

(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 Three-Month Period Ended
31 March 2020 and Independent
Auditors' Review Report

13 May 2020

This report consists 2 pages of "Independent Auditors' Review Report" and 85 pages of consolidated financial statements and its disclosures and footnotes.

Convenience Translation of the Independent Auditors' Review Report Originally Prepared and Issued in Turkish (Note 1.b of Section Three)

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors of ING Bank Anonim Şirketi

Introduction

We have reviewed the consolidated statement of financial position of ING Bank Anonim Şirketi (the "Bank") and its financial subsidiaries (together the "Group") as at 31 March 2020 and the consolidated statements of income, profit or loss and other comprehensive income, changes in equity, cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month-period then ended. The Group Management is responsible for the preparation and fair presentation of consolidated 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 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority ("BRSA"), and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation (together referred as "BRSA Accounting and Reporting Legislation"). Our responsibility is to express a conclusion on these consolidated 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 present fairly, in all material respects the consolidated financial position of ING Bank Anonim Şirketi and its financial subsidiaries as at 31 March 2020 and its consolidated financial performance and its consolidated cash flows for the three-month-period then ended in accordance with the BRSA Accounting and Reporting Legislation.

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 interim financial information provided in the accompanying interim activity report included in Section VII, is not consistent, in all material respects, with the reviewed consolidated interim financial statements and explanatory notes.

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

Esmâ Kabak, SMMM
Engagement Partner

13 May 2020
Istanbul, Turkey

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note 3.1, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

The consolidated financial report of ING Bank A.Ş. prepared as of and for the three-month period ended 31 March 2020

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

The three-month consolidated interim financial report includes the following sections in accordance with the “Communiqué on the Financial Statements and Related Disclosures and Footnotes that will be Publicly Announced” as regulated by the Banking Regulation and Supervision Agency.

- General information about the Group
- Consolidated interim financial statements of the Group
- Explanations on accounting policies applied in the related period
- Information on financial structure and risk management of the Group
- Explanations and notes related to consolidated financial statements
- Independent Auditors’ review report
- Interim activity report

Investment in associates, joint ventures, direct and indirect subsidiaries whose financial statements have been consolidated in this report are as follows.

<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 Faktoring A.Ş. 4. ING Menkul Değerler A.Ş.	None	None

The accompanying three-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>A. Canan EDİBOĞLU</u> Deputy CEO / Board Member	<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>Adrianus J. A. KAS</u> Audit Committee Member	

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

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

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ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements

as of and for the three-month period ended 31 March 2020

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

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

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

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

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

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements

as of and for the three-month period ended 31 March 2020 (continued)

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

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

The main shareholders and capital structure as of 31 March 2020 and 31 December 2019 are as follows:

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

As of 31 March 2020, the Parent Bank's paid-in capital consists of 3,486,267,797 shares with a nominal value of TL 1 (Full TL) each.

The Parent Bank's paid-in capital is TL 3,486,268 as of 31 March 2020 and ING Bank N.V. has full control over the Parent Bank's capital.

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements

as of and for the three-month period ended 31 March 2020 (continued)

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

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

As of 31 March 2020, the Parent Bank's Board of Directors (BOD), Members of Audit Committee and Deputy Chief Executive Officer and Executive Vice Presidents are as follows:

Name and Surname	Title	Responsibility area
John T. Mc Carthy	Chairman of the BoD	Legally declared
M. Semra Kuran	BoD Member and Chairman of the Audit Committee	Legally declared
Adrianus J. A. Kas	Vice Chairman of the BoD and Audit Committee Member	Legally declared
A. Canan Ediboğlu	BoD Member and Deputy CEO	Legally declared
Sali Salieski	BoD Member	Legally declared
Alper İhsan Gökgöz	Executive Vice President	Retail Banking
Ayşegül Akay	Executive Vice President	Corporate Banking
Bohdan Robert Stepkowski	Executive Vice President	Financial Markets
Günce Çakır	Legal Executive Vice President	Legal
İ. Bahadır Şamlı	Executive Vice President	Technology
İhsan Çakır	Executive Vice President	SME and Mid Corporate Banking
İlker Kayseri	Executive Vice President	Treasury
K. Atıl Özus	Chief Financial Officer	Financial Control and Treasury
Meltem Öztürk	Executive Vice President	Human Resources
Murat Tursun	Chief Audit Executive	Internal Audit
Nermin Güney	Executive Vice President	Financial Risk Management
N. Yücel Ölçer	Executive Vice President	Operation
Öcal Açar	Executive Vice President	Credits

As of 31 December 2019, Chief Executive Officer and BoD Member of the Parent Bank, Pınar Abay, has resigned from her duty as of 1 January 2020 to be appointed as Global Executive Committee Member of ING Group. A. Canan Ediboğlu has been appointed as Deputy Chief Executive Officer per the Board of Directors resolution No. 82/1 and dated 24 December 2019, starting from 1 January 2020.

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

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

Executive Vice Presidents have no share in the Parent Bank.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements

as of and for the three-month period ended 31 March 2020 (continued)

(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 207 domestic branches.

The Parent Bank and its subsidiaries ING European Financial Services Plc., ING Finansal Kiralama A.Ş., ING Faktoring A.Ş. and ING Menkul Değerler A.Ş. has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group" in these consolidated financial statements and notes to consolidated financial statements.

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

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

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

None.

Section two

Consolidated financial statements

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- VI. Consolidated statement of cash flows

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position)

as of 31 March 2020

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

Assets	Note (section five)	Reviewed			Audited		
		TL	FC	Total	TL	FC	Total
				Current period (31/03/2020)			Prior period (31/12/2019)
I. Financial assets (net)		11,513,867	8,690,323	20,204,190	12,787,477	8,199,141	20,986,618
1.1 Cash and cash equivalents		8,002,966	8,192,278	16,195,244	8,911,743	7,919,624	16,831,367
1.1.1 Cash and balances at Central Bank	(I-1)	669,476	7,203,773	7,873,249	650,207	6,777,349	7,427,556
1.1.2 Banks	(I-3)	29,644	988,505	1,018,149	13,802	1,142,275	1,156,077
1.1.3 Money market placements		7,309,405	-	7,309,405	8,256,577	-	8,256,577
1.1.4 Expected credit losses (-)	(I-5)	(5,559)	-	(5,559)	(8,843)	-	(8,843)
1.2 Financial assets at fair value through profit or loss	(I-2)	7,991	100,953	108,944	32,731	89,993	122,724
1.2.1 Government securities		7,956	100,953	108,909	32,696	89,993	122,689
1.2.2 Equity instruments		35	-	35	35	-	35
1.2.3 Other financial assets		-	-	-	-	-	-
1.3 Financial assets at fair value through other comprehensive income	(I-4)	1,056,160	247	1,056,407	1,340,361	229	1,340,590
1.3.1 Government securities		1,044,999	-	1,044,999	1,329,200	-	1,329,200
1.3.2 Equity instruments		11,161	247	11,408	11,161	229	11,390
1.3.3 Other financial assets		-	-	-	-	-	-
1.4 Derivative financial assets		2,446,750	396,845	2,843,595	2,502,642	189,295	2,691,937
1.4.1 Derivative financial assets measured at fair value through profit or loss	(I-2)	2,408,162	396,845	2,805,007	2,467,326	188,178	2,655,504
1.4.2 Derivative financial assets measured at fair value through other comprehensive income	(I-11)	38,588	-	38,588	35,316	1,117	36,433
II. Financial assets measured at amortised cost		25,124,813	18,822,702	43,947,515	24,094,454	18,836,493	42,930,947
2.1 Loans	(I-5)	24,655,016	17,871,498	42,526,514	23,645,713	17,911,812	41,557,525
2.2 Receivables from leasing transactions	(I-10)	49,244	790,437	839,681	39,828	813,238	853,066
2.3 Factoring receivables		319,239	160,767	480,006	277,074	111,443	388,517
2.4 Other financial assets measured at amortised cost	(I-6)	2,121,890	-	2,121,890	2,114,571	-	2,114,571
2.4.1 Government securities		2,121,890	-	2,121,890	2,114,571	-	2,114,571
2.4.2 Other financial assets		-	-	-	-	-	-
2.5 Expected credit losses (-)	(I-5)	(2,020,576)	-	(2,020,576)	(1,982,732)	-	(1,982,732)
III. Assets held for sale and assets of discontinued operations (net)	(I-16)	660	-	660	660	-	660
3.1 Assets held for sale		660	-	660	660	-	660
3.2 Assets from discontinued operations		-	-	-	-	-	-
IV. Equity investments		-	-	-	-	-	-
4.1 Investments in associates (net)	(I-7)	-	-	-	-	-	-
4.1.1 Associates consolidated by using equity method		-	-	-	-	-	-
4.1.2 Unconsolidated associates		-	-	-	-	-	-
4.2 Investments in subsidiaries (net)	(I-8)	-	-	-	-	-	-
4.2.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
4.3 Jointly Controlled Partnerships (Joint Ventures) (net)	(I-9)	-	-	-	-	-	-
4.3.1 Joint ventures consolidated by using equity method		-	-	-	-	-	-
4.3.2 Unconsolidated joint ventures		-	-	-	-	-	-
V. Tangible assets (net)	(I-12)	940,729	4	940,733	946,973	5	946,978
VI. Intangible assets (net)	(I-13)	49,943	-	49,943	55,171	-	55,171
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		49,943	-	49,943	55,171	-	55,171
VII. Investment property (net)	(I-14)	-	-	-	-	-	-
VIII. Current tax asset	(I-15)	-	-	-	-	-	-
IX. Deferred tax asset		2,778	-	2,778	47	-	47
X. Other assets (net)	(I-17)	570,379	17,265	587,644	499,399	13,994	513,393
Total assets		38,203,169	27,530,294	65,733,463	38,384,181	27,049,633	65,433,814

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position)

as of 31 March 2020

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

Liabilities	Note (section five)	Reviewed			Audited		
		TL	FC	Total	TL	FC	Total
				Current period (31/03/2020)			Prior period (31/12/2019)
I. Deposits	(II-1)	22,739,699	16,490,737	39,230,436	23,355,995	15,613,731	38,969,726
II. Loans received	(II-3)	336,130	10,186,645	10,522,775	313,517	10,544,127	10,857,644
III. Money market funds		7,586	98,150	105,736	14,228	82,601	96,829
IV. Securities Issued (net)	(II-4)	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. Funds		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. Financial liabilities at fair value through profit or loss		-	-	-	-	-	-
VII. Derivative financial liabilities		875,943	308,216	1,184,159	819,686	162,690	982,376
7.1 Derivative financial liabilities at fair value through profit or loss	(II-2)	472,862	301,567	774,429	470,966	156,032	626,998
7.2 Derivative financial liabilities at fair value through other comprehensive income	(II-7)	403,081	6,649	409,730	348,720	6,658	355,378
VIII. Factoring payables		23	2,847	2,870	23	2,290	2,313
IX. Lease payables (net)	(II-6)	306,273	-	306,273	298,779	-	298,779
X. Provisions	(II-8)	223,064	370	223,434	225,321	319	225,640
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		59,322	-	59,322	57,205	-	57,205
10.3 Insurance technical reserves (net)		-	-	-	-	-	-
10.4 Other provisions		163,742	370	164,112	168,116	319	168,435
XI. Current tax liability	(II-9)	120,391	1,521	121,912	132,517	1,276	133,793
XII. Deferred tax liability	(II-9)	253,631	-	253,631	191,341	-	191,341
XIII. Liabilities for assets held for sale and assets of discontinued operations (net)	(II-10)	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. Subordinated debt	(II-11)	-	3,936,897	3,936,897	-	4,237,398	4,237,398
14.1 Loans		-	3,936,897	3,936,897	-	4,237,398	4,237,398
14.2 Other debt instruments		-	-	-	-	-	-
XV. Other liabilities	(II-5)	795,141	152,431	947,572	751,226	148,208	899,434
XVI. Shareholders' equity	(II-12)	8,904,029	(6,261)	8,897,768	8,544,988	(6,447)	8,538,541
16.1 Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2 Capital reserves		-	-	-	-	-	-
16.2.1 Share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		-	-	-	-	-	-
16.3 Other comprehensive income/expense items not to be recycled to Profit or Loss		116,402	-	116,402	139,347	-	139,347
16.4 Other comprehensive income/expense items to be recycled in Profit or Loss		(67,738)	(6,261)	(73,999)	(71,334)	(6,447)	(77,781)
16.5 Profit reserves		5,002,272	-	5,002,272	3,448,841	-	3,448,841
16.5.1 Legal reserves		334,352	-	334,352	256,871	-	256,871
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		4,667,920	-	4,667,920	3,191,970	-	3,191,970
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or (loss)		366,825	-	366,825	1,541,866	-	1,541,866
16.6.1 Prior years' profits or (loss)		20,881	-	20,881	-	-	-
16.6.2 Current period profit or (loss)		345,944	-	345,944	1,541,866	-	1,541,866
16.7 Minority interest		-	-	-	-	-	-
Total liabilities and shareholders' equity		34,561,910	31,171,553	65,733,463	34,647,621	30,786,193	65,433,814

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of off-balance sheet items as of 31 March 2020

