

(Convenience Translation of Consolidated Interim Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 1.b of section three)

**ING Bank A.Ş. and
Its Financial Subsidiaries**

Consolidated Interim Financial Statements
as of and for the Six-Month Period Ended
30 June 2017

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

2 August 2017

This report consists 2 pages of "Auditors' Review Report" and 86 pages of consolidated interim financial statements and related disclosures and footnotes.

Convenience Translation of the Review Report Originally Prepared and Issued in Turkish (See Section 3.1)

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the statement of financial position of ING Bank A.Ş (the "Bank") and its financial subsidiaries (together the "Group") as at 30 June 2017 and the consolidated statement of income, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 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 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 financial position of ING Bank A.Ş and its financial subsidiaries as at 30 June 2017 and its financial performance and its cash flows for the six-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 financial information provided in the accompanying interim activity report in Section VII, are not consistent with the reviewed consolidated interim financial statements and disclosures in all material respects.

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

Funda Aslanoğlu, SMMM
Partner

2 August 2017
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 six month period ended 30 June 2017

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The six-month consolidated interim financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned 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 review report
- Interim activity report

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

<u>Subsidiaries</u>	<u>Investments in associates</u>	<u>Joint ventures</u>
1. ING European Financial Services Plc. 2. ING Portföy Yönetimi A.Ş. 3. ING Finansal Kiralama A.Ş. 4. ING Faktoring A.Ş. 5. ING Menkul Değerler A.Ş.	None	None

The accompanying six month period consolidated interim financial statements and notes 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>Pınar ABAY</u> President and CEO	<u>Erwin H.M.OLIJSLAGER</u> CFO	<u>Özden SERPEK</u> Financial Reporting and Tax Director
	<u>M. Sırrı ERKAN</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 : **Nurgül BİLGİÇER FİLİS / Vice President**
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ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017

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

Section one

General information

I. History of parent bank including its incorporation date, initial legal status, amendments to legal status

In accordance with the Council of Ministers’ decree numbered 90/256 and dated 13 March 1990 published in the Official Gazette on 1 August 1990, the First National Bank of Boston A.Ş.’s “Articles of Association” was registered on 31 October 1990 for the purpose of accepting deposits and performing banking transactions and was published in the Turkish Trade Registry Gazette on 5 November 1990. Appropriated and paid-in capital attributable to The First National Bank of Boston’s Istanbul Branch that was established in accordance with the Council of Ministers’ decree numbered 90/256 with the permission of establishing branches under the Council of Minister’s decree numbered 84/7618 and dated 11 January 1984, was offset against the established Parent Bank’s capital and subsequent to its establishment and permission obtained for the acceptance of deposits, assets and liabilities of The First National Bank of Boston’s Istanbul Branch were transferred to the Parent Bank.

In 1991, the title of the Parent Bank that continued its operations as a Turkish Bank having four shareholders together with Ordu Yardımlaşma Kurumu (“OYAK”), Alarko and Cerrahoğlu groups, was changed to Türk Boston Bank A.Ş. and in 1993 OYAK became the single owner of the Parent Bank acquiring the shares of other shareholders. On 10 May 1996, the title of Türk Boston Bank A.Ş. was changed into Oyak Bank A.Ş. Initial status of the Parent Bank has not been subject to any change.

According to item 3 (a) of the Council of Ministers’ decree numbered 99-13765 and dated 21 December 1999 published in the Official Gazette numbered 23914 and dated 22 December 1999, ownership rights except dividends and management and supervision of Sümerbank A.Ş. were transferred to the Saving Deposit Insurance Fund (“the SDIF”) in accordance with Article 14, items 3 and 4 of the Banking Act. 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.

With the SDIF Board of Directors’ decision numbered 148 and dated 31 July 2001, it was decided to transfer all shares of Sümerbank A.Ş. to OYAK latest on 13 August 2001. Based on this resolution, a share transfer agreement has been signed between the SDIF and OYAK on 9 August 2001. According to the agreement, the total 133,400,000,000 shares of Sümerbank A.Ş. that have been transferred to the SDIF, with nominal value of TL 0.001 (Full TL) each, have been transferred to OYAK. In accordance with the resolution of the General Assembly dated 10 August 2001, the loss of TL 133,395 (not inflation adjusted) has been offset against TL 133,400 (not inflation adjusted) capital of Sümerbank A.Ş. and the capital of Sümerbank A.Ş. that decreased to TL 5 has been increased to TL 27,000 (not inflation adjusted) by OYAK.

As of 11 January 2002, it was resolved that Sümerbank A.Ş. would merge with Oyak Bank A.Ş. and continue its banking operations under the Parent Bank. Registration of the resolutions of the Boards of Directors of Sümerbank A.Ş. and Oyak Bank A.Ş. on the merger of two banks was found appropriate in accordance with the article 18.1 of Banking Act No: 4389 and the Regulation on the Merger and Takeover of Banks by the BRSA’s resolution dated 2 January 2002 and numbered 569, and was published in the Official Gazette number 24629 dated 3 January 2002. The merger took place as of 11 January 2002.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued)

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

I. History of parent bank including its incorporation date, initial legal status, amendments to legal status (continued)

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 in accordance with the permission of Turkish Ministry of Industry and Trade, Domestic Trade Chief Management numbered 2440 and dated 7 May 2008. The title change has been registered on 30 May 2008 and published in Turkish Trade Registry Gazette numbered 7077 and dated 5 June 2008. The prime contract of the Parent Bank has been modulated 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.

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

The main shareholders and capital structure as of 30 June 2017 and 31 December 2016 are as follows:

	Current period		Prior period	
	Share amount Full TL	Share percentage	Share amount Full TL	Share percentage
ING Bank N.V.	3,486,267,792	100.00	3,486,267,792	100.00
Other shareholders total	5	-	5	-
Total	3,486,267,797	100.00	3,486,267,797	100.00

As of 30 June 2017, the Parent Bank’s paid-in capital consists of 3,486,267,797 shares with a nominal value of TL (Full TL) 1 each.

The Parent Bank’s paid-in capital is TL 3,486,268 as of 30 June 2017, and ING Bank N.V. has full control over the Parent Bank’s capital.

Other shareholders total represent the total shares of Chairman of the Board John T. Mc Carthy, Vice Chairman of the Board Adrianus J. A. Kas, the Members, M. Sırrı Erkan, Can Erol and A. Canan Ediboğlu with a nominal value of TL 1 (Full TL) each.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued)

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

III. Information on 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 bank

As of 30 June 2017, the Parent Bank’s Board of Directors (BOD), Members of Audit Committee and Chief Executive Officer and Executive Vice Presidents are as follows:

Name and Surname	Title	Responsibility
John T. Mc Carthy	Chairman of BoD	Legally declared
Adrianus J. A. Kas	Vice Chairman of BoD and Audit Committee Member	Legally declared
M. Sırrı Erkan	BoD and Chairman of the Audit Committee	Legally declared
Can Erol	BoD Member	Legally declared
A. Canan Ediboğlu	BoD Member	Legally declared
Pınar Abay	Chief Executive Officer and BoD Member	Legally declared
Ayşegül Akay	Executive Vice President	Financial Institutions and Debt Capital Markets
İhsan Çakır	Executive Vice President	Mid Corporate Banking
Çiğdem Dayan	Chief Legal Counsel	Legal Department
Nermin Güney Diriksoy	Executive Vice President	Corporate and Mid Corporate Credit Allocation
Gordana Hulina	Executive Vice President	Credits
İbrahim Huyugüzel	Executive Vice President	Internal Control
İlker Kayseri	Executive Vice President	Treasury
Ş. Görkem Köseoğlu	Executive Vice President	Operation and Technology
Erwin H.M. Olijslager	Chief Financial Officer	Financial Control and Treasury
Bahar Şansal	Executive Vice President	Human Resources
Bohdan Robert Stepkowski	Executive Vice President	Financial Markets
İ. Bahadır Şamlı	Executive Vice President	Information Technologies
Murat Tursun	Chief Audit Executive	Internal Audit
Barbaros Uygun	Executive Vice President	Retail Banking
Ebru Sönmez Yanık	Executive Vice President	Corporate Customers Sales and Marketing
Erdoğan Yılmaz	Executive Vice President	SME Banking and Payment Systems
Gökhan Yurtçu	Executive Vice President	Relations with Official Institutions and Legislation, Consumer Affairs Coordination Affairs
Alper Hakan Yüksel	Executive Vice President	Corporate Banking

At the Ordinary General Meeting of the Parent Bank held on 29 March 2017, the number of board members including Chief Executive Officer who is a permanent member per the Banking Law has been defined as 6 and John T. Mc Carthy, Adrianus J. A. Kas, A. Canan Ediboğlu, M. Sırrı Erkan and Can Erol have been appointed as the Board Member for 2 years till the Ordinary General Meeting to be held in 2019.

Bank Non-Financial Risk Management Executive Vice President Tuba Yapıcı has resigned from her duty as of 2 January 2017.

Bank Human Resources Executive Vice President Seçil Refik has resigned from her duty as of 1 February 2017.

Bahar Şansal has been appointed as Human Resources Executive Vice President per the Board of Directors resolution No. 6/1 and dated 9 February 2017, after completion of the BRSA process, she started her duty as of 13 March 2017.

Bank SME and Retail Banking Credit Allocation Executive Vice President Murat Sarı has resigned from his duty as of 18 June 2017 to be Global Head of Consumer Credits of ING Group.

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

IV. Information on parent bank’s qualified shareholders

ING Bank N.V. has full control over the Parent Bank’s management with 3,486,267,792 shares and 100% paid-in share.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the six-month period ended 30 June 2017 (continued)**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

V. Summary information on 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 266 domestic branches.

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

Subsidiaries of the Parent Bank are subject to full consolidation.

VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its affiliates

None.

Section two

Consolidated financial statements

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- V. Consolidated statement of changes in the shareholders' equity
- VI. Consolidated statement of cash flows

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position)

as of 30 June 2017

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

Assets	Note (section five)	Reviewed Current period (30/06/2017)			Audited Prior period (31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	(I-1)	385,221	5,622,739	6,007,960	415,526	6,450,121	6,865,647
II. Financial assets at fair value through profit or loss (net)	(I-2)	334,481	229,394	563,875	284,828	249,168	533,996
2.1 Financial assets held for trading		334,481	229,394	563,875	284,828	249,168	533,996
2.1.1 Public sector debt securities		23,087	5,280	28,367	1,868	4,608	6,476
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		311,378	224,114	535,492	282,928	244,560	527,488
2.1.4 Other marketable securities		16	-	16	32	-	32
2.2 Financial assets designated at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. Banks	(I-3)	49,892	345,136	395,028	36,476	205,046	241,522
IV. Money market placements		108,546	-	108,546	1,898,998	-	1,898,998
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		108,546	-	108,546	578,203	-	578,203
4.3 Receivables from reverse repurchase agreements		-	-	-	1,320,795	-	1,320,795
V. Financial assets available for sale (net)	(I-4)	2,684,292	83,669	2,767,961	2,553,589	102,195	2,655,784
5.1 Equity securities		7,903	83,669	91,572	7,903	102,195	110,098
5.2 Public sector debt securities		2,676,389	-	2,676,389	2,545,686	-	2,545,686
5.3 Other marketable securities		-	-	-	-	-	-
VI. Loans and receivables	(I-5)	28,161,642	15,812,454	43,974,096	25,381,131	15,924,580	41,305,711
6.1 Loans and receivables		27,708,781	15,812,454	43,521,235	24,936,395	15,924,580	40,860,975
6.1.1 Loans to the Bank's risk group		123	3,870	3,993	105	-	105
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		27,708,658	15,808,584	43,517,242	24,936,290	15,924,580	40,860,870
6.2 Loans under follow-up		1,616,631	-	1,616,631	1,410,279	-	1,410,279
6.3 Specific provisions (-)		(1,163,770)	-	(1,163,770)	(965,543)	-	(965,543)
VII. Factoring receivables		529,890	99,006	628,896	607,576	138,472	746,048
VIII. Held-to maturity investments (net)	(I-6)	-	-	-	-	-	-
8.1 Public sector debt securities		-	-	-	-	-	-
8.2 Other marketable securities		-	-	-	-	-	-
IX. Associates (net)	(I-7)	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial associates		-	-	-	-	-	-
9.2.2 Non-financial associates		-	-	-	-	-	-
X. Subsidiaries (net)	(I-8)	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. Joint ventures (net)	(I-9)	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Financial lease receivables (net)	(I-10)	52,656	934,623	987,279	49,899	836,193	886,092
12.1 Financial lease receivables		64,180	1,007,284	1,071,464	61,190	902,200	963,390
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(11,524)	(72,661)	(84,185)	(11,291)	(66,007)	(77,298)
XIII. Derivative financial assets held for hedging purposes	(I-11)	1,466,336	-	1,466,336	1,793,218	5	1,793,223
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		1,466,336	-	1,466,336	1,793,218	5	1,793,223
13.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV. Property and equipment (net)	(I-12)	432,714	3	432,717	424,178	3	424,181
XV. Intangible assets (net)	(I-13)	35,765	-	35,765	45,151	-	45,151
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		35,765	-	35,765	45,151	-	45,151
XVI. Investment properties (net)	(I-14)	-	-	-	-	-	-
XVII. Tax asset		4,160	-	4,160	80,804	463	81,267
17.1 Current tax asset		237	-	237	76,759	463	77,222
17.2 Deferred tax asset		3,923	-	3,923	4,045	-	4,045
XVIII. Property and equipment held for sale and related to discontinued operations (net)	(I-16)	660	-	660	660	-	660
18.1 Held for sale		660	-	660	660	-	660
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	(I-17)	655,526	48,505	704,031	464,250	44,693	508,943
Total assets		34,901,781	23,175,529	58,077,310	34,036,284	23,950,939	57,987,223

