(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
As of and for the Nine-Month Period Ended
30 September 2020 and
Independent Auditors' Review Report

6 November 2020

This report consists 2 pages of "Independent Auditors' Review Report" and 84 pages of consolidated financial statements and its disclosures and footnotes.

Convenience Translation of the Review Report Originally Prepared and Issued in Turkish to English

Independent Auditors' Report on Review of Consolidated Interim Financial Information

To the Board of Directors of ING Bank Anonim Şirketi

Introduction

We have reviewed the accompanying consolidated statement of financial position of ING Bank Anonim Şirketi ("the Bank") and its financial subsidiaries (together will be referred as "the Group") as at 30 September 2020 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the nine-month period then ended and notes, comprising a summary significant accounting policies and other explanatory information. The Bank management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes "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 BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" for the matters not regulated by the aforementioned legislations (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of ING Bank Anonim Şirketi and its financial subsidiaries as at 30 September 2020 and its consolidated financial performance and its consolidated cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the interim activity report in section seven of the accompanying consolidated interim financial information is not consistent, in all material respects, with the reviewed consolidated interim financial information and explanatory notes.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note 1 Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated interim financial information is to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated interim financial information is 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 interim financial information and IFRS.

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

Orhan Akova, SMMM
Partner

6 November 2020
İstanbul, Turkey

The consolidated financial report of ING Bank A.Ş. prepared as of and for the nine-month period ended 30 September 2020

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 nine-month consolidated interim 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 Group
- Consolidated interim financial statements of the 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
- Independent Auditors' review report
- Interim activity 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.	None	None
2. ING Finansal Kiralama A.Ş.		
3. ING Faktoring A.Ş.		
4. ING Menkul Değerler A.Ş.		

The accompanying nine-month period consolidated interim 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 reviewed.

John T. Mc CARTHY Chairman of the Board	Alper İhsan GÖKGÖZ CEO	K. Atıl ÖZUS CFO	M. Gökçe ÇAKIT Financial Reporting and Tax Director

M. Semra KURAN Chairman of the Audit Committee	Martijn Bastiaan KAMPS Audit Committee Member

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

Name-Surname/Title	:	Nurgül BİLGİÇER FİLİS / Manager
Phone No	:	(212) 403 72 66
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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 30 September 2020 and 31 December 2019 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 30 September 2020, 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 30 September 2020 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 BoD A. Canan Ediboğlu, the members of the Board Martijn Bastiaan Kamps and Sali Salieski with a nominal value of TL 1 (Full TL) each.

One share amounting to TL 1 (full TL), belonging to the Vice Chairman of the BoD Adrianus J. A. Kas, who resigned from his duty on 8 June 2020, was transferred to Martijn Bastiaan Kamps on 26 June 2020.

(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 30 September 2020, 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
A. Canan Ediboğlu	Vice Chairman of the BoD	Legally declared
M. Semra Kuran	BoD Member and Chairman of the Audit Committee	Legally declared
Martijn Bastiaan Kamps	BoD Member and Audit Committee Member	Legally declared
Sali Salieski	BoD Member	Legally declared
Alper İhsan Gökgöz	Chief Executive Officer and BoD Member	Legally declared
Ayşegül Akay	Executive Vice President	Corporate Banking
Bohdan Robert Stepkowski	Executive Vice President	Financial Markets
Günce Çakır	Executive Vice President	Legal
İ. Bahadır Şamlı	Executive Vice President	Technology
İhsan Çakır	Executive Vice President	Business 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	Credits

As of 31 December 2019, 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 and she continued this duty until 8 June 2020.

Alper İhsan Gökgöz, who has been working at the Parent Bank as Retail Banking Executive Vice President since 2012, has been appointed on 8 June 2020, after completion of the BRSA process, as Chief Executive Officer per the Board of Directors resolution No. 39/1 and dated 20 April 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.

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.

Vice Chairman of the BoD and Audit Committee Member Adrianus J. A. Kas has resigned from his duty as of 8 June 2020. A. Canan Ediboğlu has been appointed as Vice Chairman of the BoD and Sali Salieski has been appointed as Audit Committee Member per the Board of Directors resolution No. 55/1 and dated 8 June 2020. As of 26 June 2020, Sali Salieski has resigned from membership of the Audit Committee, and instead Martijn Bastiaan Kamps has been appointed as Audit Committee member.

Chief Executive Officer and Executive Vice Presidents have no share in the 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 205 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

Consolidated balance sheet (statement of financial position) as of 30 September 2020

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

			Reviewed			Audited		
			Current period			Prior period		
	Assets	**Note**	(30/09/2020)			(31/12/2019)		
		(section five)	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**Financial assets (net)**		**5,834,659**	**8,441,964**	**14,276,623**	**12,787,477**	**8,199,141**	**20,986,618**
1.1	**Cash and cash equivalents**		**1,926,144**	**8,012,305**	**9,938,449**	**8,911,743**	**7,919,624**	**16,831,367**
1.1.1	Cash and balances at Central Bank	(I-1)	811,415	7,105,083	7,916,498	650,207	6,777,349	7,427,556
1.1.2	Banks	(I-3)	213,017	907,222	1,120,239	13,802	1,142,275	1,156,077
1.1.3	Money market placements		903,562	-	903,562	8,256,577	-	8,256,577
1.1.4	Expected credit losses (-)	(I-5)	(1,850)	-	(1,850)	(8,843)	-	(8,843)
1.2	**Financial assets at fair value through profit or loss**	**(I-2)**	**20,535**	**95,644**	**116,179**	**32,731**	**89,993**	**122,724**
1.2.1	Government securities		20,496	95,644	116,140	32,696	89,993	122,689
1.2.2	Equity instruments		39	-	39	35	-	35
1.2.3	Other financial assets		-	-	-	-	-	-
1.3	**Financial assets at fair value through other comprehensive income**	**(I-4)**	**1,061,660**	**312**	**1,061,972**	**1,340,361**	**229**	**1,340,590**
1.3.1	Government securities		1,048,903	-	1,048,903	1,329,200	-	1,329,200
1.3.2	Equity instruments		12,757	312	13,069	11,161	229	11,390
1.3.3	Other financial assets		-	-	-	-	-	-
1.4	**Derivative financial assets**		**2,826,320**	**333,703**	**3,160,023**	**2,502,642**	**189,295**	**2,691,937**
1.4.1	Derivative financial assets measured at fair value through profit or loss	(I-2)	2,788,014	333,703	3,121,717	2,467,326	188,178	2,655,504
1.4.2	Derivative financial assets measured at fair value through other comprehensive income	(I-11)	38,306	-	38,306	35,316	1,117	36,433
II.	**Financial assets measured at amortised cost**		**31,694,166**	**19,959,975**	**51,654,141**	**24,094,454**	**18,836,493**	**42,930,947**
2.1	**Loans**	**(I-5)**	**27,091,229**	**18,952,416**	**46,043,645**	**23,645,713**	**17,911,812**	**41,557,525**
2.2	**Receivables from leasing transactions**	**(I-10)**	**51,058**	**793,105**	**844,163**	**39,828**	**813,238**	**853,066**
2.3	**Factoring receivables**		**353,322**	**214,454**	**567,776**	**277,074**	**111,443**	**388,517**
2.4	**Other financial assets measured at amortised cost**	**(I-6)**	**6,351,331**	**-**	**6,351,331**	**2,114,571**	**-**	**2,114,571**
2.4.1	Government securities		6,351,331	-	6,351,331	2,114,571	-	2,114,571
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	**Expected credit losses (-)**	**(I-5)**	**(2,152,774)**	**-**	**(2,152,774)**	**(1,982,732)**	**-**	**(1,982,732)**
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)**	**861,707**	**7**	**861,714**	**946,973**	**5**	**946,978**
VI.	**Intangible assets (net)**	**(I-13)**	**40,196**	**-**	**40,196**	**55,171**	**-**	**55,171**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		40,196	-	40,196	55,171	-	55,171
VII.	**Investment property (net)**	**(I-14)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Current tax asset**	**(I-15)**	**11,298**	**-**	**11,298**	**-**	**-**	**-**
IX.	**Deferred tax asset**		**2,103**	**-**	**2,103**	**47**	**-**	**47**
X.	**Other assets (net)**	**(I-17)**	**653,892**	**43,059**	**696,951**	**499,399**	**13,994**	**513,393**
	Total assets		**39,098,681**	**28,445,005**	**67,543,686**	**38,384,181**	**27,049,633**	**65,433,814**

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position) as of 30 September 2020

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

					Reviewed			Audited
					Current period			Prior period
	Liabilities	**Note**			**(30/09/2020)**			**(31/12/2019)**
		(section five)	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**Deposits**	**(II-1)**	**19,663,246**	**20,207,780**	**39,871,026**	**23,355,995**	**15,613,731**	**38,969,726**
II.	**Loans received**	**(II-3)**	**1,019,519**	**8,523,343**	**9,542,862**	**313,517**	**10,544,127**	**10,857,644**
III.	**Money market funds**		**1,548,201**	**80,624**	**1,628,825**	**14,228**	**82,601**	**96,829**
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**		**582,904**	**320,926**	**903,830**	**819,686**	**162,690**	**982,376**
7.1	Derivative financial liabilities at fair value through profit or loss	(II-2)	487,910	315,557	803,467	470,966	156,032	626,998
7.2	Derivative financial liabilities at fair value through other comprehensive income	(II-7)	94,994	5,369	100,363	348,720	6,658	355,378
VIII.	**Factoring payables**		**24**	**785**	**809**	**23**	**2,290**	**2,313**
IX.	**Lease payables (net)**	**(II-6)**	**264,784**	**-**	**264,784**	**298,779**	**-**	**298,779**
X.	**Provisions**	**(II-8)**	**234,589**	**430**	**235,019**	**225,321**	**319**	**225,640**
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		62,210	-	62,210	57,205	-	57,205
10.3	Insurance technical reserves (net)		-	-	-	-	-	-
10.4	Other provisions		172,379	430	172,809	168,116	319	168,435
XI.	**Current tax liability**	**(II-9)**	**85,698**	**832**	**86,530**	**132,517**	**1,276**	**133,793**
XII.	**Deferred tax liability**	**(II-9)**	**321,082**	**-**	**321,082**	**191,341**	**-**	**191,341**
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)**	**-**	**4,068,264**	**4,068,264**	**-**	**4,237,398**	**4,237,398**
14.1	Loans		-	4,068,264	4,068,264	-	4,237,398	4,237,398
14.2	Other debt instruments		-	-	-	-	-	-
XV.	**Other liabilities**	**(II-5)**	**981,881**	**157,597**	**1,139,478**	**751,226**	**148,208**	**899,434**
XVI.	**Shareholders' equity**	**(II-12)**	**9,486,166**	**(4,989)**	**9,481,177**	**8,544,988**	**(6,447)**	**8,538,541**
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		118,161	-	118,161	139,347	-	139,347
16.4	Other comprehensive income/expense items to be recycled in profit or loss		(875)	(4,989)	(5,864)	(71,334)	(6,447)	(77,781)
16.5	Profit reserves		5,050,882	-	5,050,882	3,448,841	-	3,448,841
16.5.1	Legal reserves		334,352	-	334,352	256,871	-	256,871
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary reserves		4,716,530	-	4,716,530	3,191,970	-	3,191,970
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or (loss)		831,730	-	831,730	1,541,866	-	1,541,866
16.6.1	Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2	Current period profit or (loss)		831,730	-	831,730	1,541,866	-	1,541,866
16.7	Minority interest		-	-	-	-	-	-
	Total liabilities and shareholders' equity		**34,188,094**	**33,355,592**	**67,543,686**	**34,647,621**	**30,786,193**	**65,433,814**

