regions	-	-	-	-	-	68,589	-	-	-	-	-	-	-	-	-	-	-	68,589
USA, Canada	-	-	-	-	-	532,646	-	2	96	-	-	-	-	-	-	-	-	532,744
Other Countries	-	-	-	-	-	217,035	2,646	1,053	-	62	-	-	-	-	-	-	-	220,796
Investment in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed assets / liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**9,115,248**	**814,597**	**6**	**-**	**-**	**11,222,427**	**27,750,897**	**17,926,789**	**3,850,485**	**205,904**	**818,037**	**-**	**-**	**-**	**-**	**8,286**	**2,926,203**	**74,638,879**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor
(**) Risk categories that are defined in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks"
(***) EU countries, OECD countries other than USA and Canada
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Explanations on consolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

	Risk categories (**)																			
Current period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TL**	**FC**	**Total**
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**238,954**	**37,152**	**12,230**	**-**	**16,720**	**-**	**-**	**-**	**-**	**-**	**12**	**91,343**	**213,725**	**305,068**
Farming and raising livestock	-	-	-	-	-	-	133,516	30,272	12,133	-	13,732	-	-	-	-	-	9	76,295	113,367	189,662
Forestry	-	-	-	-	-	-	5,036	3,159	97	-	49	-	-	-	-	-	2	8,343	-	8,343
Fishing	-	-	-	-	-	-	100,402	3,721	-	-	2,939	-	-	-	-	-	1	6,705	100,358	107,063
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**13,122,369**	**1,878,620**	**663,526**	**-**	**329,749**	**-**	**-**	**-**	**-**	**-**	**911**	**3,874,767**	**12,120,408**	**15,995,175**
Mining	-	-	-	-	-	-	3,219,588	62,870	7,873	-	13,003	-	-	-	-	-	20	187,507	3,115,847	3,303,354
Production	-	-	-	-	-	-	9,535,262	1,792,670	650,841	-	312,632	-	-	-	-	-	849	3,598,091	8,694,163	12,292,254
Electricity, gas, water	-	-	-	-	-	-	367,519	23,080	4,812	-	4,114	-	-	-	-	-	42	89,169	310,398	399,567
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**1,677,671**	**256,647**	**94,937**	**10**	**107,179**	**-**	**-**	**-**	**-**	**-**	**194**	**725,791**	**1,410,847**	**2,136,638**
Services	**6,174,182**	**-**	**-**	**-**	**-**	**15,558,614**	**9,373,973**	**2,229,233**	**875,412**	**2**	**649,583**	**-**	**-**	**-**	**-**	**10,854**	**10,374**	**18,135,889**	**16,746,338**	**34,882,227**
Wholesale and retail trade	-	-	-	-	-	-	3,548,953	1,716,626	380,567	2	515,366	-	-	-	-	-	1,044	4,276,996	1,885,562	6,162,558
Hotel food, beverage services	-	-	-	-	-	-	405,160	101,830	396,297	-	30,062	-	-	-	-	-	394	274,946	658,797	933,743
Transportation and telecommunication	-	-	-	-	-	-	1,507,584	223,778	68,937	-	51,606	-	-	-	-	-	204	545,769	1,306,340	1,852,109
Financial institutions	6,174,182	-	-	-	-	15,558,614	1,070,471	24,478	3,887	-	1,574	-	-	-	-	10,854	8,479	12,230,498	10,622,041	22,852,539
Real estate and renting service	-	-	-	-	-	-	703,952	42,327	15,797	-	10,548	-	-	-	-	-	115	407,968	364,771	772,739
Self-employment service	-	-	-	-	-	-	1,524,736	83,343	6,764	-	36,669	-	-	-	-	-	103	225,196	1,426,419	1,651,615
Education services	-	-	-	-	-	-	21,772	13,092	1,637	-	1,457	-	-	-	-	-	15	24,725	13,248	37,973
Health and social services	-	-	-	-	-	-	591,345	23,759	1,526	-	2,301	-	-	-	-	-	20	149,791	469,160	618,951
Other	**3,443,123**	**1,096,530**	**-**	**-**	**-**	**10**	**49,281**	**10,170,092**	**943,402**	**253,049**	**21,093**	**-**	**-**	**-**	**-**	**536**	**2,654,865**	**17,463,895**	**1,168,086**	**18,631,981**
Total	**9,617,305**	**1,096,530**	**-**	**-**	**-**	**15,558,624**	**24,462,248**	**14,571,744**	**2,589,507**	**253,061**	**1,124,324**	**-**	**-**	**-**	**-**	**11,390**	**2,666,356**	**40,291,685**	**31,659,404**	**71,951,089**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Explanations on consolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

	Risk categories (**)																			
Prior period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TL**	**FC**	**Total**
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**247,133**	**140,040**	**20,277**	**-**	**6,553**	**-**	**-**	**-**	**-**	**-**	**-**	**257,511**	**156,492**	**414,003**
Farming and raising livestock	-	-	-	-	-	-	177,701	119,993	17,546	-	6,159	-	-	-	-	-	-	205,593	115,806	321,399
Forestry	-	-	-	-	-	-	31,600	10,877	2,566	-	308	-	-	-	-	-	-	33,950	11,401	45,351
Fishing	-	-	-	-	-	-	37,832	9,170	165	-	86	-	-	-	-	-	-	17,968	29,285	47,253
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**15,403,333**	**2,639,039**	**973,131**	**-**	**277,529**	**-**	**-**	**-**	**-**	**-**	**-**	**6,850,913**	**12,442,119**	**19,293,032**
Mining	-	-	-	-	-	-	3,077,155	122,316	44,403	-	8,381	-	-	-	-	-	-	278,586	2,973,669	3,252,255
Production	-	-	-	-	-	-	11,721,104	2,472,450	919,512	-	236,837	-	-	-	-	-	-	6,324,273	9,025,630	15,349,903
Electricity, gas, water	-	-	-	-	-	-	605,074	44,273	9,216	-	32,311	-	-	-	-	-	-	248,054	442,820	690,874
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**1,572,023**	**536,478**	**60,313**	**-**	**90,821**	**-**	**-**	**-**	**-**	**-**	**-**	**1,131,818**	**1,127,817**	**2,259,635**
Services	**7,269,162**	**-**	**-**	**-**	**-**	**11,171,634**	**10,385,443**	**4,350,066**	**1,610,984**	**-**	**425,688**	**-**	**-**	**-**	**-**	**7,772**	**-**	**18,723,120**	**16,497,629**	**35,220,749**
Wholesale and retail trade	-	-	-	-	-	-	4,839,368	3,531,029	685,427	-	357,681	-	-	-	-	-	-	7,757,538	1,655,967	9,413,505
Hotel food, beverage services	-	-	-	-	-	-	729,440	158,398	757,021	-	7,271	-	-	-	-	-	-	424,047	1,228,083	1,652,130
Transportation and telecommunication	-	-	-	-	-	-	1,718,831	318,467	67,037	-	36,013	-	-	-	-	-	-	766,907	1,373,441	2,140,348
Financial institutions	7,269,162	-	-	-	-	11,171,634	603,689	19,421	5,228	-	1,147	-	-	-	-	7,772	-	8,740,989	10,337,064	19,078,053
Real estate and renting service	-	-	-	-	-	-	856,431	85,262	26,406	-	2,953	-	-	-	-	-	-	568,567	402,485	971,052
Self-employment service	-	-	-	-	-	-	1,279,484	150,611	16,497	-	16,108	-	-	-	-	-	-	275,820	1,186,880	1,462,700
Education services	-	-	-	-	-	-	6,801	25,123	21,965	-	2,436	-	-	-	-	-	-	41,194	15,131	56,325
Health and social services	-	-	-	-	-	-	351,399	61,755	31,403	-	2,079	-	-	-	-	-	-	148,058	298,578	446,636
Other	**1,846,086**	**814,597**	**6**	**-**	**-**	**50,793**	**142,965**	**10,261,166**	**1,185,780**	**205,904**	**17,446**	**-**	**-**	**-**	**-**	**514**	**2,926,203**	**15,843,256**	**1,608,204**	**17,451,460**
Total	**9,115,248**	**814,597**	**6**	**-**	**-**	**11,222,427**	**27,750,897**	**17,926,789**	**3,850,485**	**205,904**	**818,037**	**-**	**-**	**-**	**-**	**8,286**	**2,926,203**	**42,806,618**	**31,832,261**	**74,638,879**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.

1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Explanations on consolidated credit risk (continued)

10. Term distribution of risks with term structure (*)

Current period	Time to maturity						
Risk categories	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Demand	Total
Credit risk weighted assets							
Conditional and unconditional receivables from central governments and Central Banks	6,178,915	519,002	151,947	1,326,484	1,440,957	-	9,617,305
Conditional and unconditional receivables from regional or local governments	-	-	-	-	1,096,530	-	1,096,530
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	9,415,755	380,798	534,284	1,813,364	2,168,048	1,246,375	15,558,624
Conditional and unconditional receivables from corporates	729,807	1,605,663	3,166,383	3,784,647	12,540,590	2,635,158	24,462,248
Conditional and unconditional receivables from retail portfolios	403,325	753,871	921,842	1,903,191	9,807,329	782,186	14,571,744
Conditional and unconditional receivables secured by mortgages	19,995	89,574	94,750	210,364	1,870,020	304,804	2,589,507
Past due receivables	-	-	-	-	-	253,061	253,061
Receivables defined under high risk category by BRSA	-	-	-	-	-	1,124,324	1,124,324
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	11,390	11,390
Other receivables	-	-	-	-	-	2,666,356	2,666,356
Total	**16,747,797**	**3,348,908**	**4,869,206**	**9,038,050**	**28,923,474**	**9,023,654**	**71,951,089**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

Prior period	Time to maturity						
Risk categories	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Demand	Total
Credit risk weighted assets							
Conditional and unconditional receivables from central governments and Central Banks	7,267,861	-	-	-	1,834,792	12,595	9,115,248
Conditional and unconditional receivables from regional or local governments	-	18,474	135	-	795,988	-	814,597
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	6	6
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	5,055,638	467,755	246,473	1,008,208	3,847,455	596,898	11,222,427
Conditional and unconditional receivables from corporates	2,602,279	2,332,417	2,532,548	1,960,953	15,668,727	2,653,973	27,750,897
Conditional and unconditional receivables from retail portfolios	493,508	1,035,991	1,181,986	1,905,775	12,430,979	878,550	17,926,789
Conditional and unconditional receivables secured by mortgages	53,285	145,919	113,102	332,315	2,613,932	591,932	3,850,485
Past due receivables	-	-	-	-	-	205,904	205,904
Receivables defined under high risk category by BRSA	-	-	-	-	-	818,037	818,037
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	8,286	8,286
Other receivables	-	-	-	-	-	2,926,203	2,926,203
Total	**15,472,571**	**4,000,556**	**4,074,244**	**5,207,251**	**37,191,873**	**8,692,384**	**74,638,879**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Explanations on consolidated credit risk (continued)

11. Explanations on risk categories as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks

In determining the risk weights of the risk categories mentioned in article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, the Parent Bank uses the ratings provided by international rating firm, Fitch Ratings in the Credit Risk Based Amount calculations as of 31 December 2019. Fitch ratings are used for the risk exposures to banks where the counterparties are resident in abroad. Furthermore, Fitch ratings are used for foreign currency securities issued by Treasury and other foreign currency risks that are associated with Central governments.

Matching of the risk ratings used in calculations with the credit quality grades stated in the Regulation on Measurement and Assessment of Capital Adequacy of Banks is presented below.

Credit quality level	1	2	3	4	5	6
Fitch rating note	AAA and AA-	A+ and A-	BBB+ and BBB-	BB+ and BB-	B+ and B-	CCC+ and below

Risk amounts based on risk weights

Current period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from equity
Amount before credit risk mitigation	9,533,830	-	10,668,839	-	3,777,579	15,925,949	31,640,690	404,202	-	-	-	117,935
Amount after credit risk mitigation	11,586,213	-	2,383,688	1,037,933	5,130,728	12,990,101	29,842,188	404,202	-	-	-	117,935

Prior period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from equity
Amount before credit risk mitigation	8,474,406	-	5,585,466	-	4,235,217	19,956,486	35,893,824	493,480	-	-	-	98,514
Amount after credit risk mitigation	13,253,370	-	1,362,583	1,475,610	6,296,359	14,194,249	32,961,908	493,480	-	-	-	98,514

12. Miscellaneous information regarding important sectors or counterparty type

The Parent Bank evaluates its financial assets in 3 stages based on TFRS 9 as explained in section three note VIII. In this respect, the life time expected credit losses are recognized for impaired loans (defaulted) and the probability of default is considered as 100%.

When the loan is not defaulted yet, but there is a significant increase in the credit risk since origination date, the life time expected credit losses are calculated for these loans (stage 2).

For loans in stage 1, 12-month default probability is calculated. The expected credit loss within 12 months from the date of reporting is recognized in the financial statements.

Current period	Loans (*)		Expected credit losses (TFRS 9)
	Impaired (TFRS 9)		
Important sectors / Counterparties	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	
Agriculture	**13,809**	**32,857**	**17,839**
Farming and raising livestock	13,225	27,247	14,425
Forestry	534	988	989
Fishing	50	4,622	2,425
Manufacturing	**1,137,798**	**648,254**	**428,718**
Mining	259,026	44,171	55,919
Production	868,218	562,455	334,720
Electricity, gas, water	10,554	41,628	38,079
Construction	**276,799**	**252,626**	**162,253**
Services	**1,749,935**	**1,356,270**	**861,570**
Wholesale and retail trade	641,428	1,067,327	594,255
Hotel food, beverage services	249,495	84,201	65,256
Transportation and telecommunication	343,065	97,517	96,011
Financial institutions	233,389	2,584	14,385
Real estate and lending service	176,274	18,147	21,645
Self-employment service	48,405	77,602	56,006
Education service	18,536	3,145	3,565
Health and social services	39,343	5,747	10,447
Other	**1,365,869**	**683,609**	**512,080**
Total	**4,544,210**	**2,973,616**	**1,982,460**

(*) Represents the distribution of cash loans, factoring receivables and receivables from leasing transactions.

II. Explanations on consolidated credit risk (continued)

Prior period	Loans (*)		
	Impaired (TFRS 9)		Expected credit losses (TFRS 9)
Important sectors / Counterparties	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	
Agriculture	**163,563**	**13,415**	**12,596**
Farming and raising livestock	118,544	11,690	10,407
Forestry	1,981	1,531	1,337
Fishing	43,038	194	852
Manufacturing	**2,725,150**	**514,153**	**372,843**
Mining	107,150	40,483	51,763
Production	2,579,739	428,065	305,938
Electricity, gas, water	38,261	45,605	15,142
Construction	**516,384**	**193,156**	**131,251**
Services	**5,477,385**	**798,189**	**611,561**
Wholesale and retail trade	2,485,836	686,239	436,891
Hotel food, beverage services	850,189	14,814	50,113
Transportation and telecommunication	288,728	56,396	53,533
Financial institutions	1,233,915	2,029	2,421
Real estate and lending service	328,168	6,232	32,402
Self-employment service	232,499	23,565	25,448
Education service	18,917	3,567	2,692
Health and social services	39,133	5,347	8,061
Other	**3,148,860**	**569,877**	**491,467**
Total	**12,031,342**	**2,088,790**	**1,619,718**

(*) Represents the distribution of cash loans, factoring receivables and receivables from leasing transactions.

13. Information related to value adjustments and credit provisions

Current period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,093,143	1,169,666	(634,215)	-	**1,628,594**
Stage 1 and stage 2 provisions (**)	622,581	241,560	(418,151)	-	**445,990**

Prior period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,174,407	577,124	(658,388)	-	**1,093,143**
Stage 1 and stage 2 provisions (**)	419,987	536,924	(334,330)	-	**622,581**

(*) Determined according to currency differences, merges, acquisitions and selling of subsidiaries.

(**) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

14. Exposures subject to countercyclical capital buffer

Country name	RWA calculations for private sector loans in banking book	RWA calculations for trading book	Total
Turkey	38,547,587	257,250	38,804,837
Azerbaijan	915,636	-	915,636
United Kingdom	98,552	873,151	971,703
Germany	64,645	108	64,753
France	56,607	299,699	356,306
Holland	56,034	32,070	88,104
Greece	43,184	-	43,184
Romania	41,081	2	41,083
Switzerland	33,819	-	33,819
Belgium	23,069	-	23,069
Other	83,912	175,864	259,776

III. Explanations on consolidated currency risk

Management of foreign currency risk is differentiated on the basis of "Banking Book" and "Trading Book", where trading book is managed in accordance with foreign currency trading position limits as well as value at risk ("VaR") and banking book is managed foreign exchange position limits scope. The results of measurements are shared periodically with senior management, Asset Liability Committee, Audit Committee and the Board of Directors. Besides, currency risk is also taken into account in the capital adequacy ratio calculation as part of the market risk under the standard method.

The simple arithmetic average of USD and EUR buying rates of the Parent Bank for the thirty days before the balance sheet date are 5.8565 (Full TL) and 6.5067 (Full TL) respectively.

The Parent Bank's USD and EUR buying rates as of balance sheet date and five business days prior to this date are as follows:

	1 USD	1 EUR
The Parent Bank's "foreign exchange buying rates" (31 December 2019)	5.9501	6.6843
Previous days;		
30 December 2019	5.9493	6.6567
27 December 2019	5.9579	6.6449
26 December 2019	5.9561	6.5994
25 December 2019	5.9561	6.5994
24 December 2019	5.9561	6.5994

III. Explanation on consolidated currency risk (continued)

Information related to consolidated currency risk:

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	3,780,694	1,909,773	1,086,882	6,777,349
Banks	571,020	147,804	423,451	1,142,275
Financial assets at fair value through profit or loss	84,948	77,955	-	162,903
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	229	-	-	229
Loans	14,340,721	4,615,140	10,919	18,966,780
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	1,117	-	-	1,117
Tangible assets (net)	5	-	-	5
Intangible assets (net)	-	-	-	-
Other assets	11,596	1,639	184	13,419
Total assets	**18,790,330**	**6,752,311**	**1,521,436**	**27,064,077**
Liabilities				
Bank deposit	1,753,235	365,788	39	2,119,062
Foreign currency deposits	4,282,543	8,451,449	760,677	13,494,669
Funds from interbank money market	82,601	-	-	82,601
Borrowings	8,391,859	6,380,490	9,176	14,781,525
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	23,320	61,254	281	84,855
Hedging derivative financial liabilities	6,658	-	-	6,658
Other liabilities	35,548	36,734	2,225	74,507
Total liabilities	**14,575,764**	**15,295,715**	**772,398**	**30,643,877**
Net on balance sheet position	**4,214,566**	**(8,543,404)**	**749,038**	**(3,579,800)**
Net off-balance sheet position	**(4,150,149)**	**8,509,846**	**(746,180)**	**3,613,517**
Financial derivative assets	8,256,456	17,482,865	1,416,254	27,155,575
Financial derivative liabilities	12,406,605	8,973,019	2,162,434	23,542,058
Non-cash loans	**1,966,600**	**4,500,994**	**203,286**	**6,670,880**
Prior period				
Total assets	**19,288,721**	**7,286,112**	**1,280,144**	**27,854,977**
Total liabilities	**18,983,367**	**17,697,027**	**530,099**	**37,210,493**
Net on-balance sheet position	**305,354**	**(10,410,915)**	**750,045**	**(9,355,516)**
Net off-balance sheet position	**(244,335)**	**10,388,022**	**(748,022)**	**9,395,665**
Financial derivative assets	7,987,608	19,364,401	1,196,112	28,548,121
Financial derivative liabilities	8,231,943	8,976,379	1,944,134	19,152,456
Non-cash loans	**1,499,749**	**5,015,658**	**209,249**	**6,724,656**

In the foreign currency risk table:

The principal and accrual amount of the foreign currency indexed loans amounting to TL 130,287 (31 December 2018: TL 458,100) is presented in the loans line.

III. Explanation on consolidated currency risk (continued)

The foreign currency amounts which are not included in currency risk table according to the regulation about foreign currency net general position/capital adequacy standard ratio are explained below with the order in the table above.

Held-for-trading derivative financial assets: TL 115,268 (31 December 2018: TL 301,893).
Prepaid expenses: TL 575 (31 December 2018: TL 628).
Held-for trading derivative financial liabilities: TL 148,763 (31 December 2018: TL 181,638).
Hedge funds (Effective Portion): TL (6,447) (31 December 2018: TL (4,482)).
Interest rate swap (buy) transactions and options (buy): TL 8,862,138 (31 December 2018: TL 4,680,290).
Interest rate swap (sell) transactions and options (sell): TL 8,862,138 (31 December 2018: TL 4,680,290).

As of 31 December 2019, there are no foreign currency indexed factoring guarantees stated in non-cash loans (31 December 2018: TL 438).

Financial derivative assets/ liabilities include the foreign currency buy/sell transactions indicated below.

Forward foreign currency-buy transactions: TL 2,085,348 (31 December 2018: TL 454,812).
Forward foreign currency-sell transactions: TL 1,901,122 (31 December 2018: TL 441,022).

Sensitivity to currency risk

Table below shows the sensitivity of the Group to a 10% change in USD and EUR rates.

	Percentage change in exchange rates	Effect on profit/loss before tax		Effect on equity (*)	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
USD	10% increase	(3,356)	(2,289)	-	-
USD	10% decrease	3,356	2,289	-	-
EURO	10% increase	6,442	6,102	(645)	(448)
EURO	10% decrease	(6,442)	(6,102)	645	448

(*) Represents effect on equity excluding profit/loss before tax.

IV. Explanations on consolidated interest rate risk

Interest risk, which refers to the loss which interest sensitive assets and liabilities in and off balance sheet that might be subject to due to the changes in the interest rate as a result of maturity mismatch, is differentiated and managed on the basis of banking book and trading book as part of compliance with both Basel regulations and other international standards. Within this context, in addition to the value at risk limit for trading book, sensitivity limit against interest rate shocks has been determined under trading books and banking books. Capital requirement relating to market risk is calculated through the Standard Method according to Basel II.

In order to hedge interest rate risk, hedging strategies are applied through off-balance sheet transactions provided that the limits determined by the Board of Directors are not exceeded, and interest rate risk is managed by ensuring optimum balance between fixed and floating rate assets within the balance sheet.

The measurement and sensitivity analysis related to the interest rate risk on the balance sheet are performed regularly and the results are shared with the senior management, Asset Liability Committee, the Audit Committee and the Board of Directors periodically. Internal calculations for the interest rate risk arising from banking books are made on a daily and monthly basis, whereas interest rate risk in the banking books standard ratio is reported on a monthly basis to BRSA.