(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
				(31/03/2020)			(31/12/2019)
A. Off-balance sheet commitments (II+III)		31,413,780	84,608,701	116,022,481	34,478,415	75,741,500	110,219,915
I. Guarantees and warranties	(III-1)	1,576,659	7,686,426	9,263,085	1,669,594	6,670,880	8,340,474
1.1 Letters of guarantee		1,561,251	5,794,168	7,355,419	1,649,564	5,076,444	6,726,008
1.1.1 Guarantees subject to state tender law		3,920	-	3,920	4,075	-	4,075
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		1,557,331	5,794,168	7,351,499	1,645,489	5,076,444	6,721,933
1.2 Bank acceptances		-	2,442	2,442	-	4,008	4,008
1.2.1 Import letter of acceptance		-	2,442	2,442	-	4,008	4,008
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		89	1,513,731	1,513,820	445	1,125,301	1,125,746
1.3.1 Documentary letters of credit		89	1,513,731	1,513,820	445	1,125,301	1,125,746
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Pre-financing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Purchase guarantees for securities issued		-	-	-	-	-	-
1.7 Factoring guarantees		7,483	76,025	83,508	15,956	72,085	88,051
1.8 Other guarantees		-	110,621	110,621	-	197,295	197,295
1.9 Other warranties		7,836	189,439	197,275	3,629	195,737	199,366
III. Commitments	(III-1)	3,585,355	1,712,911	5,298,266	3,705,313	4,635,183	8,340,496
2.1 Irrevocable commitments		3,585,355	1,712,911	5,298,266	3,705,313	4,635,183	8,340,496
2.1.1 Forward asset purchase commitments		185,948	988,734	1,174,682	405,769	3,986,470	4,392,239
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		1,805,897	721,972	2,527,869	1,695,522	646,582	2,342,104
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		271,748	-	271,748	271,795	-	271,795
2.1.8 Tax and fund liabilities from export commitments		23,780	-	23,780	23,780	-	23,780
2.1.9 Commitments for credit card limits		1,291,157	-	1,291,157	1,300,950	-	1,300,950
2.1.10 Commitments for credit cards and banking services promotions		5,263	-	5,263	5,732	-	5,732
2.1.11 Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12 Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		1,562	2,205	3,767	1,765	2,131	3,896
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. Derivative financial instruments	(III-2)	26,251,766	75,209,364	101,461,130	29,103,508	64,435,437	93,538,945
3.1 Derivative financial instruments for hedging purposes		5,990,000	1,080,945	7,070,945	5,080,000	2,205,819	7,285,819
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		5,990,000	1,080,945	7,070,945	5,080,000	2,205,819	7,285,819
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Derivative financial instruments for trading purposes		20,261,766	74,128,419	94,390,185	24,023,508	62,229,618	86,253,126
3.2.1 Forward foreign currency buy/sell transactions		1,803,711	15,142,893	16,946,604	1,887,129	6,750,727	8,637,856
3.2.1.1 Forward foreign currency transactions-buy		1,098,939	7,300,512	8,399,451	1,152,631	3,165,311	4,317,942
3.2.1.2 Forward foreign currency transactions-sell		704,772	7,842,381	8,547,153	734,498	3,585,416	4,319,914
3.2.2 Swap transactions related to foreign currency and interest rates		18,135,527	56,709,330	74,844,857	21,428,055	51,953,125	73,381,180
3.2.2.1 Foreign currency swap-buy		2,307,133	24,088,487	26,395,620	1,995,789	20,142,032	22,137,821
3.2.2.2 Foreign currency swap-sell		4,394,394	19,899,745	24,294,139	4,018,266	16,292,637	20,310,903
3.2.2.3 Interest rate swap-buy		5,717,000	6,360,549	12,077,549	7,707,000	7,759,228	15,466,228
3.2.2.4 Interest rate swap-sell		5,717,000	6,360,549	12,077,549	7,707,000	7,759,228	15,466,228
3.2.3 Foreign currency, interest rate and securities options		322,528	2,276,196	2,598,724	708,324	3,525,766	4,234,090
3.2.3.1 Foreign currency options-buy		161,264	1,138,098	1,299,362	354,162	1,762,883	2,117,045
3.2.3.2 Foreign currency options-sell		161,264	1,138,098	1,299,362	354,162	1,762,883	2,117,045
3.2.3.3 Interest rate options-buy		-	-	-	-	-	-
3.2.3.4 Interest rate options-sell		-	-	-	-	-	-
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. Custody and pledged items (IV+V+VI)		194,132,738	36,412,927	230,545,665	191,850,928	32,720,240	224,571,168
IV. Items held in custody		1,503,934	2,273,621	3,777,555	1,617,573	2,108,482	3,726,055
4.1 Customer fund and portfolio balances		1,195,675	-	1,195,675	1,314,449	-	1,314,449
4.2 Investment securities held in custody		48,533	367,024	415,557	57,473	320,291	377,764
4.3 Checks received for collection		105,550	406,622	512,172	95,899	433,100	528,999
4.4 Commercial notes received for collection		141,694	1,426,023	1,567,717	137,270	1,288,791	1,426,061
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		12,482	73,952	86,434	12,482	66,300	78,782
4.8 Custodians		-	-	-	-	-	-
V. Pledged received		25,207,304	8,257,905	33,465,209	25,845,046	7,230,622	33,075,668
5.1 Marketable securities		133,531	29,952	163,483	133,731	57,440	191,171
5.2 Guarantee notes		212,897	269,896	482,793	215,042	245,927	460,969
5.3 Commodity		910	-	910	910	-	910
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		21,934,147	6,514,855	28,449,002	22,542,362	6,200,939	28,743,301
5.6 Other pledged items		2,925,819	1,443,202	4,369,021	2,953,001	726,316	3,679,317
5.7 Pledged items-depository		-	-	-	-	-	-
VI. Accepted independent guarantees and warranties		167,421,500	25,881,401	193,302,901	164,388,309	23,381,136	187,769,445
Total off-balance sheet items (A+B)		225,546,518	121,021,628	346,568,146	226,329,343	108,461,740	334,791,083

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of profit or loss

for the three-month period ended 31 March 2020

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

Income and expense items	Note (section five)	Reviewed	Reviewed
		Current period (01/01/2020- 31/03/2020)	Prior period (01/01/2019- 31/03/2019)
I. Interest income	(IV-1)	1,478,694	1,955,547
1.1 Interest on loans		1,111,859	1,587,233
1.2 Interest on reserve requirements		-	22,026
1.3 Interest on banks		5,407	43,976
1.4 Interest on money market transactions		199,471	169,997
1.5 Interest on marketable securities portfolio		138,850	92,349
1.5.1 Financial assets at fair value through profit or loss		7,133	7,515
1.5.2 Financial assets at fair value through other comprehensive income		45,551	26,254
1.5.3 Financial assets measured at amortised cost		86,166	58,580
1.6 Finance lease income		9,813	12,492
1.7 Other interest income		13,294	27,474
II. Interest expense (-)	(IV-2)	(608,025)	(1,089,646)
2.1 Interest on deposits		(504,306)	(931,685)
2.2 Interest on funds borrowed		(80,072)	(143,550)
2.3 Interest on money market transactions		(302)	(1,422)
2.4 Interest on securities issued		-	-
2.5 Finance lease expense		(12,849)	(11,585)
2.6 Other interest expenses		(10,496)	(1,404)
III. Net interest income/expense (I - II)		870,669	865,901
IV. Net fees and commissions income/expense		103,422	122,013
4.1 Fees and commissions received		156,785	170,250
4.1.1 Non-cash loans		34,161	35,585
4.1.2 Other	(IV-12)	122,624	134,665
4.2 Fees and commissions paid (-)		(53,363)	(48,237)
4.2.1 Non-cash loans		(196)	(70)
4.2.2 Other	(IV-12)	(53,167)	(48,167)
V Dividend income	(IV-3)	-	-
VI. Trading gain/(loss) (net)	(IV-4)	73,180	257,975
7.1 Trading gain/(loss) on securities		(4,093)	4,530
7.2 Gain/(loss) on derivative financial transactions		415,867	530,226
7.3 Foreign exchange gain/(loss)		(338,594)	(276,781)
VII. Other operating income	(IV-5)	285,440	184,302
VIII. Gross operating income (III+IV+V+VI+VII)		1,332,711	1,430,191
IX. Expected credit loss (-)	(IV-6)	(374,649)	(350,181)
X. Other provision expenses (-)		(1,416)	(3,632)
XI. Personnel expenses (-)		(178,488)	(179,258)
XII. Other operating expenses	(IV-7)	(335,104)	(272,356)
XIII. Net operating profit/(loss) (VIII-IX-X-XI-XII)		443,054	624,764
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)	443,054	624,764
XVIII. Provision for taxes of continued operations (±)	(IV-9)	(97,110)	(130,228)
18.1 Current tax provision		(38,386)	(37,244)
18.2 Expense effect of deferred tax (+)		(61,069)	(129,886)
18.3 Income effect of deferred tax (-)		2,345	36,902
XIX. Net profit/(loss) from continuing operations (XVII±XVIII)	(IV-10)	345,944	494,536
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)	345,944	494,536
25.1 Profit/(Loss) of the Group		345,944	494,536
25.2 Income/(Loss) of Minority Interest (-)		-	-
Earnings per share		0.0992	0.1419

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement profit or loss and other comprehensive income for the three-month period ended 31 March 2020 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Consolidated profit or loss and other comprehensive income		Reviewed	Reviewed
		Current period (01/01/2020- 31/03/2020)	Prior period (01/01/2019- 31/03/2019)
I.	Current period profit/loss	345,944	494,536
II.	Other comprehensive income	13,283	65,582
2.1	Other income/expense items not to be recycled to profit or loss	1,142	(999)
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)	(647)	(1,260)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	1,669	-
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	120	261
2.2	Other income/expense items to be recycled to profit or loss	12,141	66,581
2.2.1	Translation differences	8,359	3,689
2.2.2	Income/(Expenses) from valuation and/or reclassification of financial assets measured at FVOCI	(35,089)	(41,952)
2.2.3	Gains/(losses) from cash flow hedges	39,826	132,149
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	(955)	(27,305)
III.	Total comprehensive income (I+II)	359,227	560,118

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of changes in equity for the three-month period ended 31 March 2020

(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	Other (2)							
Prior period																	
(01/01/2019-31/03/2019)																	
I.		3,486,268	-	-	-	140,921	(1,404)	(241)	3,858	(13,180)	602,964	2,297,792	-	1,140,634	7,657,612	-	7,657,612
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,486,268	-	-	-	140,921	(1,404)	(241)	3,858	(13,180)	602,964	2,297,792	-	1,140,634	7,657,612	-	7,657,612
IV.		-	-	-	-	-	(999)	-	(3,532)	(42,399)	105,291	-	-	494,536	552,897	-	552,897
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	7,221	-	-	7,221	-	7,221
XI.		-	-	-	-	977	-	-	-	-	-	1,139,657	-	(1,140,634)	-	-	-
11.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2		-	-	-	-	977	-	-	-	-	-	1,139,657	-	(1,140,634)	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-end balance (III+IV+.....+X+XI)		3,486,268	-	-	-	141,898	(2,403)	(241)	326	(55,579)	708,255	3,444,670	-	494,536	8,217,730	-	8,217,730
Current period																	
(01/01/2020-31/03/2020)																	
I.		3,486,268	-	-	-	141,898	(2,310)	(241)	324	81,518	(159,623)	3,448,841	-	1,541,866	8,538,541	-	8,538,541
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,486,268	-	-	-	141,898	(2,310)	(241)	324	81,518	(159,623)	3,448,841	-	1,541,866	8,538,541	-	8,538,541
IV.		-	-	-	-	-	(508)	1,650	-	(28,102)	31,884	-	-	345,944	350,868	-	350,868
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	8,359	-	-	8,359	-	8,359
XI.		-	-	-	-	(24,087)	-	-	-	-	-	1,545,072	20,881	(1,541,866)	-	-	-
11.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2		-	-	-	-	(24,087)	-	-	-	-	-	1,545,072	20,881	(1,541,866)	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-end balance (III+IV+.....+X+XI)		3,486,268	-	-	-	117,811	(2,818)	1,409	324	53,416	(127,739)	5,002,272	20,881	345,944	8,897,768	-	8,897,768

(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 independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of cash flows for the three-month period ended 31 March 2020 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Statement of cash flows	Note	Reviewed	Reviewed
		Current period (01/01/2020- 31/03/2020)	Prior period (01/01/2019- 31/03/2019)
A. Cash flows from banking operations			
1.1 Operating profit/(loss) before changes in operating assets and liabilities		3,977,400	514,630
1.1.1 Interest received		1,524,122	2,020,469
1.1.2 Interest paid		(617,537)	(1,092,247)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		156,968	166,955
1.1.5 Other income		16,760	20,771
1.1.6 Collections from previously written-off loans and other receivables		192,865	195,071
1.1.7 Payments to personnel and service suppliers		(381,983)	(350,868)
1.1.8 Taxes paid		(50,267)	(154,708)
1.1.9 Other		3,136,472	(290,813)
1.2 Changes in operating assets and liabilities		(5,490,684)	3,297,844
1.2.1 Net increase/decrease in financial assets at fair value through profit or loss		13,459	(46,265)
1.2.2 Net (increase) decrease in due from bank		9,603	156,632
1.2.3 Net (increase) decrease in loans		(2,137,486)	3,035,702
1.2.4 Net (increase) decrease in other assets		(544,465)	786,258
1.2.5 Net increase (decrease) in bank deposits		(399,960)	508,044
1.2.6 Net increase (decrease) in other deposits		(902,390)	1,849,625
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		(1,957,602)	(2,833,525)
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		428,157	(158,627)
I. Net cash provided from banking operations		(1,513,284)	3,812,474
B. Cash flow from investing activities			
II. Net cash provided from investing activities		286,148	(5,995)
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		(33,066)	(87,638)
2.4 Disposals of property and equipment		31,975	86,173
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(279,344)	(65,536)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		530,344	81,457
2.7 Cash paid for purchase of financial assets measured at amortised cost	(I-6)	(14,089)	-
2.8 Cash obtained from sale of financial assets measured at amortised cost	(I-6)	52,230	-
2.9 Other		(1,902)	(20,451)
C. Cash flows from financing activities			
III. Net cash provided from financing activities		(29,290)	(28,922)
3.1 Cash obtained from funds borrowed and securities issued	(II-4)	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	(II-4)	-	-
3.3 Issued equity instruments		-	-
3.4 Dividends paid	(II-12)	-	-
3.5 Payments for finance leases		(29,290)	(28,922)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		562,537	516,892
V. Net increase in cash and cash equivalents (I+II+III+IV)		(693,889)	4,294,449
VI. Cash and cash equivalents at beginning of the period		13,405,619	11,420,391
VII. Cash and cash equivalents at the end of the period		12,711,730	15,714,840

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 three-month period ended 31 March 2020 (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 Accounting Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") (hereafter, referred as "BRSA Accounting and Financial Reporting Legislation"). The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

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

In the first quarter of 2020, with the spread of the COVID-19 virus to various countries in the world, COVID-19 affects both regional and global economic conditions negatively. As a result of the spread of COVID-19 around the world, various precautions have been taken and are still being taken in our country as well as in the world in order to prevent the transmission of the virus. In addition to these precautions, extensive economic precautions have also been taken in order to minimize the economic impact of the virus, simultaneously.

While preparing the interim financial statements as of 31 March 2020, the Group reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. The estimates and assumptions used in the calculation of expected credit losses are explained in the explanations on impairment of financial assets section.

b. 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.

c. Changes in accounting policies and disclosures

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the three-month period ended 31 March 2020 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

The Group manages its financial instruments strategies according to its liability structure. The liability structure is mainly comprised of deposits. The investment instruments are generally chosen from liquid instruments. Thus, liquidity is sustained to meet liabilities. As reporting date, the Group's asset and shareholder's equity structure is sufficient to meet its liabilities.

Due to the risks management policy, the Group does not take significant currency positions. In case of a currency risk due from the customer transactions, the Group makes contra transactions in order to close the position.

The investment decisions are made taking the balance sheet items' maturity structure and interest rates into consideration. Limits related to the balance sheet are determined. The distribution of assets is determined and income analyses are made according to this distribution.

When carrying out off-balance sheet forward transactions, the Group aims to perform contra transactions as well, thus paying maximum attention to the currency and interest rate risks. The customer limits for transactions are determined.

Explanations on foreign currency transactions:

Translation gains and losses arising from foreign currency transactions are accounted for within the period in which the transaction occurs. In period-ends, foreign currency denominated monetary assets and liabilities are translated into TL with the exchange buying rates of the Parent Bank prevailing at the reporting date. Gains and losses arising from such transactions are recognized in the statement of profit or loss under the account of foreign exchange gains or losses.

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

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

III. Explanations on consolidated subsidiaries

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

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

ING European Financial Services Plc.

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the three-month period ended 31 March 2020 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Explanations on consolidated subsidiaries (continued)

ING Faktoring A.Ş. (ING Factoring)

ING Factoring was established in 2008 for the purpose of engaging in import, export and local factoring activities. The Company was granted operation license by the BRSA Board Decision, No. 3564, dated 3 March 2010.

The Company prepares its financial statements in accordance with the communique on the Application of Uniform Chart of Accounts and its Guide Book for Financial Leasing, Factoring and Financing Companies, TAS, TFRS and other regulations, communiqués, explanations and circulars promulgated by the BRSA in relation to accounting and financial reporting principles. The required adjustments and re-classifications have been made on the financial statements of the Company in order 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 communique on the Application of Uniform Chart of Accounts and its Guide Book for Financial Leasing, Factoring and Financing Companies, TAS, TFRS and other regulations, communiqués, explanations and circulars promulgated by the BRSA in relation to accounting and financial reporting principles. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

ING Menkul Değerler A.Ş. (ING Securities)

ING Securities was established in 1991 under the title Universal Menkul Değerler A.Ş. in 1991, and was acquired by ING UK Holdings Limited on 30 October 2008, and the title of the Company was changed as ING Menkul Değerler A.Ş. at the date of 27 May 2009. 100% shares of ING Securities were purchased by the Parent Bank on 15 August 2012.

Capital Markets Board approved the Company's application for continuing its operations and performing margin trading, short selling and lending and borrowing transactions of capital market instruments under its trading brokerage license as of 11 January 2013. On 26 July 2013, the Capital Markets Board approved the Company's application for a license to operate as an intermediary in trading derivatives for the purpose of operating in the futures and options market. With the Capital Market Board letter, dated 19 November 2013, the application of ING Securities for the establishment of an agency was approved as from 15 November 2013.

The financial statements of the Company are prepared in accordance with the Capital Markets Board legislation with respect to TAS enacted by POA. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the three-month period ended 31 March 2020 (continued) (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" or "Derivative Financial Assets Designated at Fair Value through Other Comprehensive Income" per TFRS 9.

