

(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 Six-Month Period Ended
30 June 2022 and Independent
Auditors' Review Report

5 August 2022

This report consists of 2 pages of "Independent Auditors' Review Report" and 90 pages of consolidated financial statements and related disclosures and footnotes.

**Convenience Translation of the Auditor’s Limited Review Report
Originally Issued in Turkish (See Note I in Section Three)**

Independent Auditors’ Report on Review of Consolidated Interim Financial Information

To the Board of Directors of ING Bank A.Ş.

Introduction

We have reviewed the consolidated statement of financial position of ING Bank A.Ş. (“the Bank”) and its subsidiaries (together will be referred as “the Group”), at June 30,2022 and the related 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 and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by Banking Regulation and Supervision Authority (“BRSA”) and Turkish Accounting Standard (“TAS”) 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation (together referred as “BRSA Accounting and Financial Reporting Legislation”). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited 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 reporting process, 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 the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the consolidated financial position of Group at June 30, 2022, and the results of its operations and its consolidated cash flows for the six-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other matter

The consolidated financial statements of the Group as at December 31, 2021 and June 30, 2021 were audited and reviewed by another audit firm, which expressed an unqualified opinion and unqualified conclusion in their reports on February 11, 2022 and August 9, 2021, respectively.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VII, are not consistent with the consolidated financial statements and disclosures in all material respects.

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, there are differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"), including non application of IAS 29 Financial Reporting in Hyperinflation Economies. The effect of such differences has not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Fatma Ebru Yücel, SMMM
Partner

August 5, 2022
Istanbul, Turkey

The consolidated financial report of ING Bank A.Ş. prepared as of and for the six-month period ended 30 June 2022

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The six-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 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.

<u>Subsidiaries</u>	<u>Investments in associates</u>	<u>Joint ventures</u>
1. ING European Financial Services Plc. 2. ING Finansal Kiralama A.Ş. 3. ING Yatırım Menkul Değerler A.Ş.	None	None

The accompanying six-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.

<u>John T. Mc CARTHY</u> Chairman of the Board	<u>Alper İhsan GÖKGÖZ</u> CEO	<u>K. Atıl ÖZUS</u> CFO	<u>M. Gökçe ÇAKIT</u> Financial Reporting and Tax Director
	<u>M. Semra KURAN</u> Chairman of the Audit Committee	<u>Nermin GÜNEY</u> Audit Committee Member	

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

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ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements as of and for the six-month period ended 30 June 2022 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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” or “the Bank”) were laid in 1984 by the establishment of “The First National Bank of Boston Istanbul Branch” and the current structure has been formed with the below mergers and takeovers. The establishment and historical developments of the 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 sale 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.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements

as of and for the six-month period ended 30 June 2022

(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 June 2022 and 31 December 2021 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 June 2022, 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 June 2022 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 Nermin Güney and Karst Jan Wolters with a nominal value of TL 1 (Full TL) each.

One share amounting to TL 1 (full TL), belonging to the Member of the Board of Directors, Martijn Bastiaan Kamps, who resigned from his duty on 7 April 2022, was transferred to Nermin Güney on 28 April 2022.

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements as of and for the six-month period ended 30 June 2021

(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 June 2022, 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 Edibođlu	Vice Chairman of the BoD	Legally declared
M. Semra Kuran	BoD Member and Chairman of the Audit Committee	Legally declared
Nermin Güney	BoD Member and Audit Committee Member	Legally declared
Karst Jan Wolters	BoD Member	Legally declared
Alper İhsan Gökğöz	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
İlker Kayseri	Executive Vice President	Treasury
K. Atıl Özus	Chief Financial Officer	Financial Control and Treasury
Martijn Bastiaan Kamps	Executive Vice President	Credits
Meltem Öztürk	Executive Vice President	Human Resources
N. Yücel Ölçer	Executive Vice President	Operation
Okan Korkmaz	Chief Audit Executive	Internal Audit
Ozan Kırmızı	Executive Vice President	Retail Banking
Öcal Ađar	Executive Vice President	Business Banking
Umut Pasin	Executive Vice President	Financial Risk Management
Wouter Meijs	Executive Vice President	Technology

Wouter Meijs has been appointed as Technology Executive Vice President per the Board of Directors resolution No. 96/2 and dated 30 November 2021, starting from 1 January 2022.

Parent Bank Operations Executive Vice President and ExCo Member, N. Yücel Ölçer, has been appointed COO for Retail Banking at ING Group effective of 1 January 2022. N. Yücel Ölçer’s duty as Deputy Executive Vice President for Operations at the Bank ended on 15 July 2022.

Parent Bank Business Banking Executive Vice President and ExCo Member, İhsan Çakır, has been appointed CEO of ING Lease Belgium and Tribe Lead Lease for Market Leaders at the ING Group effective of 1 April 2022.

Parent Bank Credits Executive Vice President and ExCo Member, Öcal Ađar, has been appointed Parent Bank’s Business Banking Executive Vice President effective of 18 April 2022. Martijn Bastiaan Kamps, who was the former Member of the Board of Directors and Audit Committee, has been appointed as Parent Bank Credits Executive Vice President and ExCo Member effective of 25 April, after the BRSA process.

With the Board of Directors resolution, no. 32, dated 7 April 2022, Nermin Güney has been appointed as a member of the Board of Directors to be effective as from 28 April 2022; substituting Martijn Bastiaan Kamps who resigned from his duty on 7 April 2022; according to Article 363/1 of the Turkish Commercial Code. it was decided to submit this matter for approval of the first General Assmly and appoint Nermin Güney as a Member of the Audit Committee.

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

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to consolidated financial statements
as of and for the six-month period ended 30 June 2021
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

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 163 domestic branches.

The Parent Bank and its subsidiaries ING European Financial Services Plc., ING Finansal Kiralama A.Ş. and ING Yatırım 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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position)

as of 30 June 2022

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

Assets	Note (section five)	Reviewed Current period (30/06/2022)			Audited Prior period (31/12/2021)		
		TL	FC	Total	TL	FC	Total
I. Financial assets (net)		8,869,977	20,123,989	28,993,966	10,464,748	19,000,679	29,465,427
1.1 Cash and cash equivalents		4,616,348	19,120,751	23,737,099	4,857,397	18,117,161	22,974,558
1.1.1 Cash and balances at Central Bank	(I-1)	2,512,835	15,656,041	18,168,876	2,011,212	16,791,262	18,802,474
1.1.2 Banks	(I-3)	241,424	3,466,591	3,708,015	77,712	1,325,899	1,403,611
1.1.3 Money market placements		1,863,271	-	1,863,271	2,771,996	-	2,771,996
1.1.4 Expected credit losses (-)	(I-5)	(1,182)	(1,881)	(3,063)	(3,523)	-	(3,523)
1.2 Financial assets at fair value through profit or loss	(I-2)	54,359	190,108	244,467	35,237	139,641	174,878
1.2.1 Government securities		54,264	190,108	244,372	35,187	139,641	174,828
1.2.2 Equity instruments		95	-	95	50	-	50
1.2.3 Other financial assets		-	-	-	-	-	-
1.3 Financial assets at fair value through other comprehensive income	(I-4)	1,222,347	988	1,223,335	1,342,498	869	1,343,367
1.3.1 Government securities		1,204,331	-	1,204,331	1,329,741	-	1,329,741
1.3.2 Equity instruments		18,016	988	19,004	12,757	869	13,626
1.3.3 Other financial assets		-	-	-	-	-	-
1.4 Derivative financial assets		2,976,923	812,142	3,789,065	4,229,616	743,008	4,972,624
1.4.1 Derivative financial assets measured at fair value through profit or loss	(I-2)	2,869,688	812,142	3,681,830	4,102,332	743,008	4,845,340
1.4.2 Derivative financial assets measured at fair value through other comprehensive income	(I-11)	107,235	-	107,235	127,284	-	127,284
II. Financial assets measured at amortised cost		37,101,102	29,600,754	66,701,856	29,825,288	27,588,965	57,414,253
2.1 Loans	(I-5)	32,533,274	29,217,247	61,750,521	25,920,785	26,885,312	52,806,097
2.2 Receivables from leasing transactions	(I-10)	154,559	664,710	819,269	110,569	703,653	814,222
2.3 Factoring receivables		-	-	-	-	-	-
2.4 Other financial assets measured at amortised cost	(I-6)	5,723,330	-	5,723,330	5,609,794	-	5,609,794
2.4.1 Government securities		5,723,330	-	5,723,330	5,609,794	-	5,609,794
2.4.2 Other financial assets		-	-	-	-	-	-
2.5 Expected credit losses (-)	(I-5)	(1,310,061)	(281,203)	(1,591,264)	(1,815,860)	-	(1,815,860)
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		171,382	-	171,382	-	-	-
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)	171,382	-	171,382	-	-	-
4.2.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated non-financial subsidiaries		171,382	-	171,382	-	-	-
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)	651,810	56	651,866	671,066	29	671,095
VI. Intangible assets (net)	(I-13)	37,921	-	37,921	34,294	-	34,294
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		37,921	-	37,921	34,294	-	34,294
VII. Investment property (net)	(I-14)	-	-	-	-	-	-
VIII. Current tax asset	(I-15)	-	2,475	2,475	195,100	810	195,910
IX. Deferred tax asset	(I-15)	1,142	-	1,142	6,649	-	6,649
X. Other assets (net)	(I-17)	2,062,481	42,495	2,104,976	823,649	23,733	847,382
Total assets		48,896,475	49,769,769	98,666,244	42,021,454	46,614,216	88,635,670

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position)

as of 30 June 2022

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

Liabilities	Note (section five)	Reviewed Current period (30/06/2022)			Audited Prior period (31/12/2021)		
		TL	FC	Total	TL	FC	Total
I. Deposits	(II-1)	29,378,650	31,487,281	60,865,931	19,860,786	32,756,412	52,617,198
II. Loans received	(II-3)	1,766,460	15,010,305	16,776,765	324,390	15,226,834	15,551,224
III. Money market funds		413,670	90,567	504,237	2,501,827	93,896	2,595,723
IV. Securities Issued (net)	(II-4)	565,785	-	565,785	-	-	-
4.1 Bills		565,785	-	565,785	-	-	-
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		1,653,434	763,168	2,416,602	1,180,404	817,468	1,997,872
7.1 Derivative financial liabilities at fair value through profit or loss	(II-2)	1,653,434	763,168	2,416,602	1,169,336	817,468	1,986,804
7.2 Derivative financial liabilities at fair value through other comprehensive income	(II-7)	-	-	-	11,068	-	11,068
VIII. Factoring payables		-	-	-	-	-	-
IX. Lease payables (net)	(II-6)	182,766	-	182,766	161,525	-	161,525
X. Provisions	(II-8)	242,805	103,586	346,391	280,577	711	281,288
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		111,630	-	111,630	75,916	-	75,916
10.3 Insurance technical reserves (net)		-	-	-	-	-	-
10.4 Other provisions		131,175	103,586	234,761	204,661	711	205,372
XI. Current tax liability	(II-9)	556,649	112	556,761	126,563	94	126,657
XII. Deferred tax liability	(II-9)	135,618	-	135,618	498,804	-	498,804
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)	-	-	-	-	-	-
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		-	-	-	-	-	-
XV. Other liabilities	(II-5)	2,213,296	2,181,585	4,394,881	1,167,672	2,828,688	3,996,360
XVI. Shareholders' equity	(II-12)	11,920,507	-	11,920,507	10,809,019	-	10,809,019
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		105,822	-	105,822	121,616	-	121,616
16.4 Other comprehensive income/expense items to be recycled in profit or loss		371,530	-	371,530	296,176	-	296,176
16.5 Profit reserves		6,792,955	-	6,792,955	5,704,846	-	5,704,846
16.5.1 Legal reserves		432,247	-	432,247	368,858	-	368,858
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		6,360,708	-	6,360,708	5,335,988	-	5,335,988
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or (loss)		1,163,932	-	1,163,932	1,200,113	-	1,200,113
16.6.1 Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2 Current period profit or (loss)		1,163,932	-	1,163,932	1,200,113	-	1,200,113
16.7 Minority interest		-	-	-	-	-	-
Total liabilities and shareholders' equity		49,029,640	49,636,604	98,666,244	36,911,567	51,724,103	88,635,670

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of off-balance sheet items as of 30 June 2022