IV. Explanations on consolidated interest rate risk (continued)

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

Current period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	6,173,942	-	-	-	-	1,253,614	7,427,556
Banks	764,357	-	-	-	-	391,720	1,156,077
Financial assets at fair value through profit and loss	600,153	1,885,382	89,787	191,066	11,805	35	2,778,228
Money market placements	8,256,577	-	-	-	-	-	8,256,577
Financial assets measured at fair value through other comprehensive income	149,177	303,234	191,169	722,053	-	11,390	1,377,023
Loans (***)	11,494,092	4,363,350	11,735,125	11,374,379	751,546	1,097,884	40,816,376
Financial assets measured at amortised cost	39,629	1,202,325	381,325	491,292	-	-	2,114,571
Other assets (*)	-	-	-	-	-	1,507,406	1,507,406
Total assets	**27,477,927**	**7,754,291**	**12,397,406**	**12,778,790**	**763,351**	**4,262,049**	**65,433,814**
Liabilities							
Bank deposits	2,119,017	-	-	-	-	6,297	2,125,314
Other deposits	30,431,202	1,432,378	187,090	1,107	-	4,792,635	36,844,412
Money market borrowings	14,228	-	-	82,601	-	-	96,829
Miscellaneous payables	94,267	-	-	-	-	429,521	523,788
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	8,083,545	4,546,414	1,276,179	1,188,904	-	-	15,095,042
Other liabilities (**)	430,637	555,167	68,734	75,904	-	9,617,987	10,748,429
Total liabilities	**41,172,896**	**6,533,959**	**1,532,003**	**1,348,516**	**-**	**14,846,440**	**65,433,814**
Balance sheet long position	-	1,220,332	10,865,403	11,430,274	763,351	-	24,279,360
Balance sheet short position	(13,694,969)	-	-	-	-	(10,584,391)	(24,279,360)
Off-balance sheet long position	234,833	2,659,036	-	879,280	-	-	3,773,149
Off-balance sheet short position	-	-	(1,688,216)	-	(281,638)	-	(1,969,854)
Total positions	**(13,460,136)**	**3,879,368**	**9,177,187**	**12,309,554**	**481,713**	**(10,584,391)**	**1,803,295**

(*) Non-interest bearing column in other assets line consists of tangible assets, intangible assets, current tax asset, deferred tax asset, assets held for sale, interest-free part of finance lease receivables, interest-free part of factoring receivables, expected loss provisions for non-credit financial assets and other assets.

(**) Non-interest bearing column in other liabilities line consists of other foreign liabilities, provisions, loan liabilities, lease payables, taxes payable and equity.

(***) Non-performing loans are presented under "non-interest bearing" column.

Prior year's information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	7,244,807	23,054	-	-	-	1,642,376	8,910,237
Due from other banks and financial institutions	540,755	12,383	-	-	-	596,041	1,149,179
Financial assets at fair value through profit and loss	141,628	189,714	247,324	16,424	-	48	595,138
Money market placements	4,358,089	2,000	-	-	-	-	4,360,089
Available-for-sale financial assets	30	263,210	8,849	367,708	-	8,286	648,083
Loans and receivables	7,710,048	4,801,283	10,924,225	21,243,744	2,078,629	461,705	47,219,634
Held-to-maturity investments	-	245,961	949,035	-	-	-	1,194,996
Other assets (*)	796,624	2,172,287	-	-	-	1,365,815	4,334,726
Total assets	**20,791,981**	**7,709,892**	**12,129,433**	**21,627,876**	**2,078,629**	**4,074,271**	**68,412,082**
Liabilities							
Bank deposits	-	-	-	-	-	2,291,934	2,291,934
Other deposits	24,503,773	1,597,129	434,870	170	-	3,449,561	29,985,503
Money market borrowings	2,188	-	-	-	20,428	-	22,616
Miscellaneous payables	-	-	-	-	-	578,237	578,237
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	3,831,829	9,418,515	6,061,329	2,050,483	3,818,740	-	25,180,896
Other liabilities (**)	353,872	337,388	405,895	15,253	-	9,240,488	10,352,896
Total liabilities	**28,691,662**	**11,353,032**	**6,902,094**	**2,065,906**	**3,839,168**	**15,560,220**	**68,412,082**
Balance sheet long position	-	-	5,227,339	19,561,970	-	-	24,789,309
Balance sheet short position	(7,899,681)	(3,643,140)	-	-	(1,760,539)	(11,485,949)	(24,789,309)
Off-balance sheet long position	4,426,576	10,107,379	-	-	-	-	14,533,955
Off-balance sheet short position	-	-	(4,805,614)	(7,375,467)	(530,121)	-	(12,711,202)
Total position	**(3,473,105)**	**6,464,239**	**421,725**	**12,186,503**	**(2,290,660)**	**(11,485,949)**	**1,822,753**

(*) Non-interest bearing column in other assets line consists of property and equipment, intangible assets, current tax asset, deferred tax asset, assets held for sale, interest-free part of finance lease receivables, interest-free part of factoring receivables, expected loss provisions for non-credit financial assets and other assets.

(**) Non-interest bearing column in other liabilities line consists of other foreign liabilities, provisions, taxes payable and equity.

IV. Explanations on consolidated interest rate risk (continued)

2. Current period average interest rates applied to monetary financial instruments by the Group

Current period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	-
Banks	(0.19)	1.21	-	10.91
Financial assets at fair value through profit and loss	2.04	6.46	-	-
Money market placements	-	-	-	10.83
Financial assets measured at fair value through other comprehensive income	-	-	-	16.07
Loans	3.12	5.52	-	16.91
Financial assets measured at amortised cost	-	-	-	17.79
Liabilities				
Bank deposits	-	1.75	-	-
Other deposits	0.31	1.65	0.05	9.83
Money market borrowings	-	-	-	8.50
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.70	3.28	-	12.69

Prior period average interest rates applied to monetary financial instruments by the Group

Prior period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	2.00	-	13.00
Due from other banks and financial institutions	1.22	4.03	-	23.53
Financial assets at fair value through profit and loss	2.14	6.95	-	15.16
Money market placements	-	-	-	24.18
Financial assets available-for-sale	-	-	-	15.24
Loans and receivables	3.36	6.24	-	20.66
Held-to-maturity investments	-	-	-	19.82
Liabilities				
Bank deposits	(0.36)	2.39	-	-
Other deposits	0.48	2.71	-	18.72
Money market borrowings	-	-	-	15.00
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.69	3.83	-	13.91

V. Explanations on equity securities position risk derived from consolidated banking books

1. Explanations on accounting policies for equity investments in subsidiaries and associates

Accounting policies for equity investments in subsidiaries and associates are disclosed in section III disclosure III.

2. Comparison of carrying value, fair value and market value of equity investments

Current period	Carrying value	Fair value (*)	Market value
Quoted	-	-	-
Equity investments	-	-	-
Not quoted	**11,390**	**3,196**	**3,196**
Equity investments	11,390	3,196	3,196
Financials subsidiaries	**-**	**-**	**-**
Financials subsidiaries	-	-	-

Prior period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Equity investments	-	-	-
Not quoted	**8,286**	**3,052**	**3,052**
Equity investments	8,286	3,052	3,052
Financials subsidiaries	**-**	**-**	**-**
Financials subsidiaries	-	-	-

(*) Only equity investments having market value are presented under "Fair Value" column.

3. Information on realized gains or losses on revaluation of securities, revaluation surplus and unrealized gains or losses and their included amounts in core and additional capital

Current period	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses		
		Total	Including into the additional capital	Total	Including into the core capital	Including into the additional capital
Private equity investments	-	-	-	-	-	-
Shares traded on a stock Exchange	-	-	-	-	-	-
Other stocks	-	127	-	(254)	(254)	-
Total	**-**	**127**	**-**	**(254)**	**(254)**	**-**

Prior period	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses		
		Total	Including into the supplementary capital	Total	Including into the core capital	Including into the supplementary capital
Private equity investments	-	-	-	-	-	-
Shares traded on a stock Exchange	-	-	-	-	-	-
Other stocks	-	127	-	(254)	(254)	-
Total	**-**	**127**	**-**	**(254)**	**(254)**	**-**

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	11,390	11,390	911

Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	8,286	8,286	663

(*) The amount is calculated by using standard method within the scope of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio

1. Information on matters related to consolidated liquidity risk

a. Information on liquidity risk management, such as risk capacity, responsibilities and the structure of liquidity risk management, the Parent Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application

A policy ("Market Risk Management Policy") which includes measures to be taken and practices that might be applied in normal and stressed economic conditions for liquidity risk management and responsibilities of the senior management was formed. This policy has been approved by the Asset Liability Committee and by the Board of Directors. Within the scope of this policy, the liquidity risk is managed under the Asset Liability Committee which senior representatives of businesses are members of the Committee.

In accordance with the provisions of the policy, a liquidity buffer that can supply adequate liquidity level under any economic circumstances and which is not subject to the collateral, has been determined. In addition, the Contingency Funding Plan to be implemented in times of stress is currently in force. Besides, Asset Liability Committee and Board of Directors approved liquidity risk appetite has been established in order to enable monitoring and managing the risk numerically. The relevant parameters are analyzed regularly and reported to the members of Asset Liability Committee and Board of Directors.

Furthermore, the Bank's liquidity buffers are evaluated under different stress scenarios with the comprehensive liquidity stress test approach established in accordance with ING Group's common policies on market risk and global regulations (Internal Liquidity Adequacy Assessment Process / ILAAP-Internal Liquidity Adequacy Assessment Process). In addition, there is also the Risk Control Self- Assessment process still within scope of ILAAP, in the Risk Control Self- Assessment process, comprehensive assessments are done related to liquidity risk, and after the relevant risks are identified, their potential financial impact on the Bank's operations and the impact on risk metrics is assessed periodically.

To ensure proactive management of funding liquidity risk, risk thresholds specified on the deposit movements and early warning signals are monitored. The Contingency Funding Plan monitoring metrics are not limited to this scope but also include other liquidity risk indicators. The Contingency Funding plan monitoring metrics can trigger decision-making conditions on whether the Bank will implement the Contingency Funding Plan in order to anticipate the potential development in liquidity stress incidents.

b. Information on the centralization degree of liquidity management and funding strategy and the functioning between the Parent Bank and the Parent Bank's subsidiaries

The liquidity risk of the Bank is managed by the Asset and Liability Management. Furthermore, subsidiaries manage their own liquidity risk by themselves. In order to make a central funding strategy, a funding plan including subsidiaries is established every year. In addition, information about the implementation and realization of the funding plan is shared with the Asset Liability Committee. According to the limits determined by the Board of Directors, liquidity gap and surplus are monitored and actions are taken in accordance with the price, interest rate and maturity structure.

c. Information on the Parent Bank's funding strategy including the policies on funding types and variety of maturities

As for the funding diversification; short, medium and long term targets are determined in parallel to business line planning as part of the budgeting process in the Bank. Besides, the Bank's funding capacity is monitored regularly, and shared with Asset Liability Committee and Board of Directors. In this way, factors which may affect the ability to create additional funding can be followed closely by senior management and the validity of the estimated funding generation capacity can be monitored.

VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

ç. Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Parent Bank's total liabilities

Almost all of the Bank's liabilities are in TL, USD or EURO, and TL funds consist of mainly equity and deposits. The Parent Bank's liquidity in TL is managed via repo / reverse repo transactions with / in CBRT/BIST using high quality securities owned by the Parent Bank. While the main purpose is using liabilities in TL to fund TL assets, the necessary FX swap transactions and FC funds are used in creating assets in TL within the limits set by the Board of Directors. Foreign currency funds are obtained through FC deposit and foreign based FC borrowings including syndications. Liquidity shortage/surplus values are calculated on a daily basis by Asset and Liability Management and these values are reported to the Asset Liability Committee. Besides, the Total and FC liquidity coverage ratio is calculated on a daily basis, and shared with all related units and senior management, and reported separately to Asset Liability Committee and Board of Directors. The Parent Bank has TL/FC borrowing limits ready to use in CBT and other banks.

d. Information on liquidity risk mitigation techniques

The first measure towards the mitigation of the liquidity risk as part of the budget process is planning the reduction of maturity mismatch and funding diversity. Within this context, syndication, other foreign funding, parent funding and other domestic funding facilities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, Contingency Funding Plan monitoring indicators are continuously monitored and reported regularly to Asset Liability Committee and Board of Directors. With these indicators, intervals indicating the actions to be taken according to the triggering levels and measurement methods such as actual deposit inflows and outflows, stress test, liquidity buffer level, regulatory and structural liquidity ratios and so on are defined and these intervals support the decision making process. Moreover, a set of measures were set in the Contingency Funding Plan to bring the Parent Bank's liquidity buffer back to reasonable levels during the crisis period. The important factors that will support the decision making mechanism, including the feasibility of these measures depending on the financial impact and stress scenarios, execution time of the measures are also explained.

e. Information on the use of stress tests

The Parent Bank has a written liquidity stress testing procedure which includes the implementation of stress testing and responsibilities, is approved by Asset Liability Committee. To ensure that the existing positions remain within risk tolerance, the Market Risk Management and Product Control Group plans, designs, manages the stress tests, reports the results to Asset Liability Committee and Board of Directors on a regularly basis and reviews the stress tests annually. Stress test scenarios of the Parent Bank consider Bank specific, market-wide and combined cases, and reflect short term or long term consequences, are used in stress testing where the scenario and parameters are reviewed annually with the participation of the Asset and Liability Management and business lines. On the other hand, results of stress testing are used as the leading indicator within the process of activating the Contingency Funding Plan.

f. Overview on emergency and contingency liquidity situation plans

The Parent Bank has established the Asset and Liability Committee and Board of Directors approved Contingency Funding Plan, which includes the policies, methods and responsibilities of senior management and business lines that can be applied in stressed situations or when liquidity shortages are faced. In addition, as a precursor of liquidity shortage or an unexpected situation, contingency funding plan monitoring indicators are monitored and presented to the senior management in the ALCO meeting monthly and to the Board of Directors (per meeting) by the Market Risk Management and Product Control Group. The effective internal and external communication channels and a contingency team including are defined in order to provide liquidity contingency management and implement various elements /management actions of the plan. Monitoring metrics of the contingency funding plan are reviewed annually in terms of changes in market and stress conditions.

VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

2. Liquidity coverage ratio

In accordance with BRSA's "Regulation on Banks' Liquidity Coverage Ratio Calculation", promulgated in the Official Gazette, No. 28948, dated 21 March 2014, the Parent Bank calculates and shares the Consolidated Liquidity Coverage Ratio to BRSA on a monthly basis Consolidated Liquidity Coverage Ratio is above the values stated in the regulation.

Dates and values of the lowest and highest FX and total liquidity coverage ratio calculated monthly over the last three months are presented in the below table.

	Minimum	Date	Maximum	Date
TL+FC	224.31%	31 December 2019	290.59%	31 October 2019
FC	132.08%	31 December 2019	172.68%	31 October 2019

Liquidity coverage ratio

	Total unweighted value (*)		Total weighted value(*)	
Current period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets				
High quality liquid assets			21,030,497	8,931,765
Cash Outflows				
Real person and retail deposits	31,533,658	10,406,764	2,598,352	1,040,676
Stable deposits	11,100,283	-	555,014	-
Less stable deposits	20,433,375	10,406,764	2,043,338	1,040,676
Unsecured funding other than real person and retail deposits	8,848,662	6,247,063	6,145,060	4,568,459
Operational deposits	136,952	7,742	34,238	1,936
Non-operational deposits	7,045,852	5,434,776	4,526,093	3,778,346
Other unsecured debt	1,665,858	804,545	1,584,729	788,177
Secured funding			-	-
Other cash outflows	16,156,005	8,886,681	6,259,249	3,650,950
Derivative exposures and collateral completion liabilities	4,679,082	2,473,231	4,679,082	2,473,232
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,476,923	6,413,450	1,580,167	1,177,718
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**15,002,661**	**9,260,085**
Cash inflows				
Secured lending	7,918,533	-	-	-
Unsecured lending	4,078,226	1,716,077	2,745,217	1,293,743
Other cash inflows	4,316,203	2,175,522	4,037,055	2,171,412
Total cash inflows	**16,312,962**	**3,891,599**	**6,782,272**	**3,465,155**
			Total adjusted value	
Total high quality liquid assets stock			21,030,497	8,931,765
Total net cash outflows			8,220,389	5,794,930
Liquidity coverage ratio (%)			**260.55**	**156.18**

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on monthly simple arithmetic averages.

VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

	Total unweighted value (*)		Total weighted value (*)	
Prior period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets				
High quality liquid assets			12,904,684	9,163,222
Cash Outflows				
Real person and retail deposits	26,669,014	8,112,037	2,250,603	811,204
Stable deposits	8,325,974	-	416,299	-
Less stable deposits	18,343,040	8,112,037	1,834,304	811,204
Unsecured funding other than real person and retail deposits	5,409,212	2,966,755	3,199,013	1,653,489
Operational deposits	170,480	6,441	42,620	1,610
Non-operational deposits	3,581,057	2,256,876	1,564,309	948,876
Other unsecured debt	1,657,675	703,438	1,592,084	703,003
Secured funding			-	-
Other cash outflows	26,024,760	14,275,903	14,343,428	8,267,821
Derivative exposures and collateral completion liabilities	12,582,760	6,997,432	12,582,759	6,997,432
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	13,442,000	7,278,471	1,760,669	1,270,389
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**19,793,044**	**10,732,514**
Cash inflows				
Secured lending	1,234,061	-	-	-
Unsecured lending	8,226,156	3,185,546	5,616,708	2,711,993
Other cash inflows	9,625,600	5,590,894	9,356,784	5,579,380
Total cash inflows	**19,085,817**	**8,776,440**	**14,973,492**	**8,291,373**
			Total adjusted value	
Total high quality liquid assets stock			12,904,684	9,163,222
Total net cash outflows			5,244,047	3,034,373
Liquidity coverage ratio (%)			**247.41**	**307.45**

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on monthly simple arithmetic averages.

VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

3. Other explanations on consolidated liquidity coverage ratio

Short term liquidity is managed within the regulatory limits in the Group, the liquid assets are managed by using "Liquidity Coverage Ratio" calculations to monitor the minimum liquidity limits and keep sufficient stock of high quality liquid assets to meet the net cash outflows. Liquidity coverage ratio is calculated as per the Regulation on Banks' Liquidity Coverage Ratio Calculation. The ratio is affected from Group's unencumbered high quality liquid asset value that can be converted to cash any time and the possible cash inflows and outflows arising from assets, liability and off balance sheet items of the Group.

The Group evaluates cash equivalents, time and demand deposit accounts held in Central Bank of Turkey, reserve requirements and the unencumbered securities issued by the Treasury as high quality liquid assets.

The primary sources to meet the liquidity needs of the Group are funds from interbank money market or repurchasing agreements or direct sales of the HTC&S portfolio. Besides the borrowing from the parent company in the medium and long term, in order to manage concentration risk with respect to funding resources, the Bank aims to reduce maturity mismatch and mitigate the liquidity risk by taking actions aiming to increase diversification in funding resources. A strategy in targeting small ticket size on the deposits is implemented as another element of the strategy to mitigate the concentration risk.

Although the Group's wide range and small ticket size deposit structure including Orange Account represents a short term funding source parallel to the sector it renews itself at the maturity date and remains in the Group for a longer period compared to its original maturity.

Details of the Group's foreign currency balance sheet as of 31 December 2019 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 48% of the Group's total foreign currency liabilities consist of funds obtained from other financial institutions and subordinated loans and 51% is composed of deposits. Loans, factoring receivables and leasing receivables comprise 70% and cash and cash equivalents comprise 29% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency.

Details of the Group's Turkish Lira balance sheet as of 31 December 2019 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 67% of the Group's total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Group has borrowing facilities both in domestic & foreign banks and Takasbank & BIST repo market. 57% of the assets in Turkish Lira balance sheet are loans, factoring receivables and leasing receivables, 23% are cash and cash equivalents and 9% are marketable securities.

The cash flows from derivative financial instruments are included in LCR calculations according to the terms of regulation. The Parent Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

The liquidity needs and surpluses of consolidated subsidiaries of the Parent Bank are regularly monitored and managed. There are no operational or legal constraints preventing liquidity transfer. In the analyses made, it is seen that the effect of subsidiaries on the liquidity structure of the Parent Bank is limited compared to the size of the balance sheet.

VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

4. Breakdown of assets and liabilities according to their outstanding maturities

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	3,063,123	4,364,433	-	-	-	-	-	7,427,556
Banks	831,964	324,113	-	-	-	-	-	1,156,077
Financial assets at fair value through profit or loss	-	168,520	421,860	506,843	1,665,806	15,164	35	2,778,228
Money market placements	-	8,256,577	-	-	-	-	-	8,256,577
Financial assets measured at fair value through other comprehensive income	-	144,414	274,887	193,433	748,095	4,804	11,390	1,377,023
Loans	97,201	4,772,987	3,848,703	14,294,526	15,843,907	967,029	992,023	40,816,376
Financial assets measured at amortised cost	-	39,629	295,277	1,204,844	574,821	-	-	2,114,571
Other assets (*)	-	-	-	-	-	-	1,507,406	1,507,406
Total assets	**3,992,288**	**18,070,673**	**4,840,727**	**16,199,646**	**18,832,629**	**986,997**	**2,510,854**	**65,433,814**
Liabilities								
Bank deposits	2,005,107	120,207	-	-	-	-	-	2,125,314
Other deposits	4,945,805	30,278,031	1,432,378	187,090	1,108	-	-	36,844,412
Borrowings	-	334,241	837,631	3,571,433	8,233,955	2,117,782	-	15,095,042
Funds from interbank money market	-	14,228	-	-	82,601	-	-	96,829
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	230,509	-	-	-	-	-	293,279	523,788
Other liabilities (**)	-	415,367	73,145	300,052	429,991	64,913	9,464,961	10,748,429
Total liabilities	**7,181,421**	**31,162,074**	**2,343,154**	**4,058,575**	**8,747,655**	**2,182,695**	**9,758,240**	**65,433,814**
Liquidity deficit/surplus	**(3,189,133)**	**(13,091,401)**	**2,497,573**	**12,141,071**	**10,084,974**	**(1,195,698)**	**(7,247,386)**	**-**
Net Off Balance Sheet Position	**-**	**(48,798)**	**224,210**	**289,024**	**1,360,511**	**-**	**-**	**1,824,947**
Derivative financial assets	-	15,608,412	7,431,759	13,060,966	11,058,809	522,000	-	47,681,946
Derivative financial liabilities	-	15,657,210	7,207,549	12,771,942	9,698,298	522,000	-	45,856,999
Non-cash loans	**237,381**	**357,424**	**901,563**	**4,728,876**	**1,253,702**	**861,528**	**-**	**8,340,474**
Prior period								
Total assets	2,246,751	20,140,198	5,506,444	13,606,587	23,701,986	1,382,596	1,827,520	68,412,082
Total liabilities	6,949,197	25,044,470	3,620,877	6,920,301	12,127,993	5,138,221	8,611,023	68,412,082
Liquidity deficit/surplus	**(4,702,446)**	**(4,904,272)**	**1,885,567**	**6,686,286**	**11,573,993**	**(3,755,625)**	**(6,783,503)**	**-**
Net Off Balance Sheet Position	**-**	**(129,729)**	**61,454**	**428,261**	**1,479,268**	**-**	**-**	**1,839,254**
Derivative financial assets	-	10,246,576	14,094,606	12,174,323	12,130,335	530,159	-	49,175,999
Derivative financial liabilities	-	10,376,305	14,033,152	11,746,062	10,651,067	530,159	-	47,336,745
Non-cash loans	**298,637**	**917,786**	**1,462,947**	**4,263,430**	**1,115,833**	**828,836**	**-**	**8,887,469**

(*) Unallocated column in other assets mainly consists of other assets that are necessary for banking activities and that cannot be liquidated in the short term as tangible assets, stationery, prepaid expenses, expected loss provisions for non-credit financial assets and equity securities.