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position)

as of 30 June 2017

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

Liabilities	Note (section five)	Reviewed			Audited		
		Current period			Prior period		
		(30/06/2017)			(31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. Deposits	(II-1)	16,538,388	8,602,904	25,141,292	17,350,959	7,801,718	25,152,677
1.1 Deposits held by the Bank's risk group		6,500	1,255	7,755	4,392	300	4,692
1.2 Other		16,531,888	8,601,649	25,133,537	17,346,567	7,801,418	25,147,985
II. Derivative financial liabilities held for trading	(II-2)	327,994	192,013	520,007	375,448	199,599	575,047
III. Funds borrowed	(II-3)	562,310	20,386,821	20,949,131	755,701	21,059,603	21,815,304
IV. Money market balances		712,319	-	712,319	126,567	-	126,567
4.1 Funds from interbank money market		210,000	-	210,000	125,000	-	125,000
4.2 Funds from Istanbul Stock Exchange money market		54	-	54	59	-	59
4.3 Funds provided under repurchase agreements		502,265	-	502,265	1,508	-	1,508
V. Marketable securities issued (net)	(II-4)	-	-	-	246,634	-	246,634
5.1 Bills		-	-	-	246,634	-	246,634
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		415,604	52,990	468,594	446,217	55,425	501,642
VIII. Other liabilities	(II-5)	512,444	49,632	562,076	290,568	51,071	341,639
IX. Factoring payables		28	460	488	22	1,421	1,443
X. Leasing transaction payables	(II-6)	-	-	-	-	-	-
10.1 Financial lease payables		-	-	-	-	-	-
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred financial lease expenses (-)		-	-	-	-	-	-
XI. Derivative financial liabilities held for hedging purposes	(II-7)	61,095	4,588	65,683	33,054	5,444	38,498
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		61,095	4,588	65,683	33,054	5,444	38,498
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. Provisions	(II-8)	813,257	20	813,277	768,372	-	768,372
12.1 General loan loss provisions		656,151	-	656,151	625,669	-	625,669
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		47,689	-	47,689	40,283	-	40,283
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		109,417	20	109,437	102,420	-	102,420
XIII. Tax liability	(II-9)	482,184	(183)	482,001	395,341	293	395,634
13.1 Current tax liability		214,762	(183)	214,579	77,695	293	77,988
13.2 Deferred tax liability		267,422	-	267,422	317,646	-	317,646
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)	(II-10)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	(II-11)	475,073	2,530,289	3,005,362	474,800	2,406,399	2,881,199
XVI. Shareholders' equity	(II-12)	5,278,015	79,065	5,357,080	5,053,741	88,826	5,142,567
16.1 Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2 Capital reserves		109,735	79,065	188,800	102,856	88,826	191,682
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences		(18,747)	83,531	64,784	(29,155)	94,029	64,874
16.2.4 Revaluation surplus on tangible assets		46,732	-	46,732	26,644	-	26,644
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares from investment in associates, subsidiaries and joint ventures		-	-	-	-	-	-
16.2.8 Hedging funds (effective portion)		80,815	(4,466)	76,349	103,747	(5,203)	98,544
16.2.9 Valuation differences on property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		935	-	935	1,620	-	1,620
16.3 Profit reserves		1,253,318	-	1,253,318	872,711	-	872,711
16.3.1 Legal reserves		157,288	-	157,288	106,883	-	106,883
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		1,075,575	-	1,075,575	754,162	-	754,162
16.3.4 Other profit reserves		20,455	-	20,455	11,666	-	11,666
16.4 Profit or (loss)		428,694	-	428,694	591,906	-	591,906
16.4.1 Prior periods' profit or (loss)		-	-	-	-	-	-
16.4.2 Current period profit or loss		428,694	-	428,694	591,906	-	591,906
16.5 Minority interests		-	-	-	-	-	-
Total liabilities and shareholders' equity		26,178,711	31,898,599	58,077,310	26,317,424	31,669,799	57,987,223

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of off-balance sheet items as of 30 June 2017

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

Off-balance sheet items	Note (section five)	Reviewed			Audited		
		TL	FC	Total	TL	FC	Total
A. Off-balance sheet commitments (I+II+III)		44,413,814	52,972,836	97,386,650	34,811,931	48,772,422	83,584,353
I. Guarantees and warranties	(III-1)	2,617,858	4,584,904	7,202,762	2,566,750	4,976,560	7,543,310
1.1 Letters of guarantee		2,521,849	3,023,244	5,545,093	2,503,637	3,081,273	5,584,910
1.1.1 Guarantees subject to state tender law		22,672	-	22,672	25,234	-	25,234
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		2,499,177	3,023,244	5,522,421	2,478,403	3,081,273	5,559,676
1.2 Bank acceptances		-	67,384	67,384	-	109,750	109,750
1.2.1 Import letter of acceptance		-	67,384	67,384	-	109,750	109,750
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		2,538	1,084,406	1,086,944	-	1,244,131	1,244,131
1.3.1 Documentary letters of credit		2,538	1,084,406	1,086,944	-	1,244,131	1,244,131
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		92,220	74,132	166,352	62,265	83,415	145,680
1.8 Other warranties		-	235,099	235,099	-	254,082	254,082
1.9 Other warranties		1,251	100,639	101,890	848	203,909	204,757
II. Commitments	(III-1)	7,206,930	1,467,477	8,674,407	6,648,060	2,174,509	8,822,569
2.1 Irrevocable commitments		7,206,930	1,467,477	8,674,407	6,648,060	2,174,509	8,822,569
2.1.1 Forward asset purchase commitments		722,475	1,376,866	2,099,341	648,779	1,441,694	2,090,473
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		1,725,464	83,959	1,809,423	1,540,242	727,557	2,267,799
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		2,836,517	-	2,836,517	2,603,213	-	2,603,213
2.1.8 Tax and fund liabilities from export commitments		10,341	-	10,341	9,975	-	9,975
2.1.9 Commitments for credit card limits		1,905,375	-	1,905,375	1,838,983	-	1,838,983
2.1.10 Commitments for credit cards and banking services promotions		4,982	-	4,982	4,753	-	4,753
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		1,776	6,652	8,428	2,115	5,258	7,373
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. Derivative financial instruments	(III-2)	34,589,026	46,920,455	81,509,481	25,597,121	41,621,353	67,218,474
3.1 Derivative financial instruments for hedging purposes		17,884,235	5,176,467	23,060,702	10,819,626	6,181,706	17,001,332
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		17,884,235	5,176,467	23,060,702	10,819,626	6,181,706	17,001,332
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Derivative financial instruments for trading purposes		16,704,791	41,743,988	58,448,779	14,777,495	35,439,647	50,217,142
3.2.1 Forward foreign currency buy/sell transactions		2,097,613	8,426,544	10,524,157	2,419,449	10,246,506	12,665,955
3.2.1.1 Forward foreign currency transactions-buy		1,274,662	4,024,159	5,298,821	1,162,091	5,156,369	6,318,460
3.2.1.2 Forward foreign currency transactions-sell		822,951	4,402,385	5,225,336	1,257,358	5,090,137	6,347,495
3.2.2 Swap transactions related to foreign currency and interest rates		13,614,916	31,622,856	45,237,772	11,419,302	23,485,847	34,905,149
3.2.2.1 Foreign currency swap-buy		4,661,852	13,407,862	18,069,714	5,652,519	8,765,453	14,417,972
3.2.2.2 Foreign currency swap-sell		7,363,064	10,884,760	18,247,824	4,536,783	9,877,078	14,413,861
3.2.2.3 Interest rate swap-buy		795,000	3,665,117	4,460,117	615,000	2,421,658	3,036,658
3.2.2.4 Interest rate swap-sell		795,000	3,665,117	4,460,117	615,000	2,421,658	3,036,658
3.2.3 Foreign currency, interest rate and securities options		976,362	1,685,510	2,661,872	938,744	1,702,852	2,641,596
3.2.3.1 Foreign currency options-buy		488,181	842,755	1,330,936	469,372	851,426	1,320,798
3.2.3.2 Foreign currency options-sell		488,181	842,755	1,330,936	469,372	851,426	1,320,798
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		15,900	9,078	24,978	-	4,442	4,442
B. Custody and pledged items (IV+V+VI)		221,901,790	28,862,546	250,764,336	210,485,390	27,073,233	237,558,623
IV. Items held in custody		893,445	1,445,285	2,338,730	555,442	1,465,354	2,020,796
4.1 Customer fund and portfolio balances		365,715	-	365,715	152,224	-	152,224
4.2 Investment securities held in custody		58,918	181,346	240,264	73,592	188,220	261,812
4.3 Checks received for collection		271,783	375,552	647,335	124,341	428,965	553,306
4.4 Commercial notes received for collection		197,028	789,994	987,022	205,284	768,430	973,714
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		1	98,393	98,394	1	79,739	79,740
4.8 Custodians		-	-	-	-	-	-
V. Pledged received		38,737,250	6,173,077	44,910,327	40,524,529	6,008,222	46,532,751
5.1 Marketable securities		137,506	5,985	143,491	137,506	9,444	146,950
5.2 Guarantee notes		8,180,075	1,351,010	9,531,085	8,471,012	1,447,577	9,918,589
5.3 Commodity		910	-	910	910	-	910
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		26,507,989	4,174,030	30,682,019	27,298,988	3,752,251	31,051,239
5.6 Other pledged items		3,910,770	642,052	4,552,822	4,616,113	798,950	5,415,063
5.7 Pledged items-depository		-	-	-	-	-	-
VI. Accepted independent guarantees and warranties		182,271,095	21,244,184	203,515,279	169,405,419	19,599,657	189,005,076
Total off-balance sheet items (A+B)		266,315,604	81,835,382	348,150,986	245,297,321	75,845,655	321,142,976

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 income

for the six-month period ended 30 June 2017

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

Income and expense items		Note (section five)	Reviewed	Reviewed	Reviewed	Reviewed
			Current period (01/01/2017- 30/06/2017)	Prior period (01/01/2016- 30/06/2016)	Current period (01/04/2017- 30/06/2017)	Prior period (01/04/2016- 30/06/2016)
I.	Interest income	(IV-1)	2,494,858	2,176,321	1,304,315	1,094,469
1.1	Interest on loans		2,170,207	1,927,114	1,138,380	969,141
1.2	Interest on reserve requirements		18,815	13,052	10,650	6,393
1.3	Interest on banks		25,857	9,806	9,437	3,816
1.4	Interest on money market transactions		105,567	8,939	54,468	5,071
1.5	Interest on marketable securities portfolio		125,729	173,161	66,687	87,161
1.5.1	Financial assets held for trading		3,293	7,899	1,320	2,696
1.5.2	Financial assets at fair value through profit or loss		-	-	-	-
1.5.3	Financial assets available for sale		122,436	165,253	65,367	84,461
1.5.4	Investments held to maturity		-	9	-	4
1.6	Financial lease income		23,086	19,624	11,726	10,212
1.7	Other interest income		25,597	24,625	12,967	12,675
II.	Interest expense	(IV-2)	(1,088,625)	(1,005,876)	(559,901)	(513,921)
2.1	Interest on deposits		(820,088)	(754,972)	(432,857)	(390,859)
2.2	Interest on funds borrowed		(227,254)	(188,342)	(113,261)	(93,926)
2.3	Interest on money market transactions		(23,262)	(50,348)	(9,004)	(27,476)
2.4	Interest on securities issued		(9,934)	(4,617)	(3,612)	(57)
2.5	Other interest expenses		(8,087)	(7,597)	(1,167)	(1,603)
III.	Net interest income (I-II)		1,406,233	1,170,445	744,414	580,548
IV.	Net fees and commissions income		231,941	154,599	125,293	79,859
4.1	Fees and commissions received		333,142	245,195	174,991	127,065
4.1.1	Non-cash loans		57,724	26,245	31,389	14,413
4.1.2	Other	(IV-12)	275,418	218,950	143,602	112,652
4.2	Fees and commissions paid		(101,201)	(90,596)	(49,698)	(47,206)
4.2.1	Non-cash loans		(201)	(100)	(79)	(48)
4.2.2	Other	(IV-12)	(101,000)	(90,496)	(49,619)	(47,158)
V.	Dividend income	(IV-3)	382	532	153	455
VI.	Trading gain/(loss) (net)	(IV-4)	(184,028)	(145,097)	(129,750)	(52,209)
6.1	Trading gain/(loss) on securities		2,660	(3,094)	(120)	(1,388)
6.2	Gain/(loss) on derivative financial transactions		(295,617)	(74,343)	(412,270)	280,164
6.3	Foreign exchange gain/(loss)		108,929	(67,660)	282,640	(330,985)
VII.	Other operating income	(IV-5)	167,667	132,440	103,604	81,774
VIII.	Total operating income (III+IV+V+VI+VII)		1,622,195	1,312,919	843,714	690,427
IX.	Provision for loan losses and other receivables (-)	(IV-6)	(330,455)	(313,297)	(160,404)	(149,348)
X.	Other operating expenses (-)	(IV-7)	(742,213)	(695,821)	(381,816)	(349,531)
XI.	Net operating profit/(loss) (VIII-IX-X)		549,527	303,801	301,494	191,548
XII.	Income resulted from mergers		-	-	-	-
XIII.	Profit/(loss) from investments under equity accounting		-	-	-	-
XIV.	Profit/(loss) on net monetary position		-	-	-	-
XV.	Profit/(loss) before tax from continuing operations (XI+XII+XIII+XIV)	(IV-8)	549,527	303,801	301,494	191,548
XVI.	Tax provisions for continuing operations (±)	(IV-9)	(120,833)	(56,502)	(69,573)	(32,453)
16.1	Current tax provision		(166,989)	(22,536)	(161,649)	(18,339)
16.2	Deferred tax provision		46,156	(33,966)	92,076	(14,114)
XVII.	Net profit/(loss) from continuing operations (XV±XVI)	(IV-10)	428,694	247,299	231,921	159,095
XVIII.	Income from discontinued operations		-	-	-	-
18.1	Income from non-current assets held for resale		-	-	-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-	-	-
18.3	Income from other discontinued operations		-	-	-	-
XIX.	Expenses for discontinued operations (-)		-	-	-	-
19.1	Expenses for non-current assets held for resale		-	-	-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-	-	-
19.3	Loss from other discontinued operations		-	-	-	-
XX.	Profit/(loss) before tax from discontinued operations (XVIII-XIX)	(IV-8)	-	-	-	-
XXI.	Tax provision for discontinued operations (±)	(IV-9)	-	-	-	-
21.1	Current tax provision		-	-	-	-
21.2	Deferred tax provision		-	-	-	-
XXII.	Net profit/(loss) from discontinued operations (XX±XXI)	(IV-10)	-	-	-	-
XXIII.	Net profit/(loss) (XVII+XXII)	(IV-11)	428,694	247,299	231,921	159,095
23.1	Group's profit/(loss)		428,694	247,299	231,921	159,095
23.2	Minority shares		-	-	-	-
	Earnings per share		0.12297	0.07094	0.06652	0.04563

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of income and expenses recognized under shareholders' equity for the six-month period ended 30 June 2017

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

Income and expense items recognized under shareholders' equity	Reviewed	Reviewed
	Current period (01/01/2017- 30/06/2017)	Prior period (01/01/2016- 30/06/2016)
I. Additions to marketable securities valuation differences from available for sale financial assets	1,684	7,662
II. Property and equipment revaluation differences	-	-
III. Intangible fixed assets revaluation differences	-	-
IV. Foreign exchange differences from foreign currency transactions	8,789	171
V. Profit/loss from derivative financial instruments for cash flow hedges (effective portion of fair value differences)	(27,744)	(287,951)
VI. Profit /loss from derivative financial instruments for hedge of net investment in foreign operations (effective portion of fair value differences)	-	-
VII. Effects of changes in accounting policies and corrections	-	-
VIII. Other income/expense recognized under shareholders' equity in accordance with TAS	(856)	551
IX. Deferred tax related to valuation differences	3,946	55,950
X. Net income/expense directly recognized under shareholders' equity (I+II+...+IX)	(14,181)	(223,617)
XI. Profit/loss for the period	428,694	247,299
11.1 Net change in fair value of marketable securities (transfer to profit/loss)	22,956	-
11.2 Part of cash flow hedge derivative financial assets reclassified into income statement	120	(1,235)
11.3 Part of foreign investment hedge derivative financial assets reclassified into income statement	-	-
11.4 Other	405,618	248,534
XII. Total profit/loss recognized for the period (X±XI)	414,513	23,682