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

Off-balance sheet items	Note (section five)	Reviewed			Audited		
		TL	FC	Total	TL	FC	Total
A. Off-balance sheet commitments (II+III)		41,731,417	109,351,438	151,082,855	31,096,810	95,982,843	127,079,653
I. Guarantees and warranties	(III-1)	1,903,125	7,723,883	9,627,008	1,371,346	8,189,530	9,560,876
1.1 Letters of guarantee		1,903,125	6,270,138	8,173,263	1,371,019	7,175,918	8,546,937
1.1.1 Guarantees subject to state tender law		3,080	-	3,080	3,334	-	3,334
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		1,900,045	6,270,138	8,170,183	1,367,685	7,175,918	8,543,603
1.2 Bank acceptances		-	923	923	-	-	-
1.2.1 Import letter of acceptance		-	923	923	-	-	-
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	1,450,236	1,450,236	327	951,034	951,361
1.3.1 Documentary letters of credit		-	1,450,236	1,450,236	327	951,034	951,361
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Pre-financing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Purchase guarantees for securities issued		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	-	-	-	45,241	45,241
1.9 Other warranties		-	2,586	2,586	-	17,337	17,337
II. Commitments	(III-1)	4,276,223	5,299,281	9,575,504	3,755,304	1,865,618	5,620,922
2.1 Irrevocable commitments		4,276,223	5,299,281	9,575,504	3,755,304	1,865,618	5,620,922
2.1.1 Forward asset purchase commitments		520,704	4,488,333	5,009,037	372,323	1,860,701	2,233,024
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		2,410,160	805,473	3,215,633	2,085,377	-	2,085,377
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		215,603	-	215,603	200,991	-	200,991
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		1,093,784	-	1,093,784	1,065,170	-	1,065,170
2.1.10 Commitments for credit cards and banking services promotions		11,619	-	11,619	7,093	-	7,093
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		573	5,475	6,048	570	4,917	5,487
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. Derivative financial instruments	(III-2)	35,552,069	96,328,274	131,880,343	25,970,160	85,927,695	111,897,855
3.1 Derivative financial instruments for hedging purposes		640,000	-	640,000	2,540,000	-	2,540,000
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		640,000	-	640,000	2,540,000	-	2,540,000
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Derivative financial instruments for trading purposes		34,912,069	96,328,274	131,240,343	23,430,160	85,927,695	109,357,855
3.2.1 Forward foreign currency buy/sell transactions		5,229,433	15,271,536	20,500,969	6,158,329	15,491,670	21,649,999
3.2.1.1 Forward foreign currency transactions-buy		4,435,439	5,754,134	10,189,573	4,732,452	6,010,639	10,743,091
3.2.1.2 Forward foreign currency transactions-sell		793,994	9,517,402	10,311,396	1,425,877	9,481,031	10,906,908
3.2.2 Swap transactions related to foreign currency and interest rates		29,638,644	72,664,312	102,302,956	17,245,275	64,603,671	81,848,946
3.2.2.1 Foreign currency swap-buy		4,106,915	28,023,554	32,130,469	1,611,334	28,055,834	29,667,168
3.2.2.2 Foreign currency swap-sell		6,917,729	23,884,076	30,801,805	7,703,941	18,967,229	26,671,170
3.2.2.3 Interest rate swap-buy		9,307,000	10,378,341	19,685,341	3,965,000	8,790,304	12,755,304
3.2.2.4 Interest rate swap-sell		9,307,000	10,378,341	19,685,341	3,965,000	8,790,304	12,755,304
3.2.3 Foreign currency, interest rate and securities options		43,992	8,392,426	8,436,418	26,556	5,832,354	5,858,910
3.2.3.1 Foreign currency options-buy		21,996	4,196,213	4,218,209	13,278	2,916,177	2,929,455
3.2.3.2 Foreign currency options-sell		21,996	4,196,213	4,218,209	13,278	2,916,177	2,929,455
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)		208,207,741	87,754,240	295,961,981	201,501,095	75,669,411	277,170,506
IV. Items held in custody		3,544,906	9,058,623	12,603,529	3,208,584	5,364,957	8,573,541
4.1 Customer fund and portfolio balances		3,107,219	-	3,107,219	2,909,807	-	2,909,807
4.2 Investment securities held in custody		30,571	4,455,838	4,486,409	30,697	1,299,864	1,330,561
4.3 Checks received for collection		269,576	960,474	1,230,050	118,841	1,086,512	1,205,353
4.4 Commercial notes received for collection		137,539	3,581,199	3,718,738	136,757	2,912,346	3,049,103
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		1	61,112	61,113	12,482	66,235	78,717
4.8 Custodians		-	-	-	-	-	-
V. Pledged received		21,099,280	10,419,991	31,519,271	20,963,183	12,543,991	33,507,174
5.1 Marketable securities		273,462	31,232	304,694	273,462	30,693	304,155
5.2 Guarantee notes		208,921	648,151	857,072	206,560	549,990	756,550
5.3 Commodity		910	-	910	910	-	910
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		16,071,199	6,854,585	22,925,784	17,008,485	9,329,637	26,338,122
5.6 Other pledged items		4,544,788	2,886,023	7,430,811	3,473,766	2,633,671	6,107,437
5.7 Pledged items-depository		-	-	-	-	-	-
VI. Accepted independent guarantees and warranties		183,563,555	68,275,626	251,839,181	177,329,328	57,760,463	235,089,791
Total off-balance sheet items (A+B)		249,939,158	197,105,678	447,044,836	232,597,905	171,652,254	404,250,159

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of profit or loss for the six-month period ended 30 June 2022

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

Income and expense items	Note (section five)	Reviewed	Reviewed	Reviewed	Reviewed
		Current period (01/01/2022- 30/06/2022)	Current period (01/04/2022- 30/06/2022)	Prior period (01/01/2021- 30/06/2021)	Prior period (01/04/2021- 30/06/2021)
I. Interest income	(IV-1)	4,282,246	2,242,439	3,050,356	1,601,170
1.1 Interest on loans		3,507,551	1,855,575	2,091,641	1,057,288
1.2 Interest on reserve requirements		39,684	5,704	68,496	42,161
1.3 Interest on banks		22,426	13,257	20,650	11,799
1.4 Interest on money market transactions		163,790	96,648	530,522	320,168
1.5 Interest on marketable securities portfolio		516,402	254,648	303,757	154,871
1.5.1 Financial assets at fair value through profit or loss		22,107	7,271	3,463	678
1.5.2 Financial assets at fair value through other comprehensive income		88,077	44,406	58,138	39,572
1.5.3 Financial assets measured at amortised cost		406,218	202,971	242,156	114,621
1.6 Finance lease income		26,761	13,767	22,846	11,223
1.7 Other interest income		5,632	2,840	12,444	3,660
II. Interest expense (-)	(IV-2)	(2,195,479)	(1,166,720)	(1,773,638)	(977,287)
2.1 Interest on deposits		(1,843,752)	(985,829)	(1,585,302)	(878,913)
2.2 Interest on funds borrowed		(140,143)	(76,165)	(171,724)	(91,048)
2.3 Interest on money market transactions		(128,884)	(53,634)	(1,022)	(445)
2.4 Interest on securities issued		(15,997)	(15,997)	-	-
2.5 Finance lease expense		(13,803)	(6,931)	(13,900)	(6,114)
2.6 Other interest expenses		(52,900)	(28,164)	(1,690)	(767)
III. Net interest income/expense (I - II)		2,086,767	1,075,719	1,276,718	623,883
IV. Net fees and commissions income/expense		232,118	120,358	190,713	83,553
4.1 Fees and commissions received		356,125	183,356	279,094	130,647
4.1.1 Non-cash loans		60,463	21,805	59,209	23,442
4.1.2 Other	(IV-12)	295,662	161,551	219,885	107,205
4.2 Fees and commissions paid (-)		(124,007)	(62,998)	(88,381)	(47,094)
4.2.1 Non-cash loans		(198)	(100)	(292)	(94)
4.2.2 Other	(IV-12)	(123,809)	(62,898)	(88,089)	(47,000)
V. Dividend income	(IV-3)	873	873	506	505
VI. Trading gain/(loss) (net)	(IV-4)	584,987	346,901	83,378	68,545
7.1 Trading gain/(loss) on securities		(6,658)	12,068	95,989	92,773
7.2 Gain/(loss) on derivative financial transactions		1,760,284	791,088	432,164	233,715
7.3 Foreign exchange gain/(loss)		(1,168,639)	(456,255)	(444,775)	(257,943)
VII. Other operating income	(IV-5)	646,824	151,251	321,409	98,596
VIII. Gross operating income (III+IV+V+VI+VII)		3,551,569	1,695,102	1,872,724	875,082
IX. Expected credit loss (-)	(IV-6)	(470,056)	(59,971)	(296,849)	(99,601)
X. Other provision expenses (-)		(27,607)	(7,078)	(5,582)	(710)
XI. Personnel expenses (-)		(569,377)	(305,490)	(393,334)	(204,151)
XII. Other operating expenses	(IV-7)	(866,277)	(452,024)	(624,296)	(320,228)
XIII. Net operating profit/(loss) (VIII-IX-X-XI-XII)		1,618,252	870,539	552,663	250,392
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)	1,618,252	870,539	552,663	250,392
XVIII. Provision for taxes of continued operations (±)	(IV-9)	(454,320)	(286,428)	(169,067)	(108,857)
18.1 Current tax provision		(824,932)	(414,103)	(68,457)	(24,771)
18.2 Expense effect of deferred tax (+)		(217)	(217)	(108,134)	(87,144)
18.3 Income effect of deferred tax (-)		370,829	127,892	7,524	3,058
XIX. Net profit/(loss) from continuing operations (XVII±XVIII)	(IV-10)	1,163,932	584,111	383,596	141,535
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)	1,163,932	584,111	383,596	141,535
25.1 Profit/(Loss) from the Group		1,163,932	584,111	383,596	141,535
25.2 Income/(Loss) from Minority Interest (-)		-	-	-	-
Earnings per share		0.3339	0.1675	0.1100	0.0406

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2022

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

Profit or loss and other comprehensive income		Reviewed	Reviewed
		Current period	Prior period
		(01/01/2022-30/06/2022)	(01/01/2021-30/06/2021)
I.	Current period profit/loss	1,163,932	383,596
II.	Other comprehensive income	67,556	74,480
2.1	Other income/expense items not to be recycled to profit or loss	(7,798)	(2,219)
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)	(10,732)	(2,703)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	13	-
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	2,921	484
2.2	Other income/expense items to be recycled to profit or loss	75,354	76,699
2.2.1	Translation differences	54,638	24,578
2.2.2	Income/(expenses) from valuation and/or reclassification of financial assets measured at FVOCI	11,459	(22,605)
2.2.3	Gains/(losses) from cash flow hedges	24,495	90,103
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	(15,238)	(15,377)
III.	Total comprehensive income (I+II)	1,231,488	458,076

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of changes in equity for the six-month period ended 30 June 2022

(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				Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI		Profit reserves	Prior period profit or (loss)	Current period profit or (loss)	Total equity except minority interest	Minority interest	Total shareholders' equity	
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	measured at FVOCI	Other (2)							
Prior period																		
(01/01/2021-30/06/2021)																		
I.		3,486,268	-	-	-	117,811	(2,471)	3,005	324	22,044	(33,732)	5,050,863	-	768,136	9,412,248	-	-	9,412,248
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,486,268	-	-	-	117,811	(2,471)	3,005	324	22,044	(33,732)	5,050,863	-	768,136	9,412,248	-	-	9,412,248
IV.		-	-	-	-	-	(2,219)	-	-	(18,395)	70,516	-	-	383,596	433,498	-	-	433,498
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	24,578	-	-	24,578	-	-	24,578
XI.		-	-	-	-	5,583	-	-	-	-	-	700,553	-	(768,136)	(62,000)	-	-	(62,000)
11.1		-	-	-	-	-	-	-	-	-	-	(62,000)	-	-	(62,000)	-	-	(62,000)
11.2		-	-	-	-	5,583	-	-	-	-	-	762,553	-	(768,136)	-	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-end balance (III+IV+.....+X+XI)		3,486,268	-	-	-	123,394	(4,690)	3,005	324	3,649	36,784	5,775,994	-	383,596	9,808,324	-	-	9,808,324
Current period																		
(01/01/2022-30/06/2022)																		
I.		3,486,268	-	-	-	123,394	(4,844)	3,066	187,022	(13,032)	122,186	5,704,846	-	1,200,113	10,809,019	-	-	10,809,019
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,486,268	-	-	-	123,394	(4,844)	3,066	187,022	(13,032)	122,186	5,704,846	-	1,200,113	10,809,019	-	-	10,809,019
IV.		-	-	-	-	-	(7,563)	(235)	54,638	9,665	11,051	-	-	1,163,932	1,231,488	-	-	1,231,488
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	(7,996)	-	-	-	-	-	1,088,109	-	(1,200,113)	(120,000)	-	-	(120,000)
11.1		-	-	-	-	-	-	-	-	-	-	(120,000)	-	-	(120,000)	-	-	(120,000)
11.2		-	-	-	-	(7,996)	-	-	-	-	-	1,208,109	-	(1,200,113)	-	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-end balance (III+IV+.....+X+XI)		3,486,268	-	-	-	115,398	(12,407)	2,831	241,660	(3,367)	133,237	6,792,955	-	1,163,932	11,920,507	-	-	11,920,507

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

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

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of cash flows for the six-month period ended 30 June 2022

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

Statement of cash flows	Note	Reviewed	Reviewed
		Current period (01/01/2022- 30/06/2022)	Prior period (01/01/2021- 30/06/2021)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		5,505,263	6,410,365
1.1.1 Interest received		3,896,786	3,061,261
1.1.2 Interest paid		(1,980,985)	(1,747,020)
1.1.3 Dividend received		873	506
1.1.4 Fees and commissions received		418,736	279,275
1.1.5 Other income		86,164	29,378
1.1.6 Collections from previously written-off loans and other receivables		197,424	237,183
1.1.7 Payments to personnel and service suppliers		(1,161,935)	(779,051)
1.1.8 Taxes paid		(394,212)	(219,307)
1.1.9 Other		4,442,412	5,548,140
1.2 Changes in operating assets and liabilities		(9,305,554)	(5,297,712)
1.2.1 Net (increase)/decrease in financial assets at fair value through profit or loss		(68,377)	(940)
1.2.2 Net (increase)/decrease in due from bank		(250,087)	7,974
1.2.3 Net (increase)/decrease in loans		(6,689,295)	(1,937,625)
1.2.4 Net (increase)/decrease in other assets		(2,204,990)	(949,907)
1.2.5 Net increase/(decrease) in bank deposits		42,094	(8,497)
1.2.6 Net increase/(decrease) in other deposits		2,072,591	1,780,325
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		(72,372)	(4,387,713)
1.2.9 Net increase/(decrease) in matured payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		(2,135,118)	198,671
I. Net cash provided from banking operations		(3,800,291)	1,112,653
B. Cash flow from investing activities			
II. Net cash provided from investing activities		58,859	(1,246,798)
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		-	-
2.3 Purchases of property and equipment		(155,796)	(154,446)
2.4 Disposals of property and equipment		201,922	244,689
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(121,928)	(627,378)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		242,351	337,493
2.7 Cash paid for purchase of financial assets measured at amortised cost	(I-6)	(1,211,891)	(2,859,666)
2.8 Cash obtained from sale of financial assets measured at amortised cost	(I-6)	1,120,443	1,821,900
2.9 Other		(16,242)	(9,390)
C. Cash flows from financing activities			
III. Net cash provided from financing activities		475,908	(104,391)
3.1 Cash obtained from funds borrowed and securities issued	(II-4)	648,030	-
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)	(120,000)	(62,000)
3.5 Payments for finance leases		(52,122)	(42,391)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		2,167,544	1,075,234
V. Net increase in cash and cash equivalents (I+II+III+IV)		(1,097,980)	836,698
VI. Cash and cash equivalents at beginning of the period		16,238,648	12,875,355
VII. Cash and cash equivalents at the end of the period		15,140,668	13,712,053

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

Section three

Accounting policies

I. Explanations on basis of presentation

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

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

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 tension between Russia and Ukraine since January 2022 has turned into a crisis and an armed conflict as of the date of the report. Parent Bank does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Parent Bank operates, no direct impact is expected on Parent Bank operations. However, as of the date of this report, it is not possible to reasonably estimate the effects of the global developments and their potential impact on the global and regional economy, on the Parent Bank operations because of the uncertainty about how the crisis will evolve.

b. Additional paragraph for convenience translation to English

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) including non application of IAS 29 Financial Reporting in Hyperinflation Economies have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows 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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 2022 have no material effect on accounting policies, financial position and financial performance of the Group. New and revised TAS and TFRS issued but not yet effective as of the finalization date of the financial statements will not have material effect on accounting policies, financial position and financial performance of the Group.