(**) Unallocated column in other liabilities mainly consists of provisions, unallocated part of taxes payable and shareholders' equity.

5. Breakdown of liabilities according to their remaining contractual maturities

The remaining maturities of the contractual liabilities excluding derivative transactions are presented below. Interests on liabilities are included in the distribution. The "Adjustments" column presents probable cash flow on later periods. These amounts are included into the maturity analysis, but not included into the carrying value of liabilities in the balance sheet.

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total	Adjustments	Carrying value
Liabilities									
Deposits	6,950,912	30,398,238	1,566,877	240,854	1,186	-	39,158,067	(188,341)	38,969,726
Funds borrowed from other financial institutions	-	334,241	837,631	3,571,433	8,259,369	2,356,919	15,359,593	(264,551)	15,095,042
Funds from interbank money market	-	14,232	-	-	82,601	-	96,833	(4)	96,829
Securities issued	-	-	-	-	-	-	-	-	-
Factoring payables	-	1,501	812	-	-	-	2,313	-	2,313

Prior period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total	Adjustments	Carrying value
Liabilities									
Deposits	5,741,495	24,503,773	1,652,417	484,107	242	-	32,382,034	(104,597)	32,277,437
Funds borrowed from other financial institutions	-	203,893	1,724,176	6,387,949	12,284,602	5,079,915	25,680,535	(499,639)	25,180,896
Funds from interbank money market	-	2,188	-	-	-	20,428	22,616	-	22,616
Securities issued	-	-	-	-	-	-	-	-	-
Factoring payables	-	560	55	31	-	-	646	-	646

VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

6. Breakdown of derivative instruments according to their remaining contractual maturities

Current period	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	**43,289**	**1,257,882**	**2,597,504**	**4,729,007**	**739,794**	**9,367,476**
Buying transactions	40,560	647,012	1,176,778	2,271,466	344,142	4,479,958
Selling transactions	2,729	610,870	1,420,726	2,457,541	395,652	4,887,518
Transactions for foreign net investment hedge (III)	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	**43,289**	**1,257,882**	**2,597,504**	**4,729,007**	**739,794**	**9,367,476**
Derivative transactions held for trading						
Trading transactions (I)	**27,958,159**	**9,027,637**	**11,580,627**	**7,613,267**	**-**	**56,179,690**
Forward foreign currency transactions – buy	1,225,880	1,209,021	1,779,093	103,948	-	4,317,942
Forward foreign currency transactions – sell	1,217,809	1,195,191	1,772,070	134,844	-	4,319,914
Swap transactions- buy	10,883,710	3,152,336	4,118,813	4,371,119	-	22,525,978
Swap transactions – sell	10,940,506	2,957,859	3,880,045	3,003,356	-	20,781,766
Foreign currency options – buy	1,825,203	252,602	15,173	-	-	2,092,978
Foreign currency options – sell	1,865,051	260,628	15,433	-	-	2,141,112
Foreign currency futures – buy	-	-	-	-	-	-
Foreign currency futures – sell	-	-	-	-	-	-
Interest rate derivatives (II)	**3,646,151**	**5,067,727**	**13,778,423**	**11,128,342**	**568,998**	**34,189,641**
Interest rate swap - buy	1,875,314	2,566,186	6,936,607	5,537,099	273,926	17,189,132
Interest rate swap - sell	1,770,837	2,501,541	6,841,816	5,591,243	295,072	17,000,509
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	-	-	-	-	-	-
B. Total trading derivative transactions (I+II+III)	**31,604,310**	**14,095,364**	**25,359,050**	**18,741,609**	**568,998**	**90,369,331**
Derivative transaction total (A+B)	**31,647,599**	**15,353,246**	**27,956,554**	**23,470,616**	**1,308,792**	**99,736,807**

Prior period	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	**1,543,800**	**2,106,396**	**11,923,291**	**16,091,268**	**1,382,875**	**33,047,630**
Buying transactions	858,019	1,261,672	6,217,391	8,566,341	645,306	17,548,729
Selling transactions	685,781	844,724	5,705,900	7,524,927	737,569	15,498,901
Transactions for foreign net investment hedge (III)	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	**1,543,800**	**2,106,396**	**11,923,291**	**16,091,268**	**1,382,875**	**33,047,630**
Derivative transactions held for trading						
Trading transactions (I)	**18,816,280**	**25,266,544**	**13,020,500**	**2,710,799**	**-**	**59,814,123**
Forward foreign currency transactions – buy	1,499,128	3,639,760	1,992,154	71,607	-	7,202,649
Forward foreign currency transactions – sell	1,453,596	3,583,350	1,870,979	59,902	-	6,967,827
Swap transactions- buy	7,181,438	8,764,074	4,325,756	1,284,820	-	21,556,088
Swap transactions – sell	7,420,323	9,048,544	4,433,702	1,294,470	-	22,197,039
Foreign currency options – buy	625,678	115,053	198,796	-	-	939,527
Foreign currency options – sell	636,117	115,763	199,113	-	-	950,993
Foreign currency futures – buy	-	-	-	-	-	-
Foreign currency futures – sell	-	-	-	-	-	-
Interest rate derivatives (II)	**667,000**	**1,529,287**	**1,824,097**	**6,594,540**	**36,519**	**10,651,443**
Interest rate swap - buy	334,099	769,152	918,357	3,299,023	18,291	5,338,922
Interest rate swap - sell	332,901	760,135	905,740	3,295,517	18,228	5,312,521
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	**33,366**	-	-	-	-	**33,366**
B. Total derivative transactions held for trading (I+II+III)	**19,516,646**	**26,795,831**	**14,844,597**	**9,305,339**	**36,519**	**70,498,932**
Derivative transaction total (A+B)	**21,060,446**	**28,902,227**	**26,767,888**	**25,396,607**	**1,419,394**	**103,546,562**

VII. Explanations on consolidated leverage ratio

Leverage ratio table prepared in accordance with the communique "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette No.28812 dated 5 November 2013 is presented below. As of 31 December 2019, the Group's consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month is 9.61% (31 December 2018: 7.93%). This ratio is above the minimum ratio. The capital increased by 23% mainly as a result of increase in net profits. Therefore, the current period leverage ratio increased by 168 basis points compared to prior period.

	Current period (**)	Prior period (**)
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	116,633,385	118,161,673
The difference between total amount of asset in the consolidated financial statements prepared in accordance with TAS and the communiqué on preparation of consolidated financial statements of banks	111,992	(96,031)
The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the communiqué on preparation of consolidated financial statements of banks	(28,012,348)	(30,616,499)
The difference between total amount and total risk amount of risk investment securities or commodity collateral financing transactions in the communiqué on preparation of consolidated financial statements of banks	469,851	145,863
The difference between total amount and total risk amount of off-balance sheet transactions in the communiqué on preparation of consolidated financial statements of banks	-	-
The other differences between amount of assets and risk in the communiqué on preparation of consolidated financial statements of banks	(83,802)	(56,792)
Total exposures	**89,119,078**	**87,538,214**

(*) Consolidated financial statements are prepared based on Article No 5 of Clause No 6 in the Communiqué on Preparation of Consolidated Financial Statements of Banks.
(**) The amounts in the table represents the average of last three months.

Explanations on leverage ratio

	Current period (*)	Prior period (*)
On-balance sheet items		
On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)	*63,813,463*	*67,107,641*
Asset deducted from core capital	*(83,802)*	*(56,792)*
The total amount of risk on-balance sheet exposures	63,729,661	67,050,849
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	*2,677,428*	*4,396,164*
The potential credit risk amount of derivative financial instruments and credit derivatives	*3,216,995*	*606,490*
The total risk amount of derivative financial instruments and credit derivatives	5,894,423	5,002,654
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	*469,851*	*145,863*
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	469,851	145,863
Off-balance sheet items		
Gross notional amount for off-balance sheet items	*19,025,143*	*15,338,848*
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	19,025,143	15,338,848
Capital and total exposures		
Core capital	8,552,846	6,932,004
Total exposures	89,119,078	87,538,214
Leverage ratio		
Leverage ratio	9.61	7.93

(*) The amounts in the table represents the average of last three months.

VIII. Explanations on presentation of financial assets and liabilities at their fair values

1. In the current and the prior period, the fair values of financial assets and liabilities are calculated as stated below.

The fair value of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost (financial assets available for sale in the prior period) are determined based on market prices.

The fair value of the loans with fixed interest rates is determined by the discounted cash flows using the current market interest rates. For the loans with floating interest rates, the fair value is determined by discounted cash flows using the market interest rate, taking into account the reprising date of the loan.

The fair value of demand deposit represents the carrying value. The fair values of time deposits and funds are calculated by the discounted cash flows using the current market interest rates.

The fair value of funds borrowed from other financial institutions with fixed interest rates are determined by discounted cash flows using the current market interest rates. For funds with floating interest rates, it is determined by discounted cash flows using the market interest rate, taking into account the reprising date of the borrowing.

Carrying value of miscellaneous payables represents their fair value.

2. The following table summarizes the carrying values and fair values of financial assets and liabilities:

	Carrying value	Fair value	Carrying value	Fair value
	Current period	Current period	Prior period	Prior period
Financial assets	**53,684,191**	**54,730,613**	**54,571,981**	**52,993,956**
Money market placements	8,256,577	8,254,545	4,360,089	4,359,736
Due from banks	1,156,077	1,155,812	1,149,179	1,153,779
Financial assets at fair value through other comprehensive income	1,340,590	1,340,590	648,083	648,083
Financial assets measured at amortised cost	2,114,299	2,268,208	1,194,996	1,192,821
Loans	39,575,065	40,411,209	45,349,511	43,762,469
Factoring receivables	388,517	401,249	755,516	761,785
Leasing receivables	853,066	899,000	1,114,607	1,115,283
Financial liabilities	**54,986,477**	**53,708,714**	**58,059,832**	**56,759,849**
Bank deposits	2,125,314	2,124,107	2,291,934	2,291,209
Other deposits	36,844,412	35,491,063	29,985,503	28,611,540
Funds borrowed	15,095,042	15,172,242	25,180,896	25,255,707
Money market borrowings	96,829	96,422	22,616	22,510
Securities issued	-	-	-	-
Miscellaneous payables	523,788	523,788	578,237	578,237
Liabilities from leasing transactions	298,779	298,779	-	-
Factoring payables	2,313	2,313	646	646

3. Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities

Level 1: Quoted market prices (non-adjusted) for identical assets or liabilities

Level 2: Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the Level 1

Level 3: Data not based on observable data regarding assets or liabilities

VIII. Explanations on presentation of financial assets and liabilities at their fair values (continued)

Fair value hierarchy of the financial assets and liabilities of the Group carried at fair value in financial statements as of 31 December 2019 and 31 December 2018 is presented in the table below:

Current period	**Level 1**	**Level 2**	**Level 3**	**Total**
Total assets	**1,451,924**	**2,691,937**	**11,390**	**4,155,251**
Financial assets at fair value through profit or loss	122,724	2,655,504	-	2,778,228
Government debt securities	122,689	-	-	122,689
Trading derivative financial assets	-	2,655,504	-	2,655,504
Equity instruments	35	-	-	35
Other marketable securities	-	-	-	-
Financial assets at fair value through other comprehensive income	1,329,200	-	11,390	1,340,590
Equity instruments	-		11,390	11,390
Government debt securities	1,329,200	-	-	1,329,200
Hedging derivative financial assets	-	36,433	-	36,433
Cash flow hedges	-	36,433	-	36,433
Total liabilities	**-**	**982,376**	**-**	**982,376**
Trading derivative financial liabilities	-	626,998	-	626,998
Hedging derivative financial liabilities	-	355,378	-	355,378
Cash flow hedges	-	355,378	-	355,378

Prior period	**Level 1**	**Level 2**	**Level 3**	**Total**
Total assets	**668,573**	**3,535,273**	**8,286**	**4,212,132**
Financial assets at fair value through profit or loss	28,776	566,362	-	595,138
Government debt securities	28,728	-	-	28,728
Trading derivative financial assets	-	566,362	-	566,362
Equity instruments	35	-	-	35
Other marketable securities	13	-	-	13
Financial assets at fair value through other comprehensive income	639,797	-	8,286	648,083
Equity instruments	-	-	8,286	8,286
Government debt securities	639,797	-	-	639,797
Hedging derivative financial assets	-	2,968,911	-	2,968,911
Cash flow hedges	-	2,968,911	-	2,968,911
Total liabilities	**-**	**1,111,762**	**-**	**1,111,762**
Trading derivative financial liabilities	-	848,356	-	848,356
Hedging derivative financial liabilities	-	263,406	-	263,406
Cash flow hedges	-	263,406	-	263,406

There are no transfers between the 1st and the 2nd levels as of 31 December 2019 and 31 December 2018.

The movement table of financial assets at Level 3 is presented below.

	Current period	**Prior period**
Balance at the end of the prior period	8,286	8,009
Purchases	2,939	-
Redemption / sale	-	-
Valuation difference	165	277
Transfers	-	-
Balance at the end of the current period	**11,390**	**8,286**

IX. Explanations on the transactions carried out on behalf and account of other persons and fiduciary transactions

The Group performs purchase, sale, custody, and fund management services on behalf of its customers, and information about these transactions are shown in the off-balance sheet statement.

The Group has no trust transactions.

X. Explanations on consolidated risk management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be announced to Public by Banks, promulgated in the Official Gazette, No. 29511, dated 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for credit risk in the calculation of capital adequacy by the Parent Bank, tables required by Internal Rating Based approach ("IRB") are not presented.

1. General explanations on Parent Bank's risk management and risk weighted assets

a. Group's risk management approach

The Parent Bank's risk management strategy and activities have been formed under the responsibility of the Board of Directors. The risk management strategy applied in the Parent Bank is based on three lines of defence model.

1. Line of defence

Business units are the first line of defence and primarily responsible for performance, operation, compliance and control of the risks affecting the business line.

2. Line of defence

Risk Management, Financial Control and Asset Liability Management and Legal functions, which are the second line of defence, support the first line of defence in terms of implementation, training, advising, monitoring and reporting.

Risk Management is responsible for identifying, measuring, monitoring, controlling and reporting risks at corporate level. The Parent Bank's Risk Management consists of Financial Risk Management, Operational and Information Risk Management, Compliance departments and reports to the Audit Committee. Financial Risk Management includes Market Risk Management and Product Control, Credit Risk Control, Validation, Risk&Capital Integration and Reporting departments.

3. Line of defence

Internal Audit Department is the third line of defence. Internal Audit Department carries out both risk based and general audits. In addition, Internal Audit Department is responsible for reviewing and ensuring the integrity of the whole governance structure including risk governance, and presence, effectiveness and implementation of policies and procedures.

According to this strategy, these lines of defence carry out their activities through certain decision making committees such as the Executive Committee, Asset Liability Committee, Credit Committee and Non-Financial Risk Committee. External auditors and relevant Regulators and Regulating Entities are considered as third line of defence.

Senior Management and Board of Directors are notified on the market risks monthly or on a more frequent basis; and this notification consists of balance sheet developments, market developments, assessment of the risks incurred despite the determined risk appetite and other risk developments. Furthermore, credit risk reports focusing on development of performing and non-performing loan portfolios, rating distribution of portfolios, transitions and trends of ratings, concentration risks, business units and product based risk parameters and risk appetite indicators are closely followed.

X. Explanations on consolidated risk management (continued)

In addition to measurement and assessment of the risks under normal market conditions, stress tests under the scope of ICAAP and also for internal purposes are performed to evaluate the possible risks under adverse market conditions. In this stress test, all kinds of financial risks that can be faced by the Parent Bank are taken into account and evaluated under adverse and extremely adverse scenarios. Also reverse stress test is performed which defines the conditions that the Parent Bank's regulatory limits is breached. The Parent Bank prepares stress test reports within the context of ICAAP on a consolidated basis as per the guideline, numbered 6656, dated 14 January 2016 on the Stress Test to be Used in Parent Banks' Capital and Liquidity Planning. The Stress Test provides a prospective perspective in possible adverse incidents or adverse situations.

It is aimed that all important risks are defined and relations between them are established in order to perform sensitivity analyses in the most effective manner throughout the Parent Bank. Accordingly, the Parent Bank performs the stress test together with all relevant units in a consolidated manner.

Detailed explanations on the Parent Bank's risk appetite and credit risk can be found in section "Credit Risk", and detailed explanations on market risk can be found in section "Market Risk" while detailed explanations on operational risk can be found in section "Operational Risk".

b. Overview of risk weighted amounts

		Risk weighted amount	Minimum capital requirement
	Current period	Previous period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	**41,851,196**	**45,836,154**	**3,348,096**
Standardized approach (SA)	41,851,196	45,836,154	3,348,096
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	**1,927,209**	**2,920,260**	**154,177**
Standardized approach for counterparty credit risk (SA-CCR)	1,927,209	2,920,260	154,177
Internal model method	-	-	-
Basic risk weight approach to internal models equity position in the banking account	-	-	-
Investments made in collective investment companies – look-through approach	-	-	-
Investments made in collective investment companies – mandate-based approach	-	-	-
Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
Settlement Risk	-	-	-
Securitization positions in banking accounts	-	-	-
IRB ratings-based approach (RBA)	-	-	-
IRB Supervisory Formula Approach (SFA)	-	-	-
SA/simplified supervisory formula approach	-	-	-
Market risk	**213,788**	**383,425**	**17,103**
Standardized approach (SA)	213,788	383,425	17,103
Internal model approaches (IMM)	-	-	-
Operational risk	**6,022,402**	**4,792,696**	**481,792**
Basic indicator approach	6,022,402	4,792,696	481,792
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	**50,014,595**	**53,932,535**	**4,001,168**

X. Explanations on consolidated risk management (continued)

2. Linkages between financial statements and risk amounts

a. Differences and linkage between scope of accounting consolidation and regulatory consolidation

			Revalued amount in accordance with TAS				
Assets	**Revalued amount in accordance with TAS as reported in published financial statements**	**Revalued amount in accordance with TAS under scope of regulatory consolidation**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Securitization positions**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Cash and balances with Central Bank	7,427,556	7,427,556	7,427,556	-	-	-	-
Financial assets at fair value through profit and loss	2,778,228	2,700,508	-	2,655,504	-	2,778,228	-
Banks	1,156,077	1,156,077	1,156,077	-	-	-	-
Money market placements	8,256,577	8,256,577	39,010	8,217,567	-	-	-
Financial assets measured at fair value through other comprehensive income	1,340,590	1,339,551	1,340,590	-	-	-	-
Financial assets measured at amortised cost	2,114,571	2,114,571	2,114,571	-	-	-	-
Expected credit losses (-)	8,843	-	-	-	-	-	8,843
Loans (Net)	40,816,376	41,595,161	41,202,877	-	-	-	(381,107)
Loans	38,583,909	39,365,249	38,583,909	-	-	-	5,395
Lease receivables	853,066	853,066	853,066	-	-	-	-
Factoring receivables	388,517	388,517	388,517	-	-	-	-
Non performing receivables	2,973,616	2,973,616	2,973,616	-	-	-	-
Expected credit losses (-)	1,982,732	1,985,287	1,596,231	-	-	-	386,502
Associates (net)	-	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-	-
Derivative financial assets held for hedging	36,433	32,515	-	36,433	-	-	-
Tangible assets (net)	946,978	1,286,764	891,904	-	-	-	55,075
Intangible assets (net)	55,171	55,171	-	-	-	-	55,155
Investment property (net)	-	-	-	-	-	-	-
Tax asset	47	889	47	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	660	660	660	-	-	-	-
Other assets	513,393	519,344	513,393	-	-	-	-
Total assets	**65,433,814**	**66,485,344**	**54,686,685**	**10,909,504**	**-**	**2,778,228**	**(279,720)**
Liabilities							
Deposit	38,969,726	38,969,726	-	-	-	-	38,969,726
Derivative financial liabilities at fair value through profit or loss	626,998	632,416	-	-	-	-	626,998
Loans received	10,857,644	11,638,983	-	-	-	-	10,857,691
Money market funds	96,829	14,228	-	96,829	-	-	-
Securities issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Factoring payables	2,313	2,313	-	-	-	-	2,313
Lease payables	298,779	298,779	-	-	-	-	298,779
Derivative financial liabilities at fair value through other comprehensive income	355,378	355,500	-	-	-	-	355,378
Provisions	225,640	197,218	32,363	-	-	-	157,883
Tax liability	325,134	361,156	-	-	-	-	325,134
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-	-
Subordinated debt	4,237,398	4,237,398	-	-	-	-	4,237,398
Other liabilities	899,434	889,167	-	-	-	-	-
Shareholders' equity	8,538,541	8,888,460	-	-	-	-	8,529,790
Total liabilities	**65,433,814**	**66,485,344**	**32,363**	**96,829**	**-**	**-**	**64,361,090**

X. Explanations on consolidated risk management (continued)

b. Main differences between risk amounts and the amounts revalued in accordance with TAS financial statement

	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk (*)
Assets carrying value in accordance with TAS	**65,713,534**	**54,686,685**	**-**	**10,909,504**	**2,778,228**
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	1,072,724	32,363	-	96,829	-
Total net amount under scope of regulatory consolidation	**64,640,810**	**54,654,322**	**-**	**10,812,675**	**2,778,228**
Off-balance sheet amount	16,648,607	5,400,017	-	498,837	-
Differences due to risk mitigation	-	(314,542)	-	(7,676,258)	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Parent Bank	-	-	-	-	(2,564,440)
Exposure amounts	**-**	**59,739,797**	**-**	**3,635,254**	**213,788**

(*) The amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

c. Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities:

There are no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

3. Explanations about credit risk

3.1. General Information on Credit Risk

a. General Qualitative Information on Credit Risk

The Parent Bank's Credit Risk Management reports to the Audit Committee. In order to carry out its functions and responsibilities more effectively, Credit Risk Management is structured as Credit Risk Control and Risk&Capital Integration and Reporting Department. Credit Risk Control team is responsible for developing, monitoring and sustaining the models to be used in Internal Ratings Based Method and TFRS 9 calculations and the integration of rating models in the bank systems. Also management of QRM system which is a credit portfolio corporate risk management solution allowing bank based risk management, IRB calculations and reporting are other responsibilities. Risk&Capital Integration is responsible to form ICAAP process to carry out stress testing and reporting.

Risk appetite expresses the total risk level assumed by the Parent Bank in order to realise its strategies. To ensure that the Parent Bank's risk appetite is equal to or below risk capacity, in general there is a buffer between the risk capacity and risk appetite. The Parent Bank's risk appetite is compatible with the main shareholder's risk appetite, and the Parent Bank pays sufficient attention to protect the interests of all stakeholders such as deposit holders and legal regulators.