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 off-balance sheet items as of 30 September 2020

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

	Off-balance sheet items	Note (section five)	Reviewed Current period (30/09/2020) TL	FC	Total	Audited Prior period (31/12/2019) TL	FC	Total
A.	**Off-balance sheet commitments (I+II+III)**		**25,728,141**	**69,676,652**	**95,404,793**	**34,478,415**	**75,741,500**	**110,219,915**
I.	**Guarantees and warranties**	**(III-1)**	**1,420,617**	**7,247,650**	**8,668,267**	**1,669,594**	**6,670,880**	**8,340,474**
1.1	Letters of guarantee		1,408,341	6,184,525	7,592,866	1,649,564	5,076,444	6,726,008
1.1.1	Guarantees subject to state tender law		3,522	-	3,522	4,075	-	4,075
1.1.2	Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3	Other letters of guarantee		1,404,819	6,184,525	7,589,344	1,645,489	5,076,444	6,721,933
1.2	Bank acceptances		-	1,078	1,078	-	4,008	4,008
1.2.1	Import letter of acceptance		-	1,078	1,078	-	4,008	4,008
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		713	790,722	791,435	445	1,125,301	1,125,746
1.3.1	Documentary letters of credit		713	790,722	791,435	445	1,125,301	1,125,746
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		7,202	83,771	90,973	15,956	72,095	88,051
1.8	Other guarantees		-	104,563	104,563	-	197,295	197,295
1.9	Other warranties		4,361	82,991	87,352	3,629	195,737	199,366
II.	**Commitments**	**(III-1)**	**3,558,562**	**2,829,787**	**6,388,349**	**3,705,313**	**4,635,183**	**8,340,496**
2.1	Irrevocable commitments		3,558,562	2,829,787	6,388,349	3,705,313	4,635,183	8,340,496
2.1.1	Forward asset purchase commitments		245,247	1,949,702	2,194,949	405,769	3,986,470	4,392,239
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		1,833,824	877,380	2,711,204	1,695,522	646,582	2,342,104
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		253,686	-	253,686	271,795	-	271,795
2.1.8	Tax and fund liabilities from export commitments		23,780	-	23,780	23,780	-	23,780
2.1.9	Commitments for credit card limits		1,194,798	-	1,194,798	1,300,950	-	1,300,950
2.1.10	Commitments for credit cards and banking services promotions		5,649	-	5,649	5,732	-	5,732
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		1,578	2,705	4,283	1,765	2,131	3,896
2.2	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	**(III-2)**	**20,748,962**	**59,599,215**	**80,348,177**	**29,103,508**	**64,435,437**	**93,538,945**
3.1	Derivative financial instruments for hedging purposes		2,184,000	1,273,860	3,457,860	5,080,000	2,205,819	7,285,819
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		2,184,000	1,273,860	3,457,860	5,080,000	2,205,819	7,285,819
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Derivative financial instruments for trading purposes		18,564,962	58,325,355	76,890,317	24,023,508	62,229,618	86,253,126
3.2.1	Forward foreign currency buy/sell transactions		2,771,698	11,403,235	14,174,933	1,887,129	6,750,727	8,637,856
3.2.1.1	Forward foreign currency transactions-buy		1,755,530	5,345,021	7,100,551	1,152,631	3,165,311	4,317,942
3.2.1.2	Forward foreign currency transactions-sell		1,016,168	6,058,214	7,074,382	734,498	3,585,416	4,319,914
3.2.2	Swap transactions related to foreign currency and interest rates		15,610,324	43,251,170	58,861,494	21,428,055	51,953,125	73,381,180
3.2.2.1	Foreign currency swap-buy		2,156,467	18,373,233	20,529,700	1,995,789	20,142,032	22,137,821
3.2.2.2	Foreign currency swap-sell		5,689,857	12,661,249	18,351,106	4,018,266	16,292,637	20,310,903
3.2.2.3	Interest rate swap-buy		3,882,000	6,108,344	9,990,344	7,707,000	7,759,228	15,466,228
3.2.2.4	Interest rate swap-sell		3,882,000	6,108,344	9,990,344	7,707,000	7,759,228	15,466,228
3.2.3	Foreign currency, interest rate and securities options		182,940	3,670,950	3,853,890	708,324	3,525,766	4,234,090
3.2.3.1	Foreign currency options-buy		91,470	1,835,475	1,926,945	354,162	1,762,883	2,117,045
3.2.3.2	Foreign currency options-sell		91,470	1,835,475	1,926,945	354,162	1,762,883	2,117,045
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		-	-	-	-	-	-
B.	**Custody and pledged items (IV+V+VI)**		**191,213,524**	**44,335,621**	**235,549,145**	**191,850,928**	**32,720,240**	**224,571,168**
IV.	**Items held in custody**		**2,311,818**	**2,936,935**	**5,248,753**	**1,617,573**	**2,108,482**	**3,726,055**
4.1	Customer fund and portfolio balances		1,973,628	-	1,973,628	1,314,449	-	1,314,449
4.2	Investment securities held in custody		47,062	687,791	734,853	57,473	320,291	377,764
4.3	Checks received for collection		135,825	500,763	636,588	95,899	433,100	528,999
4.4	Commercial notes received for collection		142,821	1,684,394	1,827,215	137,270	1,288,791	1,426,061
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		12,482	63,987	76,469	12,482	66,300	78,782
4.8	Custodians		-	-	-	-	-	-
V.	**Pledged received**		**22,806,974**	**8,999,086**	**31,806,060**	**25,845,046**	**7,230,622**	**33,075,668**
5.1	Marketable securities		132,034	34,297	166,331	133,731	57,440	191,171
5.2	Guarantee notes		212,580	327,784	540,364	215,042	245,927	460,969
5.3	Commodity		910	-	910	910	-	910
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		19,383,416	6,757,110	26,140,526	22,542,362	6,200,939	28,743,301
5.6	Other pledged items		3,078,034	1,879,895	4,957,929	2,953,001	726,316	3,679,317
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	**Accepted independent guarantees and warranties**		**166,094,732**	**32,399,600**	**198,494,332**	**164,388,309**	**23,381,136**	**187,769,445**
	Total off-balance sheet items (A+B)		**216,941,665**	**114,012,273**	**330,953,938**	**226,329,343**	**108,461,740**	**334,791,083**

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 profit or loss
for the nine-month period ended 30 September 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Income and expense items	Note (section five)	Reviewed Current period (01/01/2020-30/09/2020)	Reviewed Current period (01/07/2020-30/09/2020)	Reviewed Prior period (01/01/2019-30/09/2019)	Reviewed Prior period (01/07/2019-30/09/2019)
I.	**Interest income**	**(IV-1)**	**3,938,241**	**1,171,561**	**5,754,121**	**1,848,241**
1.1	Interest on loans		3,159,248	993,160	4,374,385	1,333,516
1.2	Interest on reserve requirements		-	-	64,487	18,928
1.3	Interest on banks		19,587	7,914	85,077	12,006
1.4	Interest on money market transactions		266,014	4,317	820,693	331,045
1.5	Interest on marketable securities portfolio		428,309	144,967	299,948	120,165
1.5.1	Financial assets at fair value through profit or loss		12,515	3,325	18,025	8,583
1.5.2	Financial assets at fair value through other comprehensive income		85,837	18,615	99,771	45,712
1.5.3	Financial assets measured at amortised cost		329,957	123,027	182,152	65,870
1.6	Finance lease income		30,265	10,564	34,009	9,915
1.7	Other interest income		34,818	10,639	75,522	22,666
II.	**Interest expense (-)**	**(IV-2)**	**(1,553,869)**	**(460,508)**	**(3,207,248)**	**(992,423)**
2.1	Interest on deposits		(1,248,276)	(362,722)	(2,777,803)	(880,597)
2.2	Interest on funds borrowed		(198,632)	(46,058)	(385,515)	(101,302)
2.3	Interest on money market transactions		(47,423)	(36,129)	(6,148)	(259)
2.4	Interest on securities issued		-	-	-	-
2.5	Finance lease expense		(25,458)	(3,588)	(36,355)	(11,270)
2.6	Other interest expenses		(34,080)	(12,011)	(1,427)	1,005
III.	**Net interest income/expense (I - II)**		**2,384,372**	**711,053**	**2,546,873**	**855,818**
IV.	**Net fees and commissions income/expense**		**307,749**	**97,807**	**365,711**	**116,297**
4.1	Fees and commissions received		449,737	132,273	515,827	166,756
4.1.1	Non-cash loans		92,536	25,956	104,298	29,798
4.1.2	Other	(IV-12)	357,201	106,317	411,529	136,958
4.2	Fees and commissions paid (-)		(141,988)	(34,466)	(150,116)	(50,459)
4.2.1	Non-cash loans		(790)	(274)	(281)	(88)
4.2.2	Other	(IV-12)	(141,198)	(34,192)	(149,835)	(50,371)
V	**Dividend income**	**(IV-3)**	**476**	**-**	**3,115**	**2,940**
VI.	**Trading gain/(loss) (net)**	**(IV-4)**	**191,185**	**86,841**	**566,501**	**119,239**
7.1	Trading gain/(loss) on securities		73,767	55,810	(1,579)	(2,439)
7.2	Gain/(loss) on derivative financial transactions		994,885	468,806	867,473	158,484
7.3	Foreign exchange gain/(loss)		(877,467)	(437,775)	(299,393)	(36,806)
VII.	**Other operating income**	**(IV-5)**	**445,866**	**76,921**	**431,934**	**108,143**
VIII.	**Gross operating income (III+IV+V+VI+VII)**		**3,329,648**	**972,622**	**3,914,134**	**1,202,437**
IX.	**Expected credit loss (-)**	**(IV-6)**	**(723,219)**	**(130,606)**	**(787,961)**	**(207,355)**
X.	**Other provision expenses (-)**		**(12,898)**	**(10,682)**	**(6,489)**	**(1,020)**
XI.	**Personnel expenses (-)**		**(553,007)**	**(187,230)**	**(544,261)**	**(181,427)**
XII	**Other operating expenses**	**(IV-7)**	**(968,467)**	**(321,457)**	**(891,829)**	**(310,696)**
XIII.	**Net operating profit/(loss) (VIII-IX-X-XI-XII)**		**1,072,057**	**322,647**	**1,683,594**	**501,939**
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 (XIII+...+XVI)**	**(IV-8)**	**1,072,057**	**322,647**	**1,683,594**	**501,939**
XVIII.	**Provision for taxes of continued operations (±)**	**(IV-9)**	**(240,327)**	**(63,226)**	**(358,687)**	**(107,271)**
18.1	Current tax provision		(132,904)	2,440	(396,103)	(208,331)
18.2	Expense effect of deferred tax (+)		(116,025)	(70,510)	(242,196)	(46,728)
18.3	Income effect of deferred tax (-)		8,602	4,844	279,612	147,788
XIX.	**Net profit/(loss) from continuing operations (XVII±XVIII)**	**(IV-10)**	**831,730**	**259,421**	**1,324,907**	**394,668**
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 (XX-XXI)**		**-**	**-**	**-**	**-**
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 (XXII±XXIII)**		**-**	**-**	**-**	**-**
XXV.	**Net profit/(loss) (XIX+XXIV)**	**(IV-11)**	**831,730**	**259,421**	**1,324,907**	**394,668**
25.1	Profit/(Loss) from the group		831,730	259,421	1,324,907	394,668
25.2	Income/(Loss) from minority interest (-)		-	-	-	-
	Earnings per share		0.2386	0.0744	0.3800	0.1132

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 nine-month period ended 30 September 2020