The Indicator Interest Rate Reform - 2nd Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020. With the modifications made, certain exceptions are provided for the basis used in the determination of contractual cash flows and hedge accounting implementations. The effects of the changes on the Parent Bank's financials have been evaluated and it has been concluded that there is no material impact. On the other hand, Interest Rate Benchmark Reform process is ongoing for certain indicators and the Bank's studies continue within the scope of compliance with the changes.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on 20 January 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of 31 December 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 June 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the sector, and it is expected that POB will delay the application of TAS 29, financial statements as of 30 June 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Explanations on the strategy of using financial instruments and foreign currency transactions (continued)

Foreign currency denominated accounts of the subsidiaries within the Group have been valued with the foreign exchange buying rates applicable on the reporting date.

Regarding the financial statements of the foreign subsidiary of the Group, balance sheet items are converted to Turkish Lira at the period-end balance sheet exchange rates, and statement of profit or loss items are converted at average exchange rate, and all resulting exchange differences are accounted in the shareholders' equity under “Other comprehensive income/expense items to be recycled in Profit or Loss”.

III. Explanations on consolidated subsidiaries

According to the full consolidation method, all of the subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The book value of the Parent Bank's investment in each subsidiary and the capital of each subsidiary are eliminated. Intercompany balances and profits and losses resulting from intercompany transactions are offset against each other. Parent Bank's guarantees given for the cash loans granted by consolidated subsidiaries are eliminated at consolidation and such exposures are included under cash loans in assets.

Where different accounting policies have been applied by the subsidiaries, these accounting policies have been aligned with the accounting policies of the Parent Bank.

ING European Financial Services Plc.

ING European Financial Services Plc. was established in 1994, in Ireland, to operate in corporate finance, issuance of certificates of deposits and treasury services.

The financial statements of the Company are prepared in EUR in accordance with the accounting principles effective in Ireland. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

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 Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies, communique on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies, 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 to comply with the financial statements of the Parent Bank.

ING Yatırım 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 Yatırım 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 TFRS 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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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.

As of 2022, the Group started to use the TL OIS interest rate curve in order to more accurately reflect the fair value measurement for CBRT swap transactions 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 Financial Instruments: Recognition and Measurement (“TAS 39”).

The Group applies cash flow hedge accounting using interest rate and cross currency swap transactions, in order to hedge its TL 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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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.

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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VII. Explanations on financial instruments (continued)

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.

Measurement categories of financial assets and liabilities

According to TFRS 9, the Group’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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VII. Explanations on financial instruments (continued)

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 reflect 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.

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.

The Group's loans are recorded under the "Loans Measured at Amortized Cost" account.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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.

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.

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VIII. Explanations on impairment of financial assets (continued)

- **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.

In accordance with the BRSA Decision numbered 8948 and dated 17 March 2020, starting from 17 March 2020, the Group records a loss allowance for loans which have days past due between 90-180 days and classified under Stage 2 at an amount equal to their lifetime expected credit losses where the probability of default is taken into account as 100% until 31 December 2020. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021 and it was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795. However, with the decision of the same date, the default date is more than 91 days and for loans that do not exceed 180 days, BRSA decided to continue in the same way as of 1 October 2021 until 31 December 2021 within the scope of the related decision.

In accordance with the BRSA Decision numbered 8970 and dated 27 March 2020, the Group records a loss allowance for loans which have days past due between 30 to 90 days and classified under Stage 1 at an amount equal to their lifetime expected credit losses until 31 December 2020. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021 and it was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795.

The Group implemented the relevant classification changes as of 1 October 2021.

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 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.

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VIII. Explanations on impairment of financial assets (continued)

According to the Group’s risk policies, lifetime loan loss provisions are 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. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021 and it was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795. However, with the decision of the same date, the default date is more than 91 days and for loans that do not exceed 180 days, BRSA decided to continue in the same way as of 1 October 2021 until 31 December 2021 within the scope of the related decision.

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. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021 and it was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795.

Disclosures on write-off policy:

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.31533 on 6 July 2021. Pursuant to the regulation, the Parent Bank may write-off the portion of the loans, classified as “Group V Loan” (Loans Classified as Loss)”, for which there is no reasonable expectation of recovery, within the scope of TFRS 9, as of the first reporting period (interim or year-end reporting period) following their classification in this Group, deducted from the records within the period deemed appropriate by the Parent Bank, taking into account the situation of the debtor. The Parent Bank performs objective and subjective assessments whether there is a reasonable expectation.

Partial write-off transactions from the financial statements mean that the financial asset will be reimbursed at a certain rate by the debtor, and the amount remaining after the payment of the amount in question or the part of the bank that is classified under group 5 and which does not have reasonable expectations to be recovered.

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 intends 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.

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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 a sale or sales, 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	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 are 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.

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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 and ATM locations. With the “IFRS 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 IFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under “Other Operating Expenses”.

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 borne 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 IAS 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.

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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 and its subsidiaries operating in Turkey 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 and its subsidiaries operating in Turkey 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 and its subsidiaries operating in Turkey is required to make contribution to Social Security Institution (“SSI”) on behalf of their employees. Other than the contributions that the Parent Bank and its subsidiaries operating in Turkey 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 by the Group in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the Group’s employees are members.

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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.

As of 30 June 2022, the current corporate tax rate has been applied as 25%. In accordance with the Law No. 7316 published in the Official Gazette dated 22 April 2021, starting from the declarations that must be submitted as of 1 July 2021 and to be valid for the taxation period starting from 1 January 2021, the corporate tax rate is 25% for the taxation period of 2021, this rate was determined as 23% for the taxation period of 2022. However, with the publication of the Law No. 7394 in the Official Gazette No. 31810 and dated 15 April 2022, the corporate tax rate for banks determined as 25%, and this ratio starting from the declarations that must be submitted as of 1 July 2022 and to be valid for the taxation period starting from 1 January 2022. Therefore, as of the first quarter of 2022, the tax rate to be taken into account in the calculation of corporate tax has been determined as 23%, and the tax rate to be applied to the cumulative earnings of 2022 in the second quarter and following periods of 2022 is taken into account as 25%.

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.

The corporate tax rate is applied to the net corporate income after the addition of expenses not subject to deduction according to tax legislation, deduction of exemptions in tax laws (such as participation earnings exemption) and application of tax relief (reduction). No further tax is paid if the profit is not distributed.

According to the Corporate Tax Law, financial losses can be carried forward to offset against corporate tax base of the related period for up to five years. Tax authorities inspect tax returns and the related accounting records within five years and check the tax calculations.

Corporate tax is required to be filed by the last 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.

As of 30 June 2022, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298 of the Tax Procedure Law. These conditions are both the exceed in the increase of Producer Price Index in the last 3 accounting periods including current period by 100% and the exceed in the increase in the current period by 10%. However, temporary article 33 has been added on the Tax Procedure Law No. 213 with the regulation made with the Tax Procedure Law and the Law on Change in Corporate Tax Law No. 7352 published in the Official Gazette No.31734 dated 29 January 2022 and the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this, the financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and for the 2023 accounting period; will not be subject to inflation adjustment as of the provisional tax periods, and the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in the financial statements will be shown in previous years' profit/loss accounts and will not affect the corporate tax base.

Current year tax amounts to be paid are netted off as they are related with prepaid tax amounts.

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XVII. Explanations on taxation (continued)

b. Deferred tax

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with “Turkish Accounting Standard for Income Taxes” (“TAS 12”) and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. In accordance with the Law No. 5520 published in the Official Gazette no. 31810 and dated 15 April 2022, the corporate tax rate has been applied as 25%. As of 30 June 2022, the Bank has calculated deferred tax at the rates of 25% for assets and liabilities.

If transactions and events are recorded in the statement of profit or loss, then the related tax effects are also recognized in the statement of profit or loss. However, if transactions and events are recorded directly in the shareholders’ equity, the related tax effects are also recognized directly in the shareholders’ equity.

The deferred tax assets and liabilities are reported as net in the financial statements.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of deferred tax asset to be utilized.

c. Transfer pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing. “The General Communique on Disguised Profit Distribution by way of Transfer Pricing” published on 18 November 2007 explains the application related issues in detail. According to this Communique, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

As discussed under subject Communique’s “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization Form” 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 2022.

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.

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

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**Notes to the consolidated financial statements
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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 IX 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.

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

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022

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Section four

Information on financial position and risk management of the Group

I. Explanations on consolidated capital

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 scope of the measures announced by the BRSA on 28 April 2022 and 21 December 2021, the amount subject to credit risk shall be calculated by using the 31 December 2021 dated Central Bank's foreign exchange buying rates and negative revaluation differences of the securities classified under “Financial Assets Measured at Fair Value through Other Comprehensive Income” are not included in capital calculation.

As of 30 June 2022, the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the 31 December 2021 dated Central Bank's foreign exchange buying rates. In addition, in accordance with the Banking Regulation and Supervision Board's Decision dated 16 April 2020 and numbered 8999, 0% risk weight is used in the calculation of the amount subject to credit risk for FX receivables of Banks which are from Republic of Turkey Central Management within the scope of Regulation on Measurement and Assessment of Capital Adequacy of Banks published on the Official Gazette dated 23 October 2015 and numbered 29511. If the specified measure is not taken into account, the consolidated capital adequacy ratio decreases to 15.54% as of 30 June 2022.

As of 30 June 2022, taking into consideration the above-mentioned regulations, the Group's total capital is TL 12,264,887 and the consolidated capital adequacy ratio is 17.43%. As of 31 December 2021, the Group's total capital amounted to TL 11,185,929 and capital adequacy ratio was 19.22%.

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

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(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	6,792,955	
Other comprehensive income according to TAS	367,291	
Profit	1,163,932	
Net profit for the period	1,163,932	
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	11,812,042	
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	24,772	
Leasehold improvements on operational leases	37,628	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	38,783	38,783
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 4 th clause of the 56 th 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 2 nd 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	101,183	
Total common equity tier I capital	11,710,859	
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)	11,710,859	

(*) 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".

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(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	-	-
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)	560,303	-
Tier II Capital Before Deductions	560,303	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	-
Bank's 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 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	560,303	
Total Capital (The sum of Tier I Capital and Tier II Capital)	12,271,162	
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 (-)	6,275	-
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	12,264,887	-
Total risk weighted amounts	70,369,368	-
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	16.64	-
Tier I Capital Adequacy Ratio (%)	16.64	-
Capital Adequacy Ratio (%)	17.43	-
BUFFERS		
Total buffer requirement	2.54	-
Capital protection buffer requirement (%)	2.50	-
Bank specific cyclical buffer requirement (%)	0.04	-
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 (%)	9.00	-
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	239,290	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	560,303	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	560,303	-
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".

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(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	5,704,846	
Other comprehensive income according to TAS	319,549	
Profit	1,200,113	
Net profit for the period	1,200,113	
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	10,712,372	
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	25,539	
Leasehold improvements on operational leases	43,352	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	34,946	34,946
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 4 th clause of the 56 th 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 2 nd 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	103,837	
Total common equity tier I capital	10,608,535	
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)	10,608,535	

(*) 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”.

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(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	-	-
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)	586,133	-
Tier II Capital Before Deductions	586,133	
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	586,133	
Total Capital (The sum of Tier I Capital and Tier II Capital)	11,194,668	
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	8,739	-
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	-
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
TOTAL CAPITAL		
Total Capital	11,185,929	
Total risk weighted amounts	58,212,222	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	18.22	
Tier I Capital Adequacy Ratio (%)	18.22	
Capital Adequacy Ratio (%)	19.22	
BUFFERS		
Total buffer requirement	2.57	
Capital protection buffer requirement (%)	2.50	
Bank specific cyclical buffer requirement (%)	0.07	
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 (%)	11.23	
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	192,390	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	586,133	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	586,133	-
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".

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I. Explanations on consolidated capital (continued)

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

There is no debt instruments that will be included in total capital calculation as of 30 June 2022.

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders' equity	11,920,507	11,920,507
Gains from cash flow hedge transactions	133,237	(133,237)
Leasehold improvements on operational leases	37,628	(37,628)
Goodwill and intangible assets	37,921	(38,783)
General provision	560,303	560,303
Other deductions from shareholders' equity	6,275	(6,275)
Capital		12,264,887

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 also managed in terms of foreign currency position limits scope. The results of limit utilizations 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 17.0161 (Full TL) and 17.9829 (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 June 2022)	16.6766	17.3220
Previous days;		
29 June 2022	16.6395	17.4998
28 June 2022	16.6548	17.5891
27 June 2022	16.5337	17.4794
24 June 2022	17.3751	18.2856
23 June 2022	17.3639	18.2199

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II. Explanations 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	8,214,704	7,006,222	435,115	15,656,041
Banks	576,139	2,185,772	704,680	3,466,591
Financial assets at fair value through profit or loss	203,831	107,769	-	311,600
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	988	-	-	988
Loans	19,115,477	10,751,581	31,976	29,899,034
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets (net)	56	-	-	56
Intangible assets (net)	-	-	-	-
Other assets (*)	(148,153)	(90,469)	342	(238,280)
Total assets	27,963,042	19,960,875	1,172,113	49,096,030
Liabilities				
Bank deposit	31,263	48,814	3,784	83,861
Foreign currency deposits	9,518,165	16,035,232	5,850,023	31,403,420
Funds from interbank money market	90,567	-	-	90,567
Borrowings	9,544,787	5,465,518	-	15,010,305
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	1,826,888	70,669	6	1,897,563
Hedging derivative financial liabilities	-	-	-	-
Other liabilities	194,137	326,682	3,757	524,576
Total liabilities	21,205,807	21,946,915	5,857,570	49,010,292
Net on balance sheet position	6,757,235	(1,986,040)	(4,685,457)	85,738
Net off-balance sheet position	(6,284,466)	2,051,235	4,690,842	457,611
Financial derivative assets	10,319,085	22,472,904	7,454,714	40,246,703
Financial derivative liabilities	16,603,551	20,421,669	2,763,872	39,789,092
Non-cash loans	3,215,662	4,179,208	329,013	7,723,883
Prior period				
Total assets	30,581,666	14,335,008	1,002,579	45,919,253
Total liabilities	23,569,113	22,768,715	4,590,338	50,928,166
Net on-balance sheet position	7,012,553	(8,433,707)	(3,587,759)	(5,008,913)
Net off-balance sheet position	(6,665,508)	8,494,716	3,596,096	5,425,304
Financial derivative assets	9,005,031	23,546,814	5,263,834	37,815,679
Financial derivative liabilities	15,670,539	15,052,098	1,667,738	32,390,375
Non-cash loans	2,735,983	5,000,215	453,332	8,189,530

(*) Includes TFRS 9 provisions classified as Foreign Currency Expected Credit Losses as of the current period (31 December 2021: None).