Risk appetite is determined according to the risk identification and assessment results, the risk capacity formed by the Parent Bank considering the legal qualitative and quantitative limits and similarly the Bank's risk management and control abilities. If it is possible to implement, risk appetite indicators are approved by the management units (committees) formed for the relevant risk type. Both the risk appetite structure and risk appetite indicators are revised by the Audit Committee and presented by the Audit Committee to the Board of Directors. The approval authority for risk appetite structure and indicators is the Board of Directors.

X. Explanations on consolidated risk management (continued)

The Parent Bank's risk profile is regularly measured, monitored in comparison with the risk appetite and reported to the Board of Directors and certain senior committees. Under credit risk, general condition of the credit portfolio, non-performing loans, risk appetite indicators, firm and group concentrations, legal credit ratios, development of capital adequacy ratio, development and distribution of ratings based on business units, rating and risk transitions, Probability of Default ("PD"), loss given default ("LGD") and Exposure at Default ("EAD") parameters are followed. Reports prepared in scope of ICAAP study are presented to the senior management and Board of Directors before they are sent to the BRSA.

Many rating models and scorecards are used in different processes such as allocation, monitoring, collection, pricing etc. for the purpose of managing credit risk. With these models, internal data sources and external data sources (such as CB credit risk and limit report, Credit Bureau) are used and creditworthiness of new clients is measured; and development of the existing credit portfolio is closely monitored. Performance of models is regularly monitored by Model Risk Management team under Financial Risk Management in addition to the teams developing the models.

b. Credit quality of assets

	Gross carrying values of (according to TAS)			
	Defaulted	**Non-defaulted**	**Provisions / amortization and impairment**	**Net values**
Loans	2,973,616	39,825,492	1,982,460	40,816,648
Debt securities (*)	-	3,443,771	9,023	3,434,748
Off-balance sheet exposures	126,612	16,554,358	67,756	16,613,214
Total	**3,100,228**	**59,823,621**	**2,059,239**	**60,864,610**

(*) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

c. Changes in stock of defaulted loans and debt securities

	Current period	Prior Period
Defaulted loans and debt securities at the end of the previous reporting period	2,088,790	1,705,141
Loans and debt securities defaulted since the last reporting period	1,840,293	1,555,983
Transferred to non-defaulted status	-	-
Amounts written off (*)	(161,877)	(550,759)
Other changes (**)	(793,590)	(621,575)
Defaulted loans and debt securities at the end of the reporting period	**2,973,616**	**2,088,790**

(*) Specific provisions for undrawn non-cash loans are not included in the table. Amounts written off also includes the NPL sale of the Parent Bank amounting to TL 149,567 (31 December 2018: TL 533,027).

(**) Collections within the period have included "Other changes" account.

ç. Additional explanations on the creditworthiness of assets

Definitions of overdue and provision set aside are presented in Section Four – II Explanations on Credit Risk footnote.

Definitions of the methods used in determining the provision amounts:

The methods used are presented in the footnote of Section Three VIII – explanations on impairment in financial assets.

X. Explanations on consolidated risk management (continued)

Definitions of the restructured receivables:

The Parent Bank can restructure the first and second group loans and other receivables, as well as non-performing loans and receivables. All loan products are considered together and a single restructuring protocol is formed; according to the legislation and general economic situation, variable or fixed terms are provided to enhance customers' ability to repay the loan.

Breakdown of receivables according to geographical regions, sector and remaining maturity:

Breakdown of receivables according to geographical regions, sector and remaining maturity is presented in footnote in Section Four II – explanations on credit risk.

Receivable amounts for which provisions are set aside on geographical regions and sectors and amounts written off with the provisions

Breakdown of receivables according to geographical regions

	Non-performing loans (**)	Specific provision
Domestic	2,970,184	1,592,875
EU Countries	3,260	3,222
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other countries	172	134
Total	**2,973,616**	**1,596,231**

(*) OECD countries other than EU countries, USA and Canada.
(**) Non-cash loans are not included.

Sectoral receivables and related provisions are presented in Section Four - II. explanations on credit risk disclosure.

Aging of overdue exposures

	Previously	Current period
Due 31 – 60	294,350	554,476
Due 61 – 90	115,937	267,993
Total	**410,287**	**822,469**

Breakdown of restructured receivables by whether or not provisions are allocated

	Previously	Current period
Loans structured from standard loans and other receivables	-	-
Loans structured from closely monitored loans and other receivables	1,071,845	689,761
Loans restructured from non-performing loans	23,986	5,451

Group classifies all of its loans and receivables as Stage 2 if they meet the restructured loan conditions while being in the performing loan portfolio according to the "Provision Regulation". Restructured loans classified as Stage 2 are subject to Stage 2 expected credit losses while restructured loans classified as non-performing loans are subject to specific provision.

X. Explanations on consolidated risk management (continued)

Information on expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Opening balance (*)	**209,665**	**412,916**	**1,093,143**	**1,715,724**
Additional provision during the period	35,261	24,760	632,821	692,842
Disposals (-)	(14,466)	(79,470)	(484,648)	(578,584)
Amounts written off (-)	-	-	(149,567)	(149,567)
Transferred to Stage 1	15,626	(82,679)	-	(67,053)
Transferred to Stage 2	(13,202)	165,913	-	152,711
Transferred to Stage 3	-	(228,334)	536,845	308,511
Ending balance	**232,884**	**213,106**	**1,628,594**	**2,074,584**

(*) Includes provisions for non-cash loans and provisions accounted under equity for financial assets at fair value through other comprehensive income.

3.2. Credit risk mitigation techniques

a. Qualitative disclosure requirements related to credit risk mitigation techniques

The Group pays specific attention to the fact that the risk is completely covered by the collaterals and the easiness of collateral conversion into cash in case of default. In addition, the primary repayment source of loan is the cash flows from operations. Therefore, the financial status and retrospective and prospective cash flows of the firms to which credit proposal is made (the debtor) are analysed with due care during loan disbursement.

Collaterals in the Group are divided into two groups as financial collaterals and guarantees. Collaterals are considered as allowed by the related regulations.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Collaterals are entered in the main banking application Finsoft through branches. Collaterals are activated after the Credit Operation Centre ("KROM") teams' check and approval of the collateral entries.

The Group monitors up to date value of the collaterals by type. As a general principle, the Parent Bank revises all collaterals at least once a year. For the firms which still have a credit risk, the existing collaterals are not released unless the guarantees in the credit notification are fully ensured or risk amount is decreased.

The Group makes the assessment according to the latest expert value in the real estate guarantees taken as a real property.

The Group's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Parent Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

X. Explanations on consolidated risk management (continued)

b. Credit risk mitigation techniques

	Exposures unsecured carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collaterals	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans (*)	33,653,659	7,162,989	5,930,025	3,171,846	2,768,696	-	-
Debt securities (*)	3,434,748	-	-	-	-	-	-
Total	**37,088,407**	**7,162,989**	**5,930,025**	**3,171,846**	**2,768,696**	**-**	**-**
Of which defaulted	2,973,616	-	-	-	-	-	-

(*) Stage 1 and Stage 2 expected credit losses are deducted from the related balance sheet amounts according to regulation.

c. Qualitative disclosures on Banks' use of external credit ratings under the standardised approach for credit risk

Explanations are disclosed in Section Four II - explanations on credit risk disclosures.

ç. Credit risk exposure and credit risk mitigation techniques

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
Claims on sovereigns and Central Banks	9,617,306	-	12,386,002	-	2,053,172	16.58%
Claims on regional governments or local authorities	1,096,530	-	1,019,826	-	568,303	55.73%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	14,209,966	6,539,805	5,924,815	1,348,657	2,874,662	39.52%
Claims on corporates	20,672,021	6,843,035	19,299,814	3,761,203	22,527,868	97.69%
Claims on retails	13,956,885	3,615,634	12,392,134	597,967	9,728,507	74.89%
Claims secured by residential property	1,038,036	20,281	1,038,036	6,680	370,060	35.42%
Claims secured by commercial property	1,487,318	104,101	1,487,318	57,471	868,216	56.20%
Past due loans	253,061	-	253,061	-	257,439	101.73%
Higher risk categories decided by the Board	1,124,324	-	1,124,324	-	1,178,611	104.83%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	2,661,435	24,594	2,661,435	4,919	1,412,967	52.99%
Equity securities	11,391	-	11,391	-	11,391	100.00%
Total	**66,128,273**	**17,147,450**	**57,598,156**	**5,776,897**	**41,851,196**	**66.04%**

X. Explanations on consolidated risk management (continued)

d. Standard approach exposures by asset classes and risk weights

Risk classes	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit exposures amount (post CCF and post-CRM)
Claims on sovereigns and Central Banks	10,332,829	-	-	-	-	-	2,053,173	-	-	-	12,386,002
Claims on regional governments or local authorities	1	-	-	-	903,048	-	116,777	-	-	-	1,019,826
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2,383,437	-	2,421,132	-	2,433,935	34,968	-	-	7,273,472
Claims on corporates	2	-	251	-	201,508	-	22,859,256	-	-	-	23,061,017
Claims on retails	-	-	-	-	-	12,990,101	-	-	-	-	12,990,101
Claims secured by residential property	-	-	-	1,037,933	-	-	6,783	-	-	-	1,044,716
Claims secured by commercial property	-	-	-	-	1,353,149	-	191,640	-	-	-	1,544,789
Past due loans	-	-	-	-	12,785	-	218,721	21,555	-	-	253,061
Higher risk categories decided by the Board	-	-	-	-	239,106	-	537,539	347,679	-	-	1,124,324
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	1,253,381	-	-	-	-	-	1,412,973	-	-	-	2,666,354
Equity securities	-	-	-	-	-	-	11,391	-	-	-	11,391
Total	**11,586,213**	**-**	**2,383,688**	**1,037,933**	**5,130,728**	**12,990,101**	**29,842,188**	**404,202**	**-**	**-**	**63,375,053**

4. Evaluation of counterparty credit risk according to measurement methods

a. Qualitative disclosure on counterparty credit risk

According to Appendix 2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, promulgated in the Official Gazette, no. 29511, dated 23 October 2015, the counterparty credit risk arising from the transactions that binding both parties such as derivatives and repo, is calculated. The sum of renewal cost for derivative transactions and potential credit risk amount is considered as the risk amount. Renewal cost is calculated with valuation of contracts at fair value and potential credit risk amount is calculated by multiplying the contract amounts with the credit conversion ratios stated in the appendix of the regulation.

For the forward, option and other derivative contracts, collateral management is conducted daily according to the International Swap and Derivative Association ("ISDA") and Credit Support Annex ("CSA") agreements concluded with international counterparties, and when needed, short term total credit risk is reduced by usage of rights and performance of duties.

For the forward, option and other derivative transactions which are done by local agreements and not according to ISDA agreement, the credit risk is controlled via "Pre-Settlement" limit monitoring. Pre-settlement limit is allocated for the firms and organizations according to analysis and allocation processes. The basic rule for the Bank is that client risks do not exceed such limits. Risks are monitored simultaneously with the market and developed models are used in calculation.

The maximum risk that the counterparty may incur due to futures, options and other derivative transactions are limited monitored with daily and instant reports. Possible limit breaches are reported to the high level committees and senior management of the bank and related actions taken to mitigate the risk.

X. Explanations on consolidated risk management (continued)

b. Counterparty credit risk (CCR) approach analysis

	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	Exposure after CRM	RWA
Standardised Approach - CCR (for derivatives)	2,691,936	498,841	-	1.40	3,190,777	1,656,234
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	444,477	89,013
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						**1,745,247**

(*) Effective expected positive exposure

c. Credit valuation adjustment (CVA) for capital charge

	Exposure at default post-CRM	RWA
Total portfolios subject to the advanced CVA capital charge	-	-
(i) VaR component (including the 3×multiplier)	-	-
(ii) Stressed VaR component (including the 3×multiplier)	-	-
All portfolios subject to the standardised CVA capital charge	3,190,777	181,962
Total subject to the CVA capital charge	3,190,777	181,962

ç. Analysis of counterparty credit risk (CCR) exposure

Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims on sovereigns and Central Banks	-	-	-	-	-	-	-	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	991,041	2,184,594	-	8,477	-	-	3,184,112
Claims on corporates	-	-	236	-	-	432,148	-	-	432,384
Claims included in the regulatory retail portfolios	-	-	-	-	18,758	-	-	-	18,758
Claims secured by residential property	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**991,277**	**2,184,594**	**18,758**	**440,625**	**-**	**-**	**3,635,254**

(*) Total credit exposure: After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.
(**) Other assets: Includes counterparty credit risk that does not reported in "central counterparty" table.

d. Collaterals for counterparty credit risk (CCR)

Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.

X. Explanations on consolidated risk management (continued)

e. Credit derivatives

There is no credit derivative transaction.

5. Securitization

There is no securitization transaction.

6. Explanations on market risk

The Parent Bank has reviewed activities of market risk management and has taken necessary precautions in order to mitigate the market risk within the framework of financial risk management, according to the "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Valuation Process" and the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette No. 29057 and dated 11 July 2014.

Market risk is managed based on different product mandates based on banking books and trading books and within the risk limits including sensitivity that is approved by Board of Directions in where related limits are monitored on a regular basis and the results are shared with senior management and the Board of Directors. In addition, the impacts of change in balance sheet due to banking activities on risk appetite are simulated.

Audit Committee monitors and evaluates market risk closely. Recommendations are presented to the Asset Liability Committee and Board of Directors in terms of the risk management.

Risk management strategies and policies are updated regarding to regulations stated above and approved by Board of Director's. In relation to the regulatory capital requirements, on a consolidated and unconsolidated basis, standard method is used in measuring market risk. In addition to the standard method, for internal reporting purposes, value-at-risk (VaR) is used in daily calculation of amount subject to market risk and are reported to the senior management. Stress tests and scenario analyses are also applied within the scope of ICAAP to complement the risk analysis. In addition, compliance on ING Group's policies related to market risk, especially for the international regulations (ILAAP - Internal Liquidity adequacy Assessment Process) was reviewed regularly, all these analysis are reflected in the relevant written procedures and policies. Due to the increase in the regulatory regulations and the need for pursuing more sophisticated risk management in recent years, the project of a software has been launched to manage risks related to asset liability management in a more integrated structure and currently enhancements are in progress.

	RWA
Outright products	213,788
Interest rate risk (general and specific)	146,113
Equity risk (general and specific)	-
Foreign exchange risk	67,675
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
Total	**213,788**

X. Explanations on consolidated risk management (continued)

7. Explanations on operational risk

The "Basic Indicator Method" that is stated in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2019 is calculated by using the gross income of the Parent Bank in 2016, 2017 and 2018.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non-interest income.

Current period	2016 amount	2017 amount	2018 amount	Total / Number of years of positive gross income	Ratio (%)	Total
Gross income	2,605,243	2,995,349	4,035,249	3,211,947	15	481,792
Amount subject to operational risk (Amount*12.5)						**6,022,402**

8. Interest rate risk arising from banking book

Interest rate risk in the banking book is managed within the framework of sensitivity based risk limits which is internally determined by the Board of Directors, and results are shared periodically with senior management, Asset Liability Committee, Audit Committee and Board of Directors. In addition, interest rate risk in the banking book is calculated according to the interest structure profile of all interest sensitive assets and liabilities and the period remaining for their maturity or re-pricing dates under the Regulation on Measurement and Evaluation of the Interest Rate Risk in the Banking Book through Standard Shock Method published by the BRSA in the Official Gazette no: 28034 and dated 23 August 2011.

Under the regulation, core deposit is calculated only for demand deposits and also separately for each currency. Maturity profile of demand deposit assumptions have been determined by taking into account the analyses conducted by the Bank through using historical data for demand deposit portfolio and the maximum hypothetical maturity limit stated in the Regulation.

In addition, analysis being performed about asset and liability accounts comprising different customer behavior characteristics such as internal interest sensitivity and optionality, and effects on balance sheet risk are evaluated within the framework of analysis results and business lines' expectations.

Interest rate risk in the banking book standard ratio is calculated at the end of months by measuring and evaluating the interest rate risk resulting from balance sheet and off-balance sheet positions in the banking books through standard shock method. Profits/losses refer to the profit/loss risk that might occur in the market value of financial assets and liabilities in the balance sheet as a result of applying upward/downward scenarios to the market interest rate.

Currency	Applied shock (+/-x basis points)	Gains/ (Losses)	Gains/Equity (Losses)/Equity
TL	(-) 400	818,044	6.57%
TL	(+) 500	(894,213)	(7.18)%
EURO	(-) 200	(9,239)	(0.07)%
EURO	(+) 200	(63,779)	(0.51)%
USD	(-) 200	47,861	0.38%
USD	(+) 200	(50,674)	(0.41)%
Total (for negative shocks)		**856,666**	**6.88%**
Total (for positive shocks)		**(1,008,666)**	**(8.10)%**

XI. Explanations on hedge transactions

Breakdown of the derivative transactions used in cash flow hedges

	Current period			Prior period		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate swaps	7,285,819	36,433	355,378	19,825,586	519,311	263,406
Cross currency swaps	-	-	-	6,893,889	2,449,600	-
Total	**7,285,819**	**36,433**	**355,378**	**26,719,475**	**2,968,911**	**263,406**

Explanations on derivative transactions used in cash flow hedges

Current period

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV Assets	Hedging instrument FV Liabilities	Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	9,043	355,378	(708,869)	49,675	21,119
Interest rate swaps	TL revolving loans	Cash flow risk due to the changes in the interest rates of TL revolving loans	27,390	-	(42,988)	4,959	-
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(214,877)	1,094	-
Total			**36,433**	**355,378**	**(966,734)**	**55,728**	**21,119**

Prior period

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV Assets	Hedging instrument FV Liabilities	Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
Interest rate swaps	TL customer deposits	Cash flow risk due to the changes in the interest rates of customer deposits	519,311	263,406	294,768	9,555	(8,075)
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	2,449,600	-	153,133	3,792	-
Total			**2,968,911**	**263,406**	**447,901**	**13,347**	**(8,075)**

Contractual maturity analysis of the derivative transactions subject to cash flow hedges:

Maturity analysis of the derivative transactions subject to cash flow hedges is provided in the Note VI of Section Four.

XII. Explanations on segment reporting

The Group operates mainly in corporate, SME, commercial and retail banking services. In scope of corporate, SME and commercial banking operations, customers are provided with special banking services including cash management service. In retail banking operations, customers are provided with debit and credit card, retail loan, online banking and private banking services. Spot TL, foreign exchange buy/sell transactions, derivative transactions, and treasury bill/government bond buy/sell transactions are performed at treasury operations.

Information on operating segments is prepared in accordance with the data provided by the Parent Bank's Management Reporting System.

Current period – 31 December 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	1,499,663	1,502,986	459,829	3,462,478
Net commissions and fees income and other operating income	532,371	442,299	117,801	1,092,471
Trading gain/loss	97,248	46,661	461,921	605,830
Dividend income	-	-	3,115	3,115
Provision for impairment of loans and other receivables	(896,111)	(314,129)	(7,003)	(1,217,243)
Segment results	1,233,171	1,677,817	1,035,663	3,946,651
Other operating expenses (**)				(1,970,721)
Income from continuing operations before tax				1,975,930
Tax provision (*)				(434,064)
Net profit				**1,541,866**

Prior period – 31 December 2018	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	1,504,092	1,160,071	996,941	3,661,104
Net commissions and fees income and other operating income	707,197	335,340	95,208	1,137,745
Trading gain/loss	315,879	55,582	(549,088)	(177,627)
Dividend income	-	-	167	167
Provision for impairment of loans and other receivables	(906,020)	(378,893)	(1,641)	(1,286,554)
Segment results	1,621,148	1,172,100	541,587	3,334,835
Other operating expenses (**)				(1,880,529)
Income from continuing operations before tax				1,454,306
Tax provision (*)				(313,672)
Net profit				**1,140,634**

(*) Other operational expenses and tax provision are presented at total column due to inability to allocate among the sections.
(**) Includes "Personnel Expenses" and "Other Provision Expenses" that presented in the statement of profit or loss as a different items.

Current period – 31 December 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	31,590,192	11,631,450	22,212,172	65,433,814
Liability	18,623,619	28,957,843	9,313,811	56,895,273
Equity	-	-	8,538,541	8,538,541

Prior period – 31 December 2018	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	37,967,387	11,908,013	18,536,682	68,412,082
Liability	18,656,612	23,402,180	18,695,678	60,754,470
Equity	-	-	7,657,612	7,657,612

Section five

Information and disclosures related to consolidated financial statements

I. Explanations and notes related to assets of the consolidated balance sheet

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey

1.1. Information on cash equivalents

		Current period		Prior period
	TL	FC	TL	FC
Cash in TL / foreign currency	305,785	947,588	291,079	1,349,622
Balances with the Central Bank of Turkey	344,422	5,829,761	407,796	6,861,366
Other	-	-	-	374
Total	**650,207**	**6,777,349**	**698,875**	**8,211,362**

1.2. Information related to the account of the Central Bank of Turkey

		Current period		Prior period
	TL	FC	TL	FC
Unrestricted demand deposit	344,422	1,465,328	407,796	1,850,723
Restricted time deposit	-	1,336,860	-	2,281,923
Reserve requirement	-	3,027,573	-	2,728,720
Total	**344,422**	**5,829,761**	**407,796**	**6,861,366**

As per the "Communiqué on Reserve Requirements" promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date in terms of TL, USD / EURO and gold at a rate ranging between 1% and 7% for Turkish lira deposits and liabilities depending on their maturity and at a rate ranging between 5% and 21% for foreign currency deposits and foreign currency other liabilities depending on their maturity.

The Central Bank of Turkey pays interest to banks that provide credit growth in accordance with the communique principles dated 9 December 2019 and numbered 2019/19, for Turkish Lira required reserves.

TL 344,181 (31 December 2018: TL 406,495) of the TL reserve deposits provided over the average balance and TL 1,465,328 (31 December 2018: TL 1,850,723) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

2. Information on financial assets at fair value through profit / loss

2.1. Information on financial assets at fair value through profit / loss subject to repo transactions and those given as collateral / blocked

Financial assets at fair value through profit or loss subject to repo transactions and those given as collateral / blocked are stated below in net amount.

	Current period	Prior period
Unrestricted portfolio	52,090	21,385
Collateral / blocked	70,634	7,391
Total	**122,724**	**28,776**

2.2. Positive differences related to derivative financial assets held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	71,372	52	232,495
Swap transactions	2,467,192	114,566	247,509	82,713
Futures transactions	-	-	-	-
Options	134	2,240	155	3,438
Other	-	-	-	-
Total	**2,467,326**	**188,178**	**247,716**	**318,646**

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	YP
Banks	13,802	1,142,275	81,826	1,067,353
Domestic	13,801	173,601	81,826	490,624
Foreign	1	968,674	-	576,729
Headquarters and branches abroad	-	-	-	-
Total	**13,802**	**1,142,275**	**81,826**	**1,067,353**

3.2. Information on foreign banks

	Unrestricted amount		Restricted amount	
	Current period	Prior period	Current period	Prior period
EU countries	397,794	201,513	406,420	232,219
USA, Canada	23,226	29,202	396	-
OECD Countries (*)	139,304	4,863	-	-
Off-shore banking regions	-	-	-	-
Other	1,535	108,932	-	-
Total	**561,859**	**344,510**	**406,816**	**232,219**

(*) OECD countries except EU countries, USA and Canada

As of 31 December 2019, restricted bank balance amounting to TL 406,816 (31 December 2018: TL 232,219) all of which is comprised of (31 December 2018: all amount) collaterals that is held by counter banks under CSA contracts and is calculated based on related derivatives market price.