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

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the statement of profit or loss under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

Explanations on derivative financial instruments held for hedging purpose

As permitted by TFRS 9, the Group continues to apply hedge accounting in accordance with TAS 39.

The Group enters into interest rate and cross currency swap transactions in order to hedge the changes in cash flows of the floating-rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under "accumulated other comprehensive income or expense to be reclassified to profit or loss" in shareholders' equity, and the ineffective portion is recognised in income statement. The changes recognized in shareholders' equity is removed and included in income statement in the same period when the hedged cash flows effect the income or loss.

Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the "Dollar off-set model" and the hedge accounting is applied as long as the test results are between the ranges of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to income statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity and presented under "accumulated other comprehensive income or expense to be reclassified to profit or loss" are continued to be kept in this account.

When the cash flows of hedged item incur, the gain/losses accounted for under shareholders' equity are recognised in income statement considering the original maturity.

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the three-month period ended 31 March 2020 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VII. Explanations on financial instruments (continued)

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Thus, the Group has classified all financial assets beginning from 1 January 2018 on the basis of the business model used for the management of these assets and the contractual cash flows.

As per TFRS 9, the Group classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss. The Group has tested the "Solely Payments of Principal and Interest" test for all financial assets within the scope of TFRS 9 transition and evaluated asset classifications within the business model.

Assessment of business model

As per TFRS 9, the business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Group's business models are divided into three categories.

A business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Central Bank, banks, money market placements, financial assets measured at amortized cost, loans, lease receivables, factoring receivables and other receivables are evaluated within this business model.

A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The business model in which financial assets are held both for the collection of contractual cash flows and for the sale of financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at fair value through other comprehensive income are evaluated within this business model.

Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss derivative financial instruments are evaluated within this business model.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the three-month period ended 31 March 2020 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VII. Explanations on financial instruments (continued)

Measurement categories of financial assets and liabilities

According to TFRS 9, the Bank's financial assets are classified in three main categories as listed below:

- Financial assets measured at fair value through profit/loss
- Financial assets measured at fair value through other comprehensive income and
- Financial assets measured at amortized cost (including credits).

Financial assets measured at fair value through profit/loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are recognized in profit or loss.

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

Financial assets measured at fair value through other comprehensive income:

As per TFRS 9, the financial investments are measured at fair value through other comprehensive income if financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Other comprehensive income income/expense items to be recycled in profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment. In this context, the Group has evaluated that the costs of equity securities, which are classified as financial assets measured at fair value through other comprehensive income, has been assessed that they reflects the approximate fair values. The fair value level of the related assets has been determined as Level 3.

During initial recognition an entity can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the three-month period ended 31 March 2020 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VII. Explanations on financial instruments (continued)

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

Loans:

Loans represents financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors.

Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the effective interest rate method.

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

VIII. Explanations on impairment of financial assets

With the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside (Provision Regulation)" promulgated by BRSA in the Official Gazette, no. 29750, dated 22 June 2016, the Group has started calculating provisions as of 1 January 2018, in scope of TFRS 9 for financial instruments, loans and other receivables. Accordingly, loss allowance for expected credit losses is recognized for the financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income.

Per TFRS 9, loss allowance for expected credit losses is recognised on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss. Expected credit loss estimates should include objective information weighted according to possibilities and that can be supported about past events, existing conditions and predictions about future economic conditions.

Financial assets within the scope of TFRS 9 are allocated to the three stages according to the change in the quality of the loan after initial recognition and are calculated on the basis of the expected credit loss stage:

- **Stage 1:** For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.
- **Stage 2:** In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

A financial asset is transferred from Stage 1 to Stage 2 when there is a significant increase in credit risk after initial recognition. Group has established a framework which incorporates quantitative and qualitative information to identify significant risk increase on an asset level applying a relative assessment. Each financial asset is assessed at the reporting date to determine significant risk increase.

Group considers the following criteria.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the three-month period ended 31 March 2020 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VIII. Explanations on impairment of financial assets (continued)

Quantitative criteria: The change in lifetime probability of default is the main trigger the transfer between Stage 1 and Stage 2. The trigger compares probability of default at the origination date versus probability of default at the reporting date, considering the remaining maturity. Assets can be transferred in both directions between Stage 1 and Stage 2. In order to determine if movements can be considered as significant, Group implements different probability of default thresholds to evaluate absolute and relative changes occurring in both retail and corporate portfolios. Related thresholds are being analyzed by back-testing and revised accordingly if necessary.

Qualitative criteria: Group considers several indicators aligned with those used in credit risk management. Specific qualitative criteria for retail and corporate portfolio has been defined, according to its particularities and with the policies currently in use. The use of these qualitative criteria is complemented with the use of expert judgement.

- Having past due more than legal regulations
 - Loans classified to watch list status according to the decision of the Group's management,
 - Restructured loans in compliance with "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside",
 - Restructured loans according to an administrative judgement,
 - Other consumer loans of individual clients whose one of the consumer loan transferred to non-performing loan portfolio.
- **Stage 3:** Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

The following criteria are taken into consideration in determining the impairment:

- Having past due more than legal regulations
- Problems in aspect of client's creditworthiness
- Collaterals and/or debtor's equities are insufficient for the timely payment of receivables
- Collection of receivables is considered to be delayed for more than 90 days due to macroeconomic, industry specific or customer specific reasons.

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

As of 31 March 2020, the Group has made its classifications in accordance with the related changes and reflected the effects in its consolidated financial statements.

Use of present, past, future information and macroeconomic predictions: Expected loss estimations take into consideration multiple macroeconomic scenarios for which the probability is measured according to past events, existing conditions and predictions about future economic conditions for economic variables (such as unemployment rates, GDP growth, real estate prices, and short-term interest rates). Group has defined three macroeconomic scenarios to use for future predictions, a baseline, an up-scenario and a down-scenario. Macroeconomic models are used to convert the parameters used in expected loss estimations to forward looking versions. Different models exist for large corporate, financial institutions, corporate, retail mortgage and retail portfolios.

Expected credit loss measurement:

Group applies "Probability of Default x Exposure at Default x Loss Given Default" method which also takes the time value of money into account. For Stage 1 financial assets; a forward-looking approach on a twelve-month period is applied in order to calculate expected credit loss. For Stage 2 financial assets; a lifetime expected loss is calculated. The lifetime expected loss is the discounted sum of the portions of lifetime losses related to default events within each period of twelve months till maturity. For Stage 3 financial assets; the probability of default equals 100%, the loss given default and the exposure at default represent a lifetime expected loss calculated based on properties of the defaulted loan.

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VIII. Explanations on impairment of financial assets (continued)

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

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

As of 31 March 2020, the Group has reviewed the scenario weights due to the negative effects of the COVID-19 outbreak, and reflected the related effects in its expected credit losses with the best estimation approach.

IX. Explanations on offsetting financial assets

Financial assets and liabilities are shown on the balance sheet at their net amounts when the Group has a legally enforceable right to offset the recognized amounts and 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.

XI. Explanations on property and equipment held for sale and related to discontinued operations and on payables regarding these assets

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing loans and receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations ("TFRS 5").

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. To have a high possibility of sale, a plan should have been made for the sale of the asset (or the asset group to be disposed) and an active program should have been started by the management, aiming to complete the plan and determine the buyers.

The properties obtained from the Group's receivables are shown at the fixed assets held for sale line according to the execution of the forward sales agreement.

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the statement of profit or loss. The Group does not have any discontinued operations.

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XII. Explanations on goodwill and other intangible assets

The intangible assets are measured at their cost calculated by adding the acquisition costs and other direct costs necessary for making the asset in working order.

Subsequently, intangible assets are carried at cost less accumulated depreciation and provision for value decrease.

Intangible assets are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

The intangible assets 7% - 33%

The Group does not have goodwill.

XIII. Explanations on property and equipment

Property and equipment are initially measured at cost calculated by adding the acquisition fees and any directly attributable costs for making the asset in working order. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value decrease.

According to precautionary and materiality principles, when the current value of property and equipment is less than their net cost, the net cost which exceeds their current value is recognized in expense account as provision for impairment.

Property and equipment are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

Immovables 2%

Movables, assets acquired by financial leasing 2% - 50%

Right-of-use assets 9% - 50%

The depreciation is set aside at the amount calculated through proportion of the yearly depreciation amount foreseen for the assets held for less than one accounting period to the time for which the asset is held in asset.

Gains and losses on the disposal of property and equipment are reflected to the profit and loss of the related period.

Expenditures for the repair and maintenance of property and equipment are recognized as expense.

There is no injunction, pledge or mortgage on property and equipment.

There is no purchase commitment related to property and equipment.

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Notes to the consolidated financial statements as of and for the three-month period ended 31 March 2020 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

The Parent Bank does not have any leasing operations as lessor.

b. Accounting of leasing operations as lessee

Assets acquired under financial leases are capitalized at lower of the fair values of leased assets or discounted value of lease installments. While the total amounts of lease amounts are recognized as liability, the related interest amounts are accounted for as deferred interest. Assets subject to financial leases are followed under property and equipment and are depreciated by using straight-line method. The estimated depreciation rates are determined according to their estimated useful lives.

The Group performs operating lease for branches, ATM locations and vehicles. With the "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".

IFRS 16 Leases standard is published in the Official Gazette no. 29826 dated 16 April 2018 which is effective for the accounting periods after 31 December 2018. The Group has started to apply the standard starting from 1 January 2019 for the first time. This standard is applied with modified retrospective approach recognizing the cumulative effect of initially applying the standard at the date of initial application. In this context, comparative financial statements are not restated.

The Group – as lessee:

The Group assesses whether a contract is (or contains) a lease at the inception of the contract. A contract is a lease contract or contains a lease on the basis of whether the right to control the use of an identified asset is being transferred for a period of time, against remuneration. In this case, at the commencement date, the right-of-use assets are recognized under "Tangible Assets" and lease liabilities are recognized under "Lease Payables" by the Group.

The Group initially measures the right-of-use asset applying a cost model in the financial statements and it includes the following:

- (a) Lease liabilities in the balance sheet, initially measured at the present value,
- (b) Remaining lease payment amount before or at the commencement date, after all lease incentives are eliminated,
- (c) All initial direct costs beared by the Group,
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

The Group applies the depreciation requirements in 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 in case of implicit interest rate cannot be defined easily.

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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.

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XVI. Explanations on obligations related to employee rights

Provision for employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Parent Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Parent Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Parent Bank.

The Parent Bank has calculated provision for employee severance benefits in the attached financial statements in accordance with "Turkish Accounting Standard for Employee Benefits ("TAS 19") by using the "Projection Method" and discounted the total provision by using the current market yield on government bonds based on their previous experience in the issues of completion of personnel service period and severance pay eligibility. Actuarial gains and losses are recognized under equity in accordance with the TAS 19 standard.

In accordance with the existing social legislation in Turkey, the Parent Bank is required to make contribution to Social Security Institution ("SSI") on behalf of their employees. Other than the contributions that the Bank is required to pay, there is no additional requirement to make payment to neither their employees nor SSI. These premiums are reflected to personnel expenses when they accrue.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

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

XVII. Explanations on taxation

a. Current tax

The Parent Bank and its subsidiaries operating in Turkey are subject to tax legislation and practices effective in Turkey.

While the corporate tax rate was at the rate of 20% since 1 January 2006, for all companies, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the President has been authorized to reduce the rate of 22% down to 20%.

While according to the provisions of Corporate Tax Law, No. 5520, exemption shall be applied for 75% of the earnings from the sale of the properties and participation shares that corporations have kept among their assets for at least two full years (provided that they are added in the capital or kept in a special fund account in liabilities for five years as provided in the Law), and from the sales of founders' shares, preference shares and preferred rights they have kept for same duration; Article 89/a of the Law, No. 7061 effective upon promulgation in the Official Gazette, No. 30261, dated 5 December 2017 and Articles 5.1.e and 5.1.f of Corporate Tax Law have been amended, the exemption applied as 75% was decreased to 50% to be effective as of the promulgation of the Law for the above mentioned sale of properties.

Corporate tax is required to be filed and taxes must be paid in one installment by the end of the fourth month following the balance sheet date. Pursuant to the tax legislation, an advance tax is calculated and paid based on earnings generated for each quarter. The amounts thus paid are deducted from the tax calculated over annual earning.

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

Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. Pursuant to the tax legislation, an advance tax is calculated and paid based on earnings generated for each quarter. The amounts thus paid are deducted from the tax calculated over annual earning.

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

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Notes to the consolidated financial statements as of and for the three-month period ended 31 March 2020 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

XVII. Explanations on taxation (continued)

b. Deferred tax

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities were measured by 20% tax rate. Furthermore, the President has been authorized to reduce the rate of 22% down to 20%.

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

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

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

c. Transfer pricing

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

As discussed under subject Communique's "7.1 Annual Documentation" section, taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XVIII. Explanations on borrowings

The Group, whenever required, generates funds from domestic and foreign sources in the form of borrowings, syndications, securitizations, and bill and bond issuances in the local and international markets. The funds borrowed are recorded at their purchase costs and valued at amortised costs using the effective interest method.

XIX. Explanation on issuance of equity securities

There are no issuance of equity securities in 2020.

XX. Explanations on guarantees and acceptances

The Group's letters of acceptances with its customers are simultaneously realized with customers' payments and are followed in off-balance sheet items.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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XXI. Explanations on government incentives

As of the balance sheet date, there is no government grant for the Group.

XXII. Explanations on segment reporting

An operating segment is a component of an entity:

- a. That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- b. Whose operating results are regularly reviewed by the entity's authorised decision maker for the purpose of taking decisions about resources to be allocated to the segment and assessing its performance, and
- c. For which discrete financial information is available.

Reporting according to the operational segment is presented in Note VIII of Section Four.

XXIII. Profit reserves and distribution of profit

Under the Turkish Commercial Code ("TCC"), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

XXIV. Explanations on other disclosures

None.

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Section four

Information on financial position and risk management of the Group

I. Explanations on consolidated capital

Information about consolidated capital items

Consolidated total capital and capital adequacy ratio has been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

Within the context of the measures that are announced by BRSA on 23 March 2020, in capital adequacy ratio calculation until 31 December 2020;

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

The Group does not take into consideration the related measures in regulatory capital adequacy ratio calculation as of 31 March 2020.

As of 31 March 2020, the Group's total capital is TL 12,780,106 and the consolidated capital adequacy ratio is 24.09%. As of 31 December 2019, the Group's total capital amounted to TL 12,787,247 and capital adequacy ratio was 25.57%.