In the foreign currency risk table:

The principal and accrual amount of the foreign currency indexed loans amounting to TL 17,077 (31 December 2021: TL 19,971) is presented in the loans line.

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II. Explanations 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 690,650 (31 December 2021: TL 714,905).
Prepaid expenses: TL 166 (31 December 2021: TL 29).
Held-for trading derivative financial liabilities: TL 626,312 (31 December 2021: TL 795,937).
Interest rate swap (buy) transactions and options (buy): TL 10,378,341 (31 December 2021: TL 8,790,304).
Interest rate swap (sell) transactions and options (sell): TL 10,378,341 (31 December 2021: TL 8,790,304).

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

Forward foreign currency-buy transactions: TL 2,272,802 (31 December 2021: TL 833,029).
Forward foreign currency-sell transactions: TL 2,191,401 (31 December 2021: TL 1,025,938).

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 limits against interest rate shocks are 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 and liabilities within the balance sheet.

The limit utilizations 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 in the 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.

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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	-	-	-	-	-	18,168,876	18,168,876
Banks	2,581,753	54,000	-	-	-	1,072,262	3,708,015
Financial assets at fair value through profit and loss	1,056,602	2,109,345	566,381	164,956	28,918	95	3,926,297
Money market placements	1,863,271	-	-	-	-	-	1,863,271
Financial assets measured at fair value through other comprehensive income	21,889	85,346	1,204,331	-	-	19,004	1,330,570
Loans	12,515,973	12,895,843	20,326,031	14,421,161	833,322	1,577,460	62,569,790
Financial assets measured at amortised cost	42,975	33,722	5,188,799	457,834	-	-	5,723,330
Other assets (*)	-	-	-	-	-	1,376,095	1,376,095
Total assets	18,082,463	15,178,256	27,285,542	15,043,951	862,240	22,213,792	98,666,244
Liabilities							
Bank deposits	28	-	-	-	-	93,252	93,280
Other deposits	35,211,307	9,146,965	2,945,714	42,625	-	13,426,040	60,772,651
Money market borrowings	413,670	-	-	90,567	-	-	504,237
Miscellaneous payables	211,592	-	-	-	-	2,675,168	2,886,760
Securities issued	-	214,448	351,337	-	-	-	565,785
Funds obtained from other financial institutions	10,129,048	4,980,410	1,347,529	319,778	-	-	16,776,765
Other liabilities (**)	855,010	1,528,787	215,571	-	-	14,467,398	17,066,766
Total liabilities	46,820,655	15,870,610	4,860,151	452,970	-	30,661,858	98,666,244
Balance sheet long position	-	-	22,425,391	14,590,981	862,240	-	37,878,612
Balance sheet short position	(28,738,192)	(692,354)	-	-	-	(8,448,066)	(37,878,612)
Off-balance sheet long position	-	-	1,594,469	3,395,842	-	-	4,990,311
Off-balance sheet short position	(625,307)	(3,040,800)	-	-	(150,000)	-	(3,816,107)
Total position	(29,363,499)	(3,733,154)	24,019,860	17,986,823	712,240	(8,448,066)	1,174,204

(*) 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 credit losses, unconsolidated non-financial subsidiaries and other assets.

(**) Non-interest bearing column in other liabilities line consists of other liabilities except than miscellaneous payables, provisions, current tax liability, deferred tax liability 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	15,742,303	46,062	-	-	-	3,014,109	18,802,474
Due from other banks and financial institutions	406,783	32,000	-	-	-	964,828	1,403,611
Financial assets at fair value through profit and loss	1,262,301	3,304,427	375,439	45,538	32,463	50	5,020,218
Money market placements	2,741,996	-	30,000	-	-	-	2,771,996
Available-for-sale financial assets	33,182	99,343	-	1,324,500	-	13,626	1,470,651
Loans and receivables	11,301,875	12,711,612	14,845,178	11,975,549	1,001,793	1,784,312	53,620,319
Held-to-maturity investments	13,979	53,991	2,766,602	2,775,222	-	-	5,609,794
Other assets (*)	-	-	-	-	-	(63,393)	(63,393)
Total assets	31,502,419	16,247,435	18,017,219	16,120,809	1,034,256	5,713,532	88,635,670
Liabilities							
Bank deposits	43,098	-	-	-	-	8,118	51,216
Other deposits	35,118,070	3,533,819	328,237	3,126	-	13,582,730	52,565,982
Money market borrowings	2,501,827	-	93,896	-	-	-	2,595,723
Miscellaneous payables	167,499	-	-	-	-	3,310,769	3,478,268
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	8,676,099	5,141,158	1,408,698	325,269	-	-	15,551,224
Other liabilities (**)	909,843	1,018,285	227,361	3,908	-	12,233,860	14,393,257
Total liabilities	47,416,436	9,693,262	2,058,192	332,303	-	29,135,477	88,635,670
Balance sheet long position	-	6,554,173	15,959,027	15,788,506	1,034,256	-	39,335,962
Balance sheet short position	(15,914,017)	-	-	-	-	(23,421,945)	(39,335,962)
Off-balance sheet long position	-	-	549,118	3,123,575	-	-	3,672,693
Off-balance sheet short position	(318,833)	(381,392)	-	-	(150,000)	-	(850,225)
Total position	(16,232,850)	6,172,781	16,508,145	18,912,081	884,256	(23,421,945)	2,822,468

(*) 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 credit losses and other assets.

(**) Non-interest bearing column in other liabilities line consists of other liabilities except than miscellaneous payables, provisions, current tax liability and equity.

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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	0.54	1.53	-	17.29
Financial assets at fair value through profit and loss	2.40	6.07	-	10.79
Money market placements	-	-	-	16.79
Financial assets measured at fair value through other comprehensive income	-	-	-	14.31
Loans	3.51	5.64	-	22.50
Financial assets measured at amortised cost	-	-	-	14.65
Liabilities				
Bank deposits	-	-	-	-
Other deposits	0.43	1.12	-	14.11
Money market borrowings	-	-	-	13.91
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.77	2.65	-	14.14

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	-	-	-	8.50
Due from other banks and financial institutions	(0.09)	0.04	-	7.79
Financial assets at fair value through profit and loss	2.48	5.93	-	12.87
Money market placements	-	-	-	13.50
Financial assets available-for-sale	-	-	-	15.95
Loans and receivables	3.14	4.10	-	18.69
Held-to-maturity investments	-	-	-	15.55
Liabilities				
Bank deposits	-	0.25	-	-
Other deposits	0.26	0.39	-	13.56
Money market borrowings	-	-	-	13.98
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.63	1.58	-	13.58

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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	19,004	10,357	10,357
Equity investments	19,004	10,357	10,357
Financials subsidiaries	-	-	-
Financials subsidiaries	-	-	-
Prior period	Carrying value	Fair value (*)	Market value
Quoted	-	-	-
Equity investments	-	-	-
Not quoted	13,626	3,196	3,196
Equity investments	13,626	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

Current period	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses	
		Total	Including into the additional capital	Total	Including into the core capital
Private equity investments	-	-	-	-	-
Shares traded on a stock exchange	-	-	-	-	-
Other stocks	-	6,795	-	5,005	5,005
Total	-	6,795	-	5,005	5,005

Prior period	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses	
		Total	Including into the supplementary capital	Total	Including into the core capital
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	19,004	19,004	1,520
Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	13,626	13,626	1,090

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

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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 actions 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 Capital and Funding Plan to be implemented in times of stress is currently in force. Besides, liquidity risk appetite (that is approved by Asset Liability Committee and Board of Directors) 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 Parent 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 Parent 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 flows are monitored. The Contingency Capital and Funding Plan monitoring metrics are not limited to this scope but also include other liquidity risk indicators. The Contingency Capital and Funding Plan monitoring metrics can trigger decision-making conditions on whether the Parent Bank will implement the Contingency Capital and 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 Parent 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 that are 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 Parent Bank. Besides, the Parent 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.

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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 Parent Bank’s liabilities are in TL, USD or EUR, 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 that is approved by the Board of Directors. Foreign currency funds are obtained through FC deposit and foreign based FC borrowings including syndications. Liquidity shortage/surplus are calculated on a daily basis by Asset Liability Management and these figures are reported to the related Asset Liability Committee members. 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 CBRT 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 Capital and 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 mitigating actions was set in the Contingency Capital and 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 actions depending on the financial impact and stress scenarios, execution time of the actions 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 Directorate 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 Capital and Funding Plan.

f. Overview on contingency funding plan

The Parent Bank has established the Contingency Capital and Funding Plan that was approved by Asset Liability Committee and Board of Directors, which includes the policies, methods and responsibilities of senior management and business lines that can be applied in stressed situations or in liquidity shortages. In addition, as an early warning of liquidity shortage or an unexpected situation, contingency capital and funding plan monitoring indicators are monitored and presented to the ALCO members monthly and to the Board of Directors (per meeting) by the Market Risk Management and Product Control Directorate. The effective internal and external communication channels and a liquidity contingency team are defined in order to ensure the liquidity contingency management and implement management actions of the plan. Monitoring metrics of the contingency capital and funding plan are reviewed annually in terms of changes in market and stress conditions.

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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 FC and total liquidity coverage ratio calculated monthly over the last three months are presented in the below table.

	Minimum	Date	Maximum	Date
TL+FC	178.55%	30 June 2022	247.36%	31 May 2022
FC	173.42%	30 June 2022	190.54%	31 May 2022

Liquidity coverage ratio

	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
Current period				
High quality liquid assets				
High quality liquid assets			21,676,407	13,226,319
Cash Outflows				
Real person and retail deposits	48,812,799	25,514,930	4,331,915	2,551,493
Stable deposits	10,987,298	-	549,365	-
Less stable deposits	37,825,501	25,514,930	3,782,550	2,551,493
Unsecured funding other than real person and retail deposits	16,936,912	11,332,314	11,067,296	7,696,869
Operational deposits	65,080	8,960	16,270	2,239
Non-operational deposits	10,419,820	6,573,134	4,678,403	2,958,816
Other unsecured debt	6,452,012	4,750,220	6,372,623	4,735,814
Secured funding			-	-
Other cash outflows	23,307,328	12,161,702	12,839,367	6,431,733
Derivative exposures and collateral completion liabilities	10,896,391	4,888,332	10,896,391	4,888,332
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	12,410,937	7,273,370	1,942,976	1,543,401
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			28,238,578	16,680,095
Cash inflows				
Secured lending	473,516	-	-	-
Unsecured lending	9,665,290	2,950,178	6,797,033	2,300,206
Other cash inflows	11,400,569	6,763,709	10,868,990	6,760,546
Total cash inflows	21,539,375	9,713,887	17,666,023	9,060,752
			Total adjusted value	
Total high quality liquid assets stock			21,676,407	13,226,319
Total net cash outflows			10,572,555	7,619,343
Liquidity coverage ratio (%)			214.46	181.87

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

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V. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

Prior period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
High quality liquid assets				
High quality liquid assets			23,985,992	13,805,738
Cash Outflows				
Real person and retail deposits	41,074,167	19,832,786	3,603,417	1,983,278
Stable deposits	10,079,999	-	504,000	-
Less stable deposits	30,994,168	19,832,786	3,099,417	1,983,278
Unsecured funding other than real person and retail deposits	13,015,956	8,748,880	8,225,511	5,214,701
Operational deposits	75,498	12,255	18,875	3,063
Non-operational deposits	10,156,754	8,025,826	5,498,623	4,524,110
Other unsecured debt	2,783,704	710,799	2,708,013	687,528
Secured funding			-	-
Other cash outflows	18,010,104	9,947,360	8,728,605	4,895,330
Derivative exposures and collateral completion liabilities	7,034,467	3,575,042	7,034,467	3,575,042
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	10,975,637	6,372,318	1,694,138	1,320,288
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			20,557,533	12,093,309
Cash inflows				
Secured lending	2,689,870	-	-	-
Unsecured lending	6,177,414	2,297,527	4,066,033	1,829,370
Other cash inflows	7,186,079	3,919,415	6,842,903	3,912,023
Total cash inflows	16,053,363	6,216,942	10,908,936	5,741,393
			Total adjusted value	
Total high quality liquid assets stock			23,985,992	13,805,738
Total net cash outflows			9,648,597	6,351,916
Liquidity coverage ratio (%)			252.98	220.52

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

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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 Group aims to reduce maturity mismatch and mitigate the liquidity risk by taking actions aiming to increase diversification in funding resources. A strategy in targeting small ticket size on the deposits is implemented as another element of the strategy to mitigate the concentration risk.

Although the Group’s wide range and small ticket size deposit structure including Orange Account represents a short term funding source parallel to the sector it renews itself at the maturity date and remains in the Group for a longer period compared to its original maturity.

Details of the Group’s foreign currency balance sheet as of 30 June 2022 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 30% of the Group’s total foreign currency liabilities consist of funds obtained from other financial institutions and 63% is composed of deposits. Loans and leasing receivables comprise 59% and cash and cash equivalents comprise 38% 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 June 2022 are summarized as follows:

The majority of Turkish Lira balance sheet’s liability consists of deposits. 60% 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. 64% of the assets in Turkish Lira balance sheet are net loans and leasing receivables, 16% are marketable securities.

The cash flows from derivative financial instruments are included in LCR calculations according to the terms of regulation. The Parent Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

The liquidity shortages 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 impact of subsidiaries on the liquidity profile of the Parent Bank is limited compared to the size of the balance sheet.