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

4. Information on financial assets at fair value through other comprehensive income

4.1. Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral/blocked

Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral / blocked with net amounts are shown in below table.

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Unrestricted portfolio	1,326,372	645,917
Repo transactions	14,218	2,166
Collateral / blocked (*)	-	-
Total	**1,340,590**	**648,083**

(*) Consists of bonds given as collaterals by the Parent Bank to be a member of Interbank, BIST, Derivatives Exchange, Takasbank Money Markets and to operate in those markets.

4.2. Information on financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Debt securities	1,329,581	658,605
Quoted to stock exchange	1,329,581	658,605
Not quoted	-	-
Equity certificates	11,390	8,286
Quoted to stock exchange	-	-
Not quoted	11,390	8,286
Provision for impairment (-)	(381)	(18,808)
Total	**1,340,590**	**648,083**

5. Information on loans

5.1. Information on the balance of all types of loans and advances given to shareholders and employees of the Parent Bank

	Current period		Prior period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders of the Parent Bank	120	569,874	71	570,374
Corporate shareholders	-	569,874	-	570,374
Real person shareholders	120	-	71	-
Indirect loans granted to shareholders of the Parent Bank	39	201,879	47	200,958
Loans granted to employees of the Parent Bank	32,606	-	29,302	-
Total	**32,765**	**771,753**	**29,420**	**771,332**

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.2. Information on the first and second group loans and other receivables including restructured or rescheduled loans

Cash loans	Standard loans	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	
			Revised contract terms	Refinance
Non-specialized loans	34,163,603	3,348,461	1,071,845	-
Business loans	15,906,388	1,758,490	604,541	-
Export loans	5,311,611	423,728	55,405	-
Import loans	-	-	-	-
Loans given to financial sector	1,900,062	200,881	-	-
Consumer loans	9,169,060	835,218	368,574	-
Credit cards	599,428	92,770	43,325	-
Other	1,277,054	37,374	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**34,163,603**	**3,348,461**	**1,071,845**	**-**

	Current period		Prior period	
	Standard loans	Loans and other receivables under close monitoring	Standard loans	Loans and other receivables under close monitoring
12 Month Expected Credit Losses	199,332	6	180,771	-
Loans	*183,722*	-	*165,450*	-
Other assets	*6,495*	6	*7,367*	-
Banks and money market placements	*8,843*	-	*7,801*	-
Marketable securities	*272*	-	*153*	-
Lifetime expected credit losses significant increase in credit risk	-	*202,508*	-	389,419
Loans	-	*202,508*	-	*389,419*
Total	**199,332**	**202,514**	**180,771**	**389,419**

5.3. Loans according to their maturity structure

Cash loans	Standard loans	Loans and other receivables under close monitoring	
		Loans and receivables not subject to restructuring	Restructured loans and receivables
Short-term loans and other receivables	6,832,202	542,490	111,505
Medium and long-term loans and other receivables	27,331,401	2,805,971	960,340
Toplam	**34,163,603**	**3,348,461**	**1,071,845**

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.4. Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel

	Short term	Medium and long term	Total
Consumer loans – TL	**391,723**	**9,772,587**	**10,164,310**
Mortgage loans	172	3,518,735	3,518,907
Automotive loans	13,064	294,517	307,581
General purpose loans	378,487	5,959,335	6,337,822
Other	-	-	-
Consumer loans – indexed to FC	**-**	**57**	**57**
Mortgage loans	-	57	57
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	**657,728**	**29,091**	**686,819**
With installments	212,263	29,091	241,354
Without installments	445,465	-	445,465
Consumer credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	**4,303**	**19,061**	**23,364**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	4,303	19,061	23,364
Other	-	-	-
Personnel loans – indexed to FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	**9,362**	**-**	**9,362**
With installments	2,921	-	2,921
Without installments	6,441	-	6,441
Personnel credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	**185,121**	**-**	**185,121**
Overdraft accounts – FC (real person)	**-**	**-**	**-**
Total	**1,248,237**	**9,820,796**	**11,069,033**

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.5. Information on commercial loans with installments and corporate credit cards

	Short term	Medium and long term	Total
Commercial installment loans - TL	**789,236**	**3,836,304**	**4,625,540**
Real estate loans	-	20,682	20,682
Automotive loans	932	104,156	105,088
General purpose loans	-	-	-
Other	788,304	3,711,466	4,499,770
Commercial installment loans – indexed to FC	**9**	**49,719**	**49,728**
Real estate loans	-	-	-
Automotive loans	-	4,918	4,918
General purpose loans	-	-	-
Other	9	44,801	44,810
Commercial installment loans-FC	**5,217**	**9,976**	**15,193**
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	5,217	9,976	15,193
Corporate credit cards – TL	**39,342**	**-**	**39,342**
With installments	14,028	-	14,028
Without installments	25,314	-	25,314
Corporate credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	**87,267**	**-**	**87,267**
Overdraft loans – FC (legal entity)	**-**	**-**	**-**
Total	**921,071**	**3,895,999**	**4,817,070**

5.6. Loans according to borrowers

	Current period	Prior period
Public or Goverment loans	3,447,352	3,352,553
Private loans	35,136,557	41,535,253
Total	**38,583,909**	**44,887,806**

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	38,577,999	44,478,592
Foreign loans	5,910	409,214
Total	**38,583,909**	**44,887,806**

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.8. Loans granted to subsidiaries and associates

The loans granted to subsidiaries and associates are eliminated at the consolidated financial statements.

5.9. Specific provisions set aside against loans

	Current period	Prior period
Loans and receivables with limited collectability	147,895	141,226
Loans and receivables with doubtful collectability	260,303	164,068
Uncollectible loans and receivables	1,188,033	759,555
Total	**1,596,231**	**1,064,849**

5.10. Information on non-performing loans (net)

5.10.1. Information on non-performing loans and other receivables restructured or rescheduled by the Group

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Gross amounts before specific provision	12,870	2,100	9,016
Restructured loans	12,870	2,100	9,016
Prior period			
Gross amounts before specific provision	222	509	4,720
Restructured loans	222	509	4,720

5.10.2. Information on total non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior period end balance	**702,887**	**383,292**	**1,002,611**
Additions (+)	1,668,851	20,686	150,756
Transfers from other categories of non-performing loans (+)	-	1,634,300	1,256,261
Transfers to other categories of non-performing loans (-)	(1,634,300)	(1,256,261)	-
Collections (-)	(300,410)	(164,096)	(329,084)
Write-offs (-)	(299)	(822)	(11,189)
Sold Portfolio (-) (*)	-	-	(149,567)
Corporate and commercial loans	-	-	(16,682)
Retail loans	-	-	(103,427)
Credit cards	-	-	(29,458)
Other	-	-	-
Current period end balance	**436,729**	**617,099**	**1,919,788**
Provisions (-)	(147,895)	(260,303)	(1,188,033)
Net balance on balance sheet	**288,834**	**356,796**	**731,755**

(*) The Bank sold non-performing loan portfolio amounting to TL 149,567 to domestic asset management companies at 20 November 2019.

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.10.3. Information on foreign currency non-performing loans and other receivables

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Balance at the end of the period	60,901	51,548	67,013
Provision (-)	(48,975)	(25,391)	(34,605)
Net balance on balance sheet	**11,926**	**26,157**	**32,408**
Prior period			
Balance at the end of the period	19,589	2,647	41,827
Provision (-)	(4,191)	(1,447)	(32,414)
Net balance on balance sheet	**15,398**	**1,200**	**9,413**

Non-performing loans granted as foreign currency are followed under TL accounts at the balance sheet.

5.10.4. Gross and net amounts of non-performing loans per customer categories

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)	**288,834**	**356,796**	**731,755**
Loans granted to corporate entities and real person (gross)	415,051	617,099	1,912,465
Provision amount(-)	(143,342)	(260,303)	(1,180,710)
Loans granted to corporate entities and real person (net)	271,709	356,796	731,755
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	21,678	-	7,323
Provision amount (-)	(4,553)	-	(7,323)
Other loans (net)	17,125	-	-
Prior period (net)	**561,661**	**219,224**	**243,056**
Loans granted to corporate entities and real person (gross)	676,253	383,292	994,380
Provision amount (-)	(136,996)	(164,068)	(751,324)
Loans granted to corporate entities and real person (net)	539,257	219,224	243,056
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	26,634	-	8,231
Provision amount (-)	(4,230)	-	(8,231)
Other loans (net)	22,404	-	-

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

5.10.5. According to TFRS 9, accruals, valuation differences and related provisions calculated for non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Current period (Net)	**15,324**	**18,375**	**22,847**
Interest accruals and valuation differences	20,026	31,094	41,301
Provision (-)	(4,702)	(12,719)	(18,454)
Prior period (Net)	**16,522**	**4,492**	**-**
Interest accruals and valuation differences	20,065	6,287	-
Provision (-)	(3,543)	(1,795)	-

5.11. Liquidation policy for uncollectible loans and receivables

In case there are collaterals in accordance with the Article 8 of "Regulation on Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and Provision for these Loans and other Receivables" the receivable shall be collected as soon as possible by either administrative or legal interferences by liquidating such collaterals.

In case there are no collaterals, even if the evidence of insolvency is provided, information gathered in various periods and legal procedures are followed to identify the assets acquired by the borrower after the insolvency.

Before and after the legal procedures, the Parent Bank attempts to collect its receivables by means of restructuring the loans and receivables from the companies showing an indication of operating on ongoing basis and having a productive contribution in the economic environment.

5.12. Information on the write-off policy

In order to collect loans and other receivables classified as "Uncollectible Loans and Receivables", the Parent Bank applies all legal procedures. At the end of the legal procedures, if the loans and receivables cannot be collected, the provisions provided for these receivables are reversed and the gross receivable amount is written down to 1 Kr (Trace cost) upon the receipt of the evidence of insolvency from the customers. The legal procedures start again for these loans and receivables carried at their trace costs if an improvement in the situation of the debtors or guarantors is identified.

The Parent Bank writes down the loans and receivables to nil before initiating a legal follow-up in case the expected amount of recovery is lower than the expected cost of the legal follow-up. The Board of Directors has authorized the senior management to make the necessary assessments within certain limits.

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

6. Financial assets measured at amortised cost

6.1. Financial assets subject to repurchase agreements and provided as collateral/blocked:

	Current period	Prior period
Investments subject to repurchase agreements	-	-
Collateralized / blocked investments (*)	350,729	386,219
Total	**350,729**	**386,219**

(*) Consists of bonds given as collaterals by the Parent Bank to be a member of Interbank, BIST, Derivatives Exchange, Takasbank, Money Markets and to operate in those markets.

6.2. Government securities measured at amortised cost

	Current period	Prior period
Government bonds	2,114,571	1,194,996
Treasury bills	-	-
Other government securities	-	-
Total	**2,114,571**	**1,194,996**

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	2,114,571	1,194,996
Quoted to stock exchange	2,114,571	1,194,996
Not quoted	-	-
Impairment provision (-)	-	-
Total	**2,114,571**	**1,194,996**

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	1,194,996	1,316,936
Foreign currency differences on monetary assets	-	-
Purchases during the period	912,878	-
Disposals through sales and /redemptions	(36,299)	(142,041)
Provision for impairment (-)	-	-
Change in redemption cost	42,996	20,101
Period end balance	**2,114,571**	**1,194,996**

7. Information on associates (net)

7.1. Explanations related to the associates

The Parent Bank does not have any associates.

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 31 December 2019 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Factoring	ING Leasing	ING Brokerage
Paid in capital and adjustment to paid-in capital	1,291	40,000	30,000	20,765
Profit reserves, capital reserves and prior year profit / loss	-	79,141	102,327	5,655
Profit	62,924	28,330	37,262	7,724
Development cost of operating lease (-)	-	(3)	(3)	-
Intangible assets (-)	-	(533)	(361)	(15)
Total core capital	**64,215**	**146,935**	**169,225**	**34,129**
Supplementary capital	**-**	**-**	**-**	**-**
Capital	**64,215**	**146,935**	**169,225**	**34,129**
Net usable shareholder's equity	**64,215**	**146,935**	**169,225**	**34,129**

The Parent Bank does not have any additional capital requirements due to the subsidiaries, included in the consolidated calculation of capital requirement.

8.2. Information on consolidated subsidiaries

Title (*)	Address (City / CounTL)	The Parent Bank's share percentage-If different voting (%)	The Parent Bank's risk group share (%)
(1) ING European Financial Services Plc.	Dublin/Ireland	100%	100%
(2) ING Factoring	İstanbul/ Turkey	100%	100%
(3) ING Leasing	İstanbul/ Turkey	100%	100%
(4) ING Brokerage	İstanbul/ Turkey	100%	100%

(*) The sale of the shares representing 100% of the capital of ING Portfolio Management, one of the subsidiaries of the Parent Bank, to TEB Portföy Yönetimi A.Ş has been completed on 31 May 2019.

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

As of 31 December 2019 financial information on consolidated subsidiaries as follows (*):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/ loss	Prior period profit/loss	Fair value
(1)	7,249,105	64,215	5	318,398	-	62,924	58,258	-
(2)	575,273	147,471	1,599	91,139	-	28,330	32,261	-
(3)	1,079,463	169,589	989	65,509	-	37,262	33,605	-
(4)	142,990	34,144	180	6,408	-	7,724	5,267	-

(*) The financial information of ING Factoring, ING Leasing, ING Brokerage and ING European Financial Services Plc are obtained from 31 December 2019 audited financial statements.

8.3. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	95,907	95,907
Movements during the period	(12,308)	-
Purchases	-	-
Bonus shares obtained	-	-
Dividends from current year income	-	-
Sales (*)	(12,308)	-
Revaluation increase	-	-
Provisions for impairment	-	-
Balance at the end of the period	83,599	95,907
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

(*) A share sale and purchase agreement representing the 100% of capital of ING Portfolio Management has been signed between the Parent Bank and TEB Portföy Yönetimi A.Ş on 5 April 2019. The actual sales transaction and share transfer were completed on 31 May 2019 following the completion of necessary legal permissions and other procedures related to the sale in accordance with the agreement.

8.4. Sectoral information on consolidated financial subsidiaries and the related carrying amounts

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies	40,000	40,000
Leasing companies	22,500	22,500
Finance companies	-	-
Other financial subsidiaries	21,099	33,407

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

10. Information on lease receivables (net)

10.1 Investments made in finance lease as per their maturity

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	59,001	57,789	63,387	61,946
1-5 years	839,032	785,486	967,042	901,168
More than 5 years	13,529	9,791	166,195	151,493
Total	**911,562**	**853,066**	**1,196,624**	**1,114,607**

10.2 Information of the net investments made in finance lease

	Current period	Prior period
Gross financial lease investment	911,562	1,196,624
Unearned financial lease income (-)	(58,496)	(82,017)
Cancelled leases (-)	-	-
Net financial lease investment	**853,066**	**1,114,607**

11. Information on derivative financial assets held for hedging

11.1 Information on positive differences of derivative financial assets held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	35,316	1,117	2,968,911	-
Net investment hedge	-	-	-	-
Total	**35,316**	**1,117**	**2,968,911**	**-**

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

12. Information on tangible assets (net)

Current period	Real estates	Leased tangible assets	Right-of-use assets	Other fixed assets	Total
Cost					
Opening balance	272,473	51,329	-	915,131	1,238,933
Additions	7,486	189	524,791	348,486	880,952
Currency differences	-	-	-	23	23
Disposals	-	(51,329)	(175,364)	(315,572)	(542,265)
Provisions for impairment	2,884	-	-	1,500	4,384
Closing balance	282,843	189	349,427	949,568	1,582,027
Accumulated depreciation					
Opening balance	(117,981)	(50,781)	-	(385,874)	(554,636)
Current year depreciation expense	(6,660)	(40)	(70,515)	(54,145)	(131,360)
Currency differences	-	-	-	(23)	(23)
Disposals	-	50,821	15,232	(15,083)	50,970
Closing balance	(124,641)	-	(55,283)	(455,125)	(635,049)
Net book value	**158,202**	**189**	**294,144**	**494,443**	**946,978**

Prior period	Real estates	Leased tangible assets	Other fixed assets	Total
Cost				
Opening balance	265,852	55,555	712,247	1,033,654
Additions	7,033	612	325,456	333,101
Currency differences	-	-	48	48
Disposals	(1,116)	(4,838)	(115,620)	(121,574)
Provisions for impairment	704	-	(7,000)	(6,296)
Closing balance	272,473	51,329	915,131	1,238,933
Accumulated depreciation				
Opening balance	(112,099)	(55,524)	(363,510)	(531,133)
Current year depreciation expense	(6,433)	(96)	(48,438)	(54,967)
Currency differences	-	-	(42)	(42)
Disposals	551	4,839	26,116	31,506
Closing balance	(117,981)	(50,781)	(385,874)	(554,636)
Net book value	**154,492**	**548**	**529,257**	**684,297**

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

13. Information on intangible assets (net)

	Current period	Prior period
Cost		
Opening balance	208,374	184,843
Additions	44,396	23,531
Disposals	(748)	-
Closing balance	252,022	208,374
Accumulated amortization		
Opening balance	(167,586)	(144,788)
Current year's amortization expense	(29,955)	(22,798)
Disposals	690	-
Closing balance	(196,851)	(167,586)
Net book value	**55,171**	**40,788**

14. Information on investment properties (net)

The Group does not have investment properties.

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

As of 31 December 2019 current tax asset and corporation tax payable are netted of and accounted as current tax liability in the consolidated balance sheet. The explanations about current tax asset / liability for the current and previous period are disclosed in Note II.9 of Section Five.

15.2. Explanations on deferred tax asset

Deferred tax asset and liability are netted of based on the Parent Bank and each company subject to consolidation, and shown as deferred tax asset or liability in the consolidated balance sheet. The explanations about deferred tax asset / liability for the current and prior period are disclosed in Note II.9 of Section Five.

16. Explanations on assets held for sale and discontinued operations (net)

16.1. Explanations on assets held for sale

	Current period	Prior period
Opening balance (net)	660	660
Additions	-	-
Disposals (-)	-	-
Depreciation (-)	-	-
Balance at the end of the period (net)	**660**	**660**

16.2. Explanations on discontinued operations

The Group does not have assets with respect to the discontinued operations.

17. Other assets exceed 10% of the balance sheet total (excluding off balance sheet commitments), breakdown of the names and amounts of accounts constructing at least 20% of grand totals

Other assets in the balance sheet excluding off balance sheet commitments do not exceed 10% of the balance sheet total.

II. Explanations and notes related to liabilities of the consolidated balance sheet

1. Information on deposits

1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	831,751	-	16,240,073	4,026,182	99,910	44,510	24,430	-	21,266,856
Foreign currency deposits	2,887,424	-	6,294,457	3,655,967	182,604	69,118	21,210	-	13,110,780
Residents in Turkey	2,674,621	-	6,215,787	3,523,314	154,601	60,151	19,799	-	12,648,273
Residents abroad	212,803	-	78,670	132,653	28,003	8,967	1,411	-	462,507
Public sector deposits	227,064	-	-	11,718	82	-	-	-	238,864
Commercial deposits	603,973	-	1,113,385	92,821	2,704	2,877	-	-	1,815,760
Other institutions deposits	11,704	-	914	15,328	90	132	95	-	28,263
Precious metals deposits	383,889	-	-	-	-	-	-	-	383,889
Interbank deposits	2,005,107	-	119,046	-	-	-	1,161	-	2,125,314
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	2	-	119,046	-	-	-	-	-	119,048
Foreign banks	2,005,105	-	-	-	-	-	1,161	-	2,006,266
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**6,950,912**	**-**	**23,767,875**	**7,802,016**	**285,390**	**116,637**	**46,896**	**-**	**38,969,726**

Prior period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	536,506	-	13,392,719	3,403,652	410,389	159,553	59,788	-	17,962,607
Foreign currency deposits	1,923,472	-	4,799,089	2,677,206	139,011	122,450	202,156	-	9,863,384
Residents in Turkey	1,703,348	-	4,730,165	2,563,909	131,998	114,289	201,221	-	9,444,930
Residents abroad	220,124	-	68,924	113,297	7,013	8,161	935	-	418,454
Public sector deposits	241,369	-	-	9,941	719	-	-	-	252,029
Commercial deposits	560,766	-	812,430	273,833	13,975	7,281	37,585	-	1,705,870
Other institutions deposits	17,236	-	2,647	11,085	195	161	77	-	31,401
Precious metals deposits	170,212	-	-	-	-	-	-	-	170,212
Interbank deposits	2,291,934	-	-	-	-	-	-	-	2,291,934
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	726	-	-	-	-	-	-	-	726
Foreign banks	2,291,208	-	-	-	-	-	-	-	2,291,208
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**5,741,495**	**-**	**19,006,885**	**6,375,717**	**564,289**	**289,445**	**299,606**	**-**	**32,277,437**

1.2. Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance

Saving deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit insurance	
	Current period	Prior period	Current period	Prior period
Saving deposit	15,320,004	12,397,645	5,935,983	5,560,491
Foreign currency saving deposits	4,343,663	2,783,584	5,705,258	4,649,289
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

1.3. Information on whether the saving deposits / private current accounts of real persons not subject to commercial transactions in the Turkey branch of the Parent Bank headquartered abroad are in scope of insurance in the country where the head office is located

The Parent Bank's head office is in Turkey and its saving deposits are covered by saving deposit insurance.

1.4. Saving deposits of real persons not under the guarantee of saving deposit insurance fund

	Current period	Prior period
Deposits and other accounts in foreign branches	-	-
Saving deposits and other accounts of controlling shareholders and their mothers, fathers, spouses, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, general manager and vice presidents, and their mothers, fathers, spouses and children in care	18,655	14,738
Saving deposits and other accounts in scope of the property holdings derived from crime defined in Article 282 of Turkish Criminal Law No: 5237, dated 26 September 2004	-	-
Saving deposits in deposit bank established in Turkey in order to engage solely in off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading

2.1. Table of negative differences for derivative financial liabilities held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	39,986	-	88,476
Swap transactions	470,640	113,004	652,663	103,201
Future transactions	-	-	-	-
Options	326	3,042	262	3,754
Other	-	-	-	-
Total	**470,966**	**156,032**	**652,925**	**195,431**

3. Banks and other financial institutions

3.1. Information on banks and other financial institutions

	Current period		Prior period	
	TL	FC	TL	FC
Funds borrowed from Central Bank of Turkey	-	-	-	-
Funds borrowed from domestic banks and institutions	248,911	137,111	120,084	791,740
Funds borrowed from foreign banks, institutions and funds	64,606	10,407,016	347,858	20,107,692
Total	**313,517**	**10,544,127**	**467,942**	**20,899,432**

II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	282,873	68,576	128,190	1,734,370
Medium and long term	30,644	10,475,551	339,752	19,165,062
Total	**313,517**	**10,544,127**	**467,942**	**20,899,432**

3.3. Funding industry group where the Group liabilities are concentrated

The Group's liabilities are concentrated on the main shareholder, ING Bank NV.