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I. Explanations on consolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	5,002,272	
Other comprehensive income according to TAS	171,615	
Profit	366,825	
Net profit for the period	345,944	
Prior period profit	20,881	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Minority interest	-	
Common equity tier I capital before deductions	9,026,980	
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	1,473	
Leasehold improvements on operational leases (-)	51,571	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	49,950	49,950
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	102,994	
Total common equity tier I capital	8,923,986	
ADDITIONAL TIER I CAPITAL		
Preferred stock not included in common equity tier I capital and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (in scope of Temporary Article 3)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital		
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	-	
Total additional Tier I capital	-	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	8,923,986	

(*) 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)

	Current period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	3,430,470	-
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)	442,077	-
Tier II Capital Before Deductions	3,872,547	
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	3,872,547	
Total Capital (The sum of Tier I Capital and Tier II Capital)	12,796,533	
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 (-)	16,427	-
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	12,780,106	-
Total risk weighted amounts	53,046,419	-
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	16.82	-
Tier I Capital Adequacy Ratio (%)	16.82	-
Capital Adequacy Ratio (%)	24.09	-
BUFFERS		
Total buffer requirement	2.567	-
Capital protection buffer requirement (%)	2.500	-
Bank specific cyclical buffer requirement (%)	0.067	-
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 (%)	10.82	-
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	142,768	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	442,077	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	442,077	-
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)

	Prior period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	3,448,841	
Other comprehensive income according to TAS	223,499	
Profit	1,541,866	
Net profit for the period	1,541,866	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Minority interest	-	
Common equity tier I capital before deductions	8,700,474	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	2,310	
Leasehold improvements on operational leases	55,075	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	55,155	55,155
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 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	112,540	
Total common equity tier I capital	8,587,934	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not included in common equity tier I capital and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (in scope of Temporary Article 3)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital		
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	-	
Total additional Tier I capital	-	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	8,587,934	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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I. Explanations on consolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	3,767,469	-
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (in scope of Temporary Article 3)	-	-
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	437,239	-
Tier II Capital Before Deductions	4,204,708	-
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	-
Bank's investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	-
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	-
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	4,204,708	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	12,792,642	-
Total of Core Capital and Additional Capital (Total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	5,395	-
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	-
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
TOTAL CAPITAL		
Total Capital	12,787,247	-
Total risk weighted amounts	50,014,595	-
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	17.17	-
Tier I Capital Adequacy Ratio (%)	17.17	-
Capital Adequacy Ratio (%)	25.57	-
BUFFERS		
Total buffer requirement	2.607	-
Capital protection buffer requirement (%)	2.500	-
Bank specific cyclical buffer requirement (%)	0.107	-
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	-
Amounts below the Excess Limits as per the Deduction Principles	11.17	-
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	-
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	-
Mortgage Servicing Rights	-	-
Amount arising from deferred tax assets based on temporary differences	176,061	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	-	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	437,239	-
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	437,239	-
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 (*)

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible at stand-alone / consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	EUR 54 million (TL 389 million)	USD 73 million (TL 479 million) and EUR 68 million (TL 490 million)	USD 62 million (TL 408 million) and EUR 231 million (TL 1,665 million)
Par value of instrument (Currency in million)	EUR 90 million (TL 649 million)	USD 91 million (TL 599 million) and EUR 85 million (TL 613 million)	USD 62 million (TL 408 million) and EUR 231 million (TL 1,665 million)
Accounting classification	Subordinated Loans	Subordinated Loans	Subordinated Loans
Original date of issuance	11 March 2014	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	After 5th year
Coupons / dividends	-	-	-
Fixed or floating dividend/coupon	Floating	Floating	Floating
Coupon rate and any related index	Euribor+2.29%	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%
Existence of a dividend stopper	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-
Existence	None	None	None
Noncumulative or cumulative	-	-	-
Convertible or non-convertible	None	None	None
If convertible, conversion trigger(s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory or optional conversion	-	-	-
If convertible, specify instrument type convertible into	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-
Write-down feature	None	None	None
If write-down, write-down trigger(s)	-	-	-
If write-down, full or partial	-	-	-
If write-down, permanent or temporary	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-	-

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

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**Notes to the consolidated financial statements
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I. Explanations on consolidated capital (continued)

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders' equity	8,897,768	8,897,768
Gains from cash flow hedge transactions	(127,739)	127,739
Leasehold improvements on operational leases	51,571	(51,571)
Goodwill and intangible assets	49,943	(49,950)
General provision	442,077	442,077
Subordinated debt (*)	3,936,897	3,430,470
Other deductions from shareholders' equity	16,427	(16,427)
Capital		12,780,106

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the parent bank amounting to EUR 90 million is amortised by 40% and then included in Tier II Capital as its remaining maturity is less than 4 years and USD 91 million and EUR 85 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than 5 years as of 31 March 2020.

II. Explanations on consolidated currency risk

Management of foreign currency risk is differentiated on the basis of "Banking Book" and "Trading Book", where trading book is managed in accordance with foreign currency trading position limits as well as value at risk ("VaR") and banking book is managed foreign exchange position limits scope. The results of measurements are shared periodically with related senior management, Asset Liability Committee, Audit Committee and the Board of Directors. Besides, currency risk is also taken into account in the capital adequacy ratio calculation as part of the market risk under the standard method.

The simple arithmetic average of USD and EUR buying rates of the Parent Bank for the thirty days before the balance sheet date are 6.3411 (Full TL) and 7.0054 (Full TL) respectively.

The Parent Bank's USD and EUR buying rates as of balance sheet date and five business days prior to this date are as follows:

	1 USD	1 EUR
The Parent Bank's "foreign exchange buying rates" (31 March 2020)	6.5775	7.2063
Previous days;		
30 March 2020	6.5683	7.2475
27 March 2020	6.4621	7.0935
26 March 2020	6.4117	7.0407
25 March 2020	6.4350	6.9672
24 March 2020	6.4659	7.0110

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II. Explanation on consolidated currency risk (continued)

Information related to consolidated currency risk:

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	4,246,353	2,202,193	755,227	7,203,773
Banks	552,753	167,279	268,473	988,505
Financial assets at fair value through profit or loss	99,188	93,796	-	192,984
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	247	-	-	247
Loans	13,965,661	4,955,666	8,104	18,929,431
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets (net)	4	-	-	4
Intangible assets (net)	-	-	-	-
Other assets	13,566	3,306	369	17,241
Total assets	18,877,772	7,422,240	1,032,173	27,332,185
Liabilities				
Bank deposit	1,723,959	147,311	-	1,871,270
Foreign currency deposits	5,397,336	8,016,876	1,205,255	14,619,467
Funds from interbank money market	98,150	-	-	98,150
Borrowings	8,299,352	5,816,628	7,562	14,123,542
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	22,540	45,897	301	68,738
Hedging derivative financial liabilities	6,649	-	-	6,649
Other liabilities	52,462	50,686	398	103,546
Total liabilities	15,600,448	14,077,398	1,213,516	30,891,362
Net on balance sheet position	3,277,324	(6,655,158)	(181,343)	(3,559,177)
Net off-balance sheet position	(3,178,918)	6,660,632	183,737	3,665,451
Financial derivative assets	12,103,144	19,605,147	1,322,462	33,030,753
Financial derivative liabilities	15,282,062	12,944,515	1,138,725	29,365,302
Non-cash loans	2,256,163	5,215,707	214,556	7,686,426
Prior period				
Total assets	18,790,330	6,752,311	1,521,436	27,064,077
Total liabilities	14,575,764	15,295,715	772,398	30,643,877
Net on-balance sheet position	4,214,566	(8,543,404)	749,038	(3,579,800)
Net off-balance sheet position	(4,150,149)	8,509,846	(746,180)	3,613,517
Financial derivative assets	8,256,456	17,482,865	1,416,254	27,155,575
Financial derivative liabilities	12,406,605	8,973,019	2,162,434	23,542,058
Non-cash loans	1,966,600	4,500,994	203,286	6,670,880

In the foreign currency risk table:

The principal and accrual amount of the foreign currency indexed loans amounting to TL 106,729 (31 December 2019: TL 130,287) is presented in the loans line.

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II. Explanation on consolidated currency risk (continued)

The foreign currency amounts which are not included in currency risk table according to the regulation about foreign currency net general position/capital adequacy standard ratio are explained below with the order in the table above.

Held-for-trading derivative financial assets: TL 304,814 (31 December 2019: TL 115,268).
Prepaid expenses: TL 24 (31 December 2019: TL 575).
Held-for trading derivative financial liabilities: TL 286,452 (31 December 2019: TL 148,763).
Hedge funds: TL (6,261) (31 December 2019: TL (6,447)).
Interest rate swap (buy) transactions and options (buy): TL 6,901,022 (31 December 2019: TL 8,862,138).
Interest rate swap (sell) transactions and options (sell): TL 6,901,022 (31 December 2019: TL 8,862,138).

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

Forward foreign currency-buy transactions: TL 503,656 (31 December 2019: TL 2,085,348).
Forward foreign currency-sell transactions: TL 485,078 (31 December 2019: TL 1,901,122).

III. Explanations on consolidated interest rate risk

Interest risk, which refers to the loss due to interest sensitive assets and liabilities in balance sheet and off balance sheet items that might be subject to the changes in the interest rate as a result of maturity mismatch, is differentiated and managed on the basis of banking book and trading book as part of compliance with both Basel regulations and other international standards. Within this context, in addition to the value at risk limit for trading book, sensitivity limit against interest rate shocks has been defined for trading books and banking books. Capital requirement that relates to market risk is calculated through the Standard Method according to Basel II.

In order to hedge interest rate risk, hedging strategies are applied through off-balance sheet transactions within the limits approved by the Board of Directors, and interest rate risk is managed by ensuring optimum balance between fixed and floating rate assets within the balance sheet.

The measurement and sensitivity analysis related to the interest rate risk on the balance sheet are performed regularly and the results are shared with the related senior management, Asset Liability Committee, the Audit Committee and the Board of Directors periodically. Internal analysis for the interest rate risk arising from banking books are made on a daily and monthly basis, whereas interest rate risk in the banking books standard ratio is reported to BRSA on a monthly basis.

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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	6,589,776	-	-	-	-	1,283,473	7,873,249
Banks	561,725	15,000	-	-	-	441,424	1,018,149
Financial assets at fair value through profit and loss	726,260	1,872,644	148,750	162,894	3,368	35	2,913,951
Money market placements	7,309,405	-	-	-	-	-	7,309,405
Financial assets measured at fair value through other comprehensive income	11,534	261,809	142,885	667,359	-	11,408	1,094,995
Loans	11,726,812	6,202,935	10,522,423	11,594,229	846,934	932,292	41,825,625
Financial assets measured at amortised cost	59,329	37,294	1,433,779	591,488	-	-	2,121,890
Other assets (*)	-	-	-	-	-	1,576,199	1,576,199
Total assets	26,984,841	8,389,682	12,247,837	13,015,970	850,302	4,244,831	65,733,463
Liabilities							
Bank deposits	1,871,264	-	-	-	-	9,087	1,880,351
Other deposits	29,498,820	1,892,882	140,292	121	-	5,817,970	37,350,085
Money market borrowings	7,586	-	-	98,150	-	-	105,736
Miscellaneous payables	144,029	-	-	-	-	428,609	572,638
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	8,079,547	4,319,564	1,126,505	934,056	-	-	14,459,672
Other liabilities (**)	716,072	596,256	128,369	52,605	-	9,871,679	11,364,981
Total liabilities	40,317,318	6,808,702	1,395,166	1,084,932	-	16,127,345	65,733,463
Balance sheet long position	-	1,580,980	10,852,671	11,931,038	850,302	-	25,214,991
Balance sheet short position	(13,332,477)	-	-	-	-	(11,882,514)	(25,214,991)
Off-balance sheet long position	-	1,468,376	103,648	600,443	-	-	2,172,467
Off-balance sheet short position	(44,402)	-	-	-	(170,000)	-	(214,402)
Total positions	(13,376,879)	3,049,356	10,956,319	12,531,481	680,302	(11,882,514)	1,958,065

(*) Non-interest bearing column in other assets line consists of tangible assets, intangible assets, current tax asset, deferred tax asset, assets held for sale, expected loss provisions for non-credit financial assets and other assets.

(**) Non-interest bearing column in other liabilities line consists of other foreign liabilities, provisions, loan liabilities, taxes payable and equity.

Prior year's information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	6,173,942	-	-	-	-	1,253,614	7,427,556
Due from other banks and financial institutions	764,357	-	-	-	-	391,720	1,156,077
Financial assets at fair value through profit and loss	600,153	1,885,382	89,787	191,066	11,805	35	2,778,228
Money market placements	8,256,577	-	-	-	-	-	8,256,577
Available-for-sale financial assets	149,177	303,234	191,169	722,053	-	11,390	1,377,023
Loans and receivables	11,494,092	4,363,350	11,735,125	11,374,379	751,546	1,097,884	40,816,376
Held-to-maturity investments	39,629	1,202,325	381,325	491,292	-	-	2,114,571
Other assets (*)	-	-	-	-	-	1,507,406	1,507,406
Total assets	27,477,927	7,754,291	12,397,406	12,778,790	763,351	4,262,049	65,433,814
Liabilities							
Bank deposits	2,119,017	-	-	-	-	6,297	2,125,314
Other deposits	30,431,202	1,432,378	187,090	1,107	-	4,792,635	36,844,412
Money market borrowings	14,228	-	-	82,601	-	-	96,829
Miscellaneous payables	94,267	-	-	-	-	429,521	523,788
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	8,083,545	4,546,414	1,276,179	1,188,904	-	-	15,095,042
Other liabilities (**)	430,637	555,167	68,734	75,904	-	9,617,987	10,748,429
Total liabilities	41,172,896	6,533,959	1,532,003	1,348,516	-	14,846,440	65,433,814
Balance sheet long position	-	1,220,332	10,865,403	11,430,274	763,351	-	24,279,360
Balance sheet short position	(13,694,969)	-	-	-	-	(10,584,391)	(24,279,360)
Off-balance sheet long position	234,833	2,659,036	-	879,280	-	-	3,773,149
Off-balance sheet short position	-	-	(1,688,216)	-	(281,638)	-	(1,969,854)
Total position	(13,460,136)	3,879,368	9,177,187	12,309,554	481,713	(10,584,391)	1,803,295

(*) Non-interest bearing column in other assets line consists of property and equipment, intangible assets, current tax asset, deferred tax asset, assets held for sale, interest-free part of finance lease receivables, interest-free part of factoring receivables, expected loss provisions for non-credit financial assets and other assets.

(**) Non-interest bearing column in other liabilities line consists of other foreign liabilities, provisions, lease payables, taxes payable 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	(0.24)	0.08	-	9.94
Financial assets at fair value through profit and loss	2.02	6.16	-	10.16
Money market placements	-	-	-	10.51
Financial assets measured at fair value through other comprehensive income	-	-	-	14.83
Loans	2.96	5.17	-	15.08
Financial assets measured at amortised cost	-	-	-	17.44
Liabilities				
Bank deposits	-	-	-	-
Other deposits	0.22	0.84	-	8.76
Money market borrowings	-	-	-	8.50
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.72	2.95	-	11.07

Prior period average interest rates applied to monetary financial instruments by the Group

Prior period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	-
Due from other banks and financial institutions	(0.19)	1.21	-	10.91
Financial assets at fair value through profit and loss	2.04	6.46	-	-
Money market placements	-	-	-	10.83
Financial assets available-for-sale	-	-	-	16.07
Loans and receivables	3.12	5.52	-	16.91
Held-to-maturity investments	-	-	-	17.79
Liabilities				
Bank deposits	-	1.75	-	-
Other deposits	0.31	1.65	0.05	9.83
Money market borrowings	-	-	-	8.50
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.70	3.28	-	12.69

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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	11,408	3,196	3,196
Equity investments	11,408	3,196	3,196
Financials subsidiaries	-	-	-
Financials subsidiaries	-	-	-
Prior period	Carrying value	Fair value (*)	Market value
Quoted	-	-	-
Equity investments	-	-	-
Not quoted	11,390	3,196	3,196
Equity investments	11,390	3,196	3,196
Financials subsidiaries	-	-	-
Financials subsidiaries	-	-	-

(*) Only equity investments having market value are presented under "Fair Value" column.

3. Information on realized gains or losses on revaluation of securities, revaluation surplus and unrealized gains or losses and their included amounts in core and additional capital

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	-	127	-	(254)	(254)
Total	-	127	-	(254)	(254)
Prior period	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses	
		Total	Including into the supplementary capital	Total	Including into the core capital
Private equity investments	-	-	-	-	-
Shares traded on a stock Exchange	-	-	-	-	-
Other stocks	-	127	-	(254)	(254)
Total	-	127	-	(254)	(254)

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	11,408	11,408	913
Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	11,390	11,390	911

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

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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 measures to be taken and practices that might be applied in business as usual and stressed conditions for liquidity risk management and responsibilities of the senior management. This policy has been approved by the Asset Liability Committee and by the Board of Directors. Within the scope of this policy, the liquidity risk is managed by Asset Liability Committee where senior representatives of businesses are members of the Committee.

In accordance with the policy, a liquidity buffer that can supply adequate liquidity level under any economic circumstances and which is unpledged, has been defined. In addition, the Contingency Funding Plan to be implemented in times of stress is currently in force. Besides, Asset Liability Committee and Board of Directors approved liquidity risk appetite has been established in order to enable monitoring and managing the risk quantitatively. The relevant parameters are analyzed regularly and reported to the members of Asset Liability Committee and Board of Directors.