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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	8,629,925	9,538,951	-	-	-	-	-	18,168,876
Banks	1,871,450	1,782,565	54,000	-	-	-	-	3,708,015
Financial assets at fair value through profit or loss	-	623,749	1,106,066	1,602,031	559,953	34,403	95	3,926,297
Money market placements	-	1,863,271	-	-	-	-	-	1,863,271
Financial assets measured at fair value through other comprehensive income	-	829	1,832	223,924	1,079,633	5,348	19,004	1,330,570
Loans	46,239	10,979,517	7,082,350	23,845,043	17,742,224	1,343,196	1,531,221	62,569,790
Financial assets measured at amortised cost	-	42,974	33,722	1,663,903	3,982,731	-	-	5,723,330
Other assets (*)	-	-	-	-	-	-	1,376,095	1,376,095
Total assets	10,547,614	24,831,856	8,277,970	27,334,901	23,364,541	1,382,947	2,926,415	98,666,244
Liabilities								
Bank deposits	93,280	-	-	-	-	-	-	93,280
Other deposits	13,426,040	35,211,307	9,146,965	2,945,714	42,625	-	-	60,772,651
Borrowings	-	1,866,546	626,962	4,206,696	9,643,511	433,050	-	16,776,765
Funds from interbank money market	-	413,670	-	-	90,567	-	-	504,237
Securities issued	-	-	214,448	351,337	-	-	-	565,785
Miscellaneous payables	2,153,794	-	-	-	-	-	732,966	2,886,760
Other liabilities (**)	-	439,385	276,993	1,135,781	747,209	-	14,467,398	17,066,766
Total liabilities	15,673,114	37,930,908	10,265,368	8,639,528	10,523,912	433,050	15,200,364	98,666,244
Liquidity deficit/surplus	(5,125,500)	(13,099,052)	(1,987,398)	18,695,373	12,840,629	949,897	(12,273,949)	-
Net Off Balance Sheet Position								
Derivative financial assets	-	350,553	845,776	335,370	(324,858)	-	-	1,206,841
Derivative financial liabilities	-	26,470,085	11,653,779	18,385,964	9,883,764	150,000	-	66,543,592
Derivative financial liabilities	-	26,119,532	10,808,003	18,050,594	10,208,622	150,000	-	65,336,751
Non-cash loans	24,539	702,027	1,737,654	5,013,250	900,534	1,249,004	-	9,627,008
Prior period								
Total assets	9,578,385	25,081,632	6,897,343	17,726,627	26,112,552	1,550,623	1,688,508	88,635,670
Total liabilities	16,522,194	38,833,872	5,023,008	8,732,292	6,315,022	428,442	12,780,840	88,635,670
Liquidity deficit/surplus	(6,943,809)	(13,752,240)	1,874,335	8,994,335	19,797,530	1,122,181	(11,092,332)	-
Net Off Balance Sheet Position								
Derivative financial assets	-	470,479	1,083,015	1,238,479	40,208	-	-	2,832,181
Derivative financial assets	-	21,943,029	12,179,118	12,797,159	10,295,712	150,000	-	57,365,018
Derivative financial liabilities	-	21,472,550	11,096,103	11,558,680	10,255,504	150,000	-	54,532,837
Non-cash loans	51,004	236,246	3,391,235	3,404,425	1,268,057	1,209,909	-	9,560,876

(*) 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 credit losses, unconsolidated non-financial subsidiaries and other assets.

(**) Unallocated column in other liabilities mainly consists of provisions, current tax liability, deferred tax liability, other liabilities except than miscellaneous payables and shareholders' equity.

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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 June 2022, the Group’s consolidated leverage ratio is calculated by taking average of end of month leverage ratios for the last three months is 9.61% (31 December 2021: 10%). This ratio is above the minimum ratio of 3%. While the capital increased by 10% mainly as a result of increase in net profits, total risk amount increased by 14% compared to the prior period. Therefore, the current period leverage ratio decreased by 39 basis points compared to prior period.

	Current period (**)	Prior period (**)
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	155,452,745	129,798,377
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	208,037	41,342
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	(36,329,636)	(25,377,073)
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	104,890	221,089
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	(76,714)	(74,324)
Total exposures	119,359,322	104,609,411

(*) 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		
<i>On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)</i>	96,450,263	84,531,392
<i>Asset deducted from core capital</i>	(76,714)	(74,324)
The total amount of risk on-balance sheet exposures	96,373,549	84,457,068
Derivative financial instruments and credit derivative exposures		
<i>Replacement cost associated with derivative financial instruments and credit derivatives</i>	3,770,340	3,951,916
<i>The potential credit risk amount of derivative financial instruments and credit derivatives</i>	268,968	226,931
The total risk amount of derivative financial instruments and credit derivatives	4,039,308	4,178,847
Securities or commodity guaranteed financing transactions		
<i>Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)</i>	104,890	221,089
<i>Risk amount of exchange brokerage operations</i>	-	-
The total risk amount of securities or commodity collateral financing transactions	104,890	221,089
Off-balance sheet items		
<i>Gross notional amount for off-balance sheet items</i>	18,841,575	15,752,407
<i>Adjustments for conversion to credit equivalent amounts</i>	-	-
The total amount of risk for off-balance sheet items	18,841,575	15,752,407
Capital and total exposures		
Core capital	11,455,788	10,387,050
Total exposures	119,359,322	104,609,411
Leverage ratio		
Leverage ratio	9.61	10.00

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

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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)	59,123,309	46,499,464	4,729,865
Standardized approach (SA)	59,123,309	46,499,464	4,729,865
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	2,479,651	3,346,671	198,372
Standardized approach for counterparty credit risk (SA-CCR)	2,479,651	3,346,671	198,372
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	1,225,813	709,200	98,065
Standardized approach (SA)	1,225,813	709,200	98,065
Internal model approaches (IMM)	-	-	-
Operational risk	7,540,595	7,656,887	603,248
Basic indicator approach	7,540,595	7,656,887	603,248
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	70,369,368	58,212,222	5,629,550

2. Credit risk explanations

a. Credit quality of assets

Current period	Gross carrying value of (according to TAS)		Provisions/ amortisation and impairment	Net values
	Defaulted	Non-defaulted		
Loans (*)	1,531,221	61,038,569	1,590,514	60,979,276
Debt securities (**)	-	6,927,661	9,751	6,917,910
Off-balance sheet exposures	326,355	18,876,157	76,298	19,126,214
Total	1,857,576	86,842,387	1,676,563	87,023,400

(*) Factoring and leasing receivables are included in “loans account”.

(**) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

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VII. Explanations on consolidated risk management (continued)

Prior period	Gross carrying value of (according to TAS)		Provisions/ amortisation and impairment	Net values
	Defaulted	Non-defaulted		
Loans (*)	1,738,225	51,882,094	1,815,125	51,805,194
Debt securities (**)	-	6,939,535	9,866	6,929,669
Off-balance sheet exposures	295,715	14,886,083	62,357	15,119,441
Total	2,033,940	73,707,712	1,887,348	73,854,304

(*) Factoring and leasing receivables are included in “loans account”.

(**) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

b. Changes in stock of defaulted loans and debt securities

	Current period	Prior period
Defaulted loans and debt securities at the end of the previous reporting period	1,738,225	2,220,877
Loans and debt securities defaulted since the last reporting period	106,080	329,484
Transferred to non-defaulted status	-	-
Amounts written off (*)	(115,660)	(357,487)
Other changes (**)	(197,424)	(454,649)
Defaulted loans and debt securities at the end of the reporting period	1,531,221	1,738,225

(*) Specific provisions for undrawn non-cash loans are not included in the table. Amounts written off also includes the NPL sale of the Parent Bank amounting to TL 108,058 (31 December 2021: TL 203,788).

(**) Collections within the period have included “Other changes” account.

c. Credit risk mitigation techniques

Current period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collaterals	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans (*)	56,334,155	4,645,121	3,541,768	198,340	169,956	-	-
Debt securities (*)	6,917,910	-	-	-	-	-	-
Total	63,252,065	4,645,121	3,541,768	198,340	169,956	-	-
Of which defaulted	1,531,221	-	-	-	-	-	-

(*) Stage 1 and Stage 2 expected credit losses are deducted from the related balance sheet amounts according to regulation.

Prior period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collaterals	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans (*)	46,804,662	5,000,532	3,679,850	359,529	323,264	-	-
Debt securities (*)	6,929,669	-	-	-	-	-	-
Total	53,734,331	5,000,532	3,679,850	359,529	323,264	-	-
Of which defaulted	1,738,225	-	-	-	-	-	-

(*) Stage 1 and Stage 2 expected credit losses are deducted from the related balance sheet amounts according to regulation.

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VII. Explanations on consolidated risk management (continued)

ç. Credit risk exposure and credit risk mitigation effects

Current period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
Claims on sovereigns and Central Banks	21,873,602	25,325	21,620,736	25,325	-	-
Claims on regional governments or local authorities	870,245	-	870,243	-	593,882	68.24%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	8,652,425	6,568,612	8,261,730	1,393,060	2,553,128	26.44%
Claims on corporates	36,399,320	7,239,437	35,992,742	3,380,639	36,619,707	93.01%
Claims on retails	9,070,730	3,525,979	8,822,676	503,159	6,968,348	74.72%
Claims secured by residential property	1,244,302	-	1,244,302	-	435,506	35.00%
Claims secured by commercial property	1,443,269	34,534	1,443,270	8,515	856,836	59.02%
Past due loans	430,361	-	430,361	-	391,714	91.02%
Higher risk categories decided by the Board	5,766,407	-	5,527,107	-	7,782,106	140.80%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	5,667,494	24,649	5,667,495	4,931	2,903,206	51.18%
Stock investments	18,876	-	18,876	-	18,876	100.00%
Total	91,437,031	17,418,535	89,899,538	5,315,629	59,123,309	62.09%

Prior period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
Claims on sovereigns and Central Banks	22,565,729	249,211	20,336,676	30,753	4,054,409	19.91%
Claims on regional governments or local authorities	482,601	-	422,643	-	256,989	60.81%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	7,621,723	3,440,901	4,926,803	1,146,135	1,145,099	18.86%
Claims on corporates	26,144,433	5,432,162	25,773,813	2,564,356	26,115,824	92.16%
Claims on retails	13,335,377	3,026,014	12,957,789	364,300	11,836,198	88.85%
Claims secured by residential property	1,569,426	-	1,569,426	-	549,299	35.00%
Claims secured by commercial property	1,094,089	35,159	1,094,089	9,016	648,649	58.80%
Past due loans	453,359	-	453,359	-	389,485	85.91%
Higher risk categories decided by the Board	13,883	-	13,883	-	9,653	69.53%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	3,546,625	24,676	3,546,625	4,935	1,480,506	41.69%
Stock investments	13,353	-	13,353	-	13,353	100.00%
Total	76,840,598	12,208,123	71,108,459	4,119,495	46,499,464	61.81%

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VII. Explanations on consolidated risk management (continued)

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

Current period												Total credit exposures amount (post CCF and post-CRM)	
Risk classes/Risk weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	Others		
Claims on sovereigns and Central Banks	21,646,061	-	-	-	-	-	-	-	-	-	-	-	21,646,061
Claims on regional governments or local authorities	-	-	-	-	-	655,217	-	163,780	-	51,246	-	-	870,243
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	5,340,484	-	-	2,898,142	-	1,416,164	-	-	-	-	9,654,790
Claims on corporates	-	-	2,818,443	-	-	4,675,257	-	29,209,932	102,677	2,567,072	-	-	39,373,381
Claims on retails	-	-	-	-	-	-	9,325,672	131	33	-	-	-	9,325,836
Claims secured by residential property	-	-	-	-	1,244,302	-	-	-	-	-	-	-	1,244,302
Claims secured by commercial property	-	-	-	-	-	1,189,894	-	261,891	-	-	-	-	1,451,785
Past due loans	-	-	-	-	-	193,185	-	121,285	115,891	-	-	-	430,361
Higher risk categories decided by the Board	-	-	-	-	-	556	-	1,137,076	4,268,395	121,080	-	-	5,527,107
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	2,769,030	-	232	-	-	-	-	2,903,163	-	-	-	-	5,672,425
Stock investments	-	-	-	-	-	-	-	18,876	-	-	-	-	18,876
Total	24,415,091	-	8,159,159	-	1,244,302	9,612,251	9,325,672	35,232,298	4,486,996	2,739,398	-	-	95,215,167

Prior period												Total credit exposures amount (post CCF and post-CRM)	
Risk classes/Risk weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others			
Claims on sovereigns and Central Banks	16,282,264	-	-	-	-	-	4,085,165	-	-	-	-	-	20,367,429
Claims on regional governments or local authorities	-	-	-	-	331,308	-	91,335	-	-	-	-	-	422,643
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2,023,009	-	3,421,638	-	583,649	44,642	-	-	-	-	6,072,938
Claims on corporates	-	-	338,090	-	1,400,193	-	26,529,513	70,373	-	-	-	-	28,338,169
Claims on retails	-	-	-	-	-	10,367,157	659,738	2,295,194	-	-	-	-	13,322,089
Claims secured by residential property	-	-	-	1,569,426	-	-	-	-	-	-	-	-	1,569,426
Claims secured by commercial property	-	-	-	-	908,913	-	194,192	-	-	-	-	-	1,103,105
Past due loans	-	-	-	-	217,146	-	146,819	89,394	-	-	-	-	453,359
Higher risk categories decided by the Board	-	-	-	-	9,421	-	3,496	966	-	-	-	-	13,883
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	2,071,056	-	-	-	-	-	1,480,504	-	-	-	-	-	3,551,560
Stock investments	-	-	-	-	-	-	13,353	-	-	-	-	-	13,353
Total	18,353,320	-	2,361,099	1,569,426	6,288,619	10,367,157	33,787,764	2,500,569	-	-	-	-	75,227,954

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VII. Explanations on consolidated risk management (continued)

3. Counterparty credit risk (CCR) approach analysis

Current period	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
Standardised Approach - CCR (for derivatives)	3,645,898	454,022	-	1.40	4,099,920	2,182,635
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	24,749	3,361
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						2,185,996

(*) Effective expected positive exposure

Prior period	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
Standardised Approach - CCR (for derivatives)	4,724,644	386,428	-	1.40	5,111,072	2,942,519
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	247,703	37,831
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						2,980,350

(*) Effective expected positive exposure

4. Credit valuation adjustment (CVA) capital charge

	Current period		Prior period	
	Exposure at default post-CRM	RWA	Exposure at default post-CRM	RWA
Total portfolios subject to the advanced CVA capital charge	-	-	-	-
(i) VaR component (including the 3*multiplier)	-	-	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-	-	-
All portfolios subject to the standardised CVA capital charge	4,099,920	293,655	5,111,072	366,321
Total subject to the CVA capital charge	4,099,920	293,655	5,111,072	366,321

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VII. Explanations on consolidated risk management (continued)

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

Current period									
Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims on sovereigns and Central Banks	197,470	-	-	-	-	-	-	-	197,470
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	550,211	2,534,990	-	2,666	-	-	3,087,867
Claims on corporates	-	-	12,127	30,284	-	762,138	-	-	804,549
Claims included in the regulatory retail portfolios	-	-	-	-	34,783	-	-	-	34,783
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	197,470	-	562,338	2,565,274	34,783	764,804	-	-	4,124,669

(*) Total credit exposure: After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**) Other assets: Includes counterparty credit risk that does not reported in "central counterparty" table.