4. Explanations on securities issued (net)

The Group does not have any securities issued end of the reporting period (31 December 2018: None).

5. If other liabilities exceed 10% of the balance sheet total, names and amounts of the accounts constituting at least 20% of grand totals

Other liabilities do not exceed 10% of the balance sheet total.

6. Explanations on lease liabilities (net)

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	850	806	-	-
Between 1-4 years	117,963	97,473	-	-
More than 4 year	322,830	200,500	-	-
Total	**441,643**	**298,779**	**-**	**-**

7. Information on derivative financial liabilities held for hedging

7.1. Negative differences related to derivative financial liabilities held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	348,720	6,658	258,878	4,528
Net investment hedge	-	-	-	-
Total	**348,720**	**6,658**	**258,878**	**4,528**

II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

8. Information on provisions

8.1. Information on the exchange rate decrease provision on foreign currency indexed loans and financial lease receivables

None (31 December 2018: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans	32,363	28,294
Provision for credit card score promotion	1,373	1,833
Other provisions	134,699	187,289
Allowance for expected credit losses (Stage 1 and Stage 2) (*)	*35,393*	*48,330*
Other	*99,306*	*138,959*
Total	**168,435**	**217,416**

(*) Non-cash loan provisions are included.

Amount to TL 69,601 (31 December 2018: TL 71,383) of the other provisions consist of provisions set aside as a result of the legal assessment for the lawsuits that are likely to result against the Parent Bank.

The deposit holders of off-shore accounts held at Sümerbank A.Ş. (together with other dissolved banks merged into Sümerbank A.Ş., all of which were ultimately merged into the Parent Bank), which were opened before Savings Deposit Insurance Fund (SDIF) seized these banks, initiates lawsuits against the Parent Bank (former title Oyak Bank A.Ş.). As a result of these lawsuits, the Parent Bank pays certain amounts to these off-shore deposit holders of the dissolved banks. SDIF indemnifies these amounts in accordance with the Share Transfer Agreement entered into between Turkish Armed Forces Assistance (and Pension) Fund (OYAK) and SDIF (STA).

SDIF, however, does not fully indemnify the Parent Bank and pays these amounts subject to legal reservation against the STA provisions. SDIF initiated eight enforcement proceedings to claim the amount it had indemnified, a total of approximately TL 478 million (Full TL). Upon the Parent Bank's objection to legal grounds of the enforcement proceedings initiated by SDIF against the Parent Bank, SDIF initiated cancellation of objection lawsuits against the Parent Bank. Currently, there are seven of such lawsuits: (i) the first case relates to the first enforcement proceeding of approximately TL 21.9 million (Full TL) (the "First Case"), (ii) the second case relates to the second enforcement proceeding of approximately TL 21.8 million (Full TL) (the "Second Case"), (iii) the third case relates to the third and fifth enforcement proceedings of a total of approximately TL 97.7 million (Full TL) (the "Third Case") and (iv) the fourth case relates to the fourth enforcement proceeding of approximately TL 109.5 million (Full TL) (the "Fourth Case"). SDIF has not yet initiated a case in connection with the sixth enforcement proceeding of approximately TL 126 million (Full TL) against which the Parent Bank objected and SDIF filed a lawsuit (the "Sixth Case") for the cancellation of objection lawsuit. Furthermore, SDIF initiated the seventh enforcement procedure for approximately TL 52 million and the Parent Bank objected to this payment request and the case was filed by the SDIF. The case is going on the first instance court. SDIF initiated the eighth enforcement procedure for approximately TL 49 million (Full TL) and the Parent Bank objected to this payment request.

In the First Case, the first instance court ruled in favor of the Parent Bank, which was later reversed by the Supreme Court of Appeals (Yargıtay). Currently, the First Case is before the first instance court following the appellate decision, where the court of first instance decided to obtain an expert opinion in accordance with the Supreme Court of Appeals' decision. Following the court appointed expert's examination of the case, the expert report is completed and it is in favor of the Parent Bank. The first instance court decided in favor of the Bank however SDIF is entitled to appeal against the decision. In this case, information was received that the appeal of the SDIF was rejected and the decision was upheld in favor of the Parent Bank. Against this approval decision, the Court of Cassation, the way of correction of the decision is clear. In case the SDIF makes a decision correction, the decision is expected to be finalized in favor of the Parent Bank in the first half of 2020. The first instance court held the trial of the Second Case, Third Case and Fourth Case together due to the first instance court's earlier decision to merge these cases. However, the first instance court only ruled on the

II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

merits of the Second Case in favor of ING Bank A.Ş. and rejected SDIF's claims and decided to demerge each of the Third Case and the Fourth Case from the Second Case. In the proceedings held after the court's demerger decision, the court decided in favor of the Parent Bank for each case. Also in the sixth case, the first instance court decided in favor of the bank.

The court's decision in the Second Case and in the other cases are subject to a two-tiered appeal, i.e., appeal before the regional appellate court and the Supreme Court of Appeals.

On the other hand, there is an administrative law dispute between the Parent Bank and SDIF. The Parent Bank has filed a lawsuit for the annulment of the administrative resolution No. 2013/36 dated 31 January 2013 of SDIF's Fund Board (the "SDIF Fund Board Decision"), which constitutes the legal basis of the SDIF's abovementioned actions. Although the first instance administrative court ruled in favor of the Parent Bank to annul the SDIF Fund Board Decision, the Council of State (i.e., the Administrative Supreme Court of Appeals, Danıştay) reversed the first instance court's decision on the grounds that the administrative courts lack jurisdiction because the dispute was a matter of private law and not one of administrative law. The Parent Bank submitted a motion for the post judgment relief, i.e., correction of judgment which the Council of State rejected. Upon completion of the Council of State's review, the first instance court rendered a decision in line with the Council of State's decision against which the Parent Bank (claiming the annulment of the SDIF Fund Board Decision) and SDIF (claiming the determination of the SDIF Fund Board Decision's legal validity by the administrative courts rather than a lack of jurisdiction decision) filed an appeal.

No provisions were set aside in respect of the amounts that the Parent Bank paid in connection with the off-shore lawsuits, court decisions on off-shore lawsuits and lawsuits filed by SDIF, considering the (i) relevant provisions of the STA, (ii) relevant provisions of the of the Share Purchase Agreement dated 18 June 2007 relating to the purchase of the Parent Bank's shares (owned by OYAK) by ING Bank N.V. and (iii) the course of the pending lawsuits against SDIF.

8.3. Information on provisions for employee benefits

As of 31 December 2019, TL 30,898 (31 December 2018: TL 30,779) of TL 57,205 (31 December 2018: TL 53,664) provisions for employee benefits is the unused vacation provisions. Full provision is provided for the unused vacation liability.

TL 26,307 (31 December 2018: TL 22,885) of the provisions for employee benefits is the termination benefit provision. In accordance with the labor law, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 6,379.86 (Full TL) at 31 December 2019 and TL 5,434.42 (Full TL) at 31 December 2018 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements dated 31 December 2019 and 31 December 2018, the Group operating in Turkey has calculated severance pay by taking into account their experience in personnel service completion or termination, and by discounting it via using the forecasted annual inflation and interest rates.

	Current period	Prior period
Net discount rate	3.71%	3.84%
Inflation rate	8.2%	9.3%
Interest rate	12.2%	13.5%
Probability of severance	32.9%	30.9%

Movement of the provision for termination benefit:

	Current period	Prior period
Balance at the beginning of the period	22,885	18,244
Change during the year	18,988	14,715
Actuarial gain	1,138	1,974
Benefits paid during the year	(16,704)	(12,048)
Balance at the end of the period	**26,307**	**22,885**

II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

The Group has current corporate tax liability as of 31 December 2019 amounting to TL 42,308 (31 December 2018: TL 140,774).

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	42,308	140,774
Taxation of securities	35,451	42,224
Property tax	839	1,250
Banking insurance transaction tax ("BITT")	21,917	38,321
Foreign exchange transaction tax	2,312	-
Value added tax payable	6,390	5,571
Other	11,123	10,569
Total	**120,340**	**238,709**

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	5,030	4,869
Social security premiums-employer	7,361	7,128
Bank social aid pension fund premium-employee	-	-
Bank social aid pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	363	352
Unemployment insurance-employer	699	678
Other	-	-
Total	**13,453**	**13,027**

9.2. Explanations on deferred tax liabilities

As of 31 December 2019, deferred tax asset and deferred tax liability of the Group amounts to TL 47 and TL 191,341 respectively (31 December 2018: deferred tax asset is TL 11,293 and deferred tax liability is TL 430,595) which is calculated based on the deductible temporary differences.

		Current period		Prior period
Timing differences constituting the basis for deferred tax	**Accumulated temporary differences**	**Deferred tax asset / (liability)**	**Accumulated temporary differences**	**Deferred tax asset / (liability)**
Provisions (*)	147,050	31,955	213,843	44,555
Fair value differences for financial assets and liabilities	66,265	14,011	(39,562)	(7,820)
Derivative valuation differences	(1,657,747)	(339,707)	(2,828,546)	(595,560)
Expected credit losses of Stage I and II	416,470	83,731	618,520	136,074
Other	95,577	18,716	15,677	3,449
Total deferred tax assets / (liabilities) net		**(191,294)**		**(419,302)**

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.

II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

Deferred tax assets / (liabilities) movements of the current and previous years are as follows:

Deferred tax assets / (liabilities) net	Current period (1 January – 31 December 2019)	Prior period (1 January – 31 December 2018)
Prior period beginning balance	**(419,302)**	**(330,524)**
TFRS 9 effect	-	77,316
Opening balance	**(419,302)**	**(253,208)**
Deferred tax income / (expense) net	48,022	(73,337)
Deferred tax recognized under equity	179,986	(92,757)
Balance at the end of the period	**(191,294)**	**(419,302)**

10. Information on liabilities regarding assets held for sale

As of 31 December 2019 and 31 December 2018, there are no liabilities regarding assets held for sale.

11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	FC	TL	FC
To be included in the calculation of additional capital borrowing instruments	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	**4,237,398**	-	**3,813,522**
Subordinated loans (*)	-	4,237,398	-	3,813,522
Subordinated debt instruments	-	-	-	-
Total	-	**4,237,398**	-	**3,813,522**

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the parent bank amounting to USD 102 million and EUR 90 million and USD 91 million and EUR 85 million are amortised by 20% and then included in Tier II Capital, as their remaining maturity is less than five years as of 31 December 2019.

12. Information on shareholders' equity

12.1. Paid-in capital

	Current period	Prior period
Common stock (*)	3,486,268	3,486,268
Preferred stock	-	-

(*) The amount represents nominal capital.

12.2. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so, the amount of registered share capital ceiling

Paid-in-capital amount is TL 3,486,268, and registered share capital system is not applied.

12.3. Information on share capital increases and their sources; other information on increased capital shares in current period

There is no capital increase in the current period by the capital increases and their sources.

12.4. Information on share capital increases from capital reserves

There is no capital increase from capital reserves in the current period.

II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

12.5 Capital commitments in the last fiscal year and in the interim period following the last fiscal year, the general purpose of these commitments and projected resources required to meet these commitments

There are no capital commitments in the last fiscal year and in the interim period following the last fiscal year.

12.6. Indicators of the Group's income, profitability and liquidity for the previous periods and possible effects of future assumptions made by taking into account the uncertainties of these indicators on the Group's equity:

The Group's consolidated balance sheet is managed in a conservative manner in order to be minimally affected by interest, currency and credit risks. The Group's operations are aimed to be continued with a conservative approach and with an increasing profitability. The year end income is transferred to the statutory reserves and extraordinary reserves under the shareholder's equity. The Group tries to invest the majority of its shareholder's equity in interest bearing assets and to keep investments in non-banking assets such as tangible assets, investments in non-financial subsidiaries limited.

12.7. Information on preferred shares

There are no preferred shares.

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	81,277	-	(13,421)	-
Foreign exchange difference	-	-	-	-
Total	**81,277**	**-**	**(13,421)**	**-**

12.9. Profit reserves and profit distribution

Under the Turkish Commercial Code ("TCC"), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

As per the decision made at the annual general assembly of shareholders of the Bank on 21 March 2019, the distribution of the net profit of the year 2018, is as follows.

Profit distribution table of 2018	
2018 net profit	**1,061,760**
A – I. Legal Reserve (TCC 519/A) 5%	(53,088)
B – The First Dividend for Shareholders	-
C – Extraordinary Reserves	(1,007,695)
D – Special funds	(977)

III. Explanations and notes related to consolidated off-balance sheet accounts

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	4,392,239	1,299,103
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	2,342,104	1,823,151
Commitments for cheque payments	271,795	352,249
Commitments for credit card limits	1,300,950	1,553,684
Commitments for credit cards and banking services promotions	5,732	5,479
Other irrevocable commitments	27,676	24,162
Total	**8,340,496**	**5,057,828**

1.2. Type and amount of probable losses and obligations arising from off-balance sheet items

1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others deemed as financial commitments and other letter of credits

	Current period	Prior period
Letter of credits	1,125,746	1,764,338
Commitments and contingencies	484,712	473,848
Bank acceptance loans	4,008	39,370
Total	**1,614,466**	**2,277,556**

1.2.2. Irrevocable guarantees, temporary guarantees and other similar commitments and contingencies

	Current period	Prior period
Irrevocable letters of guarantees	5,196,801	5,552,334
Cash loans letters of guarantees	943,427	354,480
Advance letters of guarantees	473,458	569,482
Temporary letters of guarantees	27,687	54,865
Other	84,635	78,752
Total	**6,726,008**	**6,609,913**

1.3. Explanation on non-cash loans

1.3.1. Total amount of non-cash loans

	Current period	Prior period
Non-cash loans given against cash loans	1,140,722	602,360
With original maturity of 1 year or less than 1 year	334,422	97,091
With original maturity of more than 1 year	806,300	505,269
Other non-cash loans	7,199,752	8,285,109
Total	**8,340,474**	**8,887,469**

III. Explanations and notes related to consolidated off-balance sheet accounts (continued)

1.3.2. Information on sectoral risk concentrations of non-cash loans

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	**6,744**	**0.40**	**11,176**	**0.17**	**11,866**	**0.55**	**16,673**	**0.25**
Farming and raising	3,241	0.19	11,176	0.17	8,334	0.39	15,391	0.23
Forestry	34	-	-	-	3,095	0.14	1,282	0.02
Fishing	3,469	0.21	-	-	437	0.02	-	-
Manufacturing	**264,510**	**15.84**	**4,060,323**	**60.87**	**310,402**	**14.35**	**4,363,417**	**64.89**
Mining	8,049	0.48	1,852,903	27.78	12,546	0.58	1,797,814	26.74
Production	234,023	14.02	1,939,720	29.08	268,590	12.42	2,103,545	31.28
Electric, gas and water	22,438	1.34	267,700	4.01	29,266	1.35	462,058	6.87
Construction	**219,062**	**13.12**	**687,075**	**10.29**	**393,084**	**18.17**	**433,332**	**6.43**
Services	**1,168,624**	**70.00**	**1,908,843**	**28.62**	**1,431,974**	**66.19**	**1,906,859**	**28.37**
Wholesale and retail trade	760,787	45.57	563,522	8.45	976,993	45.16	264,234	3.93
Hotel, food and beverage	13,541	0.81	91,559	1.37	12,867	0.59	115,526	1.72
Transportation and telecommunication	89,305	5.35	97,498	1.46	70,493	3.26	124,735	1.86
Financial institutions	204,829	12.27	1,016,698	15.24	272,171	12.58	1,369,459	20.37
Real estate and renting services	20,154	1.21	8,407	0.13	33,172	1.53	12,716	0.19
Self-employment services	69,850	4.18	131,159	1.97	55,515	2.57	20,189	0.30
Education services	44	-	-	-	151	0.01	-	-
Health and social services	10,114	0.61	-	-	10,612	0.49	-	-
Other	**10,654**	**0.64**	**3,463**	**0.05**	**15,925**	**0.75**	**3,937**	**0.08**
Total	**1,669,594**	**100.00**	**6,670,880**	**100.00**	**2,163,251**	**100.00**	**6,724,218**	**100.00**

1.3.3. Non-cash loans classified in Group I and Group II

	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans	1,587,072	6,635,784	33,174	22,827
Letter of guarantees	1,567,042	5,043,836	33,174	22,827
Bank acceptances	-	4,008	-	-
Letter of credits	445	1,122,819	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	15,956	72,089	-	-
Other	3,629	393,032	-	-

III. Explanations and notes related to consolidated off-balance sheet accounts (continued)

2. Information on derivative transactions

	Current period	Prior period
Types of hedging transactions		
Fair value hedges (I)	**-**	**-**
Purchase transactions	-	-
Sale transactions	-	-
Cash flow hedges (II)	**7,285,819**	**26,719,475**
Purchase transactions	3,642,910	14,465,746
Sale transactions	3,642,909	12,253,729
Net investment hedges (III)	**-**	**-**
Purchase transactions	-	-
Sale transactions	-	-
A. Total derivatives held for hedging (I+II+III)	**7,285,819**	**26,719,475**
Derivative transactions held for trading		
Trading transactions (I)	**55,320,670**	**59,440,909**
Forward foreign currency transactions – buy	4,317,942	7,202,649
Forward foreign currency transactions – sell	4,319,914	6,967,827
Swap transactions- buy	22,137,821	21,369,482
Swap transactions – sell	20,310,903	22,010,433
Foreign currency options – buy	2,117,045	945,259
Foreign currency options – sell	2,117,045	945,259
Foreign currency futures – buy	-	-
Foreign currency futures – sell	-	-
Interest rate derivatives (II)	**30,932,456**	**10,318,994**
Interest rate swap - buy	15,466,228	5,159,497
Interest rate swap - sell	15,466,228	5,159,497
Interest rate options - buy	-	-
Interest rate options - sell	-	-
Securities options - buy	-	-
Securities options - sell	-	-
Interest futures - buy	-	-
Interest futures - sell	-	-
Other trading derivative transactions (III)	**-**	**33,366**
B. Total derivative transactions held for trading (I+II+III)	**86,253,126**	**69,793,269**
Total derivative transactions (A+B)	**93,538,945**	**96,512,744**

3. Information on credit swaps and related risks

As of 31 December 2019 and 31 December 2018, there are no credit derivative transactions.

4. Information on contingent liabilities and assets

As of 31 December 2019, a total provision of TL 83,601 (31 December 2018: TL 71,383) separated other provisions are under the item, considering legal assessment for the lawsuits with a high probability of resulting against the Group and as a result of the audits of public authorities.

5. Information on the services provided on behalf of others

Related information is provided in note IX of Section Four.

IV. Explanations and notes related to consolidated statement of profit or loss

1. Information on interest income

1.1. Information on interest income from loans

	Current period		Prior period	
	TL	FC	TL	FC
Interest on loans (*)	4,813,123	763,901	5,632,297	736,128
Short term loans	1,410,495	100,283	2,247,099	61,986
Medium and long term loans	3,168,480	663,618	3,285,215	674,142
Interest on loans under follow-up	234,148	-	99,983	-
Premiums received from resource utilization support fund	-	-	-	-

(*) Commissions and fees received from cash loans are included.

1.2. Information on interest income received from banks

	Current period		Prior period	
	TL	FC	TL	FC
From Central Bank of Turkey	-	-	-	-
From domestic banks	53,418	6,459	58,041	3,087
From foreign banks	455	38,519	9,598	22,041
From branches abroad	-	-	-	-
Total	**53,873**	**44,978**	**67,639**	**25,128**

1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	19,866	597	32,300	850
Financial assets measured at fair value through other comprehensive income	152,865	-	73,946	-
Financial assets measured at amortised cost	270,761	-	162,730	-
Total	**443,492**	**597**	**268,976**	**850**

1.4 Information on interest income received from associates and subsidiaries

The interest income from subsidiaries is eliminated in the accompanying consolidated financial statements.

IV. Explanations and notes related to consolidated statement of profit or loss (continued)

2. Information on interest expenses

2.1. Information on interest on funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Banks (*)	64,338	412,640	133,102	517,141
Central Bank of Turkey	-	-	-	-
Domestic banks	29,031	4,458	15,854	6,872
Foreign banks	35,307	408,182	117,248	510,269
Branches and offices abroad	-	-	-	-
Other institutions (*)	-	5,003	-	6,105
Total	**64,338**	**417,643**	**133,102**	**523,246**

(*) Commissions and fees paid for cash funds borrowed are included.

2.2. Information on interest expenses paid to associates and subsidiaries

The interest expenses paid to subsidiaries are eliminated in the consolidated financial statements.

2.3. Information on interest on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Interest on securities issued	-	-	20,632	-

2.4. Allocation of interest expenses on deposits according to maturity of deposits

		Time deposit						
Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Accumulated deposits	Total
Turkish lira								
Bank deposits	-	882	-	-	-	-	-	882
Saving deposits	-	2,320,327	640,117	41,731	19,842	17,608	-	3,039,625
Public sector deposits	-	-	2,251	102	-	-	-	2,353
Commercial deposits	-	130,666	48,670	1,690	1,248	4,452	-	186,726
Other deposits	-	193	1,803	15	19	29	-	2,059
7 days call accounts	-	-	-	-	-	-	-	-
Total	**-**	**2,452,068**	**692,841**	**43,538**	**21,109**	**22,089**	**-**	**3,231,645**
Foreign currency								
Foreign currency deposits	-	93,775	70,099	2,942	1,949	1,382	-	170,147
Banks deposits	-	17,778	-	-	-	-	-	17,778
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	**-**	**111,553**	**70,099**	**2,942**	**1,949**	**1,382**	**-**	**187,925**
Grand total	**-**	**2,563,621**	**762,940**	**46,480**	**23,058**	**23,471**	**-**	**3,419,570**

IV. Explanations and notes related to consolidated statement of profit or loss (continued)

3. Information on dividend income

	Current period	Prior period
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	3,115	167
Other	-	-
Total	**3,115**	**167**

4. Information on trading income/loss (net)

	Current period	Prior period
Income	**26,693,474**	**46,407,240**
Gains on capital market transactions	68,029	41,614
Gains on derivative financial instruments	13,753,231	20,827,374
Foreign exchange gains	12,872,214	25,538,252
Loss (-)	**(26,087,644)**	**(46,584,867)**
Loss on capital market transactions	(70,709)	(82,502)
Loss on derivative financial instruments	(12,824,835)	(17,627,422)
Foreign exchange loss	(13,192,100)	(28,874,943)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 18,994 (31 December 2018: TL 2,772,426 net profit).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	480,435	570,198
Income arising from sale of assets	55,314	16,138
Banking services income	2,944	4,625
Other non-interest income	66,195	61,195
Total	**604,888**	**652,156**

6. Allowance for expected credit losses

	Current period	Prior period
Expected credit losses	1,217,044	1,286,463
12-Month expected credit loss (Stage 1)	68,159	128,558
Expected credit loss significant increase in credit risk (Stage 2)	14,469	267,837
Expected credit loss impaired credits (Stage 3)	1,134,416	890,068
Impairment losses on securities	199	91
Financial assets measured at fair value through profit/loss	199	65
Financial assets measured at fair value through other comprehensive income	-	26
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	-	-
Total	**1,217,243**	**1,286,554**

IV. Explanations and notes related to consolidated statement of profit or loss (continued)

7. Information on other operating expenses

	Current period	Prior period
Reserves for employee termination benefits	2,284	2,667
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	5,500	7,000
Depreciation expense of tangible assets	131,360	54,967
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	29,955	22,798
Impairment expense of equity participations for which equity method is applied	-	-
Impairment expense for securities that to be disposed	-	-
Depreciation expense of securities that to be disposed	-	-
Impairment expense of held for sale tangible assets and discontinued operations	-	-
Other operating expenses	765,281	806,534
Operating lease expenses related with IFRS 16 exception (*)	16,011	116,970
Repair and maintenance expenses	34,653	33,387
Advertisement expenses	101,741	86,424
Other expenses	612,876	569,753
Loss on sales of assets	22,977	2,586
Other	262,016	234,740
Total	**1,219,373**	**1,131,292**

(*) Amount of 31 December 2018 represents all operating lease expenses.