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

	Consolidated profit or loss and other comprehensive income	**Reviewed Current period (01/01/2020-30/09/2020)**	**Reviewed Prior period (01/01/2019-30/09/2019)**
I.	**Current period profit/loss**	**831,730**	**1,324,907**
II.	**Other comprehensive income**	**110,906**	**(613,857)**
2.1	**Other income/expense items not to be recycled to profit or loss**	**2,901**	**(711)**
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)	(442)	(898)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	3,265	-
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	78	187
2.2	**Other income/expense items to be recycled to profit or loss**	**108,005**	**(613,146)**
2.2.1	Translation differences	36,088	(3,002)
2.2.2	Income/(expenses) from valuation and/or reclassification of financial assets measured at FVOCI	(63,995)	92,043
2.2.3	Gains/(losses) from cash flow hedges	154,743	(864,395)
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	(18,831)	162,208
III.	**Total comprehensive income (I+II)**	**942,636**	**711,050**

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

(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								
	Reviewed	**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 minority interest**	**Minority interest**	**Total shareholders' equity**
	Prior period (01/01/2019-30/09/2019)																	
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		-	-	-	-	-	(711)	-	(3,532)	72,970	(683,114)	-	-	1,324,907	710,520	-	710,520
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		-	-	-	-	-	-	-	-	-	-	530	-	-	530	-	530
XI.	Profit distribution		-	-	-	-	977	-	-	-	-	-	1,146,118	-	(1,140,634)	6,461	-	6,461
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves	(II-12)	-	-	-	-	977	-	-	-	-	-	1,146,118	-	(1,140,634)	6,461	-	6,461
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,115)**	**(241)**	**326**	**59,790**	**(80,150)**	**3,444,440**	**-**	**1,324,907**	**8,375,123**	**-**	**8,375,123**
	Current period (01/01/2020-30/09/2020)																	
I.	**Balances at beginning of period**		**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**
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**	**-**	**-**	**-**	**141,898**	**(2,310)**	**(241)**	**324**	**81,518**	**(159,623)**	**3,448,841**	**-**	**1,541,866**	**8,538,541**	**-**	**8,538,541**
IV.	Total comprehensive income		-	-	-	-	-	(345)	3,246	-	(51,112)	123,029	-	-	831,730	906,548	-	906,548
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		-	-	-	-	-	-	-	-	-	-	36,088	-	-	36,088	-	36,088
XI.	Profit distribution		-	-	-	-	(24,087)	-	-	-	-	-	1,565,953	-	(1,541,866)	-	-	-
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves	(II-12)	-	-	-	-	(24,087)	-	-	-	-	-	1,565,953	-	(1,541,866)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**117,811**	**(2,655)**	**3,005**	**324**	**30,406**	**(36,594)**	**5,050,882**	**-**	**831,730**	**9,481,177**	**-**	**9,481,177**

(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)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of cash flows
for the nine-month period ended 30 September 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Statement of cash flows	Note	Reviewed Current period (01/01/2020-30/09/2020)	Reviewed Prior period (01/01/2019-30/09/2019)
A.	**Cash flows from banking operations**			
1.1	**Operating profit before changes in operating assets and liabilities**		**3,819,469**	**432,550**
1.1.1	Interest received		4,045,524	5,804,949
1.1.2	Interest paid		(1,580,528)	(3,280,198)
1.1.3	Dividend received		476	3,115
1.1.4	Fees and commissions received		450,103	491,669
1.1.5	Other income		58,766	69,182
1.1.6	Collections from previously written-off loans and other receivables		483,624	566,605
1.1.7	Payments to personnel and service suppliers		(1,164,030)	(1,086,553)
1.1.8	Taxes paid		(304,955)	(320,903)
1.1.9	Other		1,830,489	(1,815,316)
1.2	**Changes in operating assets and liabilities**		**(8,724,116)**	**3,875,585**
1.2.1	Net (increase)/decrease in financial assets at fair value through profit or loss		6,358	(46,334)
1.2.2	Net (increase)/decrease in due from bank		185,836	(39,046)
1.2.3	Net (increase)/decrease in loans		(2,239,363)	8,902,161
1.2.4	Net (increase)/decrease in other assets		(1,502,639)	1,983,612
1.2.5	Net increase/(decrease) in bank deposits		(212,193)	(382,698)
1.2.6	Net increase/(decrease) in other deposits		(1,384,233)	4,426,624
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		(5,621,268)	(9,854,836)
1.2.9	Net increase/(decrease) in matured payables		-	-
1.2.10	Net increase/(decrease) in other liabilities		2,043,386	(1,113,898)
I.	**Net cash provided from banking operations**		**(4,904,647)**	**4,308,135**
B.	**Cash flow from investing activities**			
II.	**Net cash provided from investing activities**		**(3,957,210)**	**(1,003,650)**
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		(245,342)	(175,813)
2.4	Disposals of property and equipment		280,626	316,198
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income		(713,678)	(506,212)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income		906,840	15,836
2.7	Cash paid for purchase of financial assets measured at amortised cost	(I-6)	(4,646,389)	(723,851)
2.8	Cash obtained from sale of financial assets measured at amortised cost	(I-6)	467,536	56,969
2.9	Other		(6,803)	-
C.	**Cash flows from financing activities**			
III.	**Net cash provided from financing activities**		**(79,232)**	**(83,208)**
3.1	Cash obtained from funds borrowed and securities issued	(II-4)	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	(II-4)	-	-
3.3	Issued equity instruments		-	-
3.4	Dividends paid	(II-12)	-	-
3.5	Payments for finance leases		(79,232)	(83,208)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**		**1,369,145**	**488,300**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**(7,571,944)**	**3,709,577**
VI.	**Cash and cash equivalents at beginning of the period**		**13,405,619**	**11,420,391**
VII.	**Cash and cash equivalents at the end of the period**		**5,833,675**	**15,129,968**

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") and in case where a specific regulation is not made by BRSA, Turkish Accounting Standard 34 ("TAS 34") Interim Financial Reporting Standard and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by 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.

The spread of the Covid-19 virus to various countries in the world, affects both regional and global economic conditions negatively as well as causing disruptions in operations especially in countries which are heavily exposed to Covid-19. As a result of the spread of Covid-19 around the world, various precautions have been taken and are still being taken in our country as well as in the world in order to prevent the transmission of the virus. In addition to these precautions, extensive economic precautions have also been taken in order to minimize the economic impact of the virus, simultaneously.

While preparing the interim financial statements as of 30 September 2020, the Group reflected the possible effects of the Covid-19 outbreak on the estimates and judgments used in the preparation of the financial statements. The estimates and assumptions used in the calculation of expected credit losses are explained in the explanations on impairment of financial assets section.

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 consolidated 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 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 XXIV below.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with the standards used in the previous year.

I. Explanations on basis of presentation (continued)

d. Changes in accounting policies and disclosures

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2020 have no material effect on the consolidated financial statements, consolidated financial performance and on the Group's accounting policies. New and revised Turkish Accounting Standards issued but not yet effective as of the finalization date of the consolidated financial statements have no material effect on the consolidated financial statements, consolidated financial performance and on the Group's accounting policies.

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.

III. Explanations on consolidated subsidiaries (continued)

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.

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" per TFRS 9.

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in profit or loss statement at the date they incur. 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", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss". 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.

From 30 June 2020, the Group started to use TLREF OIS ("Overnight Indexed Swap") curves in order to reflect fair valuation measurement of the CBRT swap transactions more accurately and made the necessary fair value measurement arrangements.

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

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 applies cash flow hedge accounting using interest rate and cross currency swap transactions, in order to hedge its TL and FC floating rate deposits and revolving loans. Within the scope of cash flow hedge accounting, change in fair value of the hedging instrument, being positive or negative, is accounted in "Derivative financial assets measured at fair value through other comprehensive income" or "Derivative financial liabilities at fair value through other comprehensive income", respectively, in the balance sheet. The Group implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "accumulated other comprehensive income or expense to be reclassified to profit or loss" whereas the amount concerning ineffective parts is recognised in profit or loss statement. The changes recognized in shareholders' equity is removed and included in profit or loss 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 profit or loss 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 until the cash flows of the hedged item are realized 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 profit or loss 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.

Due to adverse effects of the Covid-19 outbreak, the Group has reviewed the valuation of its financial assets measured at fair value through profit/loss, and no change is required in the fair value measurement of these financial assets as of the reporting date.

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. In this context, the Group has evaluated that the costs of equity securities, which are classified as financial assets measured at fair value through other comprehensive income, has been assessed that they reflects the approximate fair values. The fair value level of the related assets has been determined as Level 3.

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.

Due to the adverse effects of the Covid-19 outbreak, the Group has reviewed both the valuation of its financial assets measured at fair value through other comprehensive income and its financial assets designated as Level 3 and no change is required in the fair value measurement of these financial assets as of the reporting date.

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 credit 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.

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, Group 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.

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 legal regulations
- 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 legal regulations
- 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 legal regulations due to macroeconomic, industry specific or customer specific reasons.

BRSA has announced two decisions with the numbered 8948, dated 17 March 2020 and numbered 8970, dated 27 March 2020 due to the disruptions in economic and commercial activities resulting from the Covid-19 outbreak. Starting from 17 March 2020, 30 days past due period that was envisaged for the classification of loans in stage 2 will be applied as 90 days until 31 December 2020 for Stage 1 loans and the 90 days past due period that was envisaged for the classification of non-performing loans will be applied 180 days until 31 December 2020 for Stage 1 and 2 loans.

As of 30 September 2020, the Group has made its classifications in accordance with the related changes and reflected the effects in its consolidated financial statements.

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, real estate prices index, 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.

VIII. Explanations on impairment of financial assets (continued)

According to the Group's risk policies, lifetime loan loss provision is calculated for the loans which have overdue between 30 to 90 days and classified under Stage 1 in accordance with BRSA Decision numbered 8970 and dated 27 March 2020.

According to the Group's risk policies, lifetime loan loss provisions is calculated by taking into account the probability of default as 100% for the loans which have overdue between 90 to 180 days and classified under Stage 2 in accordance with BRSA Decision numbered 8948 and dated 17 March 2020.

As of 30 September 2020, the Group has used the updated macroeconomic data including the negative effects of the Covid-19 outbreak in the expected credit loss allowance calculation and reflected the related effects to the expected credit losses with the best estimation approach.

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 performs financial leasing operations as a "Lessor" through ING Finansal Kiralama A.Ş. which is a consolidated subsidiary. Transactions are accounted for in accordance with the relevant accounting standards.

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".

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.

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.

XIV. Explanations on leasing transactions (continued)

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.

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 President 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 is required to be filed and tax must be paid in one installment by the end of the fourth month following the balance sheet date. 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.

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 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 assets and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the asset 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 President 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.

XVII. Explanations on taxation (continued)

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 2020.

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 VIII 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

None.

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".

Within the context of the measures that are announced by BRSA with the numbered 3397 and dated 23 March 2020, in capital adequacy ratio calculation until 31 December 2020;

- The negative valuation differences of the securities stems from "Financial Assets at Fair Value through Other Comprehensive Income" portfolio may not be taken into consideration in the equity amount that is used in the capital adequacy ratio calculation as of 23 March 2020,
- In capital adequacy ratio calculation, purchase exchange rates used in the preparation of financial statements as of 31 December 2019, may be considered in the calculation of Turkish Lira equivalent of credit risk exposures in foreign currencies.

In addition, it was decided to apply zero percent risk weight in the calculation of the value at credit risk of banks' receivables from the central government denominated in FX in accordance with BRSA Decision numbered 3984 and dated 17 April 2020.