Prior period									
Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims on sovereigns and Central Banks	506,790	-	-	-	-	30,754	-	-	537,544
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	366,469	3,093,880	-	700	-	-	3,461,049
Claims on corporates	-	-	860	33,864	-	1,269,859	-	-	1,304,583
Claims included in the regulatory retail portfolios	-	-	-	-	55,599	-	-	-	55,599
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	506,790	-	367,329	3,127,744	55,599	1,301,313	-	-	5,358,775

(*) Total credit exposure: After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**) Other assets: Includes counterparty credit risk that does not reported in "central counterparty" table.

6. Collaterals for counterparty credit risk (CCR)

Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.

7. Credit derivatives

There is no credit derivative transaction.

8. Exposures to central counterparties (CCP)

There is no exposure to central counterparties.

9. Explanations on securitisation

There is no securitisation transaction.

10. Explanations on market risk

	Current period	Prior Period
	RWA	RWA
Outright products	1,225,813	709,200
Interest rate risk (general and specific)	385,450	313,550
Equity risk (general and specific)	-	-
Foreign exchange risk	840,363	395,650
Commodity risk	-	-
Options		
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitisation	-	-
Total	1,225,813	709,200

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

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VIII. Explanations on hedge transactions

Breakdown of the derivative transactions used in cash flow hedges

	Current period			Prior period		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate swaps	640,000	107,235	-	2,540,000	127,284	11,068
Cross currency swaps	-	-	-	-	-	-
Total	640,000	107,235	-	2,540,000	127,284	11,068

Explanations on derivative transactions used in cash flow hedges

Hedging instrument	Hedged item	Nature of risk hedged	Current period		Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Hedging instrument FV				
			Assets	Liabilities			
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	107,235	-	33,154	(99,634)	327
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(8,659)	-	-
Total			107,235	-	24,495	(99,634)	327

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

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IX. Explanations on segment reporting

The Group operates mainly in corporate, business and retail banking services. In scope of corporate, business 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 June 2022	Corporate, Business Banking	Retail Banking	Other	Total
Net interest income	990,000	735,898	360,869	2,086,767
Net fees and commissions income and other operating income	556,273	326,065	(3,396)	878,942
Trading gain/loss	170,357	94,840	319,790	584,987
Dividend income	-	-	873	873
Expected credit loss	(332,139)	(137,917)	-	(470,056)
Segment results	1,384,491	1,018,886	678,136	3,081,513
Other operating expenses (*) (**)				(1,463,261)
Income from continuing operations before tax				1,618,252
Tax provision (*)				(454,320)
Net profit				1,163,932

Prior period – 30 June 2021	Corporate, Business Banking	Retail Banking	Other	Total
Net interest income	551,346	509,143	216,229	1,276,718
Net fees and commissions income and other operating income	276,390	206,247	29,485	512,122
Trading gain/loss	114,309	42,658	(73,589)	83,378
Dividend income	-	-	506	506
Expected credit loss	(220,760)	(75,401)	(688)	(296,849)
Segment results	721,285	682,647	171,943	1,575,875
Other operating expenses (*) (**)				(1,023,212)
Income from continuing operations before tax				552,663
Tax provision (*)				(169,067)
Net profit				383,596

(*) 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 June 2022	Corporate, Business Banking	Retail Banking	Other	Total
Asset	50,659,837	12,951,813	35,054,594	98,666,244
Liability	23,016,294	44,922,033	18,807,410	86,745,737
Equity	-	-	11,920,507	11,920,507

Prior period – 31 December 2021	Corporate, Business Banking	Retail Banking	Other	Total
Asset	42,215,110	12,358,728	34,061,832	88,635,670
Liability	20,898,757	38,472,522	18,455,372	77,826,651
Equity	-	-	10,809,019	10,809,019

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

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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	133,735	3,172,058	134,581	2,879,135
Balances with the Central Bank of Turkey	2,379,100	12,483,692	1,876,631	13,912,127
Other	-	291	-	-
Total	2,512,835	15,656,041	2,011,212	16,791,262

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	1,979,939	3,343,902	1,876,631	3,315,244
Restricted time deposit	-	1,558,980	-	4,265,380
Reserve requirement	399,161	7,580,810	-	6,331,503
Total	2,379,100	12,483,692	1,876,631	13,912,127

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 at a rate ranging between 3% and 8% for Turkish lira deposits and liabilities depending on their maturity. The reserve rates vary between 5% and 25% for foreign currency deposits and other foreign currency liabilities and vary between 22% and 26% for gold liabilities depending on their maturity.

In accordance with the “Communiqué Regarding the Reserve Requirements”, the reserve requirements can be maintained as TL, USD, EUR and standard gold.

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of TL Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in USD, EUR and GBP and participation fund accounts in foreign currency to TL time deposit and participation funds is 10% in TL for real and legal persons as of the obligation date of 15 April 2022; for banks that have reached 10% for real persons, 20% for legal entities as of the obligation date of 8 July 2022, and 20% for real persons and 20% for legal persons as of the date of 2 September 2022 has been decided not to apply the annual commission on the part of the amount required to be kept for their liabilities until the end of 2022. The practice of charging double commission from banks that could not reach the conversion rate determined as of 2 September 2022 was canceled, and the commission rate was increased from 1.5% to 5% as of the commitment date of 8 July 2022.

TL 1,979,565 (31 December 2021: TL 1,876,237) of the TL reserve deposits provided over the average balance and TL 3,343,902 (31 December 2021: TL 3,315,244) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

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

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(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	202,749	134,575
Collateral / blocked	41,718	40,303
Total	244,467	174,878

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	216,300	-	477,496
Swap transactions	2,869,207	561,963	4,102,247	258,886
Futures transactions	-	-	-	-
Options	481	33,879	85	6,626
Other	-	-	-	-
Total	2,869,688	812,142	4,102,332	743,008

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	241,424	3,466,591	77,712	1,325,899
Domestic	241,424	141,356	77,712	723
Foreign	-	3,325,235	-	1,325,176
Headquarters and branches abroad	-	-	-	-
Total	241,424	3,466,591	77,712	1,325,899

As of 30 June 2022, restricted bank balance amounting to TL 610,884 (31 December 2021: TL 361,311) all of which is comprised of (31 December 2021: all amount) collaterals that is held by counter banks under CSA (credit support annex) contracts and is calculated based on related derivatives market price.

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(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	1,223,335	211,971
Repo transactions	-	1,131,396
Collateral / blocked	-	-
Total	1,223,335	1,343,367

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	1,207,504	1,335,706
Quoted to stock exchange	1,207,504	1,335,706
Not quoted	-	-
Equity certificates	19,004	13,626
Quoted to stock exchange	-	-
Not quoted	19,004	13,626
Provision for impairment (-)	(3,173)	(5,965)
Total	1,223,335	1,343,367

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	125	1,185,373	187	1,082,968
Corporate shareholders	-	1,185,373	-	1,082,968
Real person shareholders	125	-	187	-
Indirect loans granted to shareholders of the Parent Bank	729	488,630	395	428,782
Loans granted to employees of the Parent Bank	49,986	-	42,595	-
Total	50,840	1,674,003	43,177	1,511,750

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

ING Bank A.Ş. and its Financial Subsidiaries

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(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

Current period				
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	53,178,648	6,195,486	532,647	312,519
Business loans	18,518,566	4,886,230	353,257	312,519
Export loans	13,417,209	201,190	32,224	-
Import loans	-	-	-	-
Loans given to financial sector	6,781,542	-	-	-
Consumer loans	10,929,406	1,046,209	138,042	-
Credit cards	551,365	51,188	9,124	-
Other	2,980,560	10,669	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	53,178,648	6,195,486	532,647	312,519

Prior period				
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	43,723,015	6,413,819	693,702	237,336
Business loans	16,296,809	4,870,224	485,766	218,653
Export loans	9,404,279	382,821	39,383	18,683
Import loans	-	-	-	-
Loans given to financial sector	4,734,882	-	-	-
Consumer loans	10,222,203	1,086,163	155,022	-
Credit cards	507,276	58,542	13,531	-
Other	2,557,566	16,069	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	43,723,015	6,413,819	693,702	237,336

	Current period		Prior period	
	Standard loans	Loans under close monitoring	Standard loans	Loans under close monitoring
12 month expected credit losses	247,223	-	194,234	-
Lifetime expected credit losses significant increase in credit risk	-	248,682	-	349,908

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.

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

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(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	667,514	11,207,834	11,875,348
Mortgage loans	52	3,320,431	3,320,483
Automotive loans	13,285	351,386	364,671
General purpose loans	654,177	7,536,017	8,190,194
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	553,996	6,771	560,767
With installments	147,994	6,771	154,765
Without installments	406,002	-	406,002
Consumer credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	7,260	28,571	35,831
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	7,260	28,571	35,831
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	14,280	-	14,280
With installments	5,069	-	5,069
Without installments	9,211	-	9,211
Personnel credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	202,478	-	202,478
Overdraft accounts – FC (real person)	-	-	-
Total	1,445,528	11,243,176	12,688,704

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

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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	1,088,537	1,048,055	2,136,592
Real estate loans	-	3,528	3,528
Automotive loans	18,279	97,856	116,135
General purpose loans	-	-	-
Other	1,070,258	946,671	2,016,929
Commercial installment loans – indexed to FC	-	17,081	17,081
Real estate loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	17,081	17,081
Commercial installment loans-FC	-	-	-
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Corporate credit cards – TL	36,630	-	36,630
With installments	15,861	-	15,861
Without installments	20,769	-	20,769
Corporate credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	42,486	-	42,486
Overdraft loans – FC (legal entity)	-	-	-
Total	1,167,653	1,065,136	2,232,789

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	60,217,602	51,059,786
Foreign loans	1,698	8,086
Total	60,219,300	51,067,872

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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	20,654	66,116
Loans and receivables with doubtful collectability	91,515	33,277
Uncollectible loans and receivables	982,440	1,171,590
Total	1,094,609	1,270,983

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 Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current period			
Gross amounts before specific provision	-	4,066	85,569
Restructured loans	-	4,066	85,569
Prior period			
Gross amounts before specific provision	-	1,332	78,208
Restructured loans	-	1,332	78,208

5.10.2. Information on total non-performing loans

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior period end balance	100,931	54,822	1,582,472
Additions (+)	93,925	3,265	8,890
Transfers to other categories of non-performing loans (+)	-	125,293	36,336
Transfers from other categories of non-performing loans (-)	(125,293)	(36,336)	-
Collections (-)	(37,557)	(16,258)	(143,609)
Write-offs (-) (*)	(1)	(15)	(7,586)
Sold Portfolio (-) (**)	-	-	(108,058)
Corporate and commercial loans	-	-	(16,370)
Retail loans	-	-	(72,647)
Credit cards	-	-	(19,041)
Other	-	-	-
Current period end balance	32,005	130,771	1,368,445
Provisions (-)	(20,654)	(91,515)	(982,440)
Net balance on balance sheet	11,351	39,256	386,005

(*) In current period, the amount of write-off made according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 6 July 2021 and numbered 31533, there is no write-off process (31 December 2021: TL 139,458 and its effect on the NPL ratio is 0.25%).

(**) The Parent Bank sold non-performing loan portfolio amounting to TL 108,058 (31 December 2021: TL 203,788) for an amount of TL 21,751 to domestic asset management companies at 24 May 2022.

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

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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	-	1,560	156,874
Provision (-)	-	(1,269)	(95,387)
Net balance on balance sheet	-	291	61,487
Prior period			
Balance at the end of the period	1,545	-	165,780
Provision (-)	(742)	-	(106,817)
Net balance on balance sheet	803	-	58,963

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)			
	11,351	39,256	386,005
Loans granted to corporate entities and real person (gross)	23,136	130,771	1,365,852
Provision amount(-)	(16,551)	(91,515)	(980,364)
Loans granted to corporate entities and real person (net)	6,585	39,256	385,488
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	8,869	-	2,593
Provision amount (-)	(4,103)	-	(2,076)
Other loans (net)	4,766	-	517
Prior period (net)			
	34,815	21,545	410,882
Loans granted to corporate entities and real person (gross)	91,569	54,822	1,579,879
Provision amount (-)	(60,838)	(33,277)	(1,169,542)
Loans granted to corporate entities and real person (net)	30,731	21,545	410,337
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	9,362	-	2,593
Provision amount (-)	(5,278)	-	(2,048)
Other loans (net)	4,084	-	545

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

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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 Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectable loans and receivables
Current period (Net)	147	3,355	21,063
Interest accruals and valuation differences	1,788	11,635	66,998
Provision (-)	(1,641)	(8,280)	(45,935)
Prior period (Net)	2,742	1,858	22,891
Interest accruals and valuation differences	9,436	5,200	77,914
Provision (-)	(6,694)	(3,342)	(55,023)

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	419,419	1,397,601
Collateralised / blocked investments (*)	2,422,165	1,026,088
Total	2,841,584	2,423,689

(*) 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	5,723,330	5,609,794
Treasury bills	-	-
Other government securities	-	-
Total	5,723,330	5,609,794

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

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

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	5,723,330	5,609,794
Quoted to stock exchange	5,723,330	5,609,794
Not quoted	-	-
Impairment provision (-)	-	-
Total	5,723,330	5,609,794

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	5,609,794	4,253,314
Foreign currency differences on monetary assets	-	-
Purchases during the period	1,211,891	3,378,383
Disposals through sales and /redemptions	(1,120,443)	(2,006,706)
Provision for impairment (-)	-	-
Valuation effect	22,088	(15,197)
Period end balance	5,723,330	5,609,794

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 June 2022, information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Leasing	ING Securities
Paid in capital and adjustment to paid-in capital	3,345	50,000	31,907
Profit reserves, capital reserves and prior year profit / loss	173,009	188,275	57,619
Profit	47,633	15,497	16,926
Development cost of operating lease (-)	-	-	-
Intangible assets (-)	-	(169)	-
Total core capital	223,987	253,603	106,452
Supplementary capital	-	-	-
Capital	223,987	253,603	106,452
Net usable shareholder’s equity	223,987	253,603	106,452

(*) In accordance with the Parent Bank's Board of Directors decision dated 28 December 2020; it has been decided for initiating the liquidation process of its subsidiary, ING Factoring A.Ş., applying for the approval of the BRSA on this matter by taking a decision in the ING Faktoring A.Ş.'s Board of Directors for the liquidation of the company and giving authorization to General Management to carry out the liquidation procedures and processes. The Parent Bank applied to the BRSA on 27 December 2021 for the liquidation of ING Factoring. With the decision of the BRSA Board numbered 10043 and dated 13 January 2022, the cancellation of the operating license of ING Factoring was approved. In the Trade Registry Gazette dated 22 March 2022 and numbered 10542, the title of the company was changed to “ING Factoring A.Ş in Liquidation”.