8. Information on income / (loss) before taxes for continued and discontinued operations

As of 31 December 2019, the income before taxes is TL 1,975,930 (31 December 2018: TL 1,454,306).

9. Information on tax provision for continued and discontinued operations

As of 31 December 2019, the corporate tax provision expense for the period is TL 482,086 (31 December 2018: TL 240,335), and the deferred tax income is TL 48,022 (31 December 2018: TL 73,337 deferred tax expense).

10. Information on net operating income after taxes for continued and discontinued operations

As of 31 December 2019, the net operating income after taxes is TL 1,541,866 (31 December 2018: TL 1,140,634).

11. The explanations on net income / loss for the period

Interest income from regular banking transactions is TL 7,424,141 (31 December 2018: TL 7,273,105), while the interest expense is TL 3,961,663 (31 December 2018: TL 3,612,001).

There are no changes in estimations related to the items in the financial statements.

12. If the other items in the statement of profit or loss exceed 10% of the statement of profit or loss total, explanations on the sub-accounts amounting to at least 20% of these items

Other fees and commissions received amounting to TL 550,295 (31 December 2018: TL 568,414) has included TL 197,911 (31 December 2018: TL 170,786) resulting from the credit card fees and commissions, TL 92,639 (31 December 2018: TL 125,396) resulting from service fees and commissions from contracted merchants and TL 144,548 (31 December 2018: TL 118,079) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 195,753 (31 December 2018: TL 229,555) has included TL 115,225 (31 December 2018: TL 157,276) resulting from credit card exchange commissions.

V. Explanations and notes related to consolidated statement of changes in shareholders' equity

Under the Turkish Commercial Code ("TCC"), legal reserves comprise of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

The Ordinary General Assembly Meeting of the Parent Bank was held on 21 March 2019. In the Ordinary General Assembly meeting, it was decided to transfer TL 1,061,760 unconsolidated net income from 2018 operations to statutory legal reserves, extraordinary reserves and revaluation surplus on tangible and intangible assets as a real estate sale income and utilized from the tax exemption amounting to TL 53,088, TL 1,007,695 and TL 977, respectively.

General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting of the Bank has not been held as of the date of these financial statements.

General Assembly of the Parent Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting of the Parent Bank has not been held as of the date of these financial statements.

As of the balance sheet date, consolidated legal reserves amount to TL 256,871 (31 December 2019: TL 201,819), and TL 977 (31 December 2018: TL 94,189) of this amount consists of the amount transferred from the previous year profit within the current period.

As of the balance sheet date, consolidated extraordinary reserves amount to TL 3,191,970 (31 December 2018: 2,095,973 TL).

VI. Explanations and notes related to the consolidated statement of cash flows

1. Information on cash flow statements

Components of cash and cash equivalents are cash, cash in foreign currency, money in transit, cheques purchased, demand deposits including unrestricted deposits in the Central Bank of Turkey and time deposits in banks with original maturities less than three months.

1.1. Cash and cash equivalents at the beginning of the period

	31 December 2018	31 December 2017
Cash	**1,641,075**	**2,269,445**
Cash in vault	291,079	299,403
Cash in foreign currency	1,349,996	1,970,042
Cash equivalents	**9,779,316**	**2,853,059**
Central Bank of Turkey	4,517,388	1,178,608
Banks	914,276	481,250
Interbank money market	4,347,652	1,193,201
Total	**11,420,391**	**5,122,504**

1.2. Cash and cash equivalents at the end of period

	31 December 2019	31 December 2018
Cash	**1,253,373**	**1,641,075**
Cash in vault	305,785	291,079
Cash in foreign currency	947,588	1,349,996
Cash equivalents	**12,152,246**	**9,779,316**
Central Bank of Turkey	3,146,437	4,517,388
Banks	749,232	914,276
Interbank money market	8,256,577	4,347,652
Total	**13,405,619**	**11,420,391**

VI. Explanations and notes related to the consolidated statement of cash flows (continued)

2. Explanation about other line items included in the cash flow and about the effect of changes in foreign exchange rates on cash and cash equivalents line item included in the cash flow statement

Amounting to TL 126,267 increase (31 December 2018: TL 81,958 increase) under "Operating profit before changes in operating assets and liabilities" consists of other operational incomes.

Amounting to TL 1,605,814 decrease (31 December 2018: TL 143,938 decrease) under "Operating profit before changes in operating assets and liabilities" consists of profit / loss from capital market transactions, profit/loss from derivative transactions and other operational expenses.

Amounting to TL 3,046,096 increase (31 December 2018: TL 227,686 increase) under "Changes in operating assets and liabilities" consists of mainly changes in prepaid expenses, factoring and leasing receivables and changes in exchange accounts under other assets.

Amounting to TL 1,173,071 decrease (31 December 2018: TL 1,612,979 increase) under "Changes in operating assets and liabilities" consists of mainly changes in fees and commissions obtained in advance and changes in exchange account under other liabilities.

Amounting to TL 43,647 decrease (31 December 2018: TL 23,531 decrease) under "Net cash flow from investment activities" consists of mainly purchase of intangible assets.

The effect of changes in the foreign currency rates on the cash and cash equivalents has been determined by the sum of exchange rate differences of translation into TL of cash and cash equivalents denominated in foreign currency in the beginning and the end of the period quarterly and as approximately TL 964,621 (31 December 2018: TL 1,175,197).

VII. Explanations and notes related to risk group of the Parent Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances

1.1. Current period

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	-	-	71	570,374	47	200,958
End of the period	-	-	120	569,874	39	201,879
Interest and commission income	-	-	4	1,260	-	280

1.2. Prior period

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	-	-	30	438,513	13	197,080
End of the period	-	-	71	570,374	47	200,958
Interest and commission income	-	-	675	890	-	344

VII. Explanations and notes related to the risk group of the Parent Bank (continued)

1.3. Information on deposit balances of the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposit						
Beginning of the period	-	-	25,152	8,426	2,400	3,070
End of the period	-	-	102,613	25,152	29,018	2,400
Interest expense on deposits	-	-	497	478	688	279

1.4. Information on forward and option agreements and other similar agreements entered into with the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at fair value through profit and loss						
Beginning of the period	-	-	11,502,875	9,971,955	20,039	33,080
End of the period	-	-	23,135,735	11,502,875	27,994	20,039
Total profit/loss	-	-	88,037	(96,605)	41,236	101,253
Transactions with hedging purposes						
Beginning of the period	-	-	-	-	-	-
End of the period	-	-	2,005,290	-	-	-
Total profit/loss	-	-	(31,269)	-	-	-

1.5. Information on placements made with the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect Shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Banks						
Beginning of the period	-	-	13,741	63,734	67,664	90,087
End of the period	-	-	93,206	13,741	8,121	67,664
Interest income received	-	-	698	10,509	142	236

1.6. Information on loans borrowed from the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect Shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans						
Beginning of the period	-	-	14,502,679	15,505,498	7,702	8,403
End of the period	-	-	9,411,987	14,502,679	3,901	7,702
Interest and commission paid	-	-	132,503	207,168	1,495	915

The Group also has subordinated loan amounting to TL 4,237,398 from its shareholder ING Bank NV as of 31 December 2019 (31 December 2018: TL 3,813,522).

1.7 Information regarding benefits provided to the Group's top management:

Benefits paid to key management personnel for the year ended as of 31 December 2019 is amounting to TL 39,933 (31 December 2018: TL 32,112).

VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Parent Bank

	Number	Number of employees
Domestic branches	210	3,825

			Country
Foreign representative offices	-	-	-

			Total assets	Capital
Foreign branches	-	-	-	-
Off-shore banking region branches	-	-	-	-

Section six

Other Explanations

I. Other explanations on the Parent Bank's operations

None.

II. Explanations and notes related to subsequent events

Chief Executive Officer and BoD Member of the Parent Bank, Pınar Abay, has resigned from her duty as of 1 January 2020 to be appointed as Global Executive Committee Member of ING Group. A. Canan Ediboğlu has been appointed as Deputy Chief Executive Officer per the Board of Directors resolution No. 82/1 and dated 24 December 2019, starting from 1 January 2020. Pınar Abay, has been appointed as the Member of the Board of Directors according to the Board of Directors resolution No. 2 and dated 6 January 2020.

Corporate Banking Executive Vice President of the Parent Bank, Alper Hakan Yüksel, has resigned from his duty as of 1 January 2020 to be appointed as Global Head of LAM Head for EMEA Region of ING Group. Financial Institutions and Debt Capital Markets Executive Vice President of the Parent Bank, Ayşegül Akay, has been appointed as the Executive Vice President for Corporate Banking and Executive Committee Member per the Board of Directors resolution No. 79/1 and dated 18 December 2019. She started her duty as of 1 January 2020.

Corporate Customers Sales Executive Vice President of the Parent Bank, Ebru Sönmez Yanık, has resigned from her duty as of 14 January 2020.

Credits Executive Vice President of the Parent Bank, Gordana Hulina, has resigned from her duty and has been appointed as the Head of Financial Risk Management of ING Belgium and Luxemburg starting from 15 January 2020. Business Lending and Risk Analytics Executive Vice President of the Parent Bank, Öcal Ağar, has been appointed as Credits Executive Vice President and Executive Committee Member per the Board of Directors resolution No. 79/1 and dated 18 December 2019, after completion of the BRSA process, he started his duty as of 15 January 2020.

Section seven

Independent auditors' report

I. Explanations on the independent auditors' report

The consolidated financial statements of the Parent Bank and its financial subsidiaries as of 31 December 2019, have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and the independent audit report dated 7 February 2020 is presented at the beginning of this report.

II. Explanations and notes prepared by independent auditors

There are no other significant footnotes and explanations related to the operations of the Group that is not mentioned above.

Branch List

BRANCH	CITY	ADDRESS	TELEPHONE
4. Levent	İSTANBUL	Sanayi Mahallesi Silahtaroğlu Sokak 11 Eş Bina No: 29/A 4. Levent / Kağıthane / İstanbul	(212) 325 35 55
Acıbadem	İSTANBUL	Bulgurlu Mah. Acıbadem Cad. No: 156 34660 Üsküdar / İstanbul	(216) 545 27 55
Adana Özel Bankacılık Merkez	ADANA	Çınarlı Mahallesi Fatih Terim Sokak Bulvar İş Merkezi No: 17/7 Seyhan / Adana	(322) 429 10 99
Adana Ticari Şubesi	ADANA	Çınarlı Mahallesi Fatih Terim Sokak Bulvar İş Merkezi No: 17/801 Seyhan / Adana	(322) 363 20 17
Adapazarı	SAKARYA	Tığcılar Mah. Atatürk Bulvarı No: 73 Adapazarı / Sakarya	(264) 279 89 10
Afyonkarahisar	AFYONKARAHİSAR	Dumlupınar Mh. S. Gönçer Cd. Diler İş Merkezi No: 31 / B Merkez / Afyonkarahisar	(272) 214 03 52
Akhisar	MANİSA	Paşa Mah. 19. Cad. No: 78/A Akhisar / Manisa	(236) 413 59 55
Alaçatı	İZMİR	Alaçatı Mah. Kemalpaşa Cad. No: 45A Çeşme / İzmir	(232) 716 65 12
Alanya	ANTALYA	Atatürk Caddesi No: 80 / A - B Alanya / Antalya	(242) 513 90 91
Aliağa	İZMİR	Kültür Mahallesi Demokrasi Meydanı No: 2 / 1 (A - B) 35800 Aliağa / İzmir	(232) 616 35 77
Anadolu Yakası Kurumsal	İSTANBUL	Saray Mah. Dr.Adnan Büyükdeniz Cad. Cessas Plaza No: 4 Ümraniye / İstanbul	(216) 468 19 00
Ankara Kurumsal	ANKARA	Gaziosmapaşa Mahallesi İran Caddesi No: 29/1, 29/2 Çankaya / Ankara	(312) 458 18 00
Ankara Optimum	ANKARA	Optimum Outlet Center No: 93 Zemin Kat 11/D Eryaman Ayaş Yolu Etimesgut / Ankara	(312) 281 30 66
Ankara Özel Bankacılık Merkez	ANKARA	Gaziosmapaşa Mahallesi İran Caddesi No: 29/1, 29/2 Çankaya / Ankara	(312) 442 67 01
Ankara Ticari	ANKARA	Gaziosmapaşa Mahallesi İran Caddesi No: 29/1, 29/2 Çankaya / Ankara	(312) 447 33 00
Antakya	HATAY	Yavuz Selim Caddesi No: 19 31050 Antakya / Hatay	(326) 225 32 04
Antalya	ANTALYA	Adnan Menderes Bulv. No: 11 07040 Merkez / Antalya	(242) 246 53 00
Antalya Özel Bankacılık Merkez Şubesi	ANTALYA	Şirinyalı Mahallesi İsmet Gökşen Caddesi No: 66/101 Muratpaşa / Antalya	(242) 324 86 26
Antalya Ticari	ANTALYA	Şirinyalı Mahallesi İsmet Gökşen Caddesi No: 66/Z1 Muratpaşa / Antalya	(242) 322 96 34
Atakum	SAMSUN	Mimar Sinan Mahallesi Atatürk Bulvarı No: 271 Atakum / Samsun	(362) 999 29 94
Ataşehir	İSTANBUL	Ataşehir, Sedef Cad. 36. Ada Revaklı Çarşı Ata 2/5 Bl. No: 6-7-8 34750 Kadıköy / İstanbul	(216) 456 77 50
Atatürk Caddesi	İSTANBUL	Sahrayıcedit Mah. Atatürk Cad. No: 38/C Kadıköy / İstanbul	(216) 302 95 07
Atatürk Organize Sanayi / İzmir	İZMİR	10020 Sok. No. 3 Küçük Parseller Sosyal Tesisleri A.O.S.B. 35620 Çiğli / İzmir	(232) 328 07 00
Avcılar Çarşı	İSTANBUL	Merkez Mahallesi Reşitpaşa Caddesi No: 52/B Avcılar / İstanbul	(212) 662 31 21
Aydın	AYDIN	Aydın Cumhurtiyet Mah. Adnan Menderes Bulvarı No: 8 Efeler	(256) 226 16 15

BRANCH	CITY	ADDRESS	TELEPHONE
Ayvalık	BALIKESİR	Fevzipaşa Mahallesi Atatürk Bulvarı No: 5-7 Ayvalık / Balıkesir	(266) 312 17 54
Bağcılar	İSTANBUL	Çınar Mahallesi İstanbul Caddesi 6. Sokağı No: 27-29 A-B (34200) Bağcılar / İstanbul	(212) 634 50 01
Bağdat Caddesi Özel Bankacılık Merkez	İSTANBUL	Caddebostan Mahallesi Bağdat Caddesi No:302/1 Kat:2 B.B. No: 8-9 Kadıköy / İstanbul	(216) 362 82 02
Bahçekapı	İSTANBUL	Hobyar Mahallesi Hamidiye Caddesi No:5B Fatih / İstanbul	(212) 402 25 00
Bahçelievler Ankara	ANKARA	Yukarı Bahçelievler Mahallesi Aşkabat Caddesi No: 54A Çankaya/Ankara	(312) 212 08 45
Bahçelievler İstanbul	İSTANBUL	Bahçelievler Mahallesi İzettin Çalışlar Cad. No:46A Bahçelievler / İstanbul	(212) 504 55 15
Bahçeşehir	İSTANBUL	Bahçeşehir 1. Kısım, Kemal Sunal Caddesi Defne 03 Villa 6 Başakşehir / İstanbul	(212) 669 89 23
Bakırköy	İSTANBUL	Cevizlik Mah. İstanbul Cad. No: 47/A Bakırköy / İstanbul	(212) 414 38 00
Balıkesir	BALIKESİR	Hisariçi Mahallesi Örücüler Caddesi No: 26/A Merkez / Balıkesir	(266) 245 96 11
Bandırma	BALIKESİR	Haydar Çavuş Mahallesi İsmet İnönü Caddesi No: 68 Bandırma / Balıkesir	(266) 714 36 20
Bartın	BARTIN	Orta Mahalle Karakaş Caddesi No: 10 Merkez / Bartın	(378) 227 01 11
Batman	BATMAN	GAP Mah. Turgut Özal Bulvarı No:298/C Safir Plaza Merkez/Batman	(488) 212 47 01
Bayrampaşa	İSTANBUL	Yenidoğan Mahallesi Abdi İpekçi Caddesi No: 14-16/A Bayrampaşa / İstanbul	(212) 674 78 50
Bebek Özel Bankacılık Merkez	İSTANBUL	Cevdetpaşa Caddesi No: 43 / E Bebek 34342 Beşiktaş / İstanbul	(212) 287 73 77
Bergama	İZMİR	Ertuğrul Mahallesi Kaymakam Kemalbey Caddesi No: 15/9 Bergama / İzmir	(232) 632 94 40
Beşevler Sanayi	BURSA	Üçevler Mahallesi Ersan Sokak No: 7D Nilüfer / Bursa	(224) 441 87 23
Beşiktaş	İSTANBUL	Sinanpaşa Mah. Şehit Asım Cad. No: 23 / 1 34340 Beşiktaş / İstanbul	(212) 259 88 03
Beylikdüzü	İSTANBUL	Beylikdüzü OSB Mah. Açelya Cad. No:1 İç Kapı No: 4 Beylikdüzü / İstanbul	(212) 879 03 55
Beylikdüzü Ticari	İSTANBUL	Yakuplu Mahallesi Haramidere Caddesi Dış Kapı No: 8A İç Kapı No: 6 Beylikdüzü / İstanbul	(212) 590 39 29
Bodrum	MUĞLA	Yeniköy Mahallesi Kıbrıs Şehitleri Caddesi Devecioğlu İş Merkezi No: 218 Bodrum / Muğla	(252) 317 04 33
Bolu	BOLU	Tabaklar Mahallesi İzzet Baysal Cd. No: 78 / Bolu	(374) 215 94 94
Bornova	İZMİR	Ergene Mahallesi Mustafa Kemal Cd. No: 38/1 Bornova / İzmir	(232) 39740 00
Bostanlı	İZMİR	1807 / 1 Sok. Bostanlı Meydanı No: 4/A 35540 Karşıyaka / İzmir	(232) 362 40 05
Burdur	BURDUR	Özgür Mahallesi Halkpazarı Caddesi No: 12 Merkez / Burdur	(248) 232 20 20
Bursa	BURSA	Fevzi Çakmak Cd. No: 69/3 16050 Merkez / Bursa	(224) 275 48 00

BRANCH	CITY	ADDRESS	TELEPHONE
Bursa Ticari	BURSA	23 Nisan Mahallesi, 242. Sokak, Kapı Numarası: 2 (İç Kapı No: 37,38,39,40 no.lu ofisler) Nilüfer / Bursa	(224) 999 11 85
Büyükçekmece	İSTANBUL	İnönü Cad. No: 31 34900 Büyükçekmece / İstanbul	(212) 881 68 55
Caddebostan	İSTANBUL	Bağdat Caddesi Hulusi Bey Apt. No: 253/A 34730 Kadıköy / İstanbul	(216) 368 24 92
Cebeci	ANKARA	Fakülteler Mahallesi Cemal Gürsel Caddesi No: 73 / B Çankaya / Ankara	(312) 319 48 40
Cevahir AVM	İSTANBUL	Cevahir AVM, Büyükdere Cad. No.22 K:1 K123 Mecidiyeköy Şişli / İstanbul	(212) 271 68 88
Çallı	ANTALYA	Güvenlik Mahallesi Vatan Bulvarı Ata İş Merkezi No: 45/B Muratpaşa / Antalya	(242) 334 30 03
Çamdibi	İZMİR	Mersinli Mahallesi Fatih Caddesi No: 104A Konak / İzmir	(232) 462 30 81
Çanakkale	ÇANAKKALE	Kemalpaşa Mahallesi Çarşı Caddesi No: 79 Merkez / Çanakkale	(286) 213 90 51
Çekmeköy	İSTANBUL	Mehmet Akif Mahallesi Şahinbey Caddesi No: 3 Çekmeköy / İstanbul	(216) 642 31 22
Çerkezköy	TEKİRDAĞ	Gazi Mustafa Kemal Paşa Mah. Atatürk Cad. No: 44/B Çerkezköy / Tekirdağ	(282) 726 73 07
Çeşme	İZMİR	16 Eylül Mah. Cumhuriyet Meydanı No: 7 Çeşme / İzmir	(232) 712 66 29
Çetin Emeç	ANKARA	Balgat Mahallesi Ceyhun Atıf Kansu Caddesi No: 94 / 13 06520 Çankaya / Ankara	(312) 285 54 74
Çorlu	TEKİRDAĞ	Şeyhsinan Mahallesi Şehit Teğmen Yavuzer Caddesi No: 6A Çorlu / Tekirdağ	(282) 653 39 66
Çorum	ÇORUM	Çepni Mah. İnönü Cad. No:33 Merkez / Çorum	(364) 225 36 25
Demirtaş Organize Sanayi	BURSA	Panayır Mahallesi Yeni Yalova Yolu Caddesi No: 455/B Osmangazi / Bursa	(224) 211 28 19
Denizli	DENİZLİ	Saraylar Mahallesi, Saltak Caddesi, 4/A Denizli	(258) 265 64 99
Diclekent	DİYARBAKIR	Peyas Mahallesi Urfa Caddesi No: 126/A Kayapınar / Diyarbakır	(0412) 251 59 59
Dikmen	ANKARA	İlkadım Mah. Dikmen Cad. No: 251/E Çankaya / Ankara	(312) 483 34 00
Diyarbakır	DİYARBAKIR	Kooperatifler Mahallesi Yaşar Kemal Caddesi No: 35B Yenişehir / Diyarbakır	(412) 224 86 91
Düzce	DÜZCE	Camikebir Mahallesi Şen Sokak No: 1/A Merkez / Düzce	(380) 523 16 00
Edirne	EDİRNE	Sabuni Mahallesi Darüleytam Sokak No: 10 Merkez / Edirne	(284) 212 32 37
Elazığ	ELAZIĞ	İzzetpaşa Mahallesi Gazi Caddesi No: 8/C Elazığ	(424) 238 70 50
Erzurum	ERZURUM	Lala Paşa Mahallesi Orhan Şerifsoy Caddesi No: 25A Yakutiye / Erzurum	(442) 233 57 58
Esenler	İSTANBUL	Menderes Mahallesi, Atışalanı Caddesi, No:11 Esenler / İstanbul	(212) 674 78 80
Esenyurt	İSTANBUL	İnönü Mahallesi Doğan Araslı Bulvarı No: 94 Esenyurt / İstanbul	(212) 999 29 95
Eskişehir	ESKİŞEHİR	Cumhuriye Mahallesi Sakarya-1 Caddesi No: 7/B Tepebaşı / Eskişehir	(222) 211 53 00