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of changes in the shareholders' equity for the six-month period ended 30 June 2017 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Changes in the consolidated shareholders' equity

Reviewed	Note	Paid-in capital	Inflation adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserves	Other reserves	Current period net profit/(loss)	Prior period net profit/(loss)	Marketable securities valuation differences	Revaluation surplus on tangible and intangible assets	Bonus shares from associates	Hedging funds	Valuation difference on prop. and equip. held for sale and related to discount. operations	Minority interests	Total equity
Prior period																		
	(01/01/2016-30/06/2016)																	
I.	Period opening balance	3,486,268	-	-	-	99,679	-	623,731	2,523	139,621	-	(5,630)	24,773	-	165,767	-	-	4,536,732
II.	Changes in accounting policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+ II)	3,486,268	-	-	-	99,679	-	623,731	2,523	139,621	-	(5,630)	24,773	-	165,767	-	-	4,536,732
	Changes in the period																	
IV.	Increase/decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences	-	-	-	-	-	-	-	-	-	-	6,132	-	-	-	-	-	6,132
VI.	Hedging funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	(230,361)	-	-	(230,361)
6.1	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(230,361)	-	-	(230,361)
6.2	Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and equipment revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares from investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences	-	-	-	-	-	-	-	171	-	-	-	-	-	-	-	-	171
XI.	Changes due to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of changes in equity of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	441	-	-	-	-	-	-	-	-	441
XIX.	Current year profit or (loss)	-	-	-	-	-	-	-	-	247,299	-	-	-	-	-	-	-	247,299
XX.	Profit distribution	-	-	-	-	7,204	-	130,393	-	(139,621)	-	-	1,871	-	-	-	-	(153)
20.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to reserves	-	-	-	-	7,204	-	130,393	-	(139,621)	-	-	1,871	-	-	-	-	(153)
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (III+IV+V+...+XVIII+XIX+XX)	3,486,268	-	-	-	106,883	-	754,124	3,135	247,299	-	502	26,644	-	(64,594)	-	-	4,560,261

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of changes in the shareholders' equity
for the six-month period ended 30 June 2017
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Changes in the consolidated shareholders' equity (continued)

Reviewed	Note	Paid-in capital	Inflation adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserves	Other reserves	Current period net profit/(loss)	Prior period net profit/(loss)	Marketable securities valuation differences	Revaluation surplus on tangible and intangible assets	Bonus shares from associates	Hedging funds	Valuation difference on prop. and equip. held for sale and related to discount operations	Minority interests	Total equity	
Current period																			
<i>(01/01/2017-30/06/2017)</i>																			
I.		3,486,268	-	-	-	106,883	-	754,162	13,286	591,906	-	64,874	26,644	-	98,544	-	-	-	5,142,567
Changes in the period																			
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	(9)	-	-	-	-	-	-	(9)
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	(21,781)	-	-	-	(21,781)
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	(21,781)	-	-	-	(21,781)
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares from investments in associates, subsidiaries and joint ventures																			
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	8,789	-	-	(81)	-	-	(414)	-	-	-	8,294
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital increase																			
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal resources																			
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium																			
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share cancellation profits																			
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inflation adjustment to paid-in capital																			
XVI.		-	-	-	-	-	-	-	(685)	-	-	-	-	-	-	-	-	-	(685)
Other																			
XVII.		-	-	-	-	-	-	-	-	428,694	-	-	-	-	-	-	-	-	428,694
Current year profit or (loss)																			
XVIII.		-	-	-	-	50,405	-	321,413	-	(591,906)	-	-	20,088	-	-	-	-	-	(200,000)
Profit distribution																			
18.1	(II-12)	-	-	-	-	-	-	(200,000)	-	-	-	-	-	-	-	-	-	-	(200,000)
18.2		-	-	-	-	50,405	-	521,413	-	(591,906)	-	-	20,088	-	-	-	-	-	-
Dividends paid																			
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to reserves																			
Other																			
Period end balance (I+II+III+...+XVI+XVII+XVIII)		3,486,268	-	-	-	157,288	-	1,075,575	21,390	428,694	-	64,784	46,732	-	76,349	-	-	-	5,357,080

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of cash flows for the six-month period ended 30 June 2017

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

Cash flow table	Note	Reviewed	Reviewed
		Current period (01/01/2017 - 30/06/2017)	Prior period (01/01/2016 - 30/06/2016)
A. Cash flows from banking operations			
1.1 Operating profit/(loss) before changes in operating assets and liabilities		759,853	311,486
1.1.1 Interest received		2,568,015	1,940,652
1.1.2 Interest paid		(1,076,718)	(976,533)
1.1.3 Dividend received		382	532
1.1.4 Fees and commissions received		359,110	268,738
1.1.5 Other income		71,587	83,767
1.1.6 Collections from previously written-off loans and other receivables		144,755	132,711
1.1.7 Payments to personnel and service suppliers		(602,299)	(550,349)
1.1.8 Taxes paid		(32,891)	(30,344)
1.1.9 Other		(672,088)	(557,688)
1.2 Changes in operating assets and liabilities		(2,503,088)	(193,611)
1.2.1 Net (increase)/decrease in trading securities		(21,776)	(152,364)
1.2.2 Net (increase)/decrease in financial assets at fair value through profit/(loss)		-	-
1.2.3 Net (increase)/decrease in due from banks and other financial institutions		(109,866)	6,892
1.2.4 Net (increase)/decrease in loans		(2,756,067)	(1,262,741)
1.2.5 Net (increase)/decrease in other assets		498,535	1,043,778
1.2.6 Net increase/(decrease) in bank deposits		(145,206)	(499,320)
1.2.7 Net increase/(decrease) in other deposits		139,210	211,227
1.2.8 Net increase/(decrease) in funds borrowed		(882,184)	104,832
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		774,266	354,085
I. Net cash provided from banking operations		(1,743,235)	117,875
B. Cash flow from investing activities			
II. Net cash provided from investing activities		(134,371)	(131,084)
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		(50,078)	(42,953)
2.4 Disposals of property and equipment		21,171	7,322
2.5 Cash paid for purchase of investments available-for-sale		(135,860)	(135,000)
2.6 Cash obtained from sale of investments available-for-sale		31,887	42,502
2.7 Cash paid for purchase of investment securities		-	(142)
2.8 Cash obtained from sale of investment securities		-	338
2.9 Other		(1,491)	(3,151)
C. Cash flows from financing activities			
III. Net cash provided from financing activities		(450,000)	(242,350)
3.1 Cash obtained from funds borrowed and securities issued	(II-4)	257,445	-
3.2 Cash used for repayment of funds borrowed and securities issued	(II-4)	(507,445)	(242,350)
3.3 Issued equity instruments		-	-
3.4 Dividends paid	(II-12)	(200,000)	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		80,417	(49,276)
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		(2,247,189)	(304,835)
VI. Cash and cash equivalents at beginning of the period		4,580,980	3,301,785
VII. Cash and cash equivalents at the end of the period		2,333,791	2,996,950

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

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the six-month period ended 30 June 2017 (continued)**
(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 (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 designated at fair value through profit or loss, available-for sale financial assets, trading financial assets, derivative financial assets and liabilities held for trading and derivative financial assets and liabilities held for hedging.

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 income statement.

It is expected that the changes and interpretations in TAS and TFRS announced but not in effect will have no material effect on the Group’s accounting policies, financial position and performance except for TFRS 9 Financial Instruments Standard to be effective as from 1 January 2018. The Group is considering the effects of TFRS 9 Financial Instruments Standard.

b. Additional paragraph for convenience translation to English

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

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

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (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 which mainly comprises deposits. The investment instruments are generally chosen from liquid instruments. Thus, liquidity is sustained to meet liabilities. As of the balance sheet date, the Group’s asset and shareholder’s equity structure is sufficient to meet its liabilities.

Due to the risks caused by the volatile currency regime, 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.

The Group aims to get long term funding in order to eliminate the risks arising from deposits having short term maturity and pays attention to increase the ratio of floating interest rate items within its assets.

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 balance sheet date. Gains and losses arising from such transactions are recognized in the income statement 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 balance sheet date.

Regarding the financial statements of the foreign subsidiaries of the group, balance sheet items are converted to Turkish Lira at the period-end balance sheet exchange rates, and income statement items are converted at average exchange rate, and all resulting exchange differences are accounted in the shareholders’ equity under “Other profit reserves”.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

III. Explanation 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 EURO 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 Portföy Yönetimi A.Ş. (ING Asset Management)

ING Asset Management was established in Turkey in 1997. The Company’s aim is to operate on capital market activities in accordance with Capital Market Law and the related regulations. In this context, portfolio management certificate has been obtained with the decision of Capital Markets Board dated 9 July 1997.

The financial statements of the Company are prepared in accordance with Turkish Accounting Standards (“TAS”) enacted by Public Oversight Accounting and Auditing Standards Authority as per Capital Markets Board legislation. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

ING Faktoring A.Ş. (ING Factoring)

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

The financial statements of the Company are prepared in accordance with the Communiqué Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public, Turkey Accounting Standards and Turkey Financial Reporting Standards, and in respect of accounting and financial reporting principles and other regulations, communiqués and statements published by Banking Regulation and Supervision Agency. 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.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the six-month period ended 30 June 2017 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

III. Explanation on consolidated subsidiaries (continued)

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 financial statements of the Company are prepared in accordance with the Communiqué Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public, Turkey Accounting Standards and Turkey Financial Reporting Standards, and in respect of accounting and financial reporting principles and other regulations, communiqués and statements published by Banking Regulation and Supervision Agency. The required adjustments and re-classifications have been made on the financial statements of the Company in order comply with the financial statements of the Parent Bank.

ING Menkul Değerler A.Ş. (ING Brokerage)

ING Brokerage 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 Brokerage 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 Brokerage 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 Turkish Accounting Standards (TAS) enacted by Public Oversight Accounting and Auditing Standards Authority. 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 interim financial statements for the six-month period ended 30 June 2017 (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. The derivative instruments are accounted at their fair values as of the contract date and subsequently revalued at fair value in the following reporting periods. Fair value of derivative instruments are calculated by considering the fair values in the market or through discounted cash flow method.

The derivative instruments are accounted in accordance with “Financial Instruments: Recognition and Measurement” (“TAS 39”) for the purpose of trading and hedging and followed under “Derivative financial assets/liabilities held for trading” and “Derivative financial assets/liabilities held for hedging” respectively. Gains or losses realised regarding these derivative instruments are recognized in the profit and loss statement. Unrealized gains or losses arising from the change in the fair value of the derivative transactions held for trading are accounted for under “Derivative financial transactions gains/losses” in profit and loss, and change in the fair value of derivative transactions held for hedging are accounted for under “Hedging funds (Effective portion)” within equity for the effective portion and “Derivative financial transactions gains/losses” in the profit and loss for the ineffective portion.

The Parent Bank has been applying cash flow hedges in order to hedge cash flow risk on its liabilities effective from 1 November 2008. Accordingly, hedging instruments are determined as TL and FX interest swaps with floating rate interest collection and fixed rate interest payment, and hedging element is determined as cash outflows in relation to the interest to be paid to TL and FX customer deposits.

The Parent Bank has started applying other another cash flow hedge accounting method as from 1 April 2011. Accordingly, hedging instruments are determined as floating rate FX interest collection and fixed rate TL interest payment cross currency swaps; and hedged items are determined as cash outflows in relation to the interest to be paid to TL customer deposits and cash outflows due from the FX rate changes of FX borrowings.

Prospective efficiency tests are performed regularly at the inception of the hedge relationship and both prospective and retrospective efficiency tests are carried out through Dollar off-set method at each reporting period-end regularly. In this method, changes in the fair value of the hedged item and changes in the fair value of the hedging instruments are compared and effectiveness ratio is calculated. In the determination of the fair values of hedging instruments and hedged item, market yield curves are used. Hedge accounting principles are applied by assessing the calculated effectiveness ratio within the scope of TAS 39.

When the hedging instrument is expired, executed, sold or the hedge relationship has become ineffective as a result of the effectiveness test, the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized. In accordance with TAS 39, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy.

V. Explanations on interest income and expense

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate which equals the future cash flows of a financial asset or liability to its net book value) by taking into consideration present principal amount.

In accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans and other receivables are reversed and such amounts are excluded from interest income until they are collected.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 income statement 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 income statement 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 income statement during the term of the loan.

VII. Explanations on financial assets

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss are classified in two categories:

(i) Trading financial assets are securities classified in this category for the purposes of short term profit making through sale or buy back in the near future. Derivative financial instruments are classified under trading financial assets unless they are designated as derivative financial assets held for hedging. Accounting of derivative financial instruments is explained in section three note IV.

(ii) The financial assets classified as financial assets designated at fair value through profit or loss in the initial recognition by the Group. The Group does not have any financial instruments that are classified as financial assets designated at fair value through profit or loss in the initial recognition.

Financial assets in this group are initially recognized at costs that reflect their fair value and subsequently measured at fair value in the trial balance. Fair values of securities that are traded in active markets are determined based on quoted prices. Interest earned while holding trading financial assets is recognized under interest income, whereas gain/loss obtained from the disposal of the related financial asset before its maturity is recognized under capital market gain/loss.

b. Available for sale financial assets

Available for sale financial assets are initially recognized at costs that reflect their fair value trial balance. After the initial recognition, available for sale financial assets are subsequently measured at fair value and the unrealized gain/loss resulting from the difference between the amortized cost and the fair value is recognized in “Marketable securities value increase fund” under shareholders’ equity. In the event of disposal of available for sale financial assets, value increases/decreases that are recognized in the securities value increase fund under shareholders’ equity are transferred to income statement. Interest and profit shares of the related financial assets are accounted in the related interest income and dividend income accounts.

c. Held-to-maturity financial assets

Held-to-maturity financial assets include financial assets where there is an intention to hold till maturity and the requirements for fulfilment of such intention including the funding ability are met and the financial assets other than loans and receivables with fixed or determinable payments and fixed maturity. Held-to-maturity financial assets are initially recognized at costs that reflect their fair value and subsequently measured at amortized cost by using effective interest rate less impairment losses, if any. There are no financial assets which were previously acquired by the Group and classified as held-to maturity but cannot be subject to this classification for two years due to the contradiction of classification principles. Interest income from held-to-maturity financial assets is reflected as interest income in the income statement.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VII. Explanations on financial assets (continued)

ç. Loans and receivables

Loans and receivables are initially recognized at cost reflecting their fair value including the transaction costs and subsequently measured at the amortized cost calculated using the effective interest method.