The Group does not take into consideration the related measures in regulatory capital adequacy ratio calculation as of 30 September 2020.

As of 30 September 2020, the Group's total capital is TL 12,890,540 and the consolidated capital adequacy ratio is 23.26%. As of 31 December 2019, the Bank's total capital amounted to TL 12,787,247 and capital adequacy ratio was 25.57%.

(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 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	5,050,882	
Other comprehensive income according to TAS	149,950	
Profit	831,730	
Net profit for the period	831,730	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	1,596	
Minority interest	-	
Common equity tier I capital before deductions	**9,520,426**	
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	2,655	
Leasehold improvements on operational leases (-)	45,940	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	40,763	40,763
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	**89,358**	
Total common equity tier I capital	**9,431,068**	
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)	**9,431,068**	

(*) 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	2,955,346	
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)	515,661	
Tier II Capital Before Deductions	**3,471,007**	
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	**3,471,007**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**12,902,075**	
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 (-)	11,535	
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	12,890,540	
Total risk weighted amounts	55,412,714	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	17.02	
Tier I Capital Adequacy Ratio (%)	17.02	
Capital Adequacy Ratio (%)	23.26	
BUFFERS		
Total buffer requirement	2.58	
Capital protection buffer requirement (%)	2.50	
Bank specific cyclical buffer requirement (%)	0.08	
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 (%)	11.02	
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	147,091	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	515,661	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	515,661	
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	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)

	Prior 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 Five 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	
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 (%)	-	
Amounts below the Excess Limits as per the Deduction Principles	11.17	
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	176,061	
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)

Information about debt instruments that will be included in total capital calculation (*)

Issuer	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-
Governing law(s) of the instrument	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No
Eligible at stand-alone / consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 55 million (TL 424 million) and EUR 51 million (TL 464 million)	USD 50 million (TL 386 million) and EUR 185 million (TL 1,682 million)
Par value of instrument (Currency in million)	USD 91 million (TL 707 million) and EUR 85 million (TL 773 million)	USD 62 million (TL 482 million) and EUR 231 million (TL 2,102 million)
Accounting classification	Subordinated Loans	Subordinated Loans
Original date of issuance	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated
Original maturity date	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year
Coupons / dividends	-	-
Fixed or floating dividend/coupon	Floating	Floating
Coupon rate and any related index	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
Noncumulative or cumulative	-	-
Convertible or non-convertible	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
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
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-

(*) The subordinated loan amounting to USD 102 million and EUR 90 million obtained from ING Bank N.V. on 11 March 2014 was paid on interest payment date of the subordinated loan, respectively 11 March 2020 and 11 September 2020, by using the early redemption option, in accordance with the BRSA's approval letter dated 9 March 2020 and 31 March 2020.

(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	9,481,177	9,481,177
Gains from cash flow hedge transactions	(36,594)	36,594
Leasehold improvements on operational leases	45,940	(45,940)
Goodwill and intangible assets	40,196	(40,763)
General provision	515,661	515,661
Subordinated debt (*)	4,068,264	2,955,346
Other deductions from shareholders' equity	11,535	(11,535)
Capital		**12,890,540**

(*) 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 91 million and EUR 85 million is amortised by 40% and then included in Tier II Capital as its remaining maturity is less than 4 years and USD 62 million and EUR 231 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than 5 years as of 30 September 2020.

II. 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 related 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 7.5478 (Full TL) and 8.9001 (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" (30 September 2020)	7.7716	9.0990
Previous days;		
29 September 2020	7.8319	9.1649
28 September 2020	7.8040	9.1073
25 September 2020	7.6250	8.8709
24 September 2020	7.6300	8.8851
23 September 2020	7.6907	8.9920

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

II. 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	3,743,197	2,803,526	558,360	7,105,083
Banks	251,200	178,677	477,345	907,222
Financial assets at fair value through profit or loss	85,061	91,436	-	176,497
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	312	-	-	312
Loans	15,146,219	4,848,357	35,583	20,030,159
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets (net)	7	-	-	7
Intangible assets (net)	-	-	-	-
Other assets	40,197	2,536	274	43,007
Total assets	**19,266,193**	**7,924,532**	**1,071,562**	**28,262,287**
Liabilities				
Bank deposit	1,833,772	345,790	-	2,179,562
Foreign currency deposits	6,280,805	8,977,725	2,769,688	18,028,218
Funds from interbank money market	80,624	-	-	80,624
Borrowings	8,129,607	4,429,186	32,814	12,591,607
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	28,061	52,020	393	80,474
Hedging derivative financial liabilities	5,369	-	-	5,369
Other liabilities	36,925	56,037	1,518	94,480
Total liabilities	**16,395,163**	**13,860,758**	**2,804,413**	**33,060,334**
Net on balance sheet position	**2,871,030**	**(5,936,226)**	**(1,732,851)**	**(4,798,047)**
Net off-balance sheet position	**(2,715,381)**	**5,958,772**	**1,735,208**	**4,978,599**
Financial derivative assets	7,496,752	16,199,301	2,822,431	26,518,484
Financial derivative liabilities	10,212,133	10,240,529	1,087,223	21,539,885
Non-cash loans	**1,863,476**	**5,120,933**	**263,241**	**7,247,650**
Prior period				
Total assets	**18,790,330**	**6,752,311**	**1,521,436**	**27,064,077**
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**

In the foreign currency risk table:

The principal and accrual amount of the foreign currency indexed loans amounting to TL 70,184 (31 December 2019: TL 130,287) is presented in the loans line.

II. 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 252,850 (31 December 2019: TL 115,268).
Prepaid expenses: TL 52 (31 December 2019: TL 575).
Held-for trading derivative financial liabilities: TL 300,247 (31 December 2019: TL 148,763).
Hedge funds: TL (4,989) (31 December 2019: TL (6,447)).
Interest rate swap (buy) transactions and options (buy): TL 6,745,274 (31 December 2019: TL 8,862,138).
Interest rate swap (sell) transactions and options (sell): TL 6,745,274 (31 December 2019: TL 8,862,138).

Financial derivative assets/ liabilities include the foreign currency buy/sell transactions indicated below.

Forward foreign currency-buy transactions: TL 964,755 (31 December 2019: TL 2,085,348).
Forward foreign currency-sell transactions: TL 984,947 (31 December 2019: TL 1,901,122).

III. Explanations on consolidated interest rate risk

Interest risk, which refers to the loss due to interest sensitive assets and liabilities in balance sheet and off balance sheet items that might be subject 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 defined for trading books and banking books. Capital requirement that relates 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 within the limits approved by the Board of Directors, 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 related senior management, Asset Liability Committee, the Audit Committee and the Board of Directors periodically. Internal analysis 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 to BRSA on a monthly basis.

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

III. 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	6,434,058	-	-	-	-	1,482,440	7,916,498
Banks	404,154	22,000	-	-	-	694,085	1,120,239
Financial assets at fair value through profit and loss	853,734	2,038,168	229,704	106,979	9,272	39	3,237,896
Money market placements	903,562	-	-	-	-	-	903,562
Financial assets measured at fair value through other comprehensive income	81,494	29,899	256,513	719,303	-	13,069	1,100,278
Loans	7,487,443	9,430,184	15,606,496	11,492,863	701,551	585,103	45,303,640
Financial assets measured at amortised cost	777,445	2,628,635	2,325,549	618,872	-	-	6,350,501
Other assets (*)	-	-	-	-	-	1,611,072	1,611,072
Total assets	**16,941,890**	**14,148,886**	**18,418,262**	**12,938,017**	**710,823**	**4,385,808**	**67,543,686**
Liabilities							
Bank deposits	116,574	-	-	-	-	2,083,413	2,199,987
Other deposits	30,246,044	1,253,869	97,112	-	-	6,074,014	37,671,039
Money market borrowings	1,548,201	-	-	80,624	-	-	1,628,825
Miscellaneous payables	183,015	-	-	-	-	500,391	683,406
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	7,189,755	4,365,611	1,417,242	638,518	-	-	13,611,126
Other liabilities (**)	479,323	357,384	324,229	8,487	-	10,579,880	11,749,303
Total liabilities	**39,762,912**	**5,976,864**	**1,838,583**	**727,629**	**-**	**19,237,698**	**67,543,686**
Balance sheet long position	-	8,172,022	16,579,679	12,210,388	710,823	-	37,672,912
Balance sheet short position	(22,821,022)	-	-	-	-	(14,851,890)	(37,672,912)
Off-balance sheet long position	-	2,007,488	-	860,985	-	-	2,868,473
Off-balance sheet short position	(351,189)	-	(388,632)	-	(30,000)	-	(769,821)
Total positions	**(23,172,211)**	**10,179,510**	**16,191,047**	**13,071,373**	**680,823**	**(14,851,890)**	**2,098,652**

(*) Non-interest bearing column in other assets line consists of tangible assets, intangible assets, current tax asset, deferred tax asset, assets held for sale, 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.

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	6,173,942	-	-	-	-	1,253,614	7,427,556
Due from other banks and financial institutions	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
Available-for-sale financial assets	149,177	303,234	191,169	722,053	-	11,390	1,377,023
Loans and receivables	11,494,092	4,363,350	11,735,125	11,374,379	751,546	1,097,884	40,816,376
Held-to-maturity investments	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 position	**(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, lease payables, taxes payable and equity.

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

III. 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	(0.15)	0.06	-	12.76
Financial assets at fair value through profit and loss	2.08	5.87	-	13.51
Money market placements	-	-	-	12.59
Financial assets measured at fair value through other comprehensive income	-	-	-	11.06
Loans	2.76	4.02	-	12.93
Financial assets measured at amortised cost	-	-	-	11.71
Liabilities				
Bank deposits	-	0.07	-	-
Other deposits	0.14	0.34	-	8.69
Money market borrowings	-	-	-	11.40
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.59	1.58	-	5.85

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	-	-	-	-
Due from other banks and financial institutions	(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 available-for-sale	-	-	-	16.07
Loans and receivables	3.12	5.52	-	16.91
Held-to-maturity investments	-	-	-	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

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

IV. 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	**13,069**	**3,196**	**3,196**
Equity investments	13,069	3,196	3,196
Financials subsidiaries	**-**	**-**	**-**
Financials subsidiaries	-	-	-

Prior 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	-	-	-

(*) 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

		Revaluation increases		Unrealized gains/ losses		
Current period	**Realized gains/losses during the 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)**	**-**

		Revaluation increases		Unrealized gains/ losses		
Prior period	**Realized gains/losses during the 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 equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	13,069	13,069	1,046

Prior 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

(*) The amount is calculated by using standard method within the scope of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

V. 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") was established which includes measures to be taken and practices that might be applied in business as usual and stressed conditions for liquidity risk management and responsibilities of the senior management. 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 by Asset Liability Committee where senior representatives of businesses are members of the Committee.

In accordance with the policy, a liquidity buffer that can supply adequate liquidity level under any economic circumstances and which is unpledged, has been defined. 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 quantitatively. The relevant parameters are analyzed regularly and reported to the members of Asset Liability Committee and Board of Directors.

Furthermore, the Bank's liquidity buffer is 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, comprehensive assessments are performed related to liquidity risk, and after the relevant risks are identified, and 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 stressed conditions.

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 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 approved 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, the factors which may affect the ability to create additional funding and the validity of the estimated funding capacity can be monitored closely by senior management.

V. 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 approved 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 that 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 scenario, 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 related 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.

In addition, to consider the possible negative effects due to the Covid-19 outbreak, different scenario analysis related to liquidity risk are performed in addition to the periodical stress tests which are part of risk management and the impacts are evaluated.

f. Overview on contingency funding plan

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.