The Parent Bank does not have any additional capital requirements due to the subsidiaries included in the consolidated calculation of capital requirement.

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

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 Leasing	Istanbul/ Turkey	100%	100%
(3) ING Securities	Istanbul/ Turkey	100%	100%

As of 30 June 2022, 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)	6,980,807	223,987	56	108,378	-	47,633	27,118	-
(2)	1,335,927	253,772	1,459	38,134	-	15,497	18,517	-
(3)	387,928	106,452	559	9,437	-	16,926	16,834	-

(*) The financial information of ING European Financial Services Plc. and ING Leasing are obtained from 30 June 2022 unreviewed financial statements, the financial information of ING Securities are obtained from 30 June 2022 reviewed financial statements.

8.3. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	839,286	569,189
Movements during the period	131,167	270,097
Purchases	-	-
Bonus shares obtained	-	-
Dividends from current year income	72,658	129,955
Sales	-	-
Revaluation increase (*)	58,509	140,142
Provisions for impairment	-	-
Balance at the end of the period	970,453	839,286
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

(*) Amounts refer to revaluation differences arising from accounting of financial subsidiaries under the equity method in the unconsolidated financial statements.

8.4. Sectoral information on consolidated financial subsidiaries and the related carrying amounts

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies (*)	171,382	169,507
Leasing companies	234,083	216,381
Finance companies	-	-
Other financial subsidiaries	564,988	453,398

(*) In the Trade Registry Gazette dated 22 March 2022 and numbered 10542, the title of the company was changed to “ING Factoring A.Ş in Liquidation”. It is shown in the “Unconsolidated non-financial subsidiaries” line in the current period unconsolidated financial statements.

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

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

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

10. Information on 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	123,216	121,050	134,305	131,510
1-5 years	774,720	698,219	702,175	642,905
More than 5 years	-	-	44,969	39,807
Total	897,936	819,269	881,449	814,222

10.2 Information of the net investments made in finance lease

	Current period	Prior period
Gross financial lease investment	897,936	881,449
Unearned financial lease income (-)	(78,667)	(67,227)
Cancelled leases (-)	-	-
Net financial lease investment	819,269	814,222

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	107,235	-	127,284	-
Net investment hedge	-	-	-	-
Total	107,235	-	127,284	-

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.

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

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 asset relating to corporation tax by the amount of TL 2,475 (31 December 2021: TL 195,100) 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.

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

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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	1,552,047	-	10,778,448	2,334,725	8,035,506	883,669	691,734	-	24,276,129
Foreign currency deposits	8,117,913	-	12,131,352	6,244,792	768,526	131,726	85,294	-	27,479,603
Residents in Turkey	8,020,867	-	12,021,902	6,084,607	755,731	117,701	79,343	-	27,080,151
Residents abroad	97,046	-	109,450	160,185	12,795	14,025	5,951	-	399,452
Public sector deposits	311,145	-	-	2	-	-	-	-	311,147
Commercial deposits	956,752	-	2,360,814	209,397	1,063,810	41,193	128,600	-	4,760,566
Other institutions deposits	11,464	-	6,483	3,424	2	9	7	-	21,389
Precious metals deposits	2,476,719	-	1,447,098	-	-	-	-	-	3,923,817
Interbank deposits	93,280	-	-	-	-	-	-	-	93,280
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	84,053	-	-	-	-	-	-	-	84,053
Foreign banks	9,227	-	-	-	-	-	-	-	9,227
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	13,519,320	-	26,724,195	8,792,340	9,867,844	1,056,597	905,635	-	60,865,931

Foreign exchange-protected deposit instrument, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against changes in foreign exchange rates, started to be offered to the Parent Bank's customers. In this context, the total amount of deposits opened as of 30 June 2022 is TL 10,323,538 (31 December 2021: TL 384,135).

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	1,265,135	-	11,974,081	3,694,786	469,204	68,904	78,941	-	17,551,051
Foreign currency deposits	9,156,126	-	12,357,638	7,449,834	333,193	72,249	49,281	-	29,418,321
Residents in Turkey	8,987,254	-	12,272,184	7,289,998	318,202	59,535	44,203	-	28,971,376
Residents abroad	168,872	-	85,454	159,836	14,991	12,714	5,078	-	446,945
Public sector deposits	230,878	-	-	-	-	-	-	-	230,878
Commercial deposits	728,954	-	1,131,305	183,215	3,807	1,191	33	-	2,048,505
Other institutions deposits	9,569	-	9,672	3,135	14	11	6	-	22,407
Precious metals deposits	2,192,068	-	1,102,752	-	-	-	-	-	3,294,820
Interbank deposits	8,176	-	43,040	-	-	-	-	-	51,216
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	225	-	43,040	-	-	-	-	-	43,265
Foreign banks	7,951	-	-	-	-	-	-	-	7,951
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	13,590,906	-	26,618,488	11,330,970	806,218	142,355	128,261	-	52,617,198

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	14,312,703	11,045,377	9,959,396	6,499,960
Foreign currency saving deposits	8,238,224	7,659,628	15,631,841	16,611,654
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	-	-	-	-

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

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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	28,693	17,844
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	-	443,334	-	733,145
Swap transactions	1,652,912	284,480	1,169,273	76,017
Future transactions	-	-	-	-
Options	522	35,354	63	8,306
Other	-	-	-	-
Total	1,653,434	763,168	1,169,336	817,468

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	217,303	572,888	115,519	453,497
Funds borrowed from foreign banks, institutions and funds	1,549,157	14,437,417	208,871	14,773,337
Total	1,766,460	15,010,305	324,390	15,226,834

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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	1,752,762	298,408	303,248	965,364
Medium and long term	13,698	14,711,897	21,142	14,261,470
Total	1,766,460	15,010,305	324,390	15,226,834

3.3. Funding industry group where the Group liabilities are concentrated

The liabilities providing the funding sources of the Group are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Group and the diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and post-financing obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Group.

4. Explanations on securities issued (net)

	Current period		Prior period	
	TL	FC	TL	FC
Bank bills	214,448	-	-	-
Bonds	351,337	-	-	-
Total	565,785	-	-	-

The Group issued 368 days maturity discounted debt instrument with a nominal value of TL 280,000 on 29 April 2022 by the method of sales to qualified investors not involving any public offering.

The Group issued 91 days maturity discounted financing bill with a nominal value of TL 220,000 on 20 May 2022 by the method of sales to qualified investors not involving any public offering.

The Group issued 368 days maturity discounted private sector bonds with a nominal value of TL 148,030 on 27 May 2022 by the method of sales to qualified investors not involving any public offering.

Within the current year there is issuance in amount of TL 648,030 (31 December 2021: 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	15,842	4,724	14,477	5,079
Between 1-4 years	84,339	51,136	71,331	49,307
More than 4 year	221,812	126,906	178,280	107,139
Total	321,993	182,766	264,088	161,525

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

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	-	-	11,068	-
Net investment hedge	-	-	-	-
Total	-	-	11,068	-

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 2021: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans	35,150	36,717
Provision for credit card score promotion	1,351	1,287
Other provisions	198,260	167,368
<i>Allowance for expected credit losses (Stage 1 and Stage 2) (*)</i>	<i>41,148</i>	<i>25,640</i>
<i>Other</i>	<i>157,112</i>	<i>141,728</i>
Total	234,761	205,372

(*) Non-cash loan provisions are included.

Amount to TL 138,975 (31 December 2021: TL 111,051) 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 Sale Agreement entered into between Turkish Armed Forces Assistance (and Pension) Fund (OYAK) and SDIF (SSA).

SDIF, however, does not fully indemnify the Parent Bank and pays these amounts subject to legal reservation against the SSA provisions. SDIF initiated nine enforcement proceedings to claim the amount it had indemnified, a total of approximately TL 499 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 nine 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) in 2019 and the Parent Bank objected to this payment request. The mediation meeting was taken in 9 July 2020 between parties (mandatory mediation before 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 the Parent Bank's objection to this execution proceeding.

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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. SDIF made a decision correction, the decision. Saving Deposit Insurance Fund's request of revision of decision has been approved in April 2021 with the following justification: "Share Sale Agreement executed by and between OYAK and ING Bank N.V. and dated 18 June 2007 should also be presented and an expert examining should be conducted by a new panel of experts". At this point, the lawsuit started to re-reviewed by Istanbul 1st Commercial Court of First Instance. On the trial dated 14 October 2021, the Court of First Instance decided to abide by the reversal decision of the Supreme Court of Appeal and decided to gather the Share Sale Agreement between ING Bank N.V. and OYAK, then to conduct an expert examination again, and accepted ING Bank N.V.'s request for ancillary intervention.

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 Parent 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. The Regional Appeal Court decided in favor of the Parent Bank in Second, Third and the Fourth cases. Also, SDIF initiated the Ninth enforcement procedure for approximately TL 20.9 million which is objected by ING Turkey. After 30 September 2021, SDIF applied to the mandatory mediation institution regarding this enforcement proceeding. The Bank attended the meeting in October 2021 and there is no settlement between the parties. SDIF applied for the Ninth Case. Currently, there are 9 enforcement proceedings and 9 ongoing lawsuits based on the same legal grounds.

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 SSA, (ii) relevant provisions of the of the Share Sale 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.

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

8.3. Information on provisions for employee benefits

As of 30 June 2022, TL 59,701 (31 December 2021: TL 39,083) of TL 111,630 (31 December 2021: TL 75,916) provisions for employee benefits is the unused vacation provisions. Full provision is provided for the unused vacation liability.

TL 51,929 (31 December 2021: TL 36,833) 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 10,848.59 (Full TL) at 30 June 2022 and TL 8,284.51 (Full TL) at 31 December 2021 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements dated 30 June 2022 and 31 December 2021, 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.

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 XVII of Section Three. As of 30 June 2022, 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 437,891 (31 December 2021: TL 6,762) and as a result of the such setoff being made on each entity and tax authority basis.

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	437,891	6,762
Taxation of securities	26,406	25,418
Banking insurance transaction tax ("BITT")	30,763	27,922
Foreign exchange transaction tax	3,638	20,137
Value added tax payable	10,969	12,343
Property tax	899	795
Other	20,886	15,925
Total	531,452	109,302

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	9,486	6,485
Social security premiums-employer	13,844	9,499
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	674	477
Unemployment insurance-employer	1,305	894
Other	-	-
Total	25,309	17,355

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

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

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

9.2. Explanations on deferred tax liabilities

As of 30 June 2022, deferred tax asset and deferred tax liability of the Group amounts to TL 1,142 and TL 135,618 respectively (31 December 2021: deferred tax asset is TL 6,649 and deferred tax liability is TL 498,804) which is calculated based on the deductible temporary differences.

Timing differences constituting the basis for deferred tax	Current period		Prior period	
	Accumulated temporary differences	Deferred tax asset / (liability)	Accumulated temporary differences	Deferred tax asset / (liability)
Provisions (*)	268,974	67,243	209,430	47,313
Fair value differences for financial assets and liabilities	43,038	11,340	(76,033)	(15,036)
Derivative valuation differences	(1,446,898)	(361,725)	(2,994,387)	(660,587)
Expected credit losses of Stage I and II	560,299	140,075	586,133	123,104
Other	41,003	8,591	66,629	13,051
Total deferred tax assets / (liabilities) net		(134,476)		(492,155)

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

Deferred tax assets / (liabilities) movements of the current and previous years are as follows:

Deferred tax assets / (liabilities) net	Current period (1 January – 30 June 2022)	Prior period (1 January – 30 June 2021)
Opening balance	(492,155)	(177,894)
Deferred tax income / (expense) net	370,612	(100,610)
Deferred tax recognized under equity	(12,317)	(14,893)
Currency differences	(616)	(375)
Balance at the end of the period	(134,476)	(293,772)

10. Information on liabilities regarding assets held for sale

As of 30 June 2022 and 31 December 2021, there are no liabilities regarding assets held for sale.

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

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

11. Explanations on the subordinated loans

None

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

None.

12.4. Information on share capital increases from capital reserves

There is no capital increase from capital reserves in the current period.

12.5. Capital commitments in the last fiscal year and in the interim period following the last fiscal year, the general purpose of these commitments and projected resources required to meet these commitments

There are no capital commitments in the last fiscal year and in the interim period following the last fiscal year.

12.6. Indicators of the 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.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022

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

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

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	(2,132)	-	(11,562)	-
Foreign exchange difference	-	-	-	-
Total	(2,132)	-	(11,562)	-

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 Parent Bank on 24 March 2022, the distribution of the net profit of the year 2021, is as follows. Dividend distribution was made on 29 March 2022.

Profit distribution table of 2021	
2021 net profit	1,200,113
A – I. Legal Reserve (TCC 519/A) 5%	(60,006)
B – The First Dividend for Shareholders	(120,000)
C – Extraordinary Reserves	(1,008,015)
D – Special funds	(12,092)

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

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(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	5,009,037	2,233,024
Loan granting commitments	3,215,633	2,085,377
Commitments for cheque payments	215,603	200,991
Commitments for credit card limits	1,093,784	1,065,170
Commitments for credit cards and banking services promotions	11,619	7,093
Other irrevocable commitments	29,828	29,267
Total	9,575,504	5,620,922

1.2. Type and amount of probable losses and obligations arising from off-balance sheet items

1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others deemed as financial commitments and other letter of credits

	Current period	Prior period
Letter of credits	1,450,236	951,361
Commitments and contingencies	2,586	62,578
Bank acceptance loans	923	-
Total	1,453,745	1,013,939

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

	Current period	Prior period
Irrevocable letters of guarantees	6,599,404	6,847,204
Cash loans letters of guarantees	716,601	695,953
Advance letters of guarantees	690,862	830,462
Temporary letters of guarantees	61,939	59,184
Other	104,457	114,134
Total	8,173,263	8,546,937

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	716,601	741,194
With original maturity of 1 year or less than 1 year	226,103	64,983
With original maturity of more than 1 year	490,498	676,211
Other non-cash loans	8,910,407	8,819,682
Total	9,627,008	9,560,876

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
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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.