The retail and corporate loans under cash loans are accounted according to their original balances in the accounts stated in the Uniform Chart of Accounts (“UCA”) and the related explanations.

Foreign currency indexed retail and mid-corporate loans are followed in TL accounts at their TL equivalents according to the foreign currency rate as on the opening date of the loan. Valuation differences at the end of each period are presented under “Loans and receivables” in the financial statements. Repayments are calculated at the foreign currency rate on the payment date, the FX differences are shown in the foreign currency gains and losses accounts.

VIII. Explanations on impairment of financial assets

Financial assets or groups of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any indication exists, the impairment is booked based on the financial asset classifications as mentioned below.

a. Loans and receivables

The Group sets aside provisions for the loans that may become doubtful in the future; and the amount is charged to the current period income statement. The loan loss provisioning is the amount that is set aside by the Group’s management in order to recognize the probable losses that may occur in the future for the current loan portfolio, assessing the quality of the loan portfolio in consideration of risk factors, economic conditions, other facts and related regulations.

If there is any indication that loans will not be collected, the Group classifies such loans in group III, IV and V loans and sets aside provisions for such amounts in accordance 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” promulgated in the Official Gazette No. 26333, dated 1 November 2006. Interest income accruals for such loans are reversed through the income statement. The collections related to these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

The collections made based on the provisions set aside in the current period in relation to loans are offset against the “Provision for loans and other receivables losses” account in the income statement whereas the principal amount collections made for the loans for which the provisions were set aside in prior periods or which were written off in prior periods are recognized under “Other operating income”.

Releases of loan loss provisions are reversed from the related provision account and “Impairment expenses - Special provision expense” account.

Collaterals for the mortgages that have been non-performing for three years and other consumer loans that have been non-performing for two years are not taken into consideration in the calculation of special provisions.

The Group sets aside general provisions in accordance 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” promulgated in the Official Gazette No. 26333, dated 1 November 2006.

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**Notes to the consolidated interim financial statements
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VIII. Explanations on impairment of financial assets (continued)

b. Held-to-maturity financial assets

If there is any objective evidence of impairment on held-to-maturity financial assets, the related impairment amount is measured as the difference between the net present value of estimated future cash flows of the financial assets discounted with the effective interest rate and the net book value. Provision is set aside for impairment and this provision is recognized through expense accounts.

c. Available for sale financial assets

If there is objective evidence of impairment on available for sale assets for which fair value decrease is recognized through shareholders equity, the total loss which was previously accounted for through shareholders equity is charged to the income statement.

The impairment loss that is accounted for the investments in equity instruments classified as available for sale cannot be reversed through profit/loss. If there is an objective evidence for impairment loss on equity instruments that are not registered in the stock exchange as they cannot be indicated at their fair value since the fair value cannot be accurately determined, such impairment amount will be measured as the difference between its present value calculated by discounting the expected cash flows from this instrument in the future with the effective interest rate of a comparable financial asset and its net book value. Such impairment losses cannot be reversed.

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 available for sale or will be held to maturity, 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 is 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”.

The Group does not have any marketable securities that are subject to lending.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 Parent Bank’s receivables are shown at the fixed assets held for sale line according to the execution of the forward sales agreement.

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

XII. Explanations on goodwill and other intangible assets

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

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

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

The intangible assets 7% - 33%

The Group does not have goodwill.

XIII. Explanations on property and equipment

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

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

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

Immovables 2%

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

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 interim financial statements
for the six-month period ended 30 June 2017 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

Assets that are subject to financial leasing are reflected as receivable equal to the net leasing amount in consolidated balance sheet. Interest income is earned to form a fixed periodical interest rate on net investment amount of the related leased asset by the lessor and the portion relating to subsequent periods is followed in the unearned interest income account.

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 Parent Bank enters into operational leasing transactions for some branch buildings and ATM machines. All operational leasing contracts are designated as prepaid agreements. There is no liability in the financial statements about operational leasing.

XV. Explanations on provisions, contingent assets and liabilities

Provisions and contingent liabilities are accounted in accordance with, “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (“TAS 37”).

Provisions are recognized when there is a present legal or constructive obligation as a result of past events at the balance sheet date; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation

Provisions are set aside for highly probable and reliably estimated amount of liabilities arisen as a result of prior period events, at the time when such liabilities arise.

XVI. Explanations on obligations related to employee rights

a. Defined benefit plans

In accordance with existing labor law, the Parent Bank and its subsidiaries operating in Turkey are required to make lump-sum termination indemnities to each employee who has completed at least one year of service and whose employment is terminated due to retirement or for reasons other than resignation and misconduct.

The Parent Bank and its subsidiaries operating in Turkey have 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.

Parent Bank and its subsidiaries that operate in Turkey have no employees who are members of foundations, pensions and similar associations.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

XVI. Explanations on obligations related to employee rights (continued)

b. Defined contribution plans

In accordance with the existing social legislation in Turkey, the Parent Bank and its subsidiaries operating in Turkey are required to make contribution to Social Security Institution (“SSI”) on behalf of their employees. Other than the contributions that the Parent Bank and its subsidiaries operating in Turkey are 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.

c. Short-term employee benefits

In accordance with TAS 19, liabilities relating to vacation indemnities defined as “short-term employee benefits” are accrued at the period when earned and are not discounted.

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.

In Turkey, the corporate tax rate is 20%. 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 of 20% 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.

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

In Ireland, where the Parent Bank’s foreign subsidiary ING European Financial Services Plc. is established, corporate tax rates applicable to the trading and non-trading income of resident companies are 12.5% and 25%, respectively.

b. Deferred tax

The Group calculates deferred tax assets and liabilities over timing differences which result from income and expense items that are subjected to tax in the periods following the periods when they were reflected on financial statements, and reflects these assets and liabilities on its records.

In accordance with “Turkish Accounting Standard on Income Taxes” (“TAS 12”) and the changes stated in BRSA circular, No. BDDK.DZM.2/13/1-a-3, dated 8 December 2004 and according to tax legislation the Group calculates deferred tax liability on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable. Deferred tax assets and liabilities are shown in the financial statements on a net basis. However, netting is not performed on a consolidated basis.

The carrying amount of a deferred tax asset is reviewed at every end of the 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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

XVII. Explanations on taxation (continued)

Deferred tax is measured using tax rates enacted in the period when the liability is settled or the asset is realized, and is recognized as income or expense in the income statement.

Deferred taxes directly related to equity items are recognized and offset in related equity accounts.

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 Communiqué on Disguised Profit Distribution by way of Transfer Pricing” published on 18 November 2007 explains the application related issues in detail. According to this Communiqué, 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 Communiqué’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 recognizes its payables in accordance with the “Financial Instruments: Recognition and Measurement (“TAS 39”)”.

XIX. Explanation on issuance of equity securities

Shareholders participating in capital increase, are given equity securities in consideration of the amount increased.

XX. Explanations on letters of acceptances

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

XXI. Explanations on government incentives

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

XXII. Explanations on segment reporting

An operating segment is a component of an entity:

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

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

XXIII. Explanations on other disclosures

There are no other matters that require explanation other than the above mentioned accounting policies.

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

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

Section four

Information related to unconsolidated financial position and risk management

I. Explanations on consolidated capital

Information about consolidated capital items

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

As of 30 June 2017, Group’s total capital is TL 8,665,680 and the consolidated capital adequacy ratio is 19.40%. As of 31 December 2016, Group’s total capital amounted to TL 8,372,758 and capital adequacy ratio was 17.08%.

	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	1,253,318	
Other comprehensive income according to TAS	112,451	
Profit	428,694	
Net profit for the period	428,694	
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	5,280,731	
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	-	
Leasehold improvements on operational leases (-)	19,918	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	28,417	35,521
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	48,335	
Total common equity tier I capital	5,232,396	
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 (-)	7,104	
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)	5,225,292	

(*) 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”.

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

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I. Explanations on consolidated capital (continued)

Information about consolidated capital items (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	2,526,928	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	450,000	
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)	501,118	
Tier II Capital Before Deductions	3,478,046	
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	3,478,046	
Total Capital (The sum of Tier I Capital and Tier II Capital)		
	8,703,338	
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	19,197	
Other items to be defined by the BRSA (-)	18,461	
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	8,665,680	
Total risk weighted amounts	44,673,248	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio	11.71	
Tier I Capital Adequacy Ratio	11.70	
Capital Adequacy Ratio	19.40	
BUFFERS		
Total buffer requirement	5.758	
Capital protection buffer requirement	1.250	
Bank specific cyclical buffer requirement 0,01%	0.008	
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 (%)	5.713	
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	36,662	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	656,151	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	501,118	
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”.

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

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I. Explanations on consolidated capital (continued)

Information about consolidated capital items (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	872,711	
Other comprehensive income according to TAS	93,138	
Profit	591,906	
Net profit for the period	591,906	
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	5,044,023	
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	-	
Leasehold improvements on operational leases (-)	25,042	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	27,142	45,237
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	52,184	
Total common equity tier I capital	4,991,839	
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 (-)	18,095	
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)	4,973,744	

(*) 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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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on consolidated capital (continued)

Information about consolidated capital items (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	2,403,321	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	450,000	
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)	564,134	
Tier II Capital Before Deductions	3,417,455	
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	3,417,455	
Total Capital (The sum of Tier I Capital and Tier II Capital)		
	8,391,199	
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	586	
Other items to be defined by the BRSA (-)	17,855	
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	8,372,758	
Total risk weighted amounts	49,021,594	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio	10.18	
Tier I Capital Adequacy Ratio	10.15	
Capital Adequacy Ratio	17.08	
BUFFERS		
Total buffer requirement	5.130	
Capital protection buffer requirement	0.625	
Bank specific cyclical buffer requirement 0,01%	0.005	
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 (%)	4.183	
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	32,936	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	625,669	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	564,134	
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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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. Explanations on consolidated capital (continued)

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

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No	No	No	No
Eligible at stand-alone / consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	TL 250 million	TL 200 million	USD 102 million (TL 359 million) and EUR 90 million (TL 361 million)	USD 91 million (TL 320 million) and EUR 85 million (TL 341 million)	USD 62 million (TL 218 million) and EUR 231 million (TL 927 million)
Par value of instrument (Currency in million)	TL 250 million	TL 200 million	USD 102 million (TL 359 million) and EUR 90 million (TL 361 million)	USD 91 million (TL 320 million) and EUR 85 million (TL 341 million)	USD 62 million (TL 218 million) and EUR 231 million (TL 927 million)
Accounting classification	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Original date of issuance	21 December 2012	19 December 2013	11 March 2014	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	51 years	51 years	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year	5th year	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	After 5th year	After 5th year	After 5th year
Coupons / dividends	-	-	-	-	-
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Floating
Coupon rate and any related index	USD/TL Swap rate+ 3.01%	USD/TL Swap rate+ 2.86%	Libor+2.775% and Euribor+2.29%	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%
Existence of a dividend stopper	-	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-	-
Existence of step up or other incentive to redeem	None	None	None	None	None
Noncumulative or cumulative	-	-	-	-	-
Convertible or non-convertible	None	None	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	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 subdebt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I subdebt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I subdebt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I subdebt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I subdebt, same with TIER II
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None	None	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-	-	-	-

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ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. Explanations on consolidated capital (continued)

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation (*)
Shareholders' equity	5,357,080	5,357,080
Gains from cash flow hedge transactions	76,349	(76,349)
Leasehold improvements on operational leases	19,918	(19,918)
Goodwill and intangible assets	35,765	(28,417)
General provision	656,151	501,118
Subordinated debt	3,005,362	2,976,928
Other deductions from shareholders' equity	44,762	(44,762)
Capital		8,665,680

(*) General provisions limited by 1.25% of risk weighted assets is taken into consideration regarding to capital calculation.

The approach used to evaluate the adequacy of internal capital requirement for the purpose of current and future operations within the internal capital adequacy process

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

II. Explanation 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 under the VaR limits. The results of measurements are shared periodically with senior management, Asset-Liability Committee, Audit Committee and the Board of Directors. On the other hand, 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 3.5950 (Full TL) and 3.9350 (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 EURO
A. The Parent Bank’s “foreign exchange buying rates” (30 June 2017)	3.5170	4.0150
Previous days;		
29 June 2017	3.5179	4.0153
28 June 2017	3.5167	4.0017
23 June 2017	3.5078	3.9280
22 June 2017	3.5200	3.9280
21 June 2017	3.5245	3.9266

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Explanation on consolidated currency risk (continued)

Information related to consolidated currency risk:

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	1,602,070	3,021,533	999,136	5,622,739
Banks	159,095	98,316	87,725	345,136
Financial assets at fair value through profit or loss (net)	5,344	11,145	-	16,489
Interbank money market placements	-	-	-	-
Available for sale financial assets (net)	138	83,531	-	83,669
Loans and receivables	12,972,709	4,200,075	133,913	17,306,697
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Held to maturity investments (net)	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets (net)	3	-	-	3
Intangible assets (net)	-	-	-	-
Other assets	1,162,545	161,206	5,844	1,329,595
Total assets	15,901,904	7,575,806	1,226,618	24,704,328
Liabilities				
Bank deposit	1,184,830	596,397	343	1,781,570
Foreign currency deposits	1,720,050	4,934,278	167,006	6,821,334
Funds from interbank money market	-	-	-	-
Borrowings	11,957,772	10,824,237	135,101	22,917,110
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	27,729	24,957	304	52,990
Hedging derivative financial liabilities	4,588	-	-	4,588
Other liabilities	23,280	36,782	1,673	61,735
Total liabilities	14,918,249	16,416,651	304,427	31,639,327
Net on balance sheet position	983,655	(8,840,845)	922,191	(6,934,999)
Net off-balance sheet position	(949,357)	8,937,467	(921,767)	7,066,343
Financial derivative assets	6,067,565	17,104,412	673,573	23,845,550
Financial derivative liabilities	7,016,922	8,166,945	1,595,340	16,779,207
Non-cash loans	1,299,692	3,266,263	94,466	4,660,421
Prior period				
Total assets	16,843,692	8,461,169	1,313,575	26,618,436
Total liabilities	16,839,122	14,272,474	276,580	31,388,176
Net on-balance sheet position	4,570	(5,811,305)	1,036,995	(4,769,740)
Net off-balance sheet position	39,510	5,879,669	(1,036,949)	4,882,230
Financial derivative assets	4,991,207	14,273,754	2,083,929	21,348,890
Financial derivative liabilities	4,951,697	8,394,085	3,120,878	16,466,660
Non-cash loans	1,361,908	3,533,063	125,445	5,020,416

In the foreign currency risk table:

The principal of TL 1,227,162 (31 December 2016: TL 2,243,544) and accrual of TL 267,081 (31 December 2016: TL 391,903) of foreign currency indexed loans are shown under loans.