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

V. 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	164.38%	30 September 2020	191.80%	31 July 2020
FC	149.51%	31 July 2020	161.69%	31 August 2020

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			14,910,937	7,784,766
Cash Outflows				
Real person and retail deposits	31,077,141	12,749,419	2,559,996	1,274,942
Stable deposits	10,954,372	-	547,719	-
Less stable deposits	20,122,769	12,749,419	2,012,277	1,274,942
Unsecured funding other than real person and retail deposits	9,705,793	6,590,503	6,234,754	4,161,233
Operational deposits	58,330	4,976	14,583	1,245
Non-operational deposits	7,876,724	6,184,700	4,535,494	3,771,322
Other unsecured debt	1,770,739	400,827	1,684,677	388,666
Secured funding			-	-
Other cash outflows	16,449,854	9,375,797	6,289,717	3,500,579
Derivative exposures and collateral completion liabilities	4,519,892	2,110,647	4,519,891	2,110,648
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,929,962	7,265,150	1,769,826	1,389,931
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**15,084,467**	**8,936,754**
Cash inflows				
Secured lending	147,826	-	-	-
Unsecured lending	3,589,746	1,565,071	2,440,907	1,264,853
Other cash inflows	4,438,314	2,636,194	4,167,020	2,631,306
Total cash inflows	**8,175,886**	**4,201,265**	**6,607,927**	**3,896,159**

	Total adjusted value	
Total high quality liquid assets stock	14,910,937	7,784,766
Total net cash outflows	8,476,540	5,040,595
Liquidity coverage ratio (%)	**177.07**	**156.59**

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on monthly simple arithmetic averages.

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

V. 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			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.

V. 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 unpledged 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 Saving 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 30 September 2020 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 38% of the Group's total foreign currency liabilities consist of funds obtained from other financial institutions and subordinated loans and 61% is composed of deposits. Loans, factoring receivables and leasing receivables comprise 70% and cash and cash equivalents comprise 28% 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 30 September 2020 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 58% 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. 65% of the assets in Turkish Lira balance sheet are net loans, factoring receivables and leasing receivables, 19% are marketable securities.

The cash flows from derivative 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.

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

V. 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	4,024,589	3,891,909	-	-	-	-	-	7,916,498
Banks	908,561	189,678	22,000	-	-	-	-	1,120,239
Financial assets at fair value through profit or loss	-	236,157	341,283	893,338	1,757,577	9,502	39	3,237,896
Money market placements	-	903,562	-	-	-	-	-	903,562
Financial assets measured at fair value through other comprehensive income	-	73,987	2,597	260,000	749,436	1,189	13,069	1,100,278
Loans	49,643	5,454,553	5,730,727	16,794,511	15,954,608	784,138	535,460	45,303,640
Financial assets measured at amortised cost	-	777,445	898,294	2,325,549	2,349,213	-	-	6,350,501
Other assets (*)	-	-	-	-	-	-	1,611,072	1,611,072
Total assets	**4,982,793**	**11,527,291**	**6,994,901**	**20,273,398**	**20,810,834**	**794,829**	**2,159,640**	**67,543,686**
Liabilities								
Bank deposits	2,083,413	116,574	-	-	-	-	-	2,199,987
Other deposits	8,283,780	28,036,278	1,253,869	97,112	-	-	-	37,671,039
Borrowings	-	1,185,317	966,989	3,313,842	8,100,151	44,827	-	13,611,126
Funds from interbank money market	-	1,548,201	-	-	80,624	-	-	1,628,825
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	312,433	-	-	-	-	-	370,973	683,406
Other liabilities (**)	-	420,798	191,356	196,741	316,945	43,583	10,579,880	11,749,303
Total liabilities	**10,679,626**	**31,307,168**	**2,412,214**	**3,607,695**	**8,497,720**	**88,410**	**10,950,853**	**67,543,686**
Liquidity deficit/surplus	**(5,696,833)**	**(19,779,877)**	**4,582,687**	**16,665,703**	**12,313,114**	**706,419**	**(8,791,213)**	**-**
Net Off Balance Sheet Position	**-**	**42,716**	**142,658**	**702,292**	**1,317,097**	**-**	**-**	**2,204,763**
Derivative financial assets	-	15,132,047	7,113,920	10,115,691	8,644,812	270,000	-	41,276,470
Derivative financial liabilities	-	15,089,331	6,971,262	9,413,399	7,327,715	270,000	-	39,071,707
Non-cash loans	**178,715**	**305,033**	**672,885**	**5,952,074**	**470,412**	**1,089,148**	**-**	**8,668,267**
Prior period								
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
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**

(*) 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, intangible assets, assets held for sale, expected loss provisions for non-credit financial assets and other assets.

(**) Unallocated column in other liabilities mainly consists of provisions, taxes payable, other foreign liabilities and shareholders' equity.

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

VI. 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 30 September 2020, the Group's consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month is 10.80% (31 December 2019: 9.61%). This ratio is above the minimum ratio. While the capital increased by 9% mainly as a result of increase in net profits, total risk amount decreased by 3%. Therefore, the current period leverage ratio increased by 119 basis points compared to prior period.

	Current period (**)	Prior period (**)
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	107,361,404	116,633,385
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	135,195	111,992
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	(21,176,946)	(28,012,348)
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	301,804	469,851
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	(89,503)	(83,802)
Total exposures	**86,531,954**	**89,119,078**

(*) 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)	*67,571,805*	*66,490,891*
Asset deducted from core capital	*(89,503)*	*(83,802)*
The total amount of risk on-balance sheet exposures	67,482,302	66,407,089
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	*3,131,949*	*2,677,428*
The potential credit risk amount of derivative financial instruments and credit derivatives	*491,542*	*539,567*
The total risk amount of derivative financial instruments and credit derivatives	3,623,491	3,216,995
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	*301,804*	*469,851*
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	301,804	469,851
Off-balance sheet items		
Gross notional amount for off-balance sheet items	*15,124,357*	*19,025,143*
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	15,124,357	19,025,143
Capital and total exposures		
Core capital	9,347,918	8,552,846
Total exposures	86,531,954	89,119,078
Leverage ratio		
Leverage ratio	10.80	9.61

(*) The amounts in the table represents the average of last three months.

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

VII. 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. Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	**Prior period**	**Current period**
Credit risk (excluding counterparty credit risk) (CCR)	**45,079,741**	**41,851,196**	**3,606,379**
Standardized approach (SA)	45,079,741	41,851,196	3,606,379
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	**2,712,816**	**1,927,209**	**217,025**
Standardized approach for counterparty credit risk (SA-CCR)	2,712,816	1,927,209	217,025
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	**336,288**	**213,788**	**26,903**
Standardized approach (SA)	336,288	213,788	26,903
Internal model approaches (IMM)	-	-	-
Operational risk	**7,283,869**	**6,022,402**	**582,710**
Basic indicator approach	7,283,869	6,022,402	582,710
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	**55,412,714**	**50,014,595**	**4,433,017**

VII. Explanations on consolidated risk management (continued)

2. Credit risk explanations

a. Assets credit quality

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

b. Changes in stock of defaulted loans and debt securities

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

c. Credit risk mitigation techniques

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

ç. Credit risk exposure and credit risk mitigation effects

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

d. Standardised approach – Exposures by asset classes and risk weights

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

3. Counterparty credit risk (CCR) approach analysis

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

4. Credit valuation adjustment (CVA) capital charge

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

5. Analysis of counterparty credit risk (CCR) exposure by approach

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

6. Collaterals for counterparty credit risk (CCR)

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

7. Credit derivatives

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

8. Exposures to central counterparties (CCP)

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

9. Explanations on securitisation

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

10. Explanations on market risk

Not prepared in accordance with the Communiqué on Banks' Declaration on Public Disclosure of Risk Management.

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

VIII. 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 – 30 September 2020	**Corporate, SME and Commercial Banking**	**Retail Banking**	**Other**	**Total**
Net interest income	891,695	1,176,337	316,340	2,384,372
Net fees and commissions income and other operating income	343,584	243,887	166,144	753,615
Trading gain/loss	90,000	52,077	49,108	191,185
Dividend income	-	-	476	476
Expected credit loss	(351,466)	(361,333)	(10,420)	(723,219)
Segment results	973,813	1,110,968	521,648	2,606,429
Other operating expenses (**)				(1,534,372)
Income from continuing operations before tax				1,072,057
Tax provision (*)				(240,327)
Net profit				**831,730**

Prior period – 30 September 2019	**Corporate, SME and Commercial Banking**	**Retail Banking**	**Other**	**Total**
Net interest income	1,123,994	1,069,023	353,856	2,546,873
Net fees and commissions income and other operating income	418,879	320,736	58,030	797,645
Trading gain/loss	70,083	36,135	460,283	566,501
Dividend income	-	-	3,115	3,115
Expected credit loss	(694,790)	(87,312)	(5,859)	(787,961)
Segment results	918,166	1,338,582	869,425	3,126,173
Other operating expenses (**)				(1,442,579)
Income from continuing operations before tax				1,683,594
Tax provision (*)				(358,687)
Net profit				**1,324,907**

(*) 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 – 30 September 2020	**Corporate, SME and Commercial Banking**	**Retail Banking**	**Other**	**Total**
Asset	35,729,892	12,750,469	19,063,325	67,543,686
Liability	17,274,811	28,273,039	12,514,659	58,062,509
Equity	-	-	9,481,177	9,481,177

Prior 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

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

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	279,305	1,202,759	305,785	947,588
Balances with the Central Bank of Turkey	532,110	5,902,306	344,422	5,829,761
Other	-	18	-	-
Total	**811,415**	**7,105,083**	**650,207**	**6,777,349**

1.2. Information related to the account of the Central Bank of Turkey

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	532,110	2,010,397	344,422	1,465,328
Restricted time deposit	-	-	-	1,336,860
Reserve requirement	-	3,891,909	-	3,027,573
Total	**532,110**	**5,902,306**	**344,422**	**5,829,761**

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% until 10 July 2020 Reserve Requirement period and rate ranging between 8% and 24% starting from 10 July 2020 for foreign currency deposits and foreign currency other liabilities depending on their maturity. The CBRT has decided to increase FX reserve requirement ratios by 300 basis points in all liability types and maturity brackets valid for all banks, effective from 10 July 2020 Reserve Requirement period.

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. The CBRT has decided to increase the interest rate paid for Turkish Lira required reserves by 200 basis points regardless of the loan growth of the banks, effective from 16 October 2020. Furthermore, the CBRT reduced the commission rates applied over the part of the required reserves in foreign currency up to the amount that should be kept for deposit fund liabilities (excluding foreign banks deposit fund / participation fund) to half of the current rates.

TL 531,752 (31 December 2019: TL 344,181) of the TL reserve deposits provided over the average balance and TL 2,010,397 (31 December 2019: TL 1,465,328) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

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

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	72,754	52,090
Collateral / blocked	43,425	70,634
Total	**116,179**	**122,724**

2.2. Positive differences related to derivative financial assets held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	172,002	-	71,372
Swap transactions	2,787,844	160,472	2,467,192	114,566
Futures transactions	-	-	-	-
Options	170	1,229	134	2,240
Other	-	-	-	-
Total	**2,788,014**	**333,703**	**2,467,326**	**188,178**

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	213,017	907,222	13,802	1,142,275
Domestic	213,017	750	13,801	173,601
Foreign	-	906,472	1	968,674
Headquarters and branches abroad	-	-	-	-
Total	**213,017**	**907,222**	**13,802**	**1,142,275**

As of 30 September 2020, restricted bank balance amounting to TL 213,908 (31 December 2019: TL 406,816) all of which is comprised of (31 December 2019: all amount) collaterals that is held by counter banks under CSA (credit support annex) contracts and is calculated based on related derivatives market price.