Furthermore, the Bank's liquidity buffer is evaluated under different stress scenarios with the comprehensive liquidity stress test approach established in accordance with ING Group's common policies on market risk and global regulations (Internal Liquidity Adequacy Assessment Process / ILAAP-Internal Liquidity Adequacy Assessment Process). In addition, there is also the Risk Control Self- Assessment process still within scope of ILAAP, comprehensive assessments are performed related to liquidity risk, and after the relevant risks are identified, and their potential financial impact on the Bank's operations and the impact on risk metrics is assessed periodically.

To ensure proactive management of funding liquidity risk, risk thresholds specified on the deposit movements and early warning signals are monitored. The Contingency Funding Plan monitoring metrics are not limited to this scope but also include other liquidity risk indicators. The Contingency Funding plan monitoring metrics can trigger decision-making conditions on whether the Bank will implement the Contingency Funding Plan in order to anticipate the potential development in liquidity stressed conditions.

b. Information on the centralization degree of liquidity management and funding strategy and the functioning between the Parent Bank and the Parent Bank's subsidiaries

The liquidity risk of the Bank is managed by the Asset Liability Management. Furthermore, subsidiaries manage their own liquidity risk by themselves. In order to make a central funding strategy, a funding plan including subsidiaries is established every year. In addition, information about the implementation and realization of the funding plan is shared with the Asset Liability Committee. According to the limits approved by the Board of Directors, liquidity gap and surplus are monitored and actions are taken in accordance with the price, interest rate and maturity structure.

c. Information on the Parent Bank's funding strategy including the policies on funding types and variety of maturities

As for the funding diversification; short, medium and long term targets are determined in parallel to business line planning as part of the budgeting process in the Bank. Besides, the Bank's funding capacity is monitored regularly, and shared with Asset Liability Committee and Board of Directors. In this way, the factors which may affect the ability to create additional funding and the validity of the estimated funding capacity can be monitored closely by senior management.

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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 Bank's liabilities are in TL, USD or EURO, and TL funds consist of mainly equity and deposits. The Parent Bank's liquidity in TL is managed via repo / reverse repo transactions with / in CBRT/BIST using high quality securities owned by the Parent Bank. While the main purpose is using liabilities in TL to fund TL assets, the necessary FX swap transactions and FC funds are used in creating assets in TL within the limits approved by the Board of Directors. Foreign currency funds are obtained through FC deposit and foreign based FC borrowings including syndications. Liquidity shortage/surplus values are calculated on a daily basis by Asset and Liability Management and these values are reported to the Asset Liability Committee. Besides, the Total and FC liquidity coverage ratio is calculated on a daily basis, and shared with all related units and senior management, and reported separately to Asset Liability Committee and Board of Directors. The Parent Bank has TL/FC borrowing limits ready to use in CBT and other banks.

d. Information on liquidity risk mitigation techniques

The first measure towards the mitigation of the liquidity risk as part of the budget process is planning the reduction of maturity mismatch and funding diversity. Within this context, syndication, other foreign funding, parent funding and other domestic funding facilities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, Contingency Funding Plan monitoring indicators are continuously monitored and reported regularly to Asset Liability Committee and Board of Directors. With these indicators, intervals indicating the actions to be taken according to the triggering levels and measurement methods such as actual deposit inflows and outflows, stress test, liquidity buffer level, regulatory and structural liquidity ratios and so on are defined and these intervals support the decision making process. Moreover, a set of measures were set in the Contingency Funding Plan to bring the Parent Bank's liquidity buffer back to reasonable levels during the crisis period. The important factors that will support the decision making mechanism, including the feasibility of these measures depending on the financial impact and stress scenarios, execution time of the measures are also explained.

e. Information on the use of stress tests

The Parent Bank has a written liquidity stress testing procedure which includes the implementation of stress testing and responsibilities that is approved by Asset Liability Committee. To ensure that the existing positions remain within risk tolerance, the Market Risk Management and Product Control Group plans, designs, manages the stress tests, reports the results to Asset Liability Committee and Board of Directors on a regularly basis and reviews the stress tests annually. Stress test scenarios of the Parent Bank consider Bank specific, market-wide and combined scenario, and reflect short term or long term consequences, are used in stress testing where the scenario and parameters are reviewed annually with the participation of the Asset and Liability Management and related business lines. On the other hand, results of stress testing are used as the leading indicator within the process of activating the Contingency Funding Plan.

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

f. Overview on contingency funding plan

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

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

	Minimum	Date	Maximum	Date
TL+FC	233.37%	31 March 2020	264.70%	29 February 2020
FC	156.18%	31 March 2020	172.17%	29 February 2020

Liquidity coverage ratio

Current period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
High quality liquid assets				
High quality liquid assets			19,231,392	7,444,788
Cash Outflows				
Real person and retail deposits	32,313,986	10,897,643	2,665,713	1,089,764
Stable deposits	11,313,720	-	565,686	-
Less stable deposits	21,000,266	10,897,643	2,100,027	1,089,764
Unsecured funding other than real person and retail deposits	8,144,586	5,722,888	5,462,636	3,941,392
Operational deposits	98,134	5,637	24,534	1,409
Non-operational deposits	6,654,990	5,197,987	4,129,635	3,437,511
Other unsecured debt	1,391,462	519,264	1,308,467	502,472
Secured funding			-	-
Other cash outflows	15,631,444	8,800,797	5,590,189	3,228,303
Derivative exposures and collateral completion liabilities	3,994,574	2,003,012	3,994,574	2,003,011
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,636,870	6,797,785	1,595,615	1,225,292
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			13,718,538	8,259,459
Cash inflows				
Secured lending	7,330,489	-	-	-
Unsecured lending	3,828,817	2,004,953	2,539,055	1,573,791
Other cash inflows	3,675,517	2,108,786	3,406,622	2,105,164
Total cash inflows	14,834,823	4,113,739	5,945,677	3,678,955
			Total adjusted value	
Total high quality liquid assets stock			19,231,392	7,444,788
Total net cash outflows			7,772,861	4,580,504
Liquidity coverage ratio (%)			249.29	163.95

(*) Simple arithmetic average calculated for the last three months 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			21,030,497	8,931,765
Cash Outflows				
Real person and retail deposits	31,533,658	10,406,764	2,598,352	1,040,676
Stable deposits	11,100,283	-	555,014	-
Less stable deposits	20,433,375	10,406,764	2,043,338	1,040,676
Unsecured funding other than real person and retail deposits	8,848,662	6,247,063	6,145,060	4,568,459
Operational deposits	136,952	7,742	34,238	1,936
Non-operational deposits	7,045,852	5,434,776	4,526,093	3,778,346
Other unsecured debt	1,665,858	804,545	1,584,729	788,177
Secured funding			-	-
Other cash outflows	16,156,005	8,886,681	6,259,249	3,650,950
Derivative exposures and collateral completion liabilities	4,679,082	2,473,231	4,679,082	2,473,232
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,476,923	6,413,450	1,580,167	1,177,718
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			15,002,661	9,260,085
Cash inflows				
Secured lending	7,918,533	-	-	-
Unsecured lending	4,078,226	1,716,077	2,745,217	1,293,743
Other cash inflows	4,316,203	2,175,522	4,037,055	2,171,412
Total cash inflows	16,312,962	3,891,599	6,782,272	3,465,155
			Total adjusted value	
Total high quality liquid assets stock			21,030,497	8,931,765
Total net cash outflows			8,220,389	5,794,930
Liquidity coverage ratio (%)			260.55	156.18

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

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

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

Details of the Group's foreign currency balance sheet as of 31 March 2020 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 45% of the Group's total foreign currency liabilities consist of funds obtained from other financial institutions and subordinated loans and 53% is composed of deposits. Loans, factoring receivables and leasing receivables comprise 68% and cash and cash equivalents comprise 30% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency.

Details of the Group's Turkish Lira balance sheet as of 31 March 2020 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 66% 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. 60% of the assets in Turkish Lira balance sheet are net loans, factoring receivables and leasing receivables, 21% are cash and cash equivalents and 8% are marketable securities.

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

The liquidity needs and surpluses of consolidated subsidiaries of the Parent Bank are regularly monitored and managed. There are no operational or legal constraints preventing liquidity transfer. In the analyses made, it is seen that the effect of subsidiaries on the liquidity structure of the Parent Bank is limited compared to the size of the balance sheet.

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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	3,305,095	4,568,154	-	-	-	-	-	7,873,249
Banks	872,099	131,050	15,000	-	-	-	-	1,018,149
Financial assets at fair value through profit or loss	-	220,784	208,956	681,733	1,796,190	6,253	35	2,913,951
Money market placements	-	7,309,405	-	-	-	-	-	7,309,405
Financial assets measured at fair value through other comprehensive income	-	1,708	234,745	146,219	696,083	4,832	11,408	1,094,995
Loans	54,148	5,245,783	5,149,689	13,657,499	15,950,488	889,874	878,144	41,825,625
Financial assets measured at amortised cost	-	59,329	37,294	1,350,249	675,018	-	-	2,121,890
Other assets (*)	-	-	-	-	-	-	1,576,199	1,576,199
Total assets	4,231,342	17,536,213	5,645,684	15,835,700	19,117,779	900,959	2,465,786	65,733,463
Liabilities								
Bank deposits	1,880,351	-	-	-	-	-	-	1,880,351
Other deposits	5,946,251	29,370,539	1,892,882	140,292	121	-	-	37,350,085
Borrowings	-	399,616	1,184,478	3,179,456	7,588,223	2,107,899	-	14,459,672
Funds from interbank money market	-	7,586	-	-	98,150	-	-	105,736
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	258,534	-	-	-	-	-	314,104	572,638
Other liabilities (**)	-	497,062	183,431	287,603	471,740	53,465	9,871,680	11,364,981
Total liabilities	8,085,136	30,274,803	3,260,791	3,607,351	8,158,234	2,161,364	10,185,784	65,733,463
Liquidity deficit/surplus	(3,853,794)	(12,738,590)	2,384,893	12,228,349	10,959,545	(1,260,405)	(7,719,998)	-
Net Off Balance Sheet Position								
Derivative financial assets	-	36,917	90,839	405,475	1,420,549	-	-	1,953,780
Derivative financial liabilities	-	20,919,068	6,677,446	12,550,468	11,150,473	410,000	-	51,707,455
Non-cash loans	154,168	397,775	1,137,581	5,761,552	834,833	977,176	-	9,263,085
Prior period								
Total assets	3,992,288	18,070,673	4,840,727	16,199,646	18,832,629	986,997	2,510,854	65,433,814
Total liabilities	7,181,421	31,162,074	2,343,154	4,058,575	8,747,655	2,182,695	9,758,240	65,433,814
Liquidity deficit/surplus	(3,189,133)	(13,091,401)	2,497,573	12,141,071	10,084,974	(1,195,698)	(7,247,386)	-
Net Off Balance Sheet Position								
Derivative financial assets	-	(48,798)	224,210	289,024	1,360,511	-	-	1,824,947
Derivative financial liabilities	-	15,608,412	7,431,759	13,060,966	11,058,809	522,000	-	47,681,946
Non-cash loans	237,381	357,424	901,563	4,728,876	1,253,702	861,528	-	8,340,474

(*) Unallocated column in other assets mainly consists of other assets that are necessary for banking activities and that cannot be liquidated in the short term as tangible assets, stationery, prepaid expenses, expected loss provisions for non-credit financial assets and equity securities.

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

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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 31 March 2020, the Group's consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month is 10.48% (31 December 2019: 9.61%). This ratio is above the minimum ratio. While the capital increased by 3% mainly as a result of increase in net profits, total risk amount decreased by 5%. Therefore, the current period leverage ratio increased by 87 basis points compared to prior period.

	Current period (**)	Prior period (**)
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	109,148,007	116,633,385
The difference between total amount of asset in the consolidated financial statements prepared in accordance with TAS and the communiqué on preparation of consolidated financial statements of banks	82,396	111,992
The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the communiqué on preparation of consolidated financial statements of banks	(25,160,839)	(28,012,348)
The difference between total amount and total risk amount of risk investment securities or commodity collateral financing transactions in the communiqué on preparation of consolidated financial statements of banks	341,711	469,851
The difference between total amount and total risk amount of off-balance sheet transactions in the communiqué on preparation of consolidated financial statements of banks	-	-
The other differences between amount of assets and risk in the communiqué on preparation of consolidated financial statements of banks	(104,497)	(83,802)
Total exposures	84,306,778	89,119,078

(*) Consolidated financial statements are prepared based on Article No 5 of Clause No 6 in the Communiqué on Preparation of Consolidated Financial Statements of Banks.

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

Explanations on leverage ratio

	Current period (*)	Prior period (*)
On-balance sheet items		
On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)	66,117,258	66,490,891
Asset deducted from core capital	(104,497)	(83,802)
The total amount of risk on-balance sheet exposures	66,012,761	66,407,089
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	2,750,244	2,677,428
The potential credit risk amount of derivative financial instruments and credit derivatives	550,511	539,567
The total risk amount of derivative financial instruments and credit derivatives	3,300,755	3,216,995
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	341,711	469,851
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	341,711	469,851
Off-balance sheet items		
Gross notional amount for off-balance sheet items	14,651,551	19,025,143
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	14,651,551	19,025,143
Capital and total exposures		
Core capital	8,831,119	8,552,846
Total exposures	84,306,778	89,119,078
Leverage ratio		
Leverage ratio	10.48	9.61

(*) 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	Previous period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	43,472,270	41,851,196	3,477,782
Standardized approach (SA)	43,472,270	41,851,196	3,477,782
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	2,059,067	1,927,209	164,725
Standardized approach for counterparty credit risk (SA-CCR)	2,059,067	1,927,209	164,725
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	231,213	213,788	18,497
Standardized approach (SA)	231,213	213,788	18,497
Internal model approaches (IMM)	-	-	-
Operational risk	7,283,869	6,022,402	582,710
Basic indicator approach	7,283,869	6,022,402	582,710
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	53,046,419	50,014,595	4,243,714

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VII. Explanations on consolidated risk management (continued)

2. Credit risk explanations

a. Assets credit quality

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

b. Changes in stock of defaulted loans and debt securities

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

c. Credit risk mitigation techniques

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

ç. Credit risk exposure and credit risk mitigation effects

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

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

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

3. Counterparty credit risk (CCR) approach analysis

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

4. Credit valuation adjustment (CVA) capital charge

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

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

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

6. Collaterals for counterparty credit risk (CCR)

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

7. Credit derivatives

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

8. Exposures to central counterparties (CCP)

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

9. Explanations on securitisation

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

10. Explanations on market risk

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

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VIII. Explanations on segment reporting

The Group operates mainly in corporate, SME, commercial and retail banking services. In scope of corporate, SME and commercial banking operations, customers are provided with special banking services including cash management service. In retail banking operations, customers are provided with debit and credit card, retail loan, online banking and private banking services. Spot TL, foreign exchange buy/sell transactions, derivative transactions, and treasury bill/government bond buy/sell transactions are performed at treasury operations.

Information on operating segments is prepared in accordance with the data provided by the Parent Bank's Management Reporting System.

Current period – 31 March 2020	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	294,755	409,861	166,053	870,669
Net fees and commissions income and other operating income	199,126	119,867	69,869	388,862
Trading gain/loss	24,182	17,505	31,493	73,180
Dividend income	-	-	-	-
Expected credit loss	(240,216)	(126,004)	(8,429)	(374,649)
Segment results	277,847	421,229	258,986	958,062
Other operating expenses (**)				(515,008)
Income from continuing operations before tax				443,054
Tax provision (*)				(97,110)
Net profit				345,944

Prior period – 31 March 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	402,041	323,523	140,337	865,901
Net fees and commissions income and other operating income	202,450	74,896	28,969	306,315
Trading gain/loss	32,044	12,653	213,278	257,975
Dividend income	-	-	-	-
Expected credit loss	(304,495)	(36,694)	(8,992)	(350,181)
Segment results	332,040	374,378	373,592	1,080,010
Other operating expenses (**)				(455,246)
Income from continuing operations before tax				624,764
Tax provision (*)				(130,228)
Net profit				494,536

(*) Other operational expenses and tax provision are presented at total column due to inability to allocate among the sections.