BRANCH	CITY	ADDRESS	TELEPHONE
Fatih	İSTANBUL	Fevzi Paşa Cadddesi No: 66 34260 Fatih / İstanbul	(212) 453 19 00
Fethiye	MUĞLA	Cumhuriyet Mahallesi Çarşı Caddesi No: 29 Fethiye / Muğla	(252) 612 34 80
Florya	İSTANBUL	Florya Asfaltı No: 70 / 2 34810 Florya / İstanbul	(212) 662 13 64
Gatem	GAZİANTEP	Gatem Toptancılar Sit. Kırmızı Ada 2. Blok No: 8 Şehitkamil / Gaziantep	(342) 238 44 02
Gaziantep	GAZİANTEP	İncilipınar Mh. Muammer Aksoy Blv. Osmanlı İş Merkezi No: 30 / G - H 27100 Şehitkamil / Gaziantep	(342) 215 43 50
Gaziantep Ticari	GAZİANTEP	İncilipınar Mh. Muammer Aksoy Blv. Osmanlı İş Merkezi No: 30 / G - H 27100 Şehitkamil / Gaziantep	(342) 999 11 49
Gaziosmanpaşa	İSTANBUL	Merkez Mahallesi Cumhuriyet Meydanı No: 7/B Gaziosmanpaşa / İstanbul	(212) 417 61 20
Gebze	KOCAELİ	Hacıhalil Mah. Atatürk Cad. Marmara Apt. No: 36 / B Gebze / Kocaeli	(262) 676 74 00
Gebze Ticari	KOCAELİ	GOSB Meydan Binası 1600. Sokak No: 1601/613 Çayırova / Kocaeli	(262) 427 28 68
Göktürk	İSTANBUL	Göktürk Merkez Mah. İstanbul Cad. Arcadium Life-2 Çarşı No: 26/J Eyüpsultan / İstanbul	(212) 322 27 10
Gölcük	KOCAELİ	Merkez Mah. Amiral Sağlam Cad. No: 4B Gölcük / Kocaeli	(262) 414 83 50
Göztepe İstanbul	İSTANBUL	Merdivenköy Mahallesi Fahrettin Kerim Gökay Caddesi No: 227/B Göztepe / Kadıköy / İstanbul	(216) 363 49 39
Güneşli	İSTANBUL	Bağlar Mahallesi Atatürk Caddesi No: 10/B Bağcılar/İstanbul	(212) 655 72 10
Hadımköy Yolu Caddesi	İSTANBUL	Akçaburgaz Mahallesi Hadımköy Yolu Caddesi No: 184 İç kapı No: 1, 3 Esenyurt / İstanbul	(212) 886 76 35
Hatay / İzmir	İZMİR	İnönü Caddesi No: 338 / B 35360 Konak / İzmir	(232) 243 55 55
Heykel	BURSA	Nalbantoğlu Mahallesi Taşkapı Caddesi Acar Han No: 14/25-26 Osmangazi / Bursa	(224) 224 03 53
Isparta	ISPARTA	Pirimehmet Mahallesi 113. Cadde No: 77 / B 32100 Isparta	(246) 232 50 16
İkitelli	İSTANBUL	Ziya Gökalp Mahallesi Atatürk Bulvarı No: 72F Başakşehir / İstanbul	(212) 671 40 01
İmes	İSTANBUL	Dudullu Mah. İmes Sanayi Sitesi C Blok No: 7 34775 Ümraniye / İstanbul	(216) 379 95 79
İmes Ticari	İSTANBUL	Dudullu Mah. İmes Sanayi Sitesi C Blok No: 7 34775 Ümraniye / İstanbul	(216) 365 78 60
İnegöl	BURSA	Sinanbey Mah. Nuri Doğrul Cad. No:59/A İnegöl/Bursa	(224) 712 09 80
İskenderun	HATAY	Savaş Mahallesi Şehit Pamir Caddesi No: 6 İskenderun / Hatay	(326) 629 20 00
İstanbul Anadolu Ticari	İSTANBUL	Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi Akkom Ofispark 2 Blok 4 Cessas Plaza 34768 Ümraniye / İstanbul	(216) 474 11 87
İstanbul Atatürk Havalimanı Serbest Bölge	İSTANBUL	Yeşilköy Serbest Mah. Havalimanı Cd. No:1 A Blok Sokak No: 1/54-55 Bakırköy / İstanbul	(212) 465 03 19

BRANCH	CITY	ADDRESS	TELEPHONE
İstanbul Avrupa Ticari	İSTANBUL	Fulya Mah. Büyükdere Cad. Akabe İşhanı Apt. No: 78 80A Şişli / İstanbul	(212) 234 55 93
İzmir	İZMİR	Cumhuriyet Bulvarı No: 67 Pasaport 35210 Konak / İzmir	(232) 455 69 00
İzmir Özel Bankacılık Merkez	İZMİR	Cumhuriyet Bulvarı No: 67 Pasaport 35210 Konak / İzmir	(232) 464 42 60
İzmir Ticari	İZMİR	Cumhuriyet Bulvarı No: 67 Kat: 6 Pasaport Konak / İzmir	(232) 457 14 41
İzmit	KOCAELİ	Karabaş Mah. Cumhuriyet Cad. No: 158/4 İzmit / Kocaeli	(262) 317 16 00
İzmit Hürriyet Caddesi	KOCAELİ	Kemalpaşa Mahallesi Hürriyet Caddesi No: 29 İzmit / Kocaeli	(262) 323 52 20
Kadıköy Altıyol	İSTANBUL	Osmanağa Mahallesi Nal Sokak No: 11,11A Kadıköy / İstanbul	(216) 347 32 00
Kahramanmaraş	KAHRAMANMARAŞ	Trabzon Caddesi No: 35 / A, B 46060 Merkez / Kahramanmaraş	(344) 225 71 82
Kalamış	İSTANBUL	Fenerbahçe Mah. Ahmet Mithat Efendi Cad. No: 9A Kadıköy / İstanbul	(216) 405 20 00
Karabağlar	İZMİR	İzmir Karabağlar ilçesi, Aşık Veysel Mahallesi, Yeşillik Caddesi, No: 431-435C Karabağlar / İzmir	(232) 237 28 28
Karabük	KARABÜK	Bayır Mah. Menderes Cad. No:2/I Merkez / Karabük	(370) 412 45 45
Karadeniz Ereğli	ZONGULDAK	Orhanlar Mah. Yalı Cad. No:40 Ereğli / Zonguldak	(372) 323 92 97
Kars	KARS	Yusufpaşa Mahallesi Kazımpaşa Caddesi No: 130 Merkez / Kars	(474) 223 27 81
Karşıyaka	İZMİR	Tuna Mahallesi, Kemalpaşa Caddesi No:16 Karşıyaka / İzmir	(232) 368 11 70
Karşıyaka Çarşı	İZMİR	1721 Sokak No: 12 / A 35530 Karşıyaka / İzmir	(232) 368 38 98
Kartal	İSTANBUL	Kordonboyu Mahallesi Ankara Caddesi No:98 34860 Kartal / İstanbul	(216) 387 56 76
Kastamonu	KASTAMONU	Aktekke Mahallesi Yalçın Caddesi No: 8-B Merkez / Kastamonu	(366) 214 40 83
Kavacık	İSTANBUL	Kavacık Mahallesi Mihrabad Caddesi Funda Sokak No: 2/B 34810 Beykoz / İstanbul	(216) 425 97 20
Kayseri	KAYSERİ	Nazmi Toker Caddesi No: 5 / A 38040 Melikgazi / Kayseri	(352) 222 39 63
Kayseri Sivas Caddesi	KAYSERİ	Alpaslan Mahallesi Sivas Caddesi Kandil Sokak Bezciler Sitesi 1. Blok No: 2/A Melikgazi / Kayseri	(352) 223 50 12
Keçiören	ANKARA	Şevkat Mahallesi Kızlarpınarı Caddesi No:74 /14-15 Keçiören / Ankara	(312) 360 39 38
Kemalpaşa	İZMİR	Aşağı Mahalle Atatürk Bulvarı No: 10/A Kemalpaşa / İzmir	(232) 878 40 60
Kırklareli	KIRKLARELİ	Cumhuriyet Caddesi No: 16 39020 Merkez / Kırklareli	(288) 212 74 55
Kırşehir	KIRŞEHİR	Kuşdili Mahallesi Terme Caddesi No:30 Merkez / Kırşehir	(386) 214 05 15
Kızılay	ANKARA	Ziya Gökalp Caddesi 17/ A 06420 Kızılay - Çankaya / Ankara	(312) 999 66 75
Kızılay Kobi	ANKARA	Ziya Gökalp Caddesi 17/A Kat: 2 Kızılay – Çankaya / Ankara	(312) 416 74 00
Konya	KONYA	Musalla Bağları Mahallesi Ahmet Hilmi Nalçacı Caddesi Erol Sitesi Kapı No: 90 İç Kapı No: A Selçuklu / Konya	(332) 237 22 47
Konya Büsan Sanayi	KONYA	Fevzi Çakmak Mahallesi Kosgeb Caddesi Kapı No:3 İç Kapı No: B Karatay / Konya	(332) 237 90 50

BRANCH	CITY	ADDRESS	TELEPHONE
Konyaaltı	ANTALYA	Altınkum Mahallesi Atatürk Bulvarı Begüm Apartmanı No: 237/1 Merkez / Antalya	(242) 229 58 89
Köprübaşı	ESKİŞEHİR	İstiklal Mahallesi, Şair Fuzuli Caddesi No: 36A Odunpazarı / Eskişehir	(222) 999 11 07
Kurtköy	İSTANBUL	Şeyhli Mahallesi Eski Ankara Caddesi No: 217 34906 Pendik / İstanbul	(216) 595 02 99
Kuşadası	AYDIN	Türkmen Mahallesi Atatürk Bulvarı Belvü Sitesi No: 68 / 38 Kuşadası / Aydın	(256) 612 44 34
Küçükesat	ANKARA	Küçükesat Mahallesi Esat Cadddesi No: 119 / B Çankaya / Ankara	(312) 447 75 02
Küçükyalı	İSTANBUL	Altıntepe Mah. Bağdat Cad. No:93B Maltepe / İstanbul	(216) 417 44 15
Kütahya	KÜTAHYA	Cumhuriyet Caddesi No: 68 43100 Merkez / Kütahya	(274) 224 97 06
Lara	ANTALYA	Şirinyalı Mahallesi İsmet Gökşen Caddesi No: 66/A Muratpaşa / Antalya	(242) 316 25 45
Levent	İSTANBUL	Levent Mahallesi Çarşı Caddesi No:18 Beşiktaş / İstanbul	(212) 270 05 65
Lüleburgaz	KIRKLARELİ	Özerler Mahallesi Fatih Caddesi No: 9 Lüleburgaz / Kırklareli	(288) 417 45 48
Malatya	MALATYA	Kavaklıbağ Mahallesi İnönü Caddesi No: 49/A Merkez / Malatya	(422) 326 42 06
Maltepe	İSTANBUL	Bağlarbaşı Mahallesi Bağdat Caddesi Gedik İş Merkezi No: 414/A Maltepe - Kadıköy / İstanbul	(216) 383 47 13
Manavgat	ANTALYA	Yukarı Hisar Mahallesi Antalya Caddesi No: 34 Manavgat / Antalya	(242) 746 75 17
Manisa	MANİSA	Yarhasanlar Mah. Doğu Caddesi 8 Eylül İş Merkezi No: 14 45020 Şehzadeler / Manisa	(236) 231 57 81
Marmaris	MUĞLA	Kemeraltı Mah. Atatürk Cad. No: 10 / C 48700 Marmaris / Muğla	(252) 412 50 28
Maslak	İSTANBUL	Reşitpaşa Mah. Eski Büyükdere Cad. No:8 34467 Sarıyer / İstanbul	(212) 335 80 00
Maslak Özel Bankacılık Merkez	İSTANBUL	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8 34467 Sarıyer / İstanbul	(212) 335 15 15
Maslak Ticari	İSTANBUL	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8 Sarıyer/ İstanbul	(212) 693 77 33
Mecidiyeköy Bireysel	İSTANBUL	Büyükdere Caddesi Akabe Ticaret Merkezi No: 78 Mecidiyeköy 34394 Şişli / İstanbul	(212) 373 60 00
Mecidiyeköy Kobi	İSTANBUL	Fulya Mah. Büyükdere Cad. Akabe İşhanı Apt. No:78 80A Şişli / İstanbul	(212) 213 24 35
Mega Center	İSTANBUL	Yenidoğan Mahallesi Abdi İpekçi Caddesi No: 14-16 / A Bayrampaşa / İstanbul	(212) 640 86 11
Merkez	İSTANBUL	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No:8 Sarıyer / İstanbul	(212) 335 80 50
Mersin	MERSİN	İsmet İnönü Bulvarı Nail Göksu İş Hanı No: 58 33060 Akdeniz / Mersin	(324) 237 10 50

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Merter	İSTANBUL	Keresteciler Sitesi Fatih Cad. Aksoy İş Merkezi No: 11 / B Merter 34010 Güngören / İstanbul	(212) 639 94 20
Metropol	MERSİN	İhsaniye Mahallesi K. Milliye Caddesi 109/A Akdeniz / Mersin	(324) 336 11 00
Mezitli	MERSİN	Menderes Mahallesi Gazi Mustafa Kemal Bulvarı No: 727C Mezitli / Mersin	(324) 359 89 34
Muğla	MUĞLA	Şeyh Mahallesi İsmet İnönü Cad. No: 21 / A1 Menteşe / Muğla	(252) 214 10 68
Nazilli	AYDIN	Altıntaş Mahallesi İstasyon Bulvarı No: 21 09800 Nazilli / Aydın	(256) 313 20 00
Nevşehir	NEVŞEHİR	Atatürk Bulvarı No: 36 50200 Merkez / Nevşehir	(384) 213 14 68
Niğde	NİĞDE	Yenice Mahallesi Ayhan Şahenk Bulvarı No: 23/A Merkez / Niğde	(388) 232 34 76
Nilüfer	BURSA	İhsaniye Mahallesi Fatih Sultan Mehmet Bulvarı No: 54 Nilüfer / Bursa	(224) 249 37 89
Nişantaşı	İSTANBUL	Vali Konağı Cad. Uğur Apt. No: 14 / 1 34367 Nişantaşı - Şişli / İstanbul	(212) 296 10 23
Ordu	ORDU	Düz Mahallesi Hükümet Caddesi No: 8 Merkez / Ordu	(452) 223 16 92
Osmaniye	OSMANİYE	Alibeyli Mahallesi Atatürk Caddesi No: 242 / B Merkez / Osmaniye	(328) 814 29 19
Ostim	ANKARA	100. Yıl Bulvarı Mahallesi No: 14 Yenimahalle / Ankara	(312) 385 39 14
Ostim Bulvarı	ANKARA	Ostim OSB Mahallesi 1228.Cadde No: 1A-1B Yenimahalle / Ankara	(312) 999 16 79
Özel Hizmetler	İSTANBUL	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8 Sarıyer / İstanbul	(212) 367 74 24
Pendik	İSTANBUL	Doğu mahallesi Mesnevihan Sokak No:3/A Pendik / İstanbul	(216) 491 87 04
Polatlı	ANKARA	Cumhuriyet Mahallesi, Eti Caddesi, No:19/A Polatlı / Ankara	(312) 623 49 54
Pozcu	MERSİN	Güvenevler Mahallesi Gazi Mustafa Kemal Bulvarı No: 368 / B Pozcu / Mersin	(324) 326 78 00
Salihli	MANİSA	Mithatpaşa Mahallesi Mithatpaşa Caddesi No: 145 Salihli / Manisa	(236) 714 14 14
Samsun	SAMSUN	Kale Mahallesi Kazımpaşa Caddesi No: 40 İlkadım / Samsun	(362) 431 51 96
Sancaktepe	İSTANBUL	Meclis Mahallesi Ankara Caddesi No: 32 A 34785 Sancaktepe / İstanbul	(216) 266 36 60
Sefaköy	İSTANBUL	Ahmet Kocabıyık Sokak No: 25 / 3 - 4 - 5 34295 Küçükçekmece / İstanbul	(212) 426 49 39
Seyhan	ADANA	Cemalpaşa Mah. Atatürk Cad. Sapmaz İş Merkezi No: 48/C Seyhan / Adana	(322) 999 17 18
Siirt	SİİRT	Bahçelievler Mah. Hz. Fakirullah Cad. No:41A Merkez / Siirt	(484) 224 11 71
Sincan	ANKARA	Gökyem mevkii Atatürk Mah. Onur Sokak No:13/A Sincan / Ankara	(312) 276 61 66
Siteler	ANKARA	Demirhendek Caddesi No: 62 06310 Siteler Altındağ / Ankara	(312) 350 91 90
Sivas	SİVAS	Sularbaşı Mahallesi Belediye Sokak No: 6 Merkez / Sivas	(346) 221 40 13

BRANCH	CITY	ADDRESS	TELEPHONE
Soma	MANİSA	Nihat Danışman Mahallesi Atatürk Caddesi No: 7/B Soma / Manisa	(236) 613 14 00
Söke	AYDIN	Konak Mah. Cumhuriyet Cad. No:5/2 Söke / Aydın	(256) 512 13 51
Suburcu	GAZİANTEP	Karagöz Mahallesi Suburcu Caddesi No: 8 Şahinbey / Gaziantep	(342) 220 02 07
Sultanbeyli	İSTANBUL	Abdurrahman Gazi Mah. Bosna Bulvarı No: 16A Sultanbeyli / İstanbul	(216) 419 12 22
Sultangazi	İSTANBUL	Cebeci Mahallesi Eski Edirne Asfaltı Caddesi No: 720/C Sultangazi / İstanbul	(212) 999 3128
Şanlıurfa	ŞANLIURFA	Atatürk Mahallesi Atatürk Bulvarı No: 64/B Merkez Şanlıurfa	(414) 315 65 86
Şaşmaz	ANKARA	Bahçekapı Mahallesi Şaşmaz Oto Sanayi sitesi Girişi 6. Cadde No: 12 Etimesgut / Ankara	(312) 278 24 10
Şirinyer	İZMİR	Kızılçulu Mahallesi Menderes Caddesi No: 274 / B 35140 Şirinyer / Buca / İzmir	(232) 448 68 58
Şişli	İSTANBUL	Merkez Mahallesi Büyükdere Cad. C Blok Apt. No: 7/C Şişli / İstanbul	(212) 373 10 00
Tarsus	MERSİN	Caminur Mah. Mersin Cad.No: 21 / B Tarsus / Mersin	(324) 614 08 30
Tekirdağ	TEKİRDAĞ	Aydoğdu Mahallesi Hükümet Caddesi No:120 Süleymanpaşa / Tekirdağ	(282) 263 89 89
Tokat	TOKAT	Kabe-i Mescid Mahallesi Gazi Osman Paşa Bulvarı No. 174/A Tokat	(356) 214 99 07
Topçular	İSTANBUL	Eyüp Rami Topçular Mah. Rami Kışla Cad. Tikveşli Sok. No. 1 Tikveşli Köyü / Eyüp / İstanbul	(212) 613 62 30
Topkapı Ticari	İSTANBUL	Keresteciler Sitesi Fatih Cad. Aksoy İş Merkezi No: 11 / B Merter 34010 Güngören / İstanbul	(212) 506 45 46
Torbalı	İZMİR	Tepeköy Mahallesi Ağalar Caddesi No: 6/A Torbalı / İzmir	(232) 446 76 10
Trabzon	TRABZON	Kemerkaya Mah. Kahramanmaraş Cad. No: 17 61030 Merkez / Trabzon	(462) 326 55 78
Tunalı Hilmi	ANKARA	Barbaros Mahallesi Buğday Sokak No: 2A 06700 Kavaklıdere / Ankara	(312) 419 28 15
Turan Güneş	ANKARA	Sancak Mahallesi Turan Güneş Bulvarı 64/B Yıldız / Çankaya / Ankara	(312) 440 99 27
Turgut Özal Bulvarı	ADANA	Karalarbucağı Mah. T. Özal Bul. No: 105 Seyhan / Adana	(322) 232 99 49
Ulus	ANKARA	Anafartalar Mahallesi Şehit Teğmen Kalmaz Caddesi No:16B Altındağ / Ankara	(312) 310 62 00
Urla	İZMİR	Hacı İsa Mahallesi 75. Yıl Cumhuriyet Caddesi No: 1/B Urla / İzmir	(232) 754 16 40
Uşak	UŞAK	Kurtuluş Mahallesi İsmet Paşa Caddesi No: 70/ A Merkez / Uşak	(276) 223 39 40
Üçkuyular	İZMİR	Mithatpaşa Caddesi No: 1177 / B 35350 Üçkuyular / İzmir	(232) 279 00 49
Ümitköy	ANKARA	Osmanağa Konakları 8. Cad. 43519 - 43520 Adalararası Sok. No: 9 06800 Ümitköy / Yenimahalle / Ankara	(312) 235 02 97

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Ümraniye	İSTANBUL	İstiklal Mahallesi Alemdağ Caddesi No: 158A Ümraniye / İstanbul	(216) 521 20 60
Üsküdar	İSTANBUL	Hakimiyeti Milliye Caddesi No:58/B Kadri Vedat Kançal İşhanı 34660 Üsküdar / İstanbul	(216) 334 10 68
Yalova	YALOVA	Süleymanbey Mahallesi, Yalı Caddesi No:39 Merkez / Yalova	(226) 811 61 15
Yenibosna Ticari	İSTANBUL	Bağlar Mahallesi Yavuz Sultan Selim Caddesi No: 15 / 81-86-85 Canel Plaza Kat:8 (B.B. No:47 - 48- 49) Güneşli / Bağcılar / İstanbul	(212) 474 88 66
Yenimahalle	ANKARA	Ragıp Tüzün Mah. Akın Cad. No: 28/A Yenimahalle / Ankara	(312) 343 36 00
Yıldırım	BURSA	Dua Çınarı Mah. Ankara Yolu Cad. No: 141/1 Yıldırım / Bursa	(224) 362 60 66
Zeytinburnu	İSTANBUL	Gökalp Mah. 58. Bulvar Cad. No: 15/1 34760 Zeytinburnu / İstanbul	(212) 679 26 60
Zonguldak	ZONGULDAK	Gazipaşa Cd. No:17 67100 Merkez / Zonguldak	(372) 251 75 78

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