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

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	664,402	1,326,372
Repo transactions	114,616	14,218
Collateral / blocked	282,954	-
Total	**1,061,972**	**1,340,590**

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	1,051,556	1,329,581
Quoted to stock exchange	1,051,556	1,329,581
Not quoted	-	-
Equity certificates	13,069	11,390
Quoted to stock exchange	-	-
Not quoted	13,069	11,390
Provision for impairment (-)	(2,653)	(381)
Total	**1,061,972**	**1,340,590**

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	17,945	858,166	120	569,874
Corporate shareholders	17,906	858,166	-	569,874
Real person shareholders	39	-	120	-
Indirect loans granted to shareholders of the Parent Bank	307	338,800	39	201,879
Loans granted to employees of the Parent Bank	43,025	-	32,606	-
Total	**61,277**	**1,196,966**	**32,765**	**771,753**

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

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	37,636,481	4,494,329	1,225,431	-
Business loans	14,449,641	2,585,791	795,241	-
Export loans	6,521,594	352,384	75,948	-
Import loans	-	-	-	-
Loans given to financial sector	3,483,670	630,985	-	-
Consumer loans	10,408,058	842,027	324,167	-
Credit cards	516,172	64,488	30,075	-
Other	2,257,346	18,654	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**37,636,481**	**4,494,329**	**1,225,431**	**-**

	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	209,866	27	199,332	6
Loans	*198,994*	-	*183,722*	-
Other assets	*8,192*	*27*	*6,495*	*6*
Banks and money market placements	*1,850*	-	*8,843*	-
Marketable securities	*830*	-	*272*	-
Lifetime expected credit losses significant increase in credit risk	-	266,407	-	202,508
Loans	-	*266,407*	-	*202,508*
Total	**209,866**	**266,434**	**199,332**	**202,514**

5.3. Loans according to their maturity structure

Not prepared as per Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes that will be Publicly Announced.

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

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	**374,817**	**10,993,844**	**11,368,661**
Mortgage loans	196	3,618,200	3,618,396
Automotive loans	20,505	394,065	414,570
General purpose loans	354,116	6,981,579	7,335,695
Other	-	-	-
Consumer loans – indexed to FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	**551,576**	**21,247**	**572,823**
With installments	186,260	21,247	207,507
Without installments	365,316	-	365,316
Consumer credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	**4,550**	**29,818**	**34,368**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	4,550	29,818	34,368
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	**8,696**	**-**	**8,696**
With installments	3,126	-	3,126
Without installments	5,570	-	5,570
Personnel credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	**171,223**	**-**	**171,223**
Overdraft accounts – FC (real person)	**-**	**-**	**-**
Total	**1,110,862**	**11,044,909**	**12,155,771**

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

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	**1,054,010**	**2,645,818**	**3,699,828**
Real estate loans	-	13,847	13,847
Automotive loans	934	133,213	134,147
General purpose loans	-	-	-
Other	1,053,076	2,498,758	3,551,834
Commercial installment loans – indexed to FC	**4**	**26,908**	**26,912**
Real estate loans	-	-	-
Automotive loans	-	88	88
General purpose loans	-	-	-
Other	4	26,820	26,824
Commercial installment loans-FC	**1,786**	**11,434**	**13,220**
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	1,786	11,434	13,220
Corporate credit cards – TL	**29,216**	**-**	**29,216**
With installments	12,599	-	12,599
Without installments	16,617	-	16,617
Corporate credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	**48,906**	**-**	**48,906**
Overdraft loans – FC (legal entity)	**-**	**-**	**-**
Total	**1,133,922**	**2,684,160**	**3,818,082**

5.6. Loans according to borrowers

Not prepared as per Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes that will be Publicly Announced.

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	43,330,216	38,577,999
Foreign loans	26,025	5,910
Total	**43,356,241**	**38,583,909**

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

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	32,762	147,895
Loans and receivables with doubtful collectability	42,683	260,303
Uncollectible loans and receivables	1,611,098	1,188,033
Total	**1,686,543**	**1,596,231**

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	236	-	42,043
Restructured loans	236	-	42,043
Prior period			
Gross amounts before specific provision	12,870	2,100	9,016
Restructured loans	12,870	2,100	9,016

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	**436,729**	**617,099**	**1,919,788**
Additions (+)	181,896	7,190	20,201
Transfers from other categories of non-performing loans (+)	-	469,701	938,868
Transfers to other categories of non-performing loans (-)	(469,701)	(938,868)	-
Collections (-)	(77,312)	(65,747)	(340,565)
Write-offs (-)	(69)	(16)	(11,790)
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	**71,543**	**89,359**	**2,526,502**
Provisions (-)	(32,762)	(42,683)	(1,611,098)
Net balance on balance sheet	**38,781**	**46,676**	**915,404**

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

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	6,447	1,816	167,052
Provision (-)	(4,526)	(761)	(97,572)
Net balance on balance sheet	**1,921**	**1,055**	**69,480**
Prior 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**

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)	**38,781**	**46,676**	**915,404**
Loans granted to corporate entities and real person (gross)	58,281	89,359	2,519,422
Provision amount(-)	(30,534)	(42,683)	(1,604,018)
Loans granted to corporate entities and real person (net)	27,747	46,676	915,404
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	13,262	-	7,080
Provision amount (-)	(2,228)	-	(7,080)
Other loans (net)	11,034	-	-
Prior 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	-	-

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

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)	**4,733**	**3,659**	**43,307**
Interest accruals and valuation differences	8,203	6,516	85,196
Provision (-)	(3,470)	(2,857)	(41,889)
Prior 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)

5.11. Liquidation policy for uncollectible loans and receivables

Not prepared as per Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes that will be Publicly Announced.

5.12. Information on the write-off policy

Not prepared as per Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes that will be Publicly Announced.

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	1,504,737	-
Collateralised / blocked investments (*)	1,307,074	350,729
Total	**2,811,811**	**350,729**

(*) 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	6,351,331	2,114,571
Treasury bills	-	-
Other government securities	-	-
Total	**6,351,331**	**2,114,571**

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	6,351,331	2,114,571
Quoted to stock exchange	6,351,331	2,114,571
Not quoted	-	-
Impairment provision (-)	-	-
Total	**6,351,331**	**2,114,571**

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

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	2,114,571	1,194,996
Foreign currency differences on monetary assets	-	-
Purchases during the period	4,646,389	912,878
Disposals through sales and /redemptions	(467,536)	(36,299)
Provision for impairment (-)	-	-
Valuation effect	57,907	42,996
Period end balance	**6,351,331**	**2,114,571**

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 30 September 2020 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Factoring	ING Leasing	ING Securities
Paid in capital and adjustment to paid-in capital	1,757	40,000	30,000	31,907
Profit reserves, capital reserves and prior year profit / loss	108,063	107,474	139,606	2,194
Profit	42,299	9,218	21,804	15,762
Development cost of operating lease (-)	-	(2)	(2)	-
Intangible assets (-)	-	(476)	(434)	(6)
Total core capital	**152,119**	**156,214**	**190,974**	**49,857**
Supplementary capital	**-**	**-**	**-**	**-**
Capital	**152,119**	**156,214**	**190,974**	**49,857**
Net usable shareholder's equity	**152,119**	**156,214**	**190,974**	**49,857**

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 / Country)	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 Securities	İstanbul/ Turkey	100%	100%

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

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

As of 30 September 2020 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)	4,976,506	152,119	7	184,006	-	42,299	23,393	-
(2)	642,917	156,692	2,890	36,799	-	9,218	23,273	-
(3)	1,108,977	191,410	1,860	40,130	-	21,804	28,049	-
(4)	267,313	49,863	675	3,643	-	15,762	5,296	-

(*) Financial informations are obtained from the unreviewed financial statements of subsidiaries as of 30 September 2020.

8.3. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	83,599	95,907
Movements during the period	17,407	(12,308)
Purchases	-	-
Bonus shares obtained	17,407	-
Dividends from current year income	-	-
Sales (*)	-	(12,308)
Revaluation increase	-	-
Provisions for impairment	-	-
Balance at the end of the period	101,006	83,599
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	30,000	22,500
Finance companies	-	-
Other financial subsidiaries	31,006	21,099

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.

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

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	77,329	76,315	59,001	57,789
1-5 years	821,787	767,848	839,032	785,486
More than 5 years	-	-	13,529	9,791
Total	**899,116**	**844,163**	**911,562**	**853,066**

10.2 Information of the net investments made in finance lease

	Current period	Prior period
Gross financial lease investment	899,116	911,562
Unearned financial lease income (-)	(54,953)	(58,496)
Cancelled leases (-)	-	-
Net financial lease investment	**844,163**	**853,066**

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	38,306	-	35,316	1,117
Net investment hedge	-	-	-	-
Total	**38,306**	**-**	**35,316**	**1,117**

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

I. Explanations and notes related to assets of the consolidated balance sheet (continued)

12. Information on tangible assets (net)

Not prepared as per Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes that will be Publicly Announced.

13. Information on intangible assets (net)

Not prepared as per Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes that will be Publicly Announced.

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

The Group has current tax relating to corporation tax by the amount of TL 11,298 (31 December 2019: TL 133,793 current tax liability) under the asset items.

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.

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

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	1,031,162	-	13,445,822	2,731,938	50,743	24,539	13,461	-	17,297,665
Foreign currency deposits	4,556,142	-	8,019,160	2,937,877	106,322	82,202	20,786	-	15,722,489
Residents in Turkey	4,291,656	-	7,943,765	2,816,189	97,333	71,162	17,870	-	15,237,975
Residents abroad	264,486	-	75,395	121,688	8,989	11,040	2,916	-	484,514
Public sector deposits	232,407	-	-	5,301	83	-	-	-	237,791
Commercial deposits	702,603	-	1,329,819	55,101	1,316	89	-	-	2,088,928
Other institutions deposits	9,566	-	5,825	2,913	47	34	52	-	18,437
Precious metals deposits	1,751,900	-	553,829	-	-	-	-	-	2,305,729
Interbank deposits	2,083,413	-	116,574	-	-	-	-	-	2,199,987
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	10	-	116,574	-	-	-	-	-	116,584
Foreign banks	2,083,403	-	-	-	-	-	-	-	2,083,403
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**10,367,193**	**-**	**23,471,029**	**5,733,130**	**158,511**	**106,864**	**34,299**	**-**	**39,871,026**

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	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**

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	12,279,464	15,320,004	5,012,628	5,935,983
Foreign currency saving deposits	5,581,747	4,343,663	7,711,289	5,705,258
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	-	-	-	-

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

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	17,413	18,655
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	-	155,357	-	39,986
Swap transactions	487,652	158,695	470,640	113,004
Future transactions	-	-	-	-
Options	258	1,505	326	3,042
Other	-	-	-	-
Total	**487,910**	**315,557**	**470,966**	**156,032**

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	181,703	84,369	248,911	137,111
Funds borrowed from foreign banks, institutions and funds	837,816	8,438,974	64,606	10,407,016
Total	**1,019,519**	**8,523,343**	**313,517**	**10,544,127**

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

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	1,018,505	233,344	282,873	68,576
Medium and long term	1,014	8,289,999	30,644	10,475,551
Total	**1,019,519**	**8,523,343**	**313,517**	**10,544,127**

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 2019: 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	1,869	1,681	850	806
Between 1-4 years	111,705	91,511	117,963	97,473
More than 4 year	271,919	171,592	322,830	200,500
Total	**385,493**	**264,784**	**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	94,994	5,369	348,720	6,658
Net investment hedge	-	-	-	-
Total	**94,994**	**5,369**	**348,720**	**6,658**

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

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 2019: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans	29,584	32,363
Provision for credit card score promotion	1,377	1,373
Other provisions	141,848	134,699
Allowance for expected credit losses (Stage 1 and Stage 2) (*)	*39,361*	*35,393*
Other	*102,487*	*99,306*
Total	**172,809**	**168,435**

(*) Non-cash loan provisions are included.