FX indexed factoring receivables amounting to TL 247,358 (31 December 2016: TL 273,348) and accrual of TL 737 (31 December 2016: TL 17) are presented under other assets.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Explanation on consolidated currency risk (continued)

The foreign currency amounts 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 212,905 (31 December 2016: TL 241,147)
Prepaid expenses: TL 634 (31 December 2016: TL 151)
Held-for trading derivative financial liabilities: TL 180,212 (31 December 2016: TL 192,797)
FX-indexed factoring liabilities: TL 5 (31 December 2016: None)
Hedge funds (Effective Portion): TL (4,466) (31 December 2016: TL (5,203))
Marketable securities valuation differences: TL 83,531 (31 December 2016: TL 94,029)
Interest rate swap (buy) transactions and options (buy): TL 3,832,783 (31 December 2016: TL 2,623,749)
Interest rate swap (sell) transactions and options (sell): TL 3,832,783 (31 December 2016: TL 2,623,749)

TL 75,517 (31 December 2016: TL 43,856) of foreign currency indexed factoring guarantees are stated in non-cash loans.

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

Forward foreign currency-buy transactions: TL 729,639 (31 December 2016: TL 797,588)
Forward foreign currency-sell transactions: TL 649,307 (31 December 2016: TL 644,106)

III. Explanations on consolidated interest rate risk

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

In order to hedge interest rate risk, hedging strategies are applied through off-balance sheet transactions provided that the limits determined by the Board of Directors are not exceeded, and interest rate risk is managed by ensuring optimum balance between fixed and floating rate assets within the balance sheet.

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

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

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Explanations on consolidated interest rate risk (continued)

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

Current period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 year 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	4,621,847	10,650	-	-	-	1,375,463	6,007,960
Due from other banks and financial institutions	99,809	6,711	-	-	-	288,508	395,028
Financial assets at fair value through profit and loss	145,090	276,996	132,201	9,572	-	16	563,875
Money market placements	108,546	-	-	-	-	-	108,546
Available-for-sale financial assets	587,829	536,534	1,440,838	111,188	-	91,572	2,767,961
Loans and receivables	6,295,002	6,740,352	13,827,664	14,855,911	1,802,306	452,861	43,974,096
Held-to-maturity investments	-	-	-	-	-	-	-
Other assets (*)	533,627	1,171,951	301,239	818,525	255,561	1,178,941	4,259,844
Total assets	12,391,750	8,743,194	15,701,942	15,795,196	2,057,867	3,387,361	58,077,310
Liabilities							
Bank deposits	457,210	61	-	-	-	1,338,225	1,795,496
Other deposits	18,915,991	1,145,151	123,513	261	-	3,160,880	23,345,796
Money market borrowings	712,319	-	-	-	-	-	712,319
Miscellaneous payables	-	-	-	-	-	468,594	468,594
Securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	3,874,664	10,838,919	5,378,728	3,309,135	553,047	-	23,954,493
Other liabilities (**)	122,279	249,210	214,519	8,660	-	7,205,944	7,800,612
Total liabilities	24,082,463	12,233,341	5,716,760	3,318,056	553,047	12,173,643	58,077,310
Balance sheet long position	-	-	9,985,182	12,477,140	1,504,820	-	23,967,142
Balance sheet short position	(11,690,713)	(3,490,147)	-	-	-	(8,786,282)	(23,967,142)
Off-balance sheet long position	3,217,147	8,633,483	-	-	-	-	11,850,630
Off-balance sheet short position	-	-	(3,643,820)	(6,418,980)	(475,496)	-	(10,538,296)
Total position	(8,473,566)	5,143,336	6,341,362	6,058,160	1,029,324	(8,786,282)	1,312,334

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

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

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 year 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	6,218,315	5,833	-	-	-	641,499	6,865,647
Due from other banks and financial institutions	40,293	9,805	4,000	-	-	187,424	241,522
Financial assets at fair value through profit and loss	117,340	293,049	114,336	9,239	-	32	533,996
Money market placements	1,898,817	-	-	-	-	181	1,898,998
Available-for-sale financial assets	588,055	518,531	1,439,100	-	-	110,098	2,655,784
Loans and receivables	8,166,223	6,623,086	12,774,349	11,234,836	2,062,482	444,735	41,305,711
Held-to-maturity investments	-	-	-	-	-	-	-
Other assets (*)	756,240	1,376,789	303,606	765,654	211,702	1,071,574	4,485,565
Total assets	17,785,283	8,827,093	14,635,391	12,009,729	2,274,184	2,455,543	57,987,223
Liabilities							
Bank deposits	283,180	21	-	-	-	1,654,819	1,938,020
Other deposits	19,259,164	725,215	347,153	120	-	2,883,005	23,214,657
Money market borrowings	126,507	60	-	-	-	-	126,567
Miscellaneous payables	-	-	-	-	-	501,642	501,642
Securities issued	-	246,634	-	-	-	-	246,634
Funds provided from other financial institutions	3,311,979	12,681,604	4,802,216	3,187,890	712,814	-	24,696,503
Other liabilities (**)	153,817	203,957	259,405	8,105	-	6,637,916	7,263,200
Total liabilities	23,134,647	13,857,491	5,408,774	3,196,115	712,814	11,677,382	57,987,223
Balance sheet long position	-	-	9,226,617	8,813,614	1,561,370	-	19,601,601
Balance sheet short position	(5,349,364)	(5,030,398)	-	-	-	(9,221,839)	(19,601,601)
Off-balance sheet long position	2,389,391	8,243,436	-	-	-	-	10,632,827
Off-balance sheet short position	-	-	(3,128,825)	(4,981,471)	(820,909)	-	(8,931,205)
Total position	(2,959,973)	3,213,038	6,097,792	3,832,143	740,461	(9,221,839)	1,701,622

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

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

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

III. Explanations on consolidated interest rate risk (continued)

2. Current period average interest rates applied to monetary financial instruments by the Group

Current period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	1.25	-	4.00
Due from other banks and financial institutions	0.35	-	-	9.83
Financial assets at fair value through profit and loss	4.92	5.93	-	7.93
Money market placements	-	-	-	0.14
Financial assets available-for-sale	-	-	-	10.28
Loans and receivables	2.79	4.29	-	14.46
Held-to-maturity investments	-	-	-	-
Liabilities				
Bank deposits	-	1.35	-	-
Other deposits	0.27	2.32	-	10.04
Money market borrowings	-	-	-	11.35
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds provided from other financial institutions	0.47	2.35	-	11.79

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	-	0.75	-	3.31
Due from other banks and financial institutions	1.45	-	-	11.02
Financial assets at fair value through profit and loss	5.32	5.90	-	6.38
Money market placements	-	-	-	10.89
Financial assets available-for-sale	-	-	-	9.14
Loans and receivables	2.64	3.74	-	13.34
Held-to-maturity investments	-	-	-	-
Liabilities				
Bank deposits	(0.69)	0.94	-	-
Other deposits	0.50	1.71	-	8.56
Money market borrowings	-	-	-	8.49
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	9.98
Funds provided from other financial institutions	0.52	1.88	-	11.39

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued)

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

IV. Explanations on equity securities position risk derived from consolidated banking books

1. Explanations on accounting policies for equity investments in subsidiaries and associates

Accounting policies for equity investments in subsidiaries and associates are disclosed in section III disclosure III.

2. Comparison of carrying value, fair value and market value of equity investments

Current period	Carrying value	Fair value (*)	Market value
Quoted	50	50	50
Stock investments	50	50	50
Not quoted	91,522	83,261	83,261
Stock investments	91,522	83,261	83,261
Financials subsidiaries	-	-	-
Financials subsidiaries	-	-	-
Prior period	Carrying value	Fair value (*)	Market value
Quoted	50	50	50
Stock investments	50	50	50
Not quoted	110,048	104,896	104,896
Stock investments	110,048	104,896	104,896
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 additional capital
Private equity investments	-	-	-	-	-
Shares traded on a stock Exchange	-	15	-	15	-
Other stocks	29,059	83,261	-	83,261	-
Total	29,059	83,276	-	83,276	-

Prior period	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses	
		Total	Including into the supplementary capital	Total	Including into the supplementary capital
Private equity investments	-	-	-	-	-
Shares traded on a stock Exchange	-	14	-	14	-
Other stocks	35,238	93,759	-	93,759	-
Total	35,238	93,774	-	93,774	-

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private sector investments	-	-	-
Shares traded on a stock exchange	50	50	4
Other equity shares	91,522	91,522	7,322
Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private sector investments	-	-	-
Shares traded on a stock exchange	50	50	4
Other equity shares	110,048	110,048	8,804

(*) 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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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 (“Funding and Liquidity Policy”) which includes measures to be taken and practices that might be applied in normal and stressful economic conditions for liquidity risk management and responsibilities of the senior management. This policy has been approved by the Asset Liability Management Committee (ALCO) and by the Board of Directors. Within the scope of this policy, the liquidity risk has been managed under the ALCO which senior representatives of businesses are members of the Committee.

In accordance with the provisions of the policy, a liquidity buffer that can supply adequate liquidity level under any economic circumstances and which is not subject to the collateral, has been determined. In addition, the emergency funding plan to be implemented in times of stress is currently in force. On the other hand, an ALCO and Board of Directors certified liquidity risk appetite has been established in order to enable monitoring and managing the risk numerically. The relevant parameters are analyzed regularly and reported to the members of ALCO and Board of Directors.

On the other hand, the Parent Bank’s liquidity buffers are evaluated under different stress scenarios with the comprehensive liquidity stress test approach established in accordance with ING Group’s common policies on market risk and particularly new international regulations (ILAAP-Internal Liquidity Adequacy Assessment Process). In addition, still in scope of ILAAP, in the Risk Control Self- Assessment process, comprehensive assessments are made related to liquidity risk, and after these risks are identified clearly, their potential financial impact on the Bank’s operations is evaluated periodical.

To ensure proactive management of funding liquidity risk, risk thresholds specified on deposit movements and early warning signals are monitored.

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 is managed by the Asset and Liability Board in Parent Bank, but Subsidiaries of Parent Bank manage Liquidity risk themselves. On the other hand, 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 made to the ALCO. According to the limits determined by the Board of Directors, liquidity deficit and surplus are tracked and actions are taken in accordance with the price, interest rate and term structure.

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

Resource diversification short, medium and long term targets are determined in parallel to business line planning as part of the budget process in the Parent Bank. On the other hand, the Parent Bank's funding capacity is monitored regularly, and shared with senior management monthly within the Asset and Liability Management Group-ALCO reporting. In this way, factors which may affect the ability to create additional funding can be followed closely by senior management and the validity of the funding estimates generation capacity can be monitored.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 comprise of mainly equity, deposits and short-term bond issuance. The Bank’s liquidity in TL is managed with repurchase agreements and short-term money market transactions carried out at CBRT/BIST using high quality securities owned by the Bank. While the main purpose is using liabilities in TL in funding TL assets, when necessary money swap transactions and FX funds are used in creating assets in TL within the limits set by the Board of Directors. Foreign currency funds are obtained through foreign exchange deposit accounts and including syndications, foreign based and foreign currency loans. Liquidity shortage/surplus values are calculated daily by Asset and Liability Management Group and these values are reported in ALCO. On the other hand, the TL and FX liquidity coverage ratio is calculated on a daily basis, and shared with all units and senior management, and reported separately to ALCO. The Parent Bank has TL/FX borrowing limits ready to use in Central Bank 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 funding diversity and maturity mismatch. Within this context, syndication, other foreign funding, sources provided by the shareholders and other domestic funding opportunities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, emergency funding plan risk measurement metrics and early warning signals are continuously monitored and reported on a monthly basis to ALCO. The pre-determination and prevention of the liquidity risk are ensured through the alarms indicating actions to be taken according to the trigger level and which are defined by these metrics, actual inflows and outflows of deposits, stress testing, liquidity buffer level, the loan/deposit ratio, legal and structural liquidity ratios and other similar measurement techniques.

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 related responsibilities and is approved by ALCO. To ensure that the existing positions remain within risk tolerance, the Market Risk Management and Product Control Group plans, designs, manages, reports to ALCO on a monthly basis and reviews annually the stress tests. Stress test scenarios which consider Parent Bank specific, market-wide or both cases, and have short term or long term consequences, are used in stress testing application where the scenario and parameters are revised annually by the Asset and Liability Management Group and business lines. On the other hand, results of stress testing are used as the leading indicator within the process of activating the emergency funding plan.

f. Overview on emergency and contingency liquidity situation plans

The Parent Bank has formed an emergency/contingency funding plan that includes policies and methods that can be applied in stress conditions or in case of a liquidity shortage and responsibilities of senior management and business lines. Early warning signals and crisis triggers, which are the leading indicators of emergency funding plan and considered as the precursors of the liquidity shortage or an unexpected situation, are monitored monthly and are presented to the senior management on a monthly basis at ALCO meetings by Market Risk Management and Product Control Group. In addition, effective internal and external communication channels are determined and a crisis management team including realistic action plans is established in order to provide emergency liquidity crisis management and implement various elements of the plan. Measurement metrics of the emergency funding plan are revised yearly with regards to their compliance with changes in market and stress conditions.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

2. Liquidity coverage ratio

In accordance with BRSA’s “Regulation on Banks’ Liquidity Coverage Ratio Calculation”, promulgated in the Official Gazette, No. 28948, dated 21 March 2014, the Parent Bank calculates and shares the Consolidated Liquidity Coverage Ratio to BRSA on a monthly basis. Consolidated Liquidity Coverage Ratio is above the values stated in the regulation.

Dates and values of the lowest and highest FX and total liquidity coverage ratio calculated monthly over the last three months are presented in the below table.