2. 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.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements
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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
Short term loans	1,642,772	217,805	669,980	76,765
Medium and long term loans	1,160,106	396,465	1,060,522	219,448
Interest on loans under follow-up	90,403	-	64,926	-
Premiums received from resource utilization support fund	-	-	-	-
Total	2,893,281	614,270	1,795,428	296,213

(*) 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	18,855	856	15,989	1,410
From foreign banks	-	2,715	-	3,251
From branches abroad	-	-	-	-
Total	18,855	3,571	15,989	4,661

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	17,828	4,279	2,670	793
Financial assets measured at fair value through other comprehensive income	88,077	-	58,138	-
Financial assets measured at amortised cost	406,218	-	242,156	-
Total	512,123	4,279	302,964	793

1.4 Information on interest income received from associates and subsidiaries

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022

(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	38,797	97,446	106,776	64,463
Central Bank of Turkey	-	-	-	-
Domestic banks	10,902	4,331	7,074	1,767
Foreign banks	27,895	93,115	99,702	62,696
Branches and offices abroad	-	-	-	-
Other institutions	-	3,900	-	485
Total	38,797	101,346	106,776	64,948

(*) Commissions and fees paid for cash funds borrowed are included.

2.2. Information on interest expenses paid to associates and subsidiaries

The interest expenses paid to subsidiaries are eliminated in the consolidated financial statements.

2.3. Information on interest on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Interest on securities issued	15,997	-	-	-

2.4. Allocation of interest expenses on deposits according to maturity of deposits

Account name	Demand deposit	Time deposit					Accumulated deposits	Total
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year		
Turkish lira								
Bank deposits	-	622	-	-	-	-	-	622
Saving deposits	-	961,252	423,858	181,765	11,292	35,714	-	1,613,881
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	126,010	29,485	105	3	2	-	155,605
Other deposits	-	542	223	-	-	-	-	765
7 days call accounts	-	-	-	-	-	-	-	-
Total	-	1,088,426	453,566	181,870	11,295	35,716	-	1,770,873
Foreign currency								
Foreign currency deposits	-	25,579	41,068	2,522	493	273	-	69,935
Banks deposits	-	1,182	-	-	-	-	-	1,182
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	1,762	-	-	-	-	-	1,762
Total	-	28,523	41,068	2,522	493	273	-	72,879
Grand total	-	1,116,949	494,634	184,392	11,788	35,989	-	1,843,752

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

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(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	28,453,421	18,065,597
Gains on capital market transactions	44,991	129,026
Gains on derivative financial instruments	17,387,840	9,407,294
Foreign exchange gains	11,020,590	8,529,277
Loss (-)	(27,868,434)	(17,982,219)
Loss on capital market transactions	(51,649)	(33,037)
Loss on derivative financial instruments	(15,627,556)	(8,975,130)
Foreign exchange loss	(12,189,229)	(8,974,052)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 1,760,284 (30 June 2021: TL 599,430 net profit).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	564,975	271,930
Income arising from sale of assets	53,036	21,170
Banking services income	809	848
Other non-interest income	28,004	27,461
Total	646,824	321,409

6. Allowance for expected credit losses and other provision expenses

	Current period	Prior period
Expected credit losses	470,056	296,849
12-Month expected credit loss (Stage 1)	158,739	5,198
Expected credit loss significant increase in credit risk (Stage 2)	117,158	31,332
Expected credit loss impaired credits (Stage 3)	194,159	260,319
Impairment losses on securities	3,375	268
Financial assets measured at fair value through profit/loss	3,375	268
Financial assets measured at fair value through other comprehensive income	-	-
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	24,232	5,314
Total	497,663	302,431

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

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022

(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	4,731	2,364
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	-
Depreciation expense of tangible assets	59,074	61,930
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	12,615	15,115
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	598,780	390,037
Operating lease expenses related with TFRS 16 exception	19,085	8,175
Repair and maintenance expenses	21,525	15,984
Advertisement expenses	63,872	48,652
Other expenses	494,298	317,226
Loss on sales of assets	1,450	2,694
Other (*)	189,627	152,156
Total	866,277	624,296

(*) Includes saving-deposits-insurance-fund related expenses of TL 81,552 (30 June 2021: TL 67,512).

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

As of 30 June 2022, the income before taxes is TL 1,618,252 (30 June 2021: TL 552,663).

9. Information on tax provision for continued and discontinued operations

As of 30 June 2022, the corporate tax provision expense for the period is TL 824,932 (30 June 2021: TL 68,457), and the deferred tax income is TL 370,612 (30 June 2021: TL 100,610 deferred tax expense).

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 4,282,246 (30 June 2021: TL 3,050,356), while the interest expense is TL 2,195,479 (30 June 2021: TL 1,773,638).

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 295,662 (30 June 2021: TL 219,885) has included TL 83,697 (30 June 2021: TL 56,817) resulting from the credit card fees and commissions, TL 29,594 (30 June 2021: TL 21,581) resulting from service fees and commissions from contracted merchants and TL 55,123 (30 June 2021: TL 52,152) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 123,809 (30 June 2021: TL 88,381) has included TL 61,904 (30 June 2021: TL 41,226) resulting from credit card exchange commissions.

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

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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						
Beginning of the period	-	-	187	1,082,968	395	428,782
End of the period	-	-	125	1,185,373	729	488,630
Interest and commission income	-	-	2	1,877	-	348

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						
Beginning of the period	-	-	3,714	944,813	8,949	358,190
End of the period	-	-	187	1,082,968	395	428,782
Interest and commission income	-	-	4	1,423	-	272

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	-	-	1,974	49,817	57,551	67,237
End of the period	-	-	6,226	1,974	92,192	57,551
Interest expense on deposits	-	-	136	195	2,836	1,800

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	-	-	19,803,771	12,046,297	-	-
End of the period	-	-	25,531,550	19,803,771	-	-
Total profit/loss	-	-	48,398	(11,763)	(16,260)	13,311
Transactions with hedging purposes						
Beginning of the period	-	-	-	1,002,441	-	-
End of the period	-	-	-	-	-	-
Total profit/loss	-	-	29,573	410	-	-

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

ING Bank A.Ş. and its Financial Subsidiaries

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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	-	-	348,687	273,041	36,239	15,623
End of the period	-	-	242,784	348,687	132,020	36,239
Interest income received	-	-	-	5	-	1

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	-	-	7,784,256	8,208,721	19,903	19,104
End of the period	-	-	8,598,743	7,784,256	10,902	19,903
Interest and commission paid	-	-	39,597	112,615	375	506

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 June 2022 is amounting to TL 31,631 (30 June 2021: TL 22,843).

VI. Explanations and notes related to subsequent events

N. Yücel Ölçer’s duty as Deputy Executive Vice President for Operations at the Parent Bank ended on 15 July 2022.

The Parent Bank Financial Markets Executive Vice President Bohdan Robert Stepkowski has resigned from his duty as of 31 July 2022.

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

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Section six

Interim review report

I. Explanations on the auditors’ review report

The consolidated financial statements of the Parent Bank and its financial subsidiaries as of 30 June 2022, have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the review report dated 5 August 2022 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.

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

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Section seven

Interim activity report

I. Interim consolidated activity report including the assessments of the Parent Bank’s 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 June 2022 and 31 December 2021 is as follows.

Main balance sheet items

Million TL	Current period	Prior period
Net loans	60,979	51,804
Deposits	60,866	52,617
Equity	11,921	10,809
Total assets	98,666	88,636

Main financial ratios

	Current period	Prior period
Capital adequacy ratio	17.43%	19.22%
Loans / Total assets	61.80%	58.45%
Deposits / Total assets	61.69%	59.36%
Non-performing loans / Total loans	2.45%	3.24%
Income / Average capital (*)	20.53%	12.01%
Income / Average assets (*)	2.51%	1.64%
Expense / Income ratio (**)	47.99%	63.52%

(*) 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 six month period ended 30 June 2021.

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.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
as of and for the six-month period ended 30 June 2022
(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

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

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

Aggravated by the factors including the Russo-Ukrainian War, which broke out at a time when economies strived to reopen amidst persisting supply chain problems, and the adverse impact of the conflict on energy and commodity prices, global inflation has climbed for two years in a row and become a major source of global concern. Interest rates below levels that could curb price risks in an environment of rampant global inflation reinforced the perception among central banks that measures must be taken.

Challenges were compounded by the fact that countries focused on their own problems rather than the global picture while the basic assumption that inflation is a problem and interest rates would continue to rise remained intact although steps taken by global central banks towards monetary tightening in an environment of increasingly evident geopolitical risks where China focuses on the problems caused by the pandemic lead to fears of a recession. Accordingly, the focus in the upcoming period will be on the search for a balance between global growth and inflation concerns.

On the domestic front, strong demand for private consumption and ongoing support from foreign demand were the determining factors for growth performance in the first quarter of the year as in the previous year. Despite a favorable growth performance, wide-ranging macroprudential arrangements were put in place in late April in response to an increasingly less supportive global environment and growing geopolitical risks that put more pressure on foreign trade balance. Particularly from mid-May, these steps have taken effect generally supporting macroeconomic stability.

At ING Turkey, while we follow domestic and global developments closely, we have continued to implement practices that will support the Turkish economy in addition to taking all measures possible to keep our employees and customers healthy and safe in the recent period.

In these challenging times, in line with our belief in the national economy, we will continue to invest mainly in technology and digitalization, to develop products and services in parallel with our next generation and digital banking approach, and to support the economy and our customers. I thank all our stakeholders, and particularly our business partners, customers, employees and main shareholder for their support and contributions.

John T. Mc Carthy
Chairman of the Board of Directors

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2022 (All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)

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

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

While the global inflation becomes prominent and challenging effects of the turmoil in our region are felt across the world economy, we continue to stand by our customers, stakeholders, and employees, and to contribute in the Turkish economy. Just as we support our customers financially, we also contribute in their digitalization journey with our digital products and services.

We continue to take strong steps towards digital leadership while showing robust performance in our financial statements. Based on consolidated financial data for the first half of the year, our bank’s total assets reached TL 98.7 billion while its shareholder equity stood at TL 11.9 billion. Our earnings before tax were TL 1.6 billion and capital adequacy ratio was %17.4. Our bank’s total cash loans were TL 62.6 billion while our deposits increased to TL 61 billion.

In addition to our robust financial results, we are also making a difference in the industry with our effortless and flexible banking approach. Bending conventional ways of doing business with our digital strength, we develop out of ordinary banking products and services and provide solutions that best fit the lives of our customers. In line with our understanding of banking that does not fit into branches or molds, we develop innovative services to make life easier for businesses. To this end, we launched our remote customer acquisition service, which allows sole proprietorships to become ING customers through an end-to-end digital experience anywhere, anytime they want without interrupting their work. We are also proud to be among the leading firms providing this service.

In the meantime, we offer advantageous loan opportunities on our digital channels through ING SME Instant Loan with a view to continuing our uninterrupted support to businesses and meet their cash needs whenever necessary. Furthermore, we are engaging in business partnerships in order to help firms strengthen in business. Most recently, as a part of our collaboration with Hepsiburada, we started providing vendors that join Hepsipartner My Business Partner platform with additional benefits.

In line with our digitalization vision, we continue to add new features to ING Mobil for a more effortless banking experience. As such, in line with our collaboration with Belbim, we provided our customers with the ability to top up their İstanbulkarts on ING Mobil. As ING Turkey, we strive to help our customers always stay a step ahead in their business and private lives, and support our pensioner customers through advantageous promotional opportunities.

As a part of an organization that takes pioneering steps in the field of sustainability in the field of sustainability, we are working in line with our goal of building a sustainable future and bringing our international experience and expertise into our country. Accordingly, we fully renewed our Euro 300 million equivalent first ever ESG-linked syndicated loan raised in 2021, with 100% roll-over ratio. We believe the funds obtained with this transaction will contribute to both our customers and the domestic economy.

Apart from all these, as leader in flexible working conditions, ING continues to expand its world of flexibilities for our employees. As an institution that makes a difference in the industry with its flexible working models, we offer our employees a flexible work environment with our innovative practices such as Flexi Career and Flexi Leave.

As we leave behind the first half of the year, I would like to extend my heartfelt thanks on behalf of myself and ING Turkey management team to all my colleagues and our business partners for their successful performance at a time of normalization from the pandemic accompanied by fluctuations in the world economy.

Alper İhsan Gökgöz
CEO

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

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**Notes to the consolidated financial statements
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(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

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

1.5 Explanations on the Parent Bank 's staff and branch number

The Parent Bank continues its services and operations with 3,074 employees and 163 domestic branches, as of 30 June 2022.

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

With the Board of Directors resolution, no. 32, dated 7 April 2022, Nermin Güney has been elected member of the Audit Committee substituting Martijn Bastiaan Kamps.

2.2 An assessment on financial status, profitability and solvency

According to the consolidated financial statements as of 30 June 2022, the asset size of the Group is TL 98.7 billion, and profit before tax is TL 1.6 billion. As of 30 June 2022, credits constitute 62% of total assets with TL 61 billion.

According to consolidated financial statements, deposits which is the primary funding source of the Group, constitutes 62% of the balance sheet with TL 60.9 billion as of 30 June 2022. 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 June 2022, capital adequacy ratio of the Group has reached 17.43%. As of 30 June 2022, total equities of the Group has reached to TL 11.9 billion.

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**Notes to the consolidated financial statements
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I. Interim consolidated activity report including the assessments of the Parent Bank’s 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 revised/confirmed the Bank’s credit ratings as of 26 July 2022 as follows:

Long-term Foreign Currency Rating: B- (Outlook: Negative)
Long-Term Local Currency: B (Outlook: Negative)
Short-term Foreign Currency Rating: B
Short Term Local Currency: B
Shreholder Support Rating: b-
National Long-Term Notes: AA (tur) (Outlook: Stable)
Viability Rating: b