Amount to TL 77,988 (31 December 2019: TL 69,601) 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. The mediation meeting was taken in 9 July 2020 between parties (mediation before mandatory proceedings) and a minute was drawn up in order not to agree between the bank and the SDIF. A lawsuit has been filed by the SDIF for the cancellation of our Bank's objection to this execution proceeding.

II. Explanations and notes related to liabilities of the consolidated balance sheet (continued)

In the First Case, the first instance court ruled in favor of the Parent Bank, which has been later reversed by the Supreme Court of Appeals (Yargıtay). The First Case has been returned to 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 has been completed and it was in favor of the Parent Bank. The first instance court decided in favor of the Parent Bank however SDIF appealed against the decision and the appeal of the SDIF has been rejected in favor of the Parent Bank. Against this decision, the Court of Cassation, the way of correction of the decision was clear. Currently the SDIF made a decision correction, the decision is expected to be finalized in favor of the Bank in the year 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 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 30 September 2020, TL 32,902 (31 December 2019: TL 30,898) of TL 62,210 (31 December 2019: TL 57,205) provisions for employee benefits is the unused vacation provisions. Full provision is provided for the unused vacation liability.

TL 29,308 (31 December 2019: TL 26,307) 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 7,117.17 (Full TL) at 30 September 2020 and TL 6,379.86 (Full TL) at 31 December 2019 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements dated 30 September 2020 and 31 December 2019, 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.

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

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

Explanations on taxation and calculations are explained in Note XXI of Section Three. As of 30 September 2020, as a result of the setoff of the Group's corporate tax liability and temporary taxes paid, the remaining corporate tax liability amounts to TL 4,955 and as a result of the such setoff being made on each entity and tax authority basis, the resulting current tax assets amounts to TL 11,298.

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	4,955	42,308
Taxation of securities	26,472	35,451
Banking insurance transaction tax ("BITT")	14,981	21,917
Foreign exchange transaction tax	8,405	2,312
Value added tax payable	5,485	6,390
Property tax	384	839
Other	11,319	11,123
Total	**72,001**	**120,340**

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	5,425	5,030
Social security premiums-employer	7,958	7,361
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	394	363
Unemployment insurance-employer	752	699
Other	-	-
Total	**14,529**	**13,453**

9.2. Explanations on deferred tax liabilities

As of 30 September 2020, deferred tax asset and deferred tax liability of the Group amounts to TL 2,103 and TL 321,082 respectively (31 December 2019: deferred tax asset is TL 47 and deferred tax liability is TL 191,341) 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 (*)	122,172	26,452	147,050	31,955
Fair value differences for financial assets and liabilities	(51,449)	(9,818)	66,265	14,011
Derivative valuation differences	(2,174,413)	(439,732)	(1,657,747)	(339,707)
Expected credit losses of Stage I and II	515,661	103,648	416,470	83,731
Other	10,855	471	95,577	18,716
Total deferred tax assets / (liabilities) net		**(318,979)**		**(191,294)**

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.

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

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 – 30 September 2020)	Prior period (1 January – 30 September 2019)
Opening balance	**(191,294)**	**(419,302)**
Deferred tax income / (expense) net	(107,423)	37,416
Deferred tax recognized under equity	(18,753)	162,395
Foreign currency difference	(1,509)	-
Balance at the end of the period	**(318,979)**	**(219,491)**

10. Information on liabilities regarding assets held for sale

As of 30 September 2020 and 31 December 2019, 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	**-**	**4,068,264**	**-**	**4,237,398**
Subordinated loans (*)	-	4,068,264	-	4,237,398
Subordinated debt instruments	-	-	-	-
Total	**-**	**4,068,264**	**-**	**4,237,398**

(*) 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 91 million and EUR 85 million is amortised by 40% and then included in Tier II Capital as its remaining maturity is less than 4 years and USD 62 million and EUR 231 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than 5 years as of 30 September 2020.

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.

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

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	31,815	-	81,277	-
Foreign exchange difference	-	-	-	-
Total	**31,815**	**-**	**81,277**	**-**

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 26 March 2020, the distribution of the net profit of the year 2019, is as follows.

Profit distribution table of 2019	
2019 net profit	**1,476,311**
A – I. Legal Reserve (TCC 519/A) 5%	(73,816)
B – The First Dividend for Shareholders	-
C – Extraordinary Reserves	(1,401,809)
D – Special funds	(686)

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

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	2,194,949	4,392,239
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	2,711,204	2,342,104
Commitments for cheque payments	253,686	271,795
Commitments for credit card limits	1,194,798	1,300,950
Commitments for credit cards and banking services promotions	5,649	5,732
Other irrevocable commitments	28,063	27,676
Total	**6,388,349**	**8,340,496**

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	791,435	1,125,746
Commitments and contingencies	282,888	484,712
Bank acceptance loans	1,078	4,008
Total	**1,075,401**	**1,614,466**

1.2.2. Irrevocable guarantees, temporary guarantees and other similar commitments and contingencies

	Current period	Prior period
Irrevocable letters of guarantees	6,217,298	5,196,801
Cash loans letters of guarantees	658,472	943,427
Advance letters of guarantees	541,645	473,458
Temporary letters of guarantees	83,546	27,687
Other	91,905	84,635
Total	**7,592,866**	**6,726,008**

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	763,036	1,140,722
With original maturity of 1 year or less than 1 year	79,473	334,422
With original maturity of more than 1 year	683,563	806,300
Other non-cash loans	7,905,231	7,199,752
Total	**8,668,267**	**8,340,474**

III. Explanations and notes related to consolidated off-balance sheet accounts (continued)

1.3.2. Information on sectoral risk concentrations of non-cash loans

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

1.3.3. Non-cash loans classified in Group I and Group II

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

1. Information on derivative transactions

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

3. Information on credit swaps and related risks

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

4. Information on contingent liabilities and assets

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

5. Information on the services provided on behalf of others

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

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

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 (*)	2,641,694	517,554	3,763,627	610,758
Short term loans	578,714	88,275	1,176,693	74,606
Medium and long term loans	1,878,015	429,279	2,422,148	536,152
Interest on loans under follow-up	184,965	-	164,786	-
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	12,306	288	42,347	6,153
From foreign banks	126	6,867	317	36,260
From branches abroad	-	-	-	-
Total	**12,432**	**7,155**	**42,664**	**42,413**

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	11,705	810	17,609	416
Financial assets measured at fair value through other comprehensive income	85,837	-	99,771	-
Financial assets measured at amortised cost	329,957	-	182,152	-
Total	**427,499**	**810**	**299,532**	**416**

1.4 Information on interest income received from associates and subsidiaries

The interest income from subsidiaries is eliminated in the accompanying consolidated financial statements.

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

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 (*)	35,344	160,971	53,250	328,536
Central Bank of Turkey	-	-	-	-
Domestic banks	16,588	2,266	20,688	3,478
Foreign banks	18,756	158,705	32,562	325,058
Branches and offices abroad	-	-	-	-
Other institutions (*)	-	2,317	-	3,729
Total	**35,344**	**163,288**	**53,250**	**332,265**

(*) 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

There is no interest on securities issued on current period.

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	-	2,126	-	-	-	-	-	2,126
Saving deposits	-	904,109	221,733	3,942	1,619	2,960	-	1,134,363
Public sector deposits	-	-	410	3	-	-	-	413
Commercial deposits	-	58,106	5,173	108	6	42	-	63,435
Other deposits	-	319	305	2	1	3	-	630
7 days call accounts	-	-	-	-	-	-	-	-
Total	**-**	**964,660**	**227,621**	**4,055**	**1,626**	**3,005**	**-**	**1,200,967**
Foreign currency								
Foreign currency deposits	-	18,314	23,714	1,075	631	407	-	44,141
Banks deposits	-	3,168	-	-	-	-	-	3,168
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	**-**	**21,482**	**23,714**	**1,075**	**631**	**407**	**-**	**47,309**
Grand total	**-**	**986,142**	**251,335**	**5,130**	**2,257**	**3,412**	**-**	**1,248,276**

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

IV. Explanations and notes related to consolidated statement of profit or loss (continued)

3. Information on dividend income

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

4. Information on trading income/loss (net)

	Current period	Prior period
Income	**44,523,661**	**21,420,731**
Gains on capital market transactions	116,178	57,840
Gains on derivative financial instruments	12,066,133	11,255,832
Foreign exchange gains	32,341,350	10,107,059
Loss (-)	**(44,332,476)**	**(20,854,230)**
Loss on capital market transactions	(42,411)	(59,419)
Loss on derivative financial instruments	(11,071,248)	(10,388,359)
Foreign exchange loss	(33,218,817)	(10,406,452)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 1,038,694 (30 September 2019: TL 145,685 net loss).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	387,230	364,241
Income arising from sale of assets	18,711	10,032
Banking services income	1,336	2,309
Other non-interest income	38,589	55,352
Total	**445,866**	**431,934**

6. Allowance for expected credit losses

	Current period	Prior period
Expected credit losses	723,107	787,386
12-Month expected credit loss (Stage 1)	69,151	54,710
Expected credit loss significant increase in credit risk (Stage 2)	107,709	3,100
Expected credit loss impaired credits (Stage 3)	546,247	729,576
Impairment losses on securities	112	575
Financial assets measured at fair value through profit/loss	110	575
Financial assets measured at fair value through other comprehensive income	2	-
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	-	-
Total	**723,219**	**787,961**

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

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	2,559	2,345
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	3,500
Depreciation expense of tangible assets	102,363	97,858
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	21,745	22,395
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	614,965	542,295
Operating lease expenses related with TFRS 16 exception	12,713	11,548
Repair and maintenance expenses	22,452	26,011
Advertisement expenses	71,393	77,374
Other expenses	508,407	427,362
Loss on sales of assets	4,912	17,753
Other (*)	221,923	205,683
Total	**968,467**	**891,829**

(*) Includes saving-deposits-insurance-fund related expenses of TL 99,013 (30 September 2019: TL 81,279).

8. Information on income / (loss) before taxes for continued and discontinued operations

As of 30 September 2020, the income before taxes is TL 1,072,057 (30 September 2019: TL 1,683,594).

9. Information on tax provision for continued and discontinued operations

As of 30 September 2020, the corporate tax provision expense for the period is TL 132,904 (30 September 2019: TL 396,103), and the deferred tax expense is TL 107,423 TL (30 September 2019: TL 37,416 deferred tax income).

10. Information on net operating income after taxes for continued and discontinued operations

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

11. The explanations on net income / loss for the period

Interest income from regular banking transactions is TL 3,938,241 (30 September 2019: TL 5,754,121), while the interest expense is TL 1,553,869 (30 September 2019: TL 3,207,248).

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 357,201 (30 September 2019: TL 411,529) has included TL 84,713 (30 September 2019: TL 157,274) resulting from the credit card fees and commissions, TL 23,649 (30 September 2019: TL 76,323) resulting from service fees and commissions from contracted merchants and TL 119,628 (30 September 2019: TL 96,701) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 141,198 (30 September 2019: TL 149,835) has included TL 52,222 (30 September 2019: TL 91,905) resulting from credit card exchange commissions.