(**) Includes "Personnel Expenses" and "Other Provision Expenses" that presented in the statement of profit or loss as a different items.

Current period – 31 March 2020	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	32,093,752	12,211,930	21,427,781	65,733,463
Liability	18,930,285	28,902,896	9,002,514	56,835,695
Equity	-	-	8,897,768	8,897,768

Prior period – 31 December 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	31,590,192	11,631,450	22,212,172	65,433,814
Liability	18,623,619	28,957,843	9,313,811	56,895,273
Equity	-	-	8,538,541	8,538,541

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**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

Section five

Information and disclosures related to consolidated financial statements

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

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey

1.1. Information on cash equivalents

	Current period		Prior period	
	TL	FC	TL	FC
Cash in TL / foreign currency	260,131	1,023,042	305,785	947,588
Balances with the Central Bank of Turkey	409,345	6,180,731	344,422	5,829,761
Other	-	-	-	-
Total	669,476	7,203,773	650,207	6,777,349

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	409,345	1,612,577	344,422	1,465,328
Restricted time deposit	-	1,473,058	-	1,336,860
Reserve requirement	-	3,095,096	-	3,027,573
Total	409,345	6,180,731	344,422	5,829,761

As per the "Communiqué on Reserve Requirements" promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date in terms of TL, USD / EURO and gold at a rate ranging between 1% and 7% for Turkish lira deposits and liabilities depending on their maturity and at a rate ranging between 5% and 21% for foreign currency deposits and foreign currency other liabilities depending on their maturity.

The Central Bank of Turkey pays interest to banks that provide credit growth in accordance with the communique principles dated 9 December 2019 and numbered 2019/19, for Turkish Lira required reserves.

TL 409,043 (31 December 2019: TL 344,181) of the TL reserve deposits provided over the average balance and TL 1,612,577 (31 December 2019: TL 1,465,328) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

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

2. Information on financial assets at fair value through profit / loss

2.1. Information on financial assets at fair value through profit / loss subject to repo transactions and those given as collateral / blocked

Financial assets at fair value through profit or loss subject to repo transactions and those given as collateral / blocked are stated below in net amount.

	Current period	Prior period
Unrestricted portfolio	52,475	52,090
Collateral / blocked	56,469	70,634
Total	108,944	122,724

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	67,278	-	71,372
Swap transactions	2,408,124	325,049	2,467,192	114,566
Futures transactions	-	-	-	-
Options	38	4,518	134	2,240
Other	-	-	-	-
Total	2,408,162	396,845	2,467,326	188,178

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	29,644	988,505	13,802	1,142,275
Domestic	29,644	115,002	13,801	173,601
Foreign	-	873,503	1	968,674
Headquarters and branches abroad	-	-	-	-
Total	29,644	988,505	13,802	1,142,275

As of 31 March 2020, restricted bank balance amounting to TL 393,932 (31 December 2019: TL 406,816) all of which is comprised of (31 December 2019: all amount) collaterals that is held by counter banks under CSA contracts and is calculated based on related derivatives market price.

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Notes to the consolidated financial statements

as of and for the three-month period ended 31 March 2020 (continued)

(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	1,056,407	1,326,372
Repo transactions	-	14,218
Collateral / blocked (*)	-	-
Total	1,056,407	1,340,590

(*) Consists of bonds given as collaterals by the Parent Bank to be a member of Interbank, BIST, Derivatives Exchange, Takasbank Money Markets and to operate in those markets.

4.2. Information on financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Debt securities	1,047,182	1,329,581
Quoted to stock exchange	1,047,182	1,329,581
Not quoted	-	-
Equity certificates	11,408	11,390
Quoted to stock exchange	-	-
Not quoted	11,408	11,390
Provision for impairment (-)	(2,183)	(381)
Total	1,056,407	1,340,590

5. Information on loans

5.1. Information on the balance of all types of loans and advances given to shareholders and employees of the Parent Bank

	Current period		Prior period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders of the Parent Bank	80	729,827	120	569,874
Corporate shareholders	-	729,827	-	569,874
Real person shareholders	80	-	120	-
Indirect loans granted to shareholders of the Parent Bank	94	281,986	39	201,879
Loans granted to employees of the Parent Bank	32,460	-	32,606	-
Total	32,634	1,011,813	32,765	771,753

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Notes to the consolidated financial statements

as of and for the three-month period ended 31 March 2020 (continued)

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

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

5.2. Information on the first and second group loans and other receivables including restructured or rescheduled loans

Cash loans	Standard loans	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	
			Revised contract terms	Refinance
Non-specialized loans	35,914,050	2,683,188	1,030,556	-
Business loans	16,336,435	1,388,111	630,429	-
Export loans	5,521,903	339,096	31,278	-
Import loans	-	-	-	-
Loans given to financial sector	2,188,013	220,716	-	-
Consumer loans	10,035,961	641,253	331,058	-
Credit cards	541,619	73,267	37,791	-
Other	1,290,119	20,745	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	35,914,050	2,683,188	1,030,556	-

	Standard loans	Current period		Prior period	
		Loans and other receivables under close monitoring	Standard loans	Loans and other receivables under close monitoring	Standard loans
12 Month Expected Credit Losses	190,877	32	199,332	6	6
Loans	179,003	-	183,722	-	-
Other assets	6,048	32	6,495	6	6
Banks and money market placements	5,559	-	8,843	-	-
Marketable securities	267	-	272	-	-
Lifetime expected credit losses	-	210,725	-	202,508	202,508
significant increase in credit risk	-	210,725	-	202,508	202,508
Loans	-	210,725	-	202,508	202,508
Total	190,877	210,757	199,332	202,514	202,514

5.3. Loans according to their maturity structure

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

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Notes to the consolidated financial statements

as of and for the three-month period ended 31 March 2020 (continued)

(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	380,991	10,423,888	10,804,879
Mortgage loans	194	3,806,512	3,806,706
Automotive loans	9,156	253,104	262,260
General purpose loans	371,641	6,364,272	6,735,913
Other	-	-	-
Consumer loans – indexed to FC	-	42	42
Mortgage loans	-	42	42
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	584,751	26,421	611,172
With installments	180,202	26,421	206,623
Without installments	404,549	-	404,549
Consumer credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	3,923	21,341	25,264
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	3,923	21,341	25,264
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	7,276	-	7,276
With installments	2,427	-	2,427
Without installments	4,849	-	4,849
Personnel credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	178,087	-	178,087
Overdraft accounts – FC (real person)	-	-	-
Total	1,155,028	10,471,692	11,626,720

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Notes to the consolidated financial statements

as of and for the three-month period ended 31 March 2020 (continued)

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

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

5.5. Information on commercial loans with installments and corporate credit cards

	Short term	Medium and long term	Total
Commercial installment loans - TL	790,866	3,305,009	4,095,875
Real estate loans	-	22,481	22,481
Automotive loans	965	127,414	128,379
General purpose loans	-	-	-
Other	789,901	3,155,114	3,945,015
Commercial installment loans – indexed to FC	4	37,284	37,288
Real estate loans	-	-	-
Automotive loans	-	3,726	3,726
General purpose loans	-	-	-
Other	4	33,558	33,562
Commercial installment loans-FC	4,227	8,767	12,994
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	4,227	8,767	12,994
Corporate credit cards – TL	34,229	-	34,229
With installments	12,731	-	12,731
Without installments	21,498	-	21,498
Corporate credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	81,867	-	81,867
Overdraft loans – FC (legal entity)	-	-	-
Total	911,193	3,351,060	4,262,253

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	39,624,142	38,577,999
Foreign loans	3,652	5,910
Total	39,627,794	38,583,909

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**Notes to the consolidated financial statements
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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	36,859	147,895
Loans and receivables with doubtful collectability	297,763	260,303
Uncollectible loans and receivables	1,295,959	1,188,033
Total	1,630,581	1,596,231

5.10. Information on non-performing loans (net)

5.10.1. Information on non-performing loans and other receivables restructured or rescheduled by the Group

	Group III 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	5	39,875	14,681
Restructured loans	5	39,875	14,681
Prior period			
Gross amounts before specific provision	12,870	2,100	9,016
Restructured loans	12,870	2,100	9,016

5.10.2. Information on total non-performing loans

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior period end balance	436,729	617,099	1,919,788
Additions (+)	109,092	5,252	8,652
Transfers from other categories of non-performing loans (+)	-	381,622	309,858
Transfers to other categories of non-performing loans (-)	(381,622)	(309,858)	-
Collections (-)	(68,718)	(30,069)	(94,078)
Write-offs (-)	(59)	(13)	(4,955)
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	95,422	664,033	2,139,265
Provisions (-)	(36,859)	(297,763)	(1,295,959)
Net balance on balance sheet	58,563	366,270	843,306

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Notes to the consolidated financial statements

as of and for the three-month period ended 31 March 2020 (continued)

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

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

5.10.3. Information on foreign currency non-performing loans and other receivables

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Balance at the end of the period	1,808	99,555	72,980
Provision (-)	(677)	(71,964)	(34,531)
Net balance on balance sheet	1,131	27,591	38,449
Prior period			
Balance at the end of the period	60,901	51,548	67,013
Provision (-)	(48,975)	(25,391)	(34,605)
Net balance on balance sheet	11,926	26,157	32,408

Non-performing loans granted as foreign currency are followed under TL accounts at the balance sheet.

5.10.4. Gross and net amounts of non-performing loans per customer categories

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)			
Loans granted to corporate entities and real person (gross)	81,039	664,033	2,131,817
Provision amount (-)	(34,667)	(297,763)	(1,288,511)
Loans granted to corporate entities and real person (net)	46,372	366,270	843,306
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	14,383	-	7,448
Provision amount (-)	(2,192)	-	(7,448)
Other loans (net)	12,191	-	-
Prior period (net)			
Loans granted to corporate entities and real person (gross)	415,051	617,099	1,912,465
Provision amount (-)	(143,342)	(260,303)	(1,180,710)
Loans granted to corporate entities and real person (net)	271,709	356,796	731,755
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	21,678	-	7,323
Provision amount (-)	(4,553)	-	(7,323)
Other loans (net)	17,125	-	-

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Notes to the consolidated financial statements

as of and for the three-month period ended 31 March 2020 (continued)

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

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

5.10.5. According to TFRS 9, accruals, valuation differences and related provisions calculated for non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Current period (Net)	4,422	19,396	31,118
Interest accruals and valuation differences	7,235	31,983	55,900
Provision (-)	(2,813)	(12,587)	(24,782)
Prior period (Net)	15,324	18,375	22,847
Interest accruals and valuation differences	20,026	31,094	41,301
Provision (-)	(4,702)	(12,719)	(18,454)

5.11. Liquidation policy for uncollectible loans and receivables

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

5.12. Information on the write-off policy

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

6. Financial assets measured at amortised cost

6.1. Financial assets subject to repurchase agreements and provided as collateral/blocked:

	Current period	Prior period
Investments subject to repurchase agreements	7,505	-
Collateralized / blocked investments (*)	351,081	350,729
Total	358,586	350,729

(*) Consists of bonds given as collaterals by the Parent Bank to be a member of Interbank, BIST, Derivatives Exchange, Takasbank, Money Markets and to operate in those markets.

6.2. Government securities measured at amortised cost

	Current period	Prior period
Government bonds	2,121,890	2,114,571
Treasury bills	-	-
Other government securities	-	-
Total	2,121,890	2,114,571

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	2,121,890	2,114,571
Quoted to stock exchange	2,121,890	2,114,571
Not quoted	-	-
Impairment provision (-)	-	-
Total	2,121,890	2,114,571

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

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	2,114,571	1,194,996
Foreign currency differences on monetary assets	-	-
Purchases during the period	14,089	912,878
Disposals through sales and /redemptions	(52,230)	(36,299)
Provision for impairment (-)	-	-
Change in redemption cost	45,460	42,996
Period end balance	2,121,890	2,114,571

7. Information on associates (net)

7.1. Explanations related to the associates

The Parent Bank does not have any associates.

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 31 March 2020 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Factoring	ING Leasing	ING Securities
Paid in capital and adjustment to paid-in capital	1,392	40,000	30,000	20,765
Profit reserves, capital reserves and prior year profit / loss	80,700	107,513	139,533	13,359
Profit	21,961	3,636	8,846	3,581
Development cost of operating lease (-)	-	(2)	(2)	-
Intangible assets (-)	-	(523)	(341)	(12)
Total core capital	104,053	150,624	178,036	37,693
Supplementary capital	-	-	-	-
Capital	104,053	150,624	178,036	37,693
Net usable shareholder's equity	104,053	150,624	178,036	37,693

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

8.2. Information on consolidated subsidiaries

Title	Address (City / Country)	The Parent Bank's share percentage-If different voting (%)	The Parent Bank's risk group share (%)
(1) ING European Financial Services Plc.	Dublin/Ireland	100%	100%
(2) ING Factoring	İstanbul/ Turkey	100%	100%
(3) ING Leasing	İstanbul/ Turkey	100%	100%
(4) ING Securities	İstanbul/ Turkey	100%	100%

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

As of 31 March 2020 financial information on consolidated subsidiaries as follows (*):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
(1)	7,221,339	104,053	4	71,065	-	21,961	26,988	-
(2)	659,128	151,149	1,438	13,014	-	3,636	8,178	-
(3)	1,066,383	178,379	923	13,096	-	8,846	8,795	-
(4)	206,372	37,705	169	1,194	-	3,581	1,705	-

(*) The financial information of subsidiaries are obtained from 31 March 2020 unreviewed financial statements.

8.3. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	83,599	95,907
Movements during the period	-	(12,308)
Purchases	-	-
Bonus shares obtained	-	-
Dividends from current year income	-	-
Sales (*)	-	(12,308)
Revaluation increase	-	-
Provisions for impairment	-	-
Balance at the end of the period	83,599	83,599
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

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

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

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies	40,000	40,000
Leasing companies	22,500	22,500
Finance companies	-	-
Other financial subsidiaries	21,099	21,099

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

(Convenience translation of the independent auditors' report and consolidated financial statements 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)

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	93,860	92,207	59,001	57,789
1-5 years	803,916	747,474	839,032	785,486
More than 5 years	-	-	13,529	9,791
Total	897,776	839,681	911,562	853,066

10.2 Information of the net investments made in finance lease

	Current period	Prior period
Gross financial lease investment	897,776	911,562
Unearned financial lease income (-)	(58,095)	(58,496)
Cancelled leases (-)	-	-
Net financial lease investment	839,681	853,066

11. Information on derivative financial assets held for hedging

11.1 Information on positive differences of derivative financial assets held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	38,588	-	35,316	1,117
Net investment hedge	-	-	-	-
Total	38,588	-	35,316	1,117

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

12. Information on tangible assets (net)

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

13. Information on intangible assets (net)

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

14. Information on investment properties (net)

The Group does not have investment properties.

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

As of 31 March 2020 current tax asset and corporation tax payable are netted of and accounted as current tax liability in the consolidated balance sheet. The explanations about current tax asset / liability for the current and previous period are disclosed in Note II.9 of Section Five.

15.2. Explanations on deferred tax asset

Deferred tax asset and liability are netted of based on the Parent Bank and each company subject to consolidation, and shown as deferred tax asset or liability in the consolidated balance sheet. The explanations about deferred tax asset / liability for the current and prior period are disclosed in Note II.9 of Section Five.

16. Explanations on assets held for sale and discontinued operations (net)

16.1. Explanations on assets held for sale

	Current period	Prior period
Opening balance (net)	660	660
Additions	-	-
Disposals (-)	-	-
Depreciation (-)	-	-
Balance at the end of the period (net)	660	660

16.2. Explanations on discontinued operations

The Group does not have assets with respect to the discontinued operations.