	Minimum	Date	Maximum	Date
TL+FC	95.69	30 June 2017	131.82	30 April 2017
FC	75.10	30 April 2017	106.28	31 May 2017

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			8,600,287	4,904,139
Cash Outflows				
Real person and retail deposits	20,310,924	5,112,612	1,709,255	511,261
Stable deposits	6,436,734	-	321,837	-
Less stable deposits	13,874,190	5,112,612	1,387,418	511,261
Unsecured funding other than real person and retail deposits	8,893,537	6,029,066	6,428,938	4,533,382
Operational deposits	329,941	2,847	82,485	712
Non-operational deposits	5,698,714	4,397,868	3,526,098	2,904,546
Other unsecured debt	2,864,882	1,628,351	2,820,355	1,628,124
Secured funding			-	-
Other cash outflows	19,899,558	9,102,001	9,908,357	5,382,194
Derivative exposures and collateral completion liabilities	8,629,177	4,623,978	8,629,177	4,623,978
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,270,381	4,478,023	1,279,180	758,216
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			18,046,550	10,426,837
Cash inflows				
Secured lending	886,667	-	-	-
Unsecured lending	3,893,734	1,004,736	2,348,009	690,514
Other cash inflows	8,566,939	4,004,077	8,125,310	3,998,156
Total cash inflows	13,347,340	5,008,813	10,473,319	4,688,670
			Total adjusted value	
Total high quality liquid assets stock			8,600,287	4,904,139
Total net cash outflows			7,573,231	5,738,167
Liquidity coverage ratio (%)			113.58	86.91

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

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued)

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

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			7,717,974	4,550,026
Cash Outflows				
Real person and retail deposits	18,966,685	2,968,408	1,576,752	296,841
Stable deposits	6,398,352	-	319,918	-
Less stable deposits	12,568,333	2,968,408	1,256,834	296,841
Unsecured funding other than real person and retail deposits	7,160,173	4,298,489	4,978,917	3,105,301
Operational deposits	358,562	1,669	89,640	417
Non-operational deposits	4,947,959	3,592,990	3,036,157	2,401,568
Other unsecured debt	1,853,652	703,830	1,853,120	703,316
Secured funding	-	-	-	-
Other cash outflows	19,890,580	9,912,525	9,397,168	5,507,437
Derivative exposures and collateral completion liabilities	8,198,179	4,761,181	8,198,179	4,761,181
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,692,401	5,151,344	1,198,989	746,256
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			15,952,837	8,909,579
Cash inflows				
Secured lending	656,776	-	-	-
Unsecured lending	4,054,286	995,407	2,497,890	617,904
Other cash inflows	8,138,185	3,580,324	7,683,551	3,575,298
Total cash inflows	12,849,247	4,575,731	10,181,441	4,193,202
			Total adjusted value	
Total high quality liquid assets stock			7,717,974	4,550,026
Total net cash outflows			5,771,396	4,716,377
Liquidity coverage ratio (%)			133.08	97.85

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

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**Notes to the consolidated interim financial statements
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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 legal limits in the Group, the liquid assets are managed by using “Liquidity Coverage Ratio” calculations to follow up the minimum liquidity limits and keep sufficient stock of high quality liquid assets to meet net cash outflows as of and for the year 2017. Liquidity coverage ratio is calculated as per the Regulation on Banks’ Liquidity Coverage Ratio Calculation. The ratio is affected from Group’s quality liquid asset value not used as guarantee that can be converted to cash any time and Group’s possible cash inflows and outflows arising from net cash assets, liability and off balance sheet transactions.

The Group evaluates cash equivalents, time and demand deposit accounts held in Central Bank of Turkey, obligatory reserves and debt securities issued by the Treasury and not subject to collaterals as high level quality liquid assets.

The primary sources to meet the liquidity needs of the Group are funds from interbank money market or available for sale security portfolio by repurchasing agreements or direct sales. Besides borrowing from the Parent Company in medium and long term, in order to manage concentration risk with respect to funding resources, the Group aims to balance maturity mismatch and protect from liquidity risk by taking actions aiming to increase resources diversification. A strategy targeting small amount deposits is applied as another element of the strategy to protect against concentration risk.

In addition, although the Parent Bank’s wide range deposit structure including Orange Account and a large number of individually small saving deposits, it represents a short term funding source as comparable to the sector. However, these deposits renew themselves at the maturity date and stay in the Group’s structure for a longer period than their original maturity.

Details of the Group’s foreign currency balance sheet as of 30 June 2017 are summarized as follows:

Foreign currency borrowings constitute the majority of the foreign currency liabilities. 72% of the Group’s total foreign currency liabilities consist of funds provided from other financial institutions and subordinated loans and 27% is composed of deposits. Loans comprise 68% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency. The marketable securities in the available for sale or trading portfolio have the longest maturity although they have secondary market.

Details of the Group’s Turkish Lira balance sheet as of 30 June 2017 are summarized as follows:

The majority of Turkish Lira balance sheet’s liability consists of deposits. 63% of the Group’s total Turkish Lira liabilities consists of deposits, while 4% consists of funds provided from other financial institutions and subordinated loans. However, in case of necessity, the Group has borrowing opportunities from both domestic and foreign banks and Takasbank and ISE repo market. 81% of the assets in Turkish Lira balance sheet are loans granted and 8% are marketable securities.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued)

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

In the calculation of the liquidity coverage ratio, cash outflows arising from derivative transactions are based on the net cash flows with 30-day maturity to be subject to the calculation. Also, operations with possibility of fulfilling guarantees, are included in the calculation of liquidity coverage ratio by considering the largest amount in absolute value of net guarantee flows, occurring within the last 24 months and 30-day periods and realized for the related operations or obligations, as a cash outflow.

The liquidity needs and surpluses of consolidated subsidiaries of the Parent Bank are monitored and managed regularly. There is no operational or legal constraint inhibiting liquidity transfer. According to the analyses, the effect of subsidiaries on the liquidity structure of the Parent Bank is limited compared to the size of the balance sheet. Liquidity needs and surpluses are met in the most appropriate manner either among the subsidiaries.

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 equivalents and Central Bank	1,375,463	4,621,847	10,650	-	-	-	-	6,007,960
Banks	288,508	99,809	6,711	-	-	-	-	395,028
Financial assets at fair value through profit or loss (Net)	16	116,433	137,855	248,263	56,430	4,878	-	563,875
Interbank money market placements	-	108,546	-	-	-	-	-	108,546
Available for sale financial assets (Net)	91,572	452,877	58,713	668,743	1,496,056	-	-	2,767,961
Loans and receivables	-	5,446,198	4,408,869	11,745,766	19,000,834	2,919,568	452,861	43,974,096
Held to maturity investments (Net)	-	-	-	-	-	-	-	-
Other assets (*)	14,555	202,935	358,121	492,419	1,695,836	331,800	1,164,178	4,259,844
Total assets	1,770,114	11,048,645	4,980,919	13,155,191	22,249,156	3,256,246	1,617,039	58,077,310
Liabilities								
Bank deposits	1,338,225	457,210	61	-	-	-	-	1,795,496
Other deposits	3,160,880	18,915,991	1,145,151	123,513	261	-	-	23,345,796
Borrowings	-	1,502,185	2,048,603	4,101,044	11,418,317	4,884,344	-	23,954,493
Funds from Interbank money market	-	712,319	-	-	-	-	-	712,319
Marketable securities issued (Net)	-	-	-	-	-	-	-	-
Miscellaneous payables	318,413	-	-	-	-	-	150,181	468,594
Other liabilities (**)	558,919	83,199	219,596	280,654	96,087	16,802	6,545,355	7,800,612
Total liabilities	5,376,437	21,670,904	3,413,411	4,505,211	11,514,665	4,901,146	6,695,536	58,077,310
Liquidity deficit/surplus	(3,606,323)	(10,622,259)	1,567,508	8,649,980	10,734,491	(1,644,900)	(5,078,497)	-
Net Off Balance Sheet Position								
Derivative financial assets	-	126,628	227,511	38,890	839,015	73,083	-	1,305,127
Derivative financial liabilities	-	9,822,654	7,218,743	13,839,429	9,968,462	558,016	-	41,407,304
Derivative financial liabilities	-	9,696,026	6,991,232	13,800,539	9,129,447	484,933	-	40,102,177
Net Off Balance Sheet Position	308,509	332,557	791,641	3,218,480	1,745,190	806,385	-	7,202,762
Prior period								
Total assets	842,682	15,441,228	5,160,772	13,417,075	18,203,465	3,309,384	1,612,617	57,987,223
Total liabilities	5,202,547	20,484,637	2,086,870	7,432,743	11,455,838	4,940,841	6,383,747	57,987,223
Liquidity deficit/surplus	(4,359,865)	(5,043,409)	3,073,902	5,984,332	6,747,627	(1,631,457)	(4,771,130)	-
Net Off Balance Sheet Position								
Derivative financial assets	-	21,666	(20,662)	707,116	813,308	181,000	-	1,702,428
Derivative financial assets	-	8,708,107	8,834,962	8,814,433	7,101,040	1,001,909	-	34,460,451
Derivative financial liabilities	-	8,686,441	8,855,624	8,107,317	6,287,732	820,909	-	32,758,023
Net Off Balance Sheet Position	341,888	367,430	1,366,760	2,470,818	2,267,902	728,512	-	7,543,310

(*) 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 property and equipment, stationery, prepaid expenses, equity securities.

(**) Unallocated column in other liabilities mainly consists of provisions, unallocated part of tax 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 30 June 2017, the Group’s consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month is 6.63% (31 December 2016: 6.72%). Minimum ratio is identified 3% in the aforementioned regulation. Main reason for the variance compared to prior period is the both increase in the amount of exposure in the balance sheet items and off- balance sheet items.

	Current period (**)	Prior period (**)
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	99,548,302	95,053,242
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	(91,022)	(87,815)
The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the communiqué on preparation of consolidated financial statements of banks	(21,257,482)	(21,536,044)
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	57,613	56,811
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	(58,186)	(47,227)
Total exposures	78,199,225	73,438,967

(*) 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)	57,175,066	54,969,343
Asset deducted from core capital	(58,186)	(47,227)
The total amount of risk on-balance sheet exposures	57,116,880	54,922,116
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	2,069,287	2,044,627
The potential credit risk amount of derivative financial instruments and credit derivatives	509,046	512,489
The total risk amount of derivative financial instruments and credit derivatives	2,578,333	2,557,116
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	57,613	56,811
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	57,613	56,811
Off-balance sheet items		
Gross notional amount for off-balance sheet items	18,446,399	15,902,924
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	18,446,399	15,902,924
Capital and total exposures		
Core capital	5,169,959	4,935,140
Total exposures	78,199,225	73,438,967
Leverage ratio		
Leverage ratio	6.63	6.72

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

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the six-month period ended 30 June 2017 (continued)**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VII. Explanations on consolidated risk management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be announced to Public by Banks, promulgated in the Official Gazette, No. 29511, dated 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for credit risk in the calculation of capital adequacy by the Parent Bank, tables required by Internal Rating Based approach (“IRB”) are not presented.

Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	Previous period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	38,449,510	43,285,193	3,075,961
Standardized approach (SA)	38,449,510	43,285,193	3,075,961
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	1,639,959	1,845,559	131,197
Standardized approach for counterparty credit risk (SA-CCR)	1,639,959	1,845,559	131,197
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	563,000	533,600	45,040
Standardized approach (SA)	563,000	533,600	45,040
Internal model approaches (IMM)	-	-	-
Operational risk	4,020,779	3,357,242	321,662
Basic indicator approach	4,020,779	3,357,242	321,662
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	44,673,248	49,021,594	3,573,860

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued)

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

VII. Explanations on consolidated risk management (continued)

2. Credit risk explanations

a. Assets credit quality

Current period	Gross carrying value of		Allowances/ impairment	Net values
	Defaulted exposures	Non-defaulted exposure		
Loans (*)	1,616,631	45,137,410	1,781,632	44,972,409
Debt securities	-	2,767,961	896	2,767,065
Off-balance sheet exposures	78,562	15,798,605	68,393	15,808,774
Total	1,695,193	63,703,976	1,850,921	63,548,248

(*) Factoring and leasing receivables was included into "Loans".

b. Changes in stock of defaulted loans and debt securities

Defaulted loans and debt securities at end of the previous reporting period	1,410,279
Loans and debt securities that have defaulted since the last reporting period	360,316
Returned to non-defaulted status	(5,780)
Amounts written off (*)	(3,429)
Other changes (**)	(144,755)
Defaulted loans and debt securities at end of the reporting period	1,616,631

(*) Undrawn non-cash loans which are monitored in "Receivables to be liquidated" account are not included in the table.

(**) In term collections have included "Other changes" account.

c. Credit risk mitigation techniques

Current period	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Loans (*)	31,024,288	13,948,121	5,389,282	7,096,604	6,603,700	-	-
Debt securities (*)	2,767,065	-	-	-	-	-	-
Total	33,791,353	13,948,121	5,389,282	7,096,604	6,603,700	-	-
Of which defaulted	1,616,631	-	-	-	-	-	-

(*) In the framework of the legislation, general loan provision has been shown by deducting from the related balance sheet amounts

ç. Credit risk exposure and credit risk mitigation effects

Current period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes						
Claims on sovereigns and Central Banks	7,314,443	37	13,859,204	7	924,421	%6.67
Claims on regional governments or local authorities	203,507	7	138,228	1	69,115	%50.00
Claims on administrative bodies and other non-commercial undertakings	-	8	-	2	2	%100.00
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	2,138,443	3,209,470	3,860,135	991,092	2,214,035	%45.64
Claims on corporates	19,792,668	5,076,862	17,590,524	2,710,998	19,805,861	%97.56
Claims on retails	18,249,114	5,226,129	13,987,836	871,431	11,136,028	%74.94
Claims secured by residential property	2,206,654	54,467	2,206,654	18,803	792,820	%35.63
Claims secured by commercial property	3,051,943	166,456	3,051,943	68,548	1,834,731	%58.80
Past due loans	593,595	-	93,439	-	100,159	%107.19
Higher risk categories decided by the Board	1,023,036	-	359,422	-	362,554	%100.87
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	2,490,210	2,112,732	2,490,210	422,547	1,118,212	%38.39
Stock investments	91,572	-	91,572	-	91,572	%100.00
Total (*)	57,155,185	15,846,168	57,729,167	5,083,429	38,449,510	%61.21

(*) Counterparty credit risk is not included in the table.

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

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VII. Explanations on risk management (continued)

2. Credit risk explanations (continued)

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

Current period											Total credit exposures amount (post CCF and post-CRM)
Asset classes	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	
Claims on sovereigns and Central Banks	12,934,790	-	-	-	-	-	924,421	-	-	-	13,859,211
Claims on regional governments or local authorities	-	-	-	-	138,229	-	-	-	-	-	138,229
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	2	-	-	-	2
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	610,012	-	2,121,302	-	2,111,661	8,252	-	-	4,851,227
Claims on corporates	-	-	32,480	-	35,611	-	20,233,431	-	-	-	20,301,522
Claims on retails	-	-	-	-	-	14,859,267	-	-	-	-	14,859,267
Claims secured by residential property	-	-	-	2,204,056	-	-	21,401	-	-	-	2,225,457
Claims secured by commercial property	-	-	-	-	2,571,516	-	548,975	-	-	-	3,120,491
Past due loans	-	-	-	-	2,231	-	75,537	15,671	-	-	93,439
Higher risk categories decided by the Board	-	-	-	-	98,524	-	156,110	104,788	-	-	359,422
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	1,794,544	-	-	-	-	-	1,118,213	-	-	-	2,912,757
Stock investments	-	-	-	-	-	-	91,572	-	-	-	91,572
Total	14,729,334	-	642,492	2,204,056	4,967,413	14,859,267	25,281,323	128,711	-	-	62,812,596

3. Counterparty credit risk (CCR) approach analysis

Current period	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
SA-CCR (for derivatives)	2,001,828	492,026	-	1.4	2,493,854	1,552,930
Internal Model Method (for derivatives and SFTs)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	-	-	7,563	24
VaR for SFTs	-	-	-	-	-	-
Total	-	-	-	-	-	1,552,954

(*) Effective expected positive exposure

4. Credit valuation adjustment (CVA) capital charge

	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) VaR component (including the 3×multiplier)	-	-
(ii) Stressed VaR component (including the 3×multiplier)	-	-
All portfolios subject to the Standardised CVA capital charge	2,493,854	87,005
Total subject to the CVA capital charge	2,493,854	87,005

5. Analysis of counterparty credit risk (CCR) exposure

Current period											Total credit exposure (*)
Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others			
Claims on sovereigns and Central Banks	7,533	-	-	-	-	-	-	-	-	-	7,533
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	109,316	1,692,771	-	224,409	-	-	-	-	2,026,496
Claims on corporates	-	-	5,247	172	-	450,739	-	-	-	-	456,158
Claims included in the regulatory retail portfolios	-	-	-	-	11,230	-	-	-	-	-	11,230
Claims secured by residential property	-	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-	-
Total	7,533	-	114,563	1,692,943	11,230	675,148	-	-	-	-	2,501,417

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

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

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

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Notes to the consolidated interim financial statements
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VII. Explanations on risk management (continued)

6. Collaterals for counterparty credit risk (CCR)

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

7. Credit derivatives

There is no credit derivative transaction at Bank.