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

V. 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	-	-	120	569,874	39	201,879
End of the period	-	-	17,945	858,166	307	338,800
Interest and commission income	-	-	31	1,692	-	341

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	-	-	71	570,374	47	200,958
End of the period	-	-	120	569,874	39	201,879
Interest and commission income	-	-	3	938	-	207

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	-	-	102,613	25,152	29,018	2,400
End of the period	-	-	79,085	102,613	106,864	29,018
Interest expense on deposits	-	-	220	452	1,588	559

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	-	-	23,135,735	11,502,875	27,994	20,039
End of the period	-	-	14,375,408	23,135,735	-	27,994
Total profit/loss	-	-	(24,664)	63,722	21,779	45,991
Transactions with hedging purposes						
Beginning of the period	-	-	2,005,290	-	-	-
End of the period	-	-	1,000,890	2,005,290	-	-
Total profit/loss	-	-	(50)	(33,346)	-	-

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

V. Explanations and notes related to risk group of the Parent Bank (continued)

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	-	-	93,206	13,741	8,121	67,664
End of the period	-	-	215,262	93,206	15,675	8,121
Interest income received	-	-	129	560	27	123

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	-	-	9,411,987	14,502,679	3,901	7,702
End of the period	-	-	8,416,239	9,411,987	5,501	3,901
Interest and commission paid	-	-	90,722	118,386	238	1,308

The Group also has subordinated loan amounting to TL 4,068,264 from its shareholder ING Bank NV as of 30 September 2020 (31 December 2019: TL 4,237,398).

1.7 Information regarding benefits provided to the Group's top management:

Benefits paid to key management personnel for the period ended as of 30 September 2020 is amounting to TL 22,970 (30 September 2019: TL 31,053).

VI. Explanations and notes related to subsequent events

Financial Risk Management Executive Vice President of the Parent Bank, Nermin Güney, has resigned from her duty and has been appointed as Chief Risk Officer of ING France starting from 1 October 2020.

The Parent Bank sold non-performing loan portfolio amounting to TL 314,769 for an amount of TL 19,525 to domestic asset management companies on 20 October 2020.

Ozan Kırmızı, who has been working at the Parent Bank as a Director of Digital Banking and Branch Sales Management, has been appointed on 26 October 2020, as Retail Banking Executive Vice President.

Section six

Independent auditors' review report

I. Explanations on the independent auditors' review report

The consolidated financial statements of the Parent Bank and its financial subsidiaries as of 30 September 2020, have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and the review report dated 6 November 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.

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

Section seven

Interim activity report

I. Interim consolidated activity report including the assessments of the Chairman and CEO on the interim activities

1. Overview

1.1. A summary of financial information relating to operating results for the period ended

Summary financial information on the consolidated financial statements of the Group for the period 30 September 2020 and 31 December 2019 is as follows.

Main balance sheet items

Million TL	Current period	Prior period
Net loans	45,303	40,816
Deposits	39,871	38,970
Equity	9,481	8,539
Total assets	67,544	65,434

Main financial ratios

	Current period	Prior period
Capital adequacy ratio	23.26%	25.57%
Loans / Total assets	67.07%	62.38%
Deposits / Total assets	59.03%	59.56%
Non-performing loans / Total loans	5.66%	6.95%
Income / Average capital (*)	12.28%	18.75%
Income / Average assets (*)	1.69%	2.28%
Expense / Income ratio (**)	51.63%	39.46%

(*) Items related to statement of profit or loss are included in the ratio calculation after annualization process.
(**) Prior period profit/loss amounts are for the nine month period ended 30 September 2019.

1.2 Changes and the reason for changes made in the Articles of Association

In the accounting period, there has not been any change in the Articles of Association of the Parent Bank.

I. Interim consolidated activity report including the assessments of the Chairman and CEO on the interim activities (continued)

1.3 Chairman's assessments of the operating period and expectations for the future

The third quarter saw a rapid economic recovery from the pandemic-related impacts that made their mark on the previous quarter. However, as the third quarter drew to a close, several questions arose of particular importance to financial markets. These included whether the economic uptrend would continue the rest of the year, if comprehensive lockdown measures would be imposed in a second wave of the pandemic and afterwards, and what would decision makers do to strike a balance between public health requirements and economic performance.

Looking at the world economy as a whole, economic activity, after quickly bouncing back from its low point following the easing of lockdown restrictions, continued moderately in the third quarter. As a result, the global economic recovery moved forward albeit at a slower pace. However, the underlying weakness signaled by recently announced data raises questions about the world economy's future performance after the third quarter. Given the extent of the shock caused by the Covid-19 outbreak, the prevailing expectation is that it will take time for the global economy to fully rebound to its pre-pandemic levels.

Turkey's economy contracted in the second quarter due to the loss in economic activity resulting from the restrictive social measures imposed to curb the pandemic. However, a supportive policy stance and economic stimulus helped limit the pandemic's impact on GDP, with actual results coming in better than initial projections and outperforming figures recorded in comparable countries. The most recent leading indicators point to ongoing recovery in the Turkish economy in third quarter 2020.

While keeping its benchmark rate unchanged, the Central Bank of the Republic of Turkey (CBRT) took steps to tighten its monetary policy by modifying its funding composition with a view toward curbing inflation and keeping exchange rate volatility in check in July and August. CBRT went on to raise its policy rate from 8.25% to 10.25% in September. Subsequently, CBRT continued to increase its weighted-average cost of funds, maintaining the tightening trend in its policy stance. Meanwhile, the Banking Regulation and Supervision Agency (BRSA) imposed various regulations as a part of its steps towards normalization.

At ING Turkey, we have implemented all possible measures to keep our employees and customers healthy and safe while also adopting practices that support the current economic environment in Turkey.

During these challenging and uncertain times, we will continue investing in technology and digitalization, developing products and services in parallel with the next generation banking approach, and providing support both to the economy and our customers. I would like to thank our business partners, customers, employees and main shareholder for their ongoing support and valuable contributions.

John T. Mc Carthy
Board Chairman

I. Interim consolidated activity report including the assessments of the Chairman and CEO on the interim activities (continued)

1.4 CEO's assessments of the operating period and expectations for the future

We have left behind yet another quarter amidst the continued challenges posed by Covid-19 at a global level in healthcare, social life and economy. In the face of such an unprecedented experience, we now feel more prepared and continue to take comprehensive measures to address the uncertainties brought by this period and to take all necessary steps to keep our employees, customers, stakeholders healthy and safe.

During this period, the Turkish economy has successfully passed the test thanks to the resilience of the finance industry against crises as a result of the measures taken by the government and regulatory authorities. At ING in Turkey, we have also continued to focus on products and services aimed at mitigating the effects of the pandemic in line with our responsible banking approach.

With a view to accelerating our customers' access to financing, we have created loan packages with favorable conditions in order to contribute to firms manufacturing domestically across various industries, exporters, SMEs and the national economy. We extended a hand of support to both our retail and commercial customers at competitive rates. The distance we have covered towards this goal is also demonstrated with the 10% growth in consolidated basis in Turkish Lira cash loans and a total loan size of TL 54 billion in the third quarter of the year.

Our successful performance is prevalent across our entire financial statements as well as our loans. Based on the consolidated financial data for the third quarter of the year, our bank's size of assets stood at TL 67.5 billion and shareholders' equity at TL 9.5 billion. Our profit before tax were TL 1.1 billion and our capital adequacy ratio was 23.3%. Our bank's total cash loans reached TL 45.3 billion while our deposits volume increased to TL 39.9 billion.

In the meantime, in line with our digital banking strategy, we also continued in this period to strengthen our products and services that make life easier for our customers. We have positioned digital transformation well beyond Internet and mobile banking, and digitalized our processes end-to-end, investing not only in infrastructure but also in people. In parallel with this, we have also speeded up our efforts in digital customer acquisition and digital consultancy with the development of our chat-based banking assistant INGo. This has brought us a step closer to our goal of becoming Turkey's most digital institution.

At ING in Turkey, the synergies we created and success we achieved independent of spaces and physical distances attested to the efficiency of the remote and flexible working model we have actually been implementing for many years as it empowered us during the pandemic. Accordingly, in line with our vision of becoming an institution that always prioritizes employee satisfaction, we have further expedited and moved to the final phase our ongoing work aimed at transforming the new working models suited to the spirit of remote and flexible work into our human resources practices.

As we leave the first nine months of the year behind, I would like to extend my heartfelt thanks both personally and on behalf of the ING in Turkey management team to our business partners and my colleagues who have performed brilliantly and helped rapidly put in place all required actions in such a challenging period.

Alper İhsan Gökgöz
CEO

I. Interim consolidated activity report including the assessments of the Chairman and CEO on the interim activities (continued)

1.5 Explanations on the Parent Bank 's service types, activities, staff and branch number and Evaluation of the Parent Bank's sector position

The Parent Bank continues its services and operations with 3,683 employees and 205 domestic branches, as of 30 September 2020.

Sector information on September 2020 has not been published yet. According to the sector information disclosed as of June 2020, the Parent Bank is the 8th biggest private bank in terms of total assets, loans and deposits.

1.6 Information on research and development about new services and activities

In the accounting period, there has not been any change in the Parent Bank's research and development process about new service and operations.

2. Assessments about financial position and risk management

2.1 Information on Audit Committee's operations in accounting period

The Parent Bank's Ordinary General Assembly meeting was held on 26 March 2020. With the division of duties resolution, no. 29/1, dated 26 March 2020, M. Semra Kuran was elected as Chairman of the Audit Committee. Vice Chairman of the BoD and Audit Committee Member Adrianus J. A. Kas has resigned from his duty as of 8 June 2020. A. Canan Ediboğlu has been appointed as Vice Chairman of the BoD and Sali Salieski has been appointed as Audit Committee Member per the Board of Directors resolution No. 55/1 and dated 8 June 2020. As of 26 June 2020, Sali Salieski has resigned from membership of the Audit Committee, and instead Martijn Bastiaan Kamps has been appointed as Audit Committee member.

2.2 An assessment on financial status, profitability and solvency

According to the consolidated financial statements as of 30 September 2020, the asset size of the Group is TL 67.5 billion, and profit before tax is TL 1.1 billion. As of 30 September 2020, credits constitute 67% of total assets with TL 45.3 billion.

According to consolidated financial statements, deposits which is the primary funding source of the Group, constitutes 59% of the balance sheet with TL 39.9 billion as of 30 September 2020. Even though the large base deposit structure covering small investments represents a short term source in the sector, it remains within the Parent Bank for much longer compared to the original term.

As of 30 September 2020, capital adequacy ratio of the Group has reached 23.3%. The Parent Bank has subordinated loans from its main shareholder amounting to TL 4.1 billion. As of 30 September 2020, total equities of the Group has reached to TL 9.5 billion.

I. Interim consolidated activity report including the assessments of the Chairman and CEO on the interim activities (continued)

2.3 Information on the risk management policies applied by risk types

There has been no change in the accounting period.

2.4 Information on whether ratings are determined by rating agencies

International credit rating agency Fitch Ratings Ltd. has confirmed the Bank's credit ratings as of 1 September 2020 as follows:

Long-term Foreign Currency Rating: B+ (Outlook: Negative)
Long-Term Local Currency: BB- (Outlook: Stable)
Short-term Foreign Currency Rating: B
Short Term Local Currency: B
Support Rating: 4
National Long-Term Notes: AA (tur) (Outlook: Stable)
Viability Rating: b+ (Confirmed as of 14 February 2020)

According to the Parent Bank's request, the Parent Bank's agreement with Moody's has been terminated as of 30 June 2020 and the Parent Bank does not have any credit ratings evaluated by Moody's.