**17. Other assets exceed 10% of the balance sheet total (excluding off balance sheet commitments),
breakdown of the names and amounts of accounts constructing at least 20% of grand totals**

Other assets in the balance sheet excluding off balance sheet commitments do not exceed 10% of the balance sheet total.

(Convenience translation of the independent auditors' report and consolidated financial statements 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	954,787	-	15,638,234	4,190,213	69,110	32,357	24,280	-	20,908,981
Foreign currency deposits	3,486,557	-	6,505,218	3,626,818	227,827	79,318	21,646	-	13,947,384
Residents in Turkey	3,285,651	-	6,416,432	3,495,472	198,954	70,117	19,628	-	13,486,254
Residents abroad	200,906	-	88,786	131,346	28,873	9,201	2,018	-	461,130
Public sector deposits	237,901	-	-	11,853	83	-	-	-	249,837
Commercial deposits	580,289	-	866,499	91,580	3,033	137	-	-	1,541,538
Other institutions deposits	14,634	-	7,078	8,380	51	69	50	-	30,262
Precious metals deposits	672,083	-	-	-	-	-	-	-	672,083
Interbank deposits	1,880,351	-	-	-	-	-	-	-	1,880,351
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	5	-	-	-	-	-	-	-	5
Foreign banks	1,880,346	-	-	-	-	-	-	-	1,880,346
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	7,826,602	-	23,017,029	7,928,844	300,104	111,881	45,976	-	39,230,436

Prior period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	831,751	-	16,240,073	4,026,182	99,910	44,510	24,430	-	21,266,856
Foreign currency deposits	2,887,424	-	6,294,457	3,655,967	182,604	69,118	21,210	-	13,110,780
Residents in Turkey	2,674,621	-	6,215,787	3,523,314	154,601	60,151	19,799	-	12,648,273
Residents abroad	212,803	-	78,670	132,653	28,003	8,967	1,411	-	462,507
Public sector deposits	227,064	-	-	11,718	82	-	-	-	238,864
Commercial deposits	603,973	-	1,113,385	92,821	2,704	2,877	-	-	1,815,760
Other institutions deposits	11,704	-	914	15,328	90	132	95	-	28,263
Precious metals deposits	383,889	-	-	-	-	-	-	-	383,889
Interbank deposits	2,005,107	-	119,046	-	-	-	1,161	-	2,125,314
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	2	-	119,046	-	-	-	-	-	119,048
Foreign banks	2,005,105	-	-	-	-	-	1,161	-	2,006,266
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	6,950,912	-	23,767,875	7,802,016	285,390	116,637	46,896	-	38,969,726

1.2. Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance

Saving deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit insurance	
	Current period	Prior period	Current period	Prior period
Saving deposit	14,602,319	15,320,004	6,299,013	5,935,983
Foreign currency saving deposits	4,190,823	4,343,663	6,495,632	5,705,258
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

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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	15,410	18,655
Saving deposits and other accounts in scope of the property holdings derived from crime defined in Article 282 of Turkish Criminal Law No: 5237, dated 26 September 2004	-	-
Saving deposits in deposit bank established in Turkey in order to engage solely in off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading

2.1. Table of negative differences for derivative financial liabilities held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	182,235	-	39,986
Swap transactions	472,506	114,458	470,640	113,004
Future transactions	-	-	-	-
Options	356	4,874	326	3,042
Other	-	-	-	-
Total	472,862	301,567	470,966	156,032

3. Banks and other financial institutions

3.1. Information on banks and other financial institutions

	Current period		Prior period	
	TL	FC	TL	FC
Funds borrowed from Central Bank of Turkey	-	-	-	-
Funds borrowed from domestic banks and institutions	318,971	133,398	248,911	137,111
Funds borrowed from foreign banks, institutions and funds	17,159	10,053,247	64,606	10,407,016
Total	336,130	10,186,645	313,517	10,544,127

(Convenience translation of the independent auditors' report and consolidated financial statements 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)

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	324,647	85,191	282,873	68,576
Medium and long term	11,483	10,101,454	30,644	10,475,551
Total	336,130	10,186,645	313,517	10,544,127

3.3. Funding industry group where the Group liabilities are concentrated

The Group's liabilities are concentrated on the main shareholder, ING Bank NV.

4. Explanations on securities issued (net)

The Group does not have any securities issued end of the reporting period (31 December 2019: None).

5. If other liabilities exceed 10% of the balance sheet total, names and amounts of the accounts constituting at least 20% of grand totals

Other liabilities do not exceed 10% of the balance sheet total.

6. Explanations on lease liabilities (net)

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	1,651	1,539	850	806
Between 1-4 years	117,090	96,389	117,963	97,473
More than 4 year	333,939	208,345	322,830	200,500
Total	452,680	306,273	441,643	298,779

7. Information on derivative financial liabilities held for hedging

7.1. Negative differences related to derivative financial liabilities held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	403,081	6,649	348,720	6,658
Net investment hedge	-	-	-	-
Total	403,081	6,649	348,720	6,658

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

8. Information on provisions

8.1. Information on the exchange rate decrease provision on foreign currency indexed loans and financial lease receivables

None (31 December 2019: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans	30,499	32,363
Provision for credit card score promotion	1,622	1,373
Other provisions	131,991	134,699
<i>Allowance for expected credit losses (Stage 1 and Stage 2) (*)</i>	<i>40,443</i>	<i>35,393</i>
<i>Other</i>	<i>91,548</i>	<i>99,306</i>
Total	164,112	168,435

(*) Non-cash loan provisions are included.

Amount to TL 68,700 (31 December 2019: TL 69,601) of the other provisions consist of provisions set aside as a result of the legal assessment for the lawsuits that are likely to result against the Parent Bank.

The deposit holders of off-shore accounts held at Sümerbank A.Ş. (together with other dissolved banks merged into Sümerbank A.Ş., all of which were ultimately merged into the Parent Bank), which were opened before Savings Deposit Insurance Fund (SDIF) seized these banks, initiates lawsuits against the Parent Bank (former title Oyak Bank A.Ş.). As a result of these lawsuits, the Parent Bank pays certain amounts to these off-shore deposit holders of the dissolved banks. SDIF indemnifies these amounts in accordance with the Share Transfer Agreement entered into between Turkish Armed Forces Assistance (and Pension) Fund (OYAK) and SDIF (STA).

SDIF, however, does not fully indemnify the Parent Bank and pays these amounts subject to legal reservation against the STA provisions. SDIF initiated eight enforcement proceedings to claim the amount it had indemnified, a total of approximately TL 478 million (Full TL). Upon the Parent Bank's objection to legal grounds of the enforcement proceedings initiated by SDIF against the Parent Bank, SDIF initiated cancellation of objection lawsuits against the Parent Bank. Currently, there are seven of such lawsuits: (i) the first case relates to the first enforcement proceeding of approximately TL 21.9 million (Full TL) (the "First Case"), (ii) the second case relates to the second enforcement proceeding of approximately TL 21.8 million (Full TL) (the "Second Case"), (iii) the third case relates to the third and fifth enforcement proceedings of a total of approximately TL 97.7 million (Full TL) (the "Third Case") and (iv) the fourth case relates to the fourth enforcement proceeding of approximately TL 109.5 million (Full TL) (the "Fourth Case"). SDIF has not yet initiated a case in connection with the sixth enforcement proceeding of approximately TL 126 million (Full TL) against which the Parent Bank objected and SDIF filed a lawsuit (the "Sixth Case") for the cancellation of objection lawsuit. Furthermore, SDIF initiated the seventh enforcement procedure for approximately TL 52 million and the Parent Bank objected to this payment request and the case was filed by the SDIF. The case is going on the first instance court. SDIF initiated the eighth enforcement procedure for approximately TL 49 million (Full TL) and the Parent Bank objected to this payment request.

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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 Bank however SDIF appealed against the decision and the appeal of the SDIF has been rejected in favor of the Bank. Against this decision, the Court of Cassation, the way of correction of the decision was clear. Currently the SDIF made a decision correction, the decision is expected to be finalized in favor of the Bank in the first half of 2020. The first instance court held the trial of the Second Case, Third Case and Fourth Case together due to the first instance court's earlier decision to merge these cases. However, the first instance court only ruled on the merits of the Second Case in favor of ING Bank A.Ş. and rejected SDIF's claims and decided to demerge each of the Third Case and the Fourth Case from the Second Case. In the proceedings held after the court's demerger decision, the court decided in favor of the Parent Bank for each case.

Also in the sixth case, the first instance court decided in favor of the bank. The court's decision in the Second Case and in the other cases are subject to a two-tiered appeal, i.e., appeal before the regional appellate court and the Supreme Court of Appeals.

On the other hand, there is an administrative law dispute between the Parent Bank and SDIF. The Parent Bank has filed a lawsuit for the annulment of the administrative resolution No. 2013/36 dated 31 January 2013 of SDIF's Fund Board (the "SDIF Fund Board Decision"), which constitutes the legal basis of the SDIF's abovementioned actions. Although the first instance administrative court ruled in favor of the Parent Bank to annul the SDIF Fund Board Decision, the Council of State (i.e., the Administrative Supreme Court of Appeals, Danıştay) reversed the first instance court's decision on the grounds that the administrative courts lack jurisdiction because the dispute was a matter of private law and not one of administrative law. The Parent Bank submitted a motion for the post judgment relief, i.e., correction of judgment which the Council of State rejected. Upon completion of the Council of State's review, the first instance court rendered a decision in line with the Council of State's decision against which the Parent Bank (claiming the annulment of the SDIF Fund Board Decision) and SDIF (claiming the determination of the SDIF Fund Board Decision's legal validity by the administrative courts rather than a lack of jurisdiction decision) filed an appeal.

No provisions were set aside in respect of the amounts that the Parent Bank paid in connection with the off-shore lawsuits, court decisions on off-shore lawsuits and lawsuits filed by SDIF, considering the (i) relevant provisions of the STA, (ii) relevant provisions of the of the Share Purchase Agreement dated 18 June 2007 relating to the purchase of the Parent Bank's shares (owned by OYAK) by ING Bank N.V. and (iii) the course of the pending lawsuits against SDIF.

8.3. Information on provisions for employee benefits

As of 31 March 2020, TL 32,329 (31 December 2019: TL 30,898) of TL 59,322 (31 December 2019: TL 57,205) provisions for employee benefits is the unused vacation provisions. Full provision is provided for the unused vacation liability.

TL 26,993 (31 December 2019: TL 26,307) of the provisions for employee benefits is the termination benefit provision. In accordance with the labor law, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 6,730.15 (Full TL) at 31 March 2020 and TL 6,379.86 (Full TL) at 31 December 2019 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements dated 31 March 2020 and 31 December 2019, the Group operating in Turkey has calculated severance pay by taking into account their experience in personnel service completion or termination, and by discounting it via using the forecasted annual inflation and interest rates.

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

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

The Group has current corporate tax liability as of 31 March 2020 amounting to TL 25,396 (31 December 2019: TL 42,308).

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	25,396	42,308
Taxation of securities	29,650	35,451
Property tax	903	839
Banking insurance transaction tax ("BITT")	17,324	21,917
Foreign exchange transaction tax	3,494	2,312
Value added tax payable	4,836	6,390
Other	21,469	11,123
Total	103,072	120,340

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	7,062	5,030
Social security premiums-employer	10,287	7,361
Bank social aid pension fund premium-employee	-	-
Bank social aid pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	515	363
Unemployment insurance-employer	976	699
Other	-	-
Total	18,840	13,453

9.2. Explanations on deferred tax liabilities

As of 31 March 2020, deferred tax asset and deferred tax liability of the Group amounts to TL 2,778 and TL 253,631 respectively (31 December 2019: deferred tax asset is TL 47 and deferred tax liability is TL 191,341) which is calculated based on the deductible temporary differences.

	Current period		Prior period	
	Accumulated temporary differences	Deferred tax asset / (liability)	Accumulated temporary differences	Deferred tax asset / (liability)
Timing differences constituting the basis for deferred tax				
Provisions (*)	116,070	25,136	147,050	31,955
Fair value differences for financial assets and liabilities	3,072	943	66,265	14,011
Derivative valuation differences	(1,865,448)	(371,243)	(1,657,747)	(339,707)
Expected credit losses of Stage I and II	442,077	88,857	416,470	83,731
Other	33,635	5,454	95,577	18,716
Total deferred tax assets / (liabilities) net		(250,853)		(191,294)

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

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

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

Deferred tax assets / (liabilities) net	Current period		Prior period	
	(1 January – 31 March 2020)		(1 January – 31 March 2019)	
Opening balance		(191,294)		(419,302)
Deferred tax income / (expense) net		(58,724)		(92,984)
Deferred tax recognized under equity		(835)		(27,044)
Balance at the end of the period		(250,853)		(539,330)

10. Information on liabilities regarding assets held for sale

As of 31 March 2020 and 31 December 2019, there are no liabilities regarding assets held for sale.

11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	FC	TL	FC
To be included in the calculation of additional capital borrowing instruments	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	3,936,897	-	4,237,398
Subordinated loans (*)	-	3,936,897	-	4,237,398
Subordinated debt instruments	-	-	-	-
Total	-	3,936,897	-	4,237,398

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the parent bank amounting to EUR 90 million is amortised by 40% and then included in Tier II Capital as its remaining maturity is less than 4 years and USD 91 million and EUR 85 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than 5 years as of 31 March 2020.

12. Information on shareholders' equity

12.1. Paid-in capital

	Current period	Prior period
Common stock (*)	3,486,268	3,486,268
Preferred stock	-	-

(*) The amount represents nominal capital.

12.2. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so, the amount of registered share capital ceiling

Paid-in-capital amount is TL 3,486,268, and registered share capital system is not applied.

12.3. Information on share capital increases and their sources; other information on increased capital shares in current period

There is no capital increase in the current period by the capital increases and their sources.

12.4. Information on share capital increases from capital reserves

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

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Notes to the consolidated financial statements

as of and for the three-month period ended 31 March 2020 (continued)

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

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

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

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

12.6. Indicators of the Group's income, profitability and liquidity for the previous periods and possible effects of future assumptions made by taking into account the uncertainties of these indicators on the Group's equity:

The Group's consolidated balance sheet is managed in a conservative manner in order to be minimally affected by interest, currency and credit risks. The Group's operations are aimed to be continued with a conservative approach and with an increasing profitability. The year end income is transferred to the statutory reserves and extraordinary reserves under the shareholder's equity. The Group tries to invest the majority of its shareholder's equity in interest bearing assets and to keep investments in non-banking assets such as tangible assets, investments in non-financial subsidiaries limited.

12.7. Information on preferred shares

There are no preferred shares.

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	54,825	-	81,277	-
Foreign exchange difference	-	-	-	-
Total	54,825	-	81,277	-

12.9. Profit reserves and profit distribution

Under the Turkish Commercial Code ("TCC"), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

As per the decision made at the annual general assembly of shareholders of the Bank on 26 March 2020, the distribution of the net profit of the year 2019, is as follows.

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

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**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(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	1,174,682	4,392,239
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	2,527,869	2,342,104
Commitments for cheque payments	271,748	271,795
Commitments for credit card limits	1,291,157	1,300,950
Commitments for credit cards and banking services promotions	5,263	5,732
Other irrevocable commitments	27,547	27,676
Total	5,298,266	8,340,496

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

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

	Current period	Prior period
Letter of credits	1,513,820	1,125,746
Commitments and contingencies	391,404	484,712
Bank acceptance loans	2,442	4,008
Total	1,907,666	1,614,466

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

	Current period	Prior period
Irrevocable letters of guarantees	5,746,171	5,196,801
Cash loans letters of guarantees	908,622	943,427
Advance letters of guarantees	538,233	473,458
Temporary letters of guarantees	74,579	27,687
Other	87,814	84,635
Total	7,355,419	6,726,008

1.3. Explanation on non-cash loans

1.3.1. Total amount of non-cash loans

	Current period	Prior period
Non-cash loans given against cash loans	1,019,244	1,140,722
With original maturity of 1 year or less than 1 year	292,719	334,422
With original maturity of more than 1 year	726,525	806,300
Other non-cash loans	8,243,841	7,199,752
Total	9,263,085	8,340,474

(Convenience translation of the independent auditors' report and consolidated financial statements 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 three-month period ended 31 March 2020 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

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

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

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

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

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

1. Information on derivative transactions

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

3. Information on credit swaps and related risks

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

4. Information on contingent liabilities and assets

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

5. Information on the services provided on behalf of others

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

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**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

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

1. Information on interest income

1.1. Information on interest income from loans

	Current period		Prior period	
	TL	FC	TL	FC
Interest on loans (*)	1,101,511	10,348	1,389,239	197,994
Short term loans	193,716	949	484,180	23,692
Medium and long term loans	841,469	9,399	857,306	174,302
Interest on loans under follow-up	66,326	-	47,753	-
Premiums received from resource utilization support fund	-	-	-	-

(*) Commissions and fees received from cash loans are included.