8. Exposures to central counterparties (CCP)

There is no exposures to central counterparties at Bank.

9. Explanations on securitisation

There is no securitisation transaction at Bank.

10. Explanations on market risk

	RWA
Outright products	
Interest rate risk (general and specific)	169,312
Equity risk (general and specific)	-
Foreign exchange risk	393,688
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
Total	563,000

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

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VIII. Explanations on segment reporting

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

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

Current period – 30 June 2017	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	585,646	381,232	439,355	1,406,233
Net commissions and fees income and other operating income	168,954	199,915	30,739	399,608
Trading gain/loss	554	(334)	(184,248)	(184,028)
Dividend income	-	-	382	382
Provision for impairment of loans and other receivables	(191,173)	(117,093)	(22,189)	(330,455)
Segment results	563,981	463,720	264,039	1,291,740
Other operating expenses (*)				(742,213)
Income from continuing operations before tax				549,527
Tax provision (*)				(120,833)
Net profit				428,694

Prior period – 30 June 2016	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	443,675	297,812	428,958	1,170,445
Net commissions and fees income and other operating income	117,282	179,421	(9,664)	287,039
Trading gain/loss	2,308	(168)	(147,237)	(145,097)
Dividend income	-	-	532	532
Provision for impairment of loans and other receivables	(163,925)	(148,491)	(881)	(313,297)
Segment results	399,340	328,574	271,708	999,622
Other operating expenses (*)				(695,821)
Income from continuing operations before tax				303,801
Tax provision (*)				(56,502)
Net profit				247,299

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

Current period – 30 June 2017	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	34,347,191	12,627,735	11,102,384	58,077,310
Liability	14,154,967	17,792,966	20,772,297	52,720,230
Equity	-	-	5,357,080	5,357,080
Prior period – 31 December 2016	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	31,519,398	12,365,468	14,102,357	57,987,223
Liability	14,690,776	16,777,136	21,376,744	52,844,656
Equity	-	-	5,142,567	5,142,567

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
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(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	276,907	1,097,020	256,751	383,938
Balances with the Central Bank of Turkey	108,314	4,525,580	158,775	6,065,828
Other	-	139	-	355
Total	385,221	5,622,739	415,526	6,450,121

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	108,314	503,892	158,775	826,536
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	856,470
Restricted demand deposit	-	4,021,688	-	4,382,822
Total	108,314	4,525,580	158,775	6,065,828

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 4% and 10.5% for Turkish lira deposits and liabilities depending on their maturity and at a rate ranging between 4% and 24% for foreign currency deposits and foreign currency other liabilities depending on their maturity. In accordance with the relevant communiqué, the Central Bank pays interest for the reserve requirements which are presented in terms of TL and USD.

TL 106,917 (31 December 2016: TL 158,319) of the TL reserve deposits provided over the average balance and TL 503,892 (31 December 2016: TL 826,536) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

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

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (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)

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
Bank's portfolio	28,283	6,405
Repo transactions	-	-
Collateral / blocked	100	103
Total	28,383	6,508

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	140,831	-	125,865
Swap transactions	311,200	76,670	282,831	110,118
Futures transactions	-	-	-	-
Options	170	6,603	97	8,577
Other	8	10	-	-
Total	311,378	224,114	282,928	244,560

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	49,892	345,136	36,476	205,046
Domestic	49,891	53,602	36,475	16,488
Foreign	1	291,534	1	188,558
Headquarters and branches abroad	-	-	-	-
Total	49,892	345,136	36,476	205,046

As of 30 June 2017, restricted bank balance amounting to TL 144,578 (31 December 2016: TL 26,841) all of which is comprised of (31 December 2016: all amount) collaterals that is held by counter banks under CSA contracts and is calculated based on related derivatives market price.

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

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**Notes to the consolidated interim financial statements
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

4. Information on financial assets available-for-sale

4.1. Financial assets available-for-sale subject to repo transactions and those given as collateral/blocked

Financial assets available-for-sale subject to repo transactions and those given as collateral / blocked with net amounts are shown in below table.

	Current period	Prior period
Bank's portfolio	1,478,767	1,981,210
Repo transactions	502,720	1,495
Collateral / blocked (*)	786,474	673,079
Total	2,767,961	2,655,784

(*) 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 available-for-sale

	Current period	Prior period
Debt securities	2,676,770	2,548,490
Quoted to stock exchange	2,676,770	2,548,490
Not quoted	-	-
Equity certificates	91,572	110,098
Quoted to stock exchange	49	50
Not quoted	91,523	110,048
Provision for impairment (-)	(381)	(2,804)
Total	2,767,961	2,655,784

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	3,957	439,570	91	624,919
Corporate shareholders	3,870	439,570	-	624,919
Real person shareholders	87	-	91	-
Indirect loans granted to shareholders of the Parent Bank	36	158,814	14	87,086
Loans granted to employees of the Parent Bank	28,623	-	27,818	-
Total	32,616	598,384	27,923	712,005

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (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 and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	With revised contract terms		Loans and other receivables (Total)	With revised contract terms	
		Extension of payment plan	Other		Extension of payment plan	Other
Non-specialized loans	42,176,702	143,353	-	1,344,533	539,468	-
Business loans	23,397,945	23,700	-	718,551	382,222	-
Export loans	4,369,911	-	-	29,539	7,702	-
Import loans	570	-	-	-	-	-
Loans given to financial sector	1,893,144	3,064	-	-	-	-
Consumer loans	10,501,145	116,561	-	484,647	95,106	-
Credit cards	948,517	28	-	85,522	54,438	-
Other	1,065,470	-	-	26,274	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	42,176,702	143,353	-	1,344,533	539,468	-

Number of extensions	Standard loans and other receivables	Loans and other receivables under close monitoring
	Extended by 1 or 2 times	143,353
Extended by 3, 4 or 5 times	-	-
Extended by 5 times and more	-	-
Total	143,353	539,468

Extended periods	Standard loans and other receivables	Loans and other receivables under close monitoring
	Up to 6 months	7,229
6-12 months	3,113	37,489
1-2 years	13,803	42,101
2-5 years	84,111	199,414
More than 5 years	35,097	73,703
Total	143,353	539,468

5.3. Loans according to their maturity structure

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (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	390,038	10,354,785	10,744,823
Mortgage loans	730	4,524,171	4,524,901
Automotive loans	16,400	622,673	639,073
General purpose loans	372,908	5,207,941	5,580,849
Other	-	-	-
Consumer loans – indexed to FC	8	2,020	2,028
Mortgage loans	8	2,020	2,028
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	924,002	-	924,002
With installments	368,060	-	368,060
Without installments	555,942	-	555,942
Consumer credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	2,735	16,103	18,838
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	2,735	16,103	18,838
Other	-	-	-
Personnel loans – indexed to FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	9,872	-	9,872
With installments	3,811	-	3,811
Without installments	6,061	-	6,061
Personnel credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	220,103	-	220,103
Overdraft accounts – FC (real person)	-	-	-
Total	1,546,758	10,372,908	11,919,666

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
for the six-month period ended 30 June 2017 (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	447,076	8,209,894	8,656,970
Real estate loans	56	85,412	85,468
Automotive loans	14,442	300,800	315,242
General purpose loans	-	-	-
Other	432,578	7,823,682	8,256,260
Commercial installment loans – indexed to FC	14,415	596,963	611,378
Real estate loans	-	9,563	9,563
Automotive loans	5,125	207,047	212,172
General purpose loans	-	-	-
Other	9,290	380,353	389,643
Commercial installment loans-FC	-	-	-
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Corporate credit cards – TL	100,165	-	100,165
With installments	42,313	-	42,313
Without installments	57,852	-	57,852
Corporate credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	353,704	-	353,704
Overdraft loans – FC (legal entity)	-	-	-
Total	915,360	8,806,857	9,722,217

5.6. Loans according to borrowers

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

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	43,252,241	40,593,020
Foreign loans	268,994	267,955
Total	43,521,235	40,860,975

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (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)

5.8. 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	24,889	32,999
Loans and receivables with doubtful collectability	141,632	141,256
Uncollectible loans and receivables	997,249	791,288
Total	1,163,770	965,543

5.10. Information on non-performing loans (net)

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period	1,998	572	1,470
(Gross amounts before specific provision)			
Restructured loans and other receivables	1,998	572	1,470
Rescheduled loans and other receivables	-	-	-
Prior period	301	1,553	1,306
(Gross amounts before specific provision)			
Restructured loans and other receivables	301	1,553	1,306
Rescheduled loans and other receivables	-	-	-

5.10.2. Information on total non-performing loans

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Prior period end balance	183,696	338,049	888,534
Additions (+)	337,384	8,892	14,040
Transfers from other categories of non-performing loans (+)	-	323,722	292,987
Transfers to other categories of non-performing loans (-)	(324,848)	(291,861)	-
Transfers to standard loans (-)	(3,803)	(1,343)	(634)
Collections (-)	(40,438)	(34,129)	(70,188)
Write-offs (-)	(295)	(390)	(2,744)
Corporate and commercial loans	(3)	(27)	(597)
Retail loans	(257)	(323)	(1,978)
Credit cards	(35)	(40)	(169)
Other	-	-	-
Current period end balance	151,696	342,940	1,121,995
Specific provisions (-)	(24,889)	(141,632)	(997,249)
Net balance on balance sheet	126,807	201,308	124,746

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (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 specific provision movement

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

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

The Parent Bank follows the foreign currency non-performing loans in accounting records by translating these loans to TL with the exchange rates prevailing at the date of the default. Therefore, as of balance sheet date the Parent Bank has no foreign currency non-performing loans and other receivables.

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period (net)	126,807	201,308	124,746
Loans granted to corporate entities and real person (gross)	143,666	340,850	1,107,794
Specific provision amount (-)	(22,909)	(141,632)	(983,052)
Loans granted to corporate entities and real person (net)	120,757	199,218	124,742
Banks (gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	8,030	2,090	14,201
Specific provision amount (-)	(1,980)	-	(14,197)
Other loans and receivables (net)	6,050	2,090	4
Prior period (net)	150,697	196,793	97,246
Loans granted to corporate entities and real person (gross)	173,597	338,049	876,077
Specific provision amount (-)	(29,378)	(141,256)	(778,832)
Loans granted to corporate entities and real person (net)	144,219	196,793	97,245
Banks (gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	10,099	-	12,457
Specific provision amount (-)	(3,621)	-	(12,456)
Other loans and receivables (net)	6,478	-	1

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.

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

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**Notes to the consolidated interim financial statements
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

6. Held-to-maturity investments (net)

6.1. Information on held-to-maturity investments subject to repurchase agreements and those given as collateral / blocked

In both current and prior year there are no held-to-maturity investments given as collateral/blocked or subject to repurchase agreements.

6.2. Information on public sector debt investments held-to-maturity

In both current and prior year there are no public sector debt investments held to maturity.

6.3. Information on held-to-maturity investments

None.

6.4. Movement of held-to-maturity investments

None.

7. Information on associates (net)

7.1. Explanations related to the associates

The Parent Bank does not have any associates.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements

for the six-month period ended 30 June 2017 (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)

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 30 June 2017 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Portfolio Management	ING Factoring	ING Leasing	ING Brokerage
Paid in capital and adjustment to paid-in capital	774	8,041	40,000	22,500	20,765
Profit reserves, capital reserves and prior year profit / loss	-	4,282	33,875	49,405	(833)
Profit / loss	27,602	2,040	5,924	13,740	595
Development cost of operating lease (-)	-	-	-	(5)	-
Intangible assets (-)	-	(35)	(378)	(193)	(44)
Total core capital	28,376	14,328	79,421	85,447	20,483
Supplementary capital	-	-	-	-	-
Capital	28,376	14,328	79,421	85,447	20,483
Net usable shareholder’s equity	28,376	14,328	79,421	85,447	20,483

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 Portfolio Management	İstanbul/Turkey	100%	100%
(3) ING Factoring	İstanbul/ Turkey	100%	100%
(4) ING Leasing	İstanbul/ Turkey	100%	100%
(5) ING Brokerage	İstanbul/ Turkey	100%	100%

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

As of 30 June 2017 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)	7,100,113	28,376	3	89,181	-	27,602	17,782	-
(2)	15,817	14,363	101	1,202	5	2,040	1,761	-
(3)	690,103	79,799	499	26,337	-	5,924	4,933	-
(4)	1,037,825	85,645	237	24,630	-	13,740	10,284	-
(5)	145,017	20,527	112	1,175	-	595	68	-

(*) The financial information of ING European Financial Services Plc., ING Faktoring A.Ş. ve ING Finansal Kiralama A.Ş. are obtained from 30 June 2017 unreviewed financial statements, the financial information of ING Portföy Yönetimi A.Ş. ve ING Menkul Değerler A.Ş. are obtained from 30 June 2017 reviewed financial statements.

8.3. Information on consolidated subsidiaries

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

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	33,407	33,407

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

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

ING Bank A.Ş. and its Financial Subsidiaries

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

10. Information on finance lease receivables (net)

10.1 Investments made in finance lease as per their maturity

	Current period	
	Gross	Net
Less than 1 year	42,811	41,888
1-5 years	741,806	687,988
More than 5 years	286,847	257,403
Total	1,071,464	987,279
	Prior period	
	Gross	Net
Less than 1 year	36,896	36,060
1-5 years	678,027	626,652
More than 5 years	248,467	223,380
Total	963,390	886,092

10.2 Information of the net investments made in finance lease

	Current period	Prior period
Gross financial lease investment	1,071,464	963,390
Unearned financial lease income (-)	(84,185)	(77,298)
Cancelled leases (-)	-	-
Net financial lease investment	987,279	886,092

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	1,466,336	-	1,793,218	5
Net investment hedge	-	-	-	-
Total	1,466,336	-	1,793,218	5

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

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (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)

12. Information on property and equipment (net)

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

13. Information on intangible assets (net)

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

14. Information on investment properties (net)

The Group does not have investment properties.