1.2. Information on interest income received from banks

	Current period		Prior period	
	TL	FC	TL	FC
From Central Bank of Turkey	-	-	-	-
From domestic banks	2,118	102	20,781	3,189
From foreign banks	102	3,085	123	19,883
From branches abroad	-	-	-	-
Total	2,220	3,187	20,904	23,072

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	6,937	196	7,370	145
Financial assets measured at fair value through other comprehensive income	45,551	-	26,254	-
Financial assets measured at amortised cost	86,166	-	58,580	-
Total	138,654	196	92,204	145

1.4 Information on interest income received from associates and subsidiaries

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

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**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(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 (*)	9,438	70,019	17,209	125,131
Central Bank of Turkey	-	-	-	-
Domestic banks	7,094	827	3,497	1,307
Foreign banks	2,344	69,192	13,712	123,824
Branches and offices abroad	-	-	-	-
Other institutions (*)	-	615	-	1,210
Total	9,438	70,634	17,209	126,341

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

2.2. Information on interest expenses paid to associates and subsidiaries

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

2.3. Information on interest on securities issued

There is no interest on securities issued on current period.

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

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	-	192	-	-	-	-	-	192
Saving deposits	-	349,733	99,327	1,617	772	1,523	-	452,972
Public sector deposits	-	-	185	1	-	-	-	186
Commercial deposits	-	22,258	2,894	54	4	41	-	25,251
Other deposits	-	59	182	1	1	2	-	245
7 days call accounts	-	-	-	-	-	-	-	-
Total	-	372,242	102,588	1,673	777	1,566	-	478,846
Foreign currency								
Foreign currency deposits	-	9,063	13,202	674	224	161	-	23,324
Banks deposits	-	2,136	-	-	-	-	-	2,136
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	11,199	13,202	674	224	161	-	25,460
Grand total	-	383,441	115,790	2,347	1,001	1,727	-	504,306

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**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(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	8,718,646	8,831,814
Gains on capital market transactions	16,985	22,690
Gains on derivative financial instruments	5,564,867	5,984,060
Foreign exchange gains	3,136,794	2,825,064
Loss (-)	(8,645,466)	(8,573,839)
Loss on capital market transactions	(21,078)	(18,160)
Loss on derivative financial instruments	(5,149,000)	(5,453,834)
Foreign exchange loss	(3,475,388)	(3,101,845)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 316,836 (31 March 2019: TL 277,124 net loss).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	268,811	163,603
Income arising from sale of assets	1,090	1,943
Banking services income	569	772
Other non-interest income	14,970	17,984
Total	285,440	184,302

6. Allowance for expected credit losses

	Current period	Prior period
Expected credit losses	373,829	348,787
12-Month expected credit loss (Stage 1)	42,211	35,914
Expected credit loss significant increase in credit risk (Stage 2)	53,611	39,747
Expected credit loss impaired credits (Stage 3)	278,007	273,126
Impairment losses on securities	820	1,394
Financial assets measured at fair value through profit/loss	812	1,392
Financial assets measured at fair value through other comprehensive income	8	2
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	-	-
Total	374,649	350,181

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**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(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	66	686
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	-
Depreciation expense of tangible assets	34,621	30,957
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	7,119	7,132
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	204,669	171,611
Operating lease expenses related with TFRS 16 exception	3,688	3,589
Repair and maintenance expenses	7,618	8,097
Advertisement expenses	24,942	24,929
Other expenses	168,421	134,996
Loss on sales of assets	2,472	3,815
Other	86,157	58,155
Total	335,104	272,356

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

As of 31 March 2020, the income before taxes is TL 443,054 (31 March 2019: TL 624,764).

9. Information on tax provision for continued and discontinued operations

As of 31 March 2020, the corporate tax provision expense for the period is TL 38,386 (31 March 2019: TL 37,244), and the deferred tax expense is TL 58,724 (31 March 2019: TL 92,984 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 1,478,694 (31 March 2019: TL 1,955,547), while the interest expense is TL 608,025 (31 March 2019: TL 1,089,646).

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 122,624 (31 March 2019: TL 134,665) has included TL 30,591 (31 March 2019: TL 47,271) resulting from the credit card fees and commissions, TL 9,626 (31 March 2019: TL 24,080) resulting from service fees and commissions from contracted merchants and TL 53,872 (31 March 2019: TL 35,080) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 53,167 (31 March 2019: TL 48,167) has included TL 18,956 (31 March 2019: TL 30,406) resulting from credit card exchange commissions.

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**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

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

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances

1.1. Current period

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	-	-	120	569,874	39	201,879
End of the period	-	-	80	729,827	94	281,986
Interest and commission income	-	-	2	512	-	131

1.2. Prior period

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	-	-	71	570,374	47	200,958
End of the period	-	-	120	569,874	39	201,879
Interest and commission income	-	-	1	308	-	67

1.3. Information on deposit balances of the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposit						
Beginning of the period	-	-	102,613	25,152	29,018	2,400
End of the period	-	-	102,886	102,613	86,068	29,018
Interest expense on deposits	-	-	56	377	502	144

1.4. Information on forward and option agreements and other similar agreements entered into with the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at fair value through profit and loss						
Beginning of the period	-	-	23,135,735	11,502,875	27,994	20,039
End of the period	-	-	15,607,394	23,135,735	-	27,994
Total profit/loss	-	-	(39,229)	(2,960)	33,144	16,796
Transactions with hedging purposes						
Beginning of the period	-	-	2,005,290	-	-	-
End of the period	-	-	864,756	2,005,290	-	-
Total profit/loss	-	-	(25)	-	-	-

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş.

Notes to the consolidated financial statements

as of and for the three-month period ended 31 March 2020 (continued)

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

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

1.5. Information on placements made with the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect Shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Banks						
Beginning of the period	-	-	93,206	13,741	8,121	67,664
End of the period	-	-	136,171	93,206	20,294	8,121
Interest income received	-	-	103	337	27	37

1.6. Information on loans borrowed from the risk group of the Group

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect Shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans						
Beginning of the period	-	-	9,411,987	14,502,679	3,901	7,702
End of the period	-	-	9,121,400	9,411,987	5,501	3,901
Interest and commission paid	-	-	43,384	68,397	103	290

The Group also has subordinated loan amounting to TL 3,936,897 from its shareholder ING Bank NV as of 31 March 2020 (31 December 2019: TL 4,237,398).

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

Benefits paid to key management personnel for the period ended as of 31 March 2020 is amounting to TL 11,268 (31 March 2019: TL 15,574).

VI. Explanations and notes related to subsequent events

According to BRSA's Article dated 18 April 2020, and the second paragraph of Article 43 and 93 of the Banking Law No. 5411, it has been decided that the Banks shall calculate Asset Ratio ("AR") on a weekly basis, and as of the end of each month, the monthly average of the Asset Ratio should not fall below 100% for deposit banks and below 80% for participation banks. In accordance with subparagraph (a) of the first paragraph of Article 148 of the Law, as of the end of the relevant month, it was decided to calculate the excess amount that constitutes a contradiction to be taken as the amount of change in the share that will bring the ratio to 100% and 80%, respectively, for banks with an Asset Ratio below 100% and participation banks below 80%. This regulation is effective from 1 May 2020.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş.

**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

Section six

Interim review report

I. Explanations on the independent review report

The consolidated financial statements of the Parent Bank and its financial subsidiaries as of 31 March 2020, have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and the review report dated 13 May 2020 is presented at the beginning of this report.

II. Explanations and notes prepared by independent auditors

There are no other significant footnotes and explanations related to the operations of the Group that is not mentioned above.

(Convenience translation of the independent auditors' report and consolidated financial statements 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 three-month period ended 31 March 2020 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Section seven

Interim activity report

I. Interim consolidated activity report including the assessments of the Chairman and Deputy 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 31 March 2020 and 31 December 2019 is as follows.

Main balance sheet items

Million TL	Current period	Prior period
Net loans	41,826	40,816
Deposits	39,230	38,970
Equity	8,898	8,539
Total assets	65,733	65,434

Main financial ratios

	Current period	Prior period
Capital adequacy ratio	24.09%	25.57%
Loans / Total assets	63.63%	62.38%
Deposits / Total assets	59.68%	59.56%
Non-performing loans / Total loans	6.82%	6.95%
Income / Average capital (*)	15.87%	25.22%
Income / Average assets (*)	2.11%	2.74%
Expense / Income ratio (**)	48.21%	31.83%

(*) 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 three month period ended 31 March 2019.

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

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

ING Bank A.Ş.

**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

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

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

The optimistic atmosphere created by the Phase-I foreign trade deal signed between the United States and China was short-lived both due to tensions between the US and Iran and the onset of the Covid-19 pandemic. The COVID-19 outbreak started earlier this year in China and spread worldwide as of March; the extreme measures taken to counter this pandemic led to a significant decline in global economic activity. The number of Covid-19 cases continues to rise steadily, adversely impacting economic activity in countries across the globe. During this time of significant volatility in financial markets, the speed with which the virus is taken under control will determine the extent of the economic cost. Meanwhile, governments and central banks have taken steps to limit the impact of the shock with large-scale support packages. Worldwide, the first step taken by central banks and governments has been to announce additional stimulus efforts that provide liquidity to markets and help economies catch their breath.

Similar steps aimed at mitigating the effects of the pandemic were also taken domestically. Turkey's Central Bank further cut interest rates and focused on ensuring financial stability and liquidity in the market on the monetary side. The Turkish government provided struggling industries with support and announced a fiscal stimulus package and various measures aimed at stemming job losses. Regulatory bodies introduced new liquidity arrangements and capital requirements to ensure that banks can overcome the economic distress and successfully navigate these turbulent market conditions.

During this challenging period, we have taken all precautions to keep our employees and customers safe and healthy. We are also actively implementing practices that support the economic decisions announced by the government.

At ING in Turkey, in line with our firm belief in the national economy, we will continue investing heavily in technology and digitalization. We remain committed to developing products and services in parallel with our next generation banking approach, and supporting our customers during these challenging and uncertain times. I thank all our stakeholders – and particularly our business partners, customers, employees and primary shareholder – for their support and contributions.

John T. Mc Carthy
Board Chairman

ING Bank A.Ş.

**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

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

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

Turkish economy made a positive start to 2020 supported by global developments, the government and regulatory authorities. However, the COVID-19 pandemic brought us face to face with a very different experience that we had never met before not only as a country but also as the entire world. This period changed both our individual and social life practices and habits, forcing each and every one of us to take very critical measures. But most importantly, it has brought us closer than ever.

At ING Turkey, our first priority in this period has been to take all necessary precautions to keep our employees and stakeholders safe and healthy. First, to the extent made possible by our infrastructure and regulations, we made the arrangements to allow all teams who could work remotely to do so, limited the working hours of our branches, and finally, switched to a rotating work model. We put on administrative leave all our colleagues who are either pregnant or with a chronic disease while also putting in place arrangements that would minimize the risks stemming from the transportation of our colleagues at branches. During this period, we launched the "Standard Premium Payment" practice for our colleagues actively working at our branches.

In the meantime, hygiene precautions have been one of the most critical topics in this period. We maximized hygiene across all our locations, and in particular, we put into place a special sanitization program at our branches where full-time sanitization personnel are assigned.

For our customers, we both have taken the measures to minimize physical contact during their visits to our branches and tried to give them economic support by providing them with the facility to postpone their personal loan repayments.

In the meantime, with a view to discharging our social responsibility, we also made a contribution of TL 5 million in the National Solidarity Campaign, which we believe will make a considerable contribution to the mitigation of the economic effects of the coronavirus pandemic in our country. Furthermore, we also donated TL 1.7 million to the Community Volunteers Foundation to be given to the children of families in need, who were affected from the virus. And by doing all that, we strove to act in line with our sense of social responsibility and our measures aimed at preventing the virus from spreading farther and to ensure business continuity, which supports the economy in which we operate.

In the first quarter of the year, based on our consolidated data as of 31 March 2020, our total assets realized as TL 65.7 billion and shareholder's equity as TL 8.9 billion. Our profit before tax were TL 443 million and our capital adequacy ratio was 24.09%. Our total loans were TL 41.8 billion while our deposit volume grew to TL 39.2 billion.

I would like to extend my most sincere thanks both on my and the ING Turkey management team's behalf to our business partners and our entire team who made it possible to rapidly activate all these processes in this challenging period and performed successfully in the first quarter of the year.

A. Canan Edibođlu
Deputy CEO/Board Member

ING Bank A.Ş.

**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

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

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

The Parent Bank continues its services and operations with 3,800 employees and 207 domestic branches, as of 31 March 2020.

Sector information on March 2020 has not been published yet. According to the sector information disclosed as of September 2019, the Parent Bank is the 8th biggest private bank in terms of total assets, loans and deposits.

1.6 Information on research and development about new services and activities

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

2. Assessments about financial position and risk management

2.1 Information on Audit Committee's operations in accounting period

The Parent Bank's Ordinary General Assembly meeting was held on 26 March 2020. With the division of duties resolution, no. 29/1, dated 26 March 2020, M. Semra Kuran was elected as Chairman and Adrianus Johannes Antonius Kas was elected as member of the Audit Committee.

2.2 An assessment on financial status, profitability and solvency

According to the consolidated financial statements as of 31 March 2020, the asset size of the Group is TL 65.7 billion, and income before tax is TL 443 million. As of 31 March 2020, credits constitute 64% of total assets with TL 41.8 billion.

According to consolidated financial statements, deposits which is the primary funding source of the Group, constitutes 60% of the balance sheet with TL 39.2 billion as of 31 March 2020. Even though the large base deposit structure covering small investments represents a short term source in the sector, it remains within the Parent Bank for much longer compared to the original term.

As of 31 March 2020, capital adequacy ratio of the Group has reached 24.09%. The Parent Bank has subordinated loans from its main shareholder amounting to TL 3.9 billion. As of 31 March 2020, total equities of the Group has reached to TL 8.9 billion.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş.

**Notes to the consolidated financial statements
as of and for the three-month period ended 31 March 2020 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

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

2.3 Information on the risk management policies applied by risk types

There has been no change in the accounting period.

2.4 Information on whether ratings are determined by rating agencies

International credit rating agency Fitch Ratings Ltd. has confirmed the Bank's credit ratings as of 14 February 2020 as follows:

Long-term Foreign Currency Rating: B+ (Outlook: Stable)
Long-Term Local Currency: BB- (Outlook: Stable)
Short-term Foreign Currency Rating: B
Short Term Local Currency: B
Support Rating: 4
National Long-Term Notes: AA (tur) (Outlook: Stable)
Viability Rating: b+

International credit rating agency Moody's has confirmed the credit rating of the Parent Bank as of 18 June 2019 as follows:

Turkish Lira Long Term Deposit Rating: B1 (Outlook: Negative)
Short-term Turkish Lira Deposit Notes: Not-Prime
Long-term Foreign Currency Deposit Rating: B3 (Outlook: Negative)
Short-term Foreign Currency Deposit Rating: Not-Prime
Baseline Credit Assessment – (BCA): caa1
National Scale Note (Long term/short term) Aa1.tr/TR-1