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

The Group has current tax relating to corporation tax by the amount of TL 237 (31 December 2016: TL 77,222) under the asset items.

15.2. Explanations on deferred tax asset

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

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

16.1. Explanations on assets held for sale

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

16.2. Explanations on discontinued operations

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

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

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

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

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

1. Information on deposits

1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	652,255	-	11,613,450	1,892,138	81,980	33,164	7,736	-	14,280,723
Foreign currency deposits	1,446,167	-	2,676,966	2,408,172	91,104	109,915	5,964	-	6,738,288
Residents in Turkey	1,267,372	-	2,649,645	2,315,082	85,424	100,252	5,474	-	6,423,249
Residents abroad	178,795	-	27,321	93,090	5,680	9,663	490	-	315,039
Public sector deposits	296,521	-	-	-	-	-	-	-	296,521
Commercial deposits	664,126	-	815,593	338,427	18,820	48,071	15,875	-	1,900,912
Other institutions deposits	18,765	-	2,471	11,764	1,006	12,274	26	-	46,306
Precious metals deposits	83,046	-	-	-	-	-	-	-	83,046
Interbank deposits	1,338,225	-	457,271	-	-	-	-	-	1,795,496
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	367	-	457,271	-	-	-	-	-	457,638
Foreign banks	1,337,858	-	-	-	-	-	-	-	1,337,858
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	4,499,105	-	15,565,751	4,650,501	192,910	203,424	29,601	-	25,141,292

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	569,875	-	11,563,245	2,715,734	104,727	41,574	7,954	-	15,003,109
Foreign currency deposits	1,370,366	-	1,270,297	2,804,858	134,679	62,280	186,264	-	5,828,744
Residents in Turkey	1,110,604	-	1,256,074	2,708,112	129,354	51,646	185,711	-	5,441,501
Residents abroad	259,762	-	14,223	96,746	5,325	10,634	553	-	387,243
Public sector deposits	212,318	-	-	-	-	-	-	-	212,318
Commercial deposits	665,165	-	877,654	524,232	8,453	7,125	-	-	2,082,629
Other institutions deposits	20,330	-	1,768	19,840	714	229	25	-	42,906
Precious metals deposits	44,951	-	-	-	-	-	-	-	44,951
Interbank deposits	1,654,819	-	283,201	-	-	-	-	-	1,938,020
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	170	-	283,201	-	-	-	-	-	283,371
Foreign banks	1,654,649	-	-	-	-	-	-	-	1,654,649
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	4,537,824	-	13,996,165	6,064,664	248,573	111,208	194,243	-	25,152,677

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	10,837,975	10,852,474	3,439,501	4,146,200
Foreign currency saving deposits	1,731,965	1,022,048	3,068,006	2,109,186
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	10,289	9,628
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	-	57,427	-	124,579
Swap transactions	327,817	127,979	375,351	66,442
Future transactions	-	-	-	-
Options	170	6,603	97	8,578
Other	7	4	-	-
Total	327,994	192,013	375,448	199,599

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	113,476	97,935	174,852	406,335
Funds borrowed from foreign banks, institutions and funds	448,834	20,288,886	580,849	20,653,268
Total	562,310	20,386,821	755,701	21,059,603

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	245,535	3,255,409	187,135	2,336,568
Medium and long term	316,775	17,131,412	568,566	18,723,035
Total	562,310	20,386,821	755,701	21,059,603

3.3. Funding industry group where the Group liabilities are concentrated

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

4. Explanations on securities issued (net)

The Group does not have any securities issued at the reporting date (31 December 2016: TL 246,634).

Within the reporting period there is an issuance in amount of TL 257,445 (31 December 2016: TL 250,000) and refunds and repurchases in amount of TL 507,445 (31 December 2016: TL 242,350).

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 payables (net)

The Group has no lease payables.

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

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**Notes to the consolidated interim financial statements
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

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	61,095	4,588	33,054	5,444
Net investment hedge	-	-	-	-
Total	61,095	4,588	33,054	5,444

8. Information on provisions

8.1. Information on general provisions

	Current period	Prior period
General provisions	656,151	625,669
Provisions for group I. loans and receivables	529,321	499,983
<i>Additional provision for loans with extended payment period</i>	7,375	7,037
Provisions for group II. loans and receivables	60,131	58,007
<i>Additional provision for loans with extended payment period</i>	14,494	11,137
Provisions for non-cash loans	12,149	12,649
Other	54,550	55,030

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

As of 30 June 2017, provision for the foreign currency indexed loans' foreign exchange rate difference amounting to TL 779 (31 December 2016: TL 241) is netted off from loans under the assets on the balance sheet.

8.3. Information on specific provisions for undrawn non-cash loans

	Current period	Prior period
Specific provisions for undrawn non-cash loans (*)	31,000	27,829

(*) The amounts are included in other provisions in the financial statements.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (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)

8.4. Information on other provisions

8.4.1. Information on provisions for possible losses

As of 30 June 2017 and 31 December 2016, the Group does not have any provision for possible losses.

8.4.2. Information on other provisions

	Current period	Prior period
Provision for credit card score promotion	2,291	2,209
Other provisions	76,146	72,382
Total	78,437	74,591

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 and as a result of the public authorities' inspections.

Some of the lawsuits filed in relation to off-shore deposit accounts by the customers of Sümerbank A.Ş., which was merged with the Parent Bank (former title Oyak Bank A.Ş.), and other dissolved banks that were merged under Sümerbank A.Ş. by the Savings Deposit Insurance Fund (SDIF), before these banks were seized by SDIF, some amounts should be paid by the Parent Bank to the depositors of such off-shore accounts, and these amounts are compensated by SDIF according to the Share Transfer Agreement signed by and between Turkish Armed Forces Assistance (and Pension) Fund (OYAK) and SDIF.

However, these amounts were paid to the Parent Bank with deficiencies and with reservation by SDIF contrary to the provisions of the agreement; and approximately TL 22 million (Full TL) of this amount was requested to be repaid to SDIF contrary to the agreement, and upon the objection by the Bank, SDIF filed a lawsuit against the Bank on 19 June 2013, the Court of First Instance has ruled in favour of the Bank, and this court decision was appealed by SDIF. The Appeal Court has reversed the judgement of the Court of First Instance and the Bank has made an application for correction of the Appeal Court's decision. The Appeal Court has rejected the Parent Bank's application for correction of the decision. The Court of First Instance has decided to follow the Appeal Court's decision and decided to appoint an expert in the hearing that took place on 23 March 2017.

On the other hand, the administrative resolution no. 2013/36, dated 31 January 2013 by the Fund Board, that constitutes a basis for these legal actions of the SDIF, was annulled by Istanbul 3rd Administrative Court Decision, numbered E.2013/467 as a result of the lawsuit filed by the Bank; SDIF appealed to the Council of State (Administrative High Court) against the said decision. The Council of State has reversed the judgement of the Court of First Instance and the Bank has made an application for correction of the Council of State's decision. The Supreme Court rejected IBT's request for the post-judgment relief (correction of the judgment) on 15 June 2017 and the judgment has finalized. The final judgment's reasoning is that the administrative courts lack jurisdiction because the dispute was a matter of private law and not one of administrative law.

Following these developments, SDIF has initiated a second legal enforcement proceeding against the Bank for an approximate amount of TL 22 million (Full TL), which has been initiated separately from the first legal enforcement proceeding and based on the payments made to different depositors but relied on the same legal grounds. The Bank has further objected to this enforcement proceeding. SDIF has filed a lawsuit for cancellation of the objection made by the Bank against the second legal enforcement proceedings. The court appointed an expert on this issue, who upon examination of the case file has issued his expert report (i.e., the report of the court-appointed expert) in favor of the Parent Bank.

(Convenience translation of the consolidated interim financial statements and related disclosures and footnotes 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)

A third execution proceeding was initiated by the SDIF against the Parent Bank for TL 98 million (Full TL), which is independent from the first and second execution proceedings; however, due to the same legal rationales concerning the payments made to different depositors, and the Bank has objected to this proceeding as well. SDIF has filed a lawsuit for cancellation of the objection made by the Bank against the third legal enforcement proceedings. The court appointed an expert on this issue, who upon examination of the case file has issued his expert report (i.e., the report of the court-appointed expert) in favor of the Parent Bank.

As of 18 March 2016, a fourth proceeding was initiated by the SDIF against the Parent Bank for referring to the payments made to different depositors about TL 110 million (Full TL), which is due to the first proceeding, with the reason of demanding the missing interest rate, a fifth proceeding was initiated for an amount of TL 981 thousand (Full TL). The Parent Bank has objected to both of these proceedings. SDIF has filed lawsuits for cancellation of the objection made by the Bank against the fourth and fifth legal enforcement proceedings.

As of 8 June 2017, a sixth proceeding was initiated by the SDIF against the Parent Bank for referring to the payments made to different depositors about TL 126 million (Full TL). The Parent Bank has objected to these proceeding.

Considering the relevant provisions of the Share Transfer Agreement, dated 9 August 2001 concerning the transfer of Sümerbank shares to OYAK by SDIF and of the Share Purchase Agreement, dated 18 June 2007 for the transfer of the Parent Bank shares to ING Bank N.V. by OYAK, no provisions were set aside for the amounts that had to be paid by the Bank based on the off-shore lawsuits and court decisions on such lawsuits and regarding which SDIF filed an action.

8.5. Information on employee benefits

As of 30 June 2017, TL 47,689 (31 December 2016: TL 40,283) of TL 28,006 (31 December 2016: TL 23,008) provisions for employee benefits is the unused vacation provision. Full provision is provided for the unused vacation liability.

As of 30 June 2017, TL 19,683 (31 December 2016: TL 17,275) of the provisions for employee benefits is the termination benefit provision. In accordance with the labour 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 4,426.16 (Full TL) at 30 June 2017 and TL 4,297.21 (Full TL) at 31 December 2016 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements dated 30 June 2017 and 31 December 2016, 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.

(Convenience translation of the consolidated interim financial statements and related disclosures and footnotes 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)

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 30 June 2017 amounting to TL 140,030 (31 December 2016: TL 2,731).

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	140,030	2,731
Taxation of securities	24,545	20,836
Property tax	1,009	1,090
Banking insurance transaction tax (“BITT”)	24,898	26,802
Foreign exchange transaction tax	-	-
Value added tax payable	3,651	5,957
Other	8,785	9,604
Total	202,918	67,020

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	4,353	4,088
Social security premiums-employer	6,387	6,011
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	313	297
Unemployment insurance-employer	608	572
Other	-	-
Total	11,661	10,968

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

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

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

9.2. Explanations on deferred tax liabilities

As of 30 June 2017, deferred tax asset and deferred tax liability of the Group amounts to TL 3,923 and TL 267,422, respectively (31 December 2016: deferred tax asset is TL 4,045 and deferred tax liability is TL 317,646) which is calculated based on the deductible temporary differences except general loan reserves.

	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				
Base differences for tangible assets	5,120	1,024	(3,825)	(765)
Provisions	109,755	21,951	101,520	20,304
Fair value differences for financial assets and liabilities	(1,367,115)	(273,423)	(1,671,970)	(334,394)
Other	(65,255)	(13,051)	6,270	1,254
Total deferred tax assets / (liabilities) net		(263,499)		(313,601)

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

	Current period (1 January – 30 June 2017)	Prior period (1 January – 30 June 2016)
Deferred tax assets / (liabilities) net		
Opening balance	(313,601)	(185,313)
Deferred tax assets / (liabilities) net	46,156	(33,966)
Deferred tax recognized under equity	3,946	55,950
Balance at the end of the period	(263,499)	(163,329)

10. Information on liabilities regarding assets held for sale

As of 30 June 2017 and 31 December 2016, there are no liabilities regarding assets held for sale.

11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic associates	-	-	-	-
From foreign banks	475,073	2,530,289	474,800	2,406,399
From other foreign associates	-	-	-	-
Total	475,073	2,530,289	474,800	2,406,399

(Convenience translation of the consolidated interim financial statements and related disclosures and footnotes 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)

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.

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 providently in order to be affected by interest, currency and credit risks at minimum level. The Group's operations are aimed to be continued with a provident 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 as limited as possible.

12.7. Information on preferred shares

There are no preferred shares.

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

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	(18,747)	83,612	(29,155)	94,029
Foreign exchange difference	-	(81)	-	-
Total	(18,747)	83,531	(29,155)	94,029

Movement of marketable securities revaluation reserve and hedge reserves (effective portion) is as follows:

	Current period (1 January – 30 June 2017)	Prior period (1 January – 30 June 2016)
As of 1 January	163,418	160,137
Value increases / (decreases) of available for sale investments not recognized in the income statement	24,640	7,662
Net income/loss transferred from the shareholders’ equity to profit / loss caused by disposal of investments classified as available for sale investments	(22,956)	-
Tax impact on gains from available for sale investments	(1,774)	(1,530)
Cash flow hedge transaction gains / (losses)	(27,864)	(286,716)
Cash flow hedge transaction (gains) / losses classified in income statement	120	(1,235)
Tax effect on gains from cash flow hedge	5,549	57,590
As of 30 June	141,133	(64,092)

12.9. Profit reserves and profit distribution

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

The Ordinary General Assembly Meeting of the Parent Bank was held on 29 March 2017. In the Ordinary General Assembly meeting, it was decided to transfer TL 571,161 unconsolidated net income from 2016 operations to statutory legal reserves, extraordinary reserves and revaluation surplus on tangible and intangible assets as a real estate sale income and utilized from the tax exemption amounting to TL 28,558, TL 522,515 and TL 20,088, respectively.

In the Ordinary General Assembly, it was distributed gross TL 200,000 cash dividend from retained earnings to the Bank’s shareholders on 30 March 2017. Additionally TL 20,000 has been transferred from the extraordinary reserves to statutory legal reserves due to dividend distribution.

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

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	2,099,341	2,090,473
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	1,809,423	2,267,799
Commitments for cheque payments	2,836,517	2,603,213
Commitments for credit card limits	1,905,375	1,838,983
Commitments for credit cards and banking services promotions	4,982	4,753
Other irrevocable commitments	18,769	17,348
Total	8,674,407	8,822,569

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	1,086,944	1,244,131
Commitments and contingencies	503,341	604,519
Bank acceptance loans	67,384	109,750
Total	1,657,669	1,958,400

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

	Current period	Prior period
Irrevocable letters of guarantees	3,833,129	3,849,221
Cash loans letters of guarantees	846,561	1,124,230
Advance letters of guarantees	580,444	336,914
Temporary letters of guarantees	180,440	181,717
Other	104,519	92,828
Total	5,545,093	5,584,910

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	759,639	588,990
With original maturity of 1 year or less than 1 year	566,783	405,637
With original maturity of more than 1 year	192,856	183,353
Other non-cash loans	6,443,123	6,954,320
Total	7,202,762	7,543,310

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

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

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

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

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

2. Information on derivative transactions

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

3. Information on credit swaps and related risks

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

4. Information on contingent liabilities and assets

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

5. Information on the services provided on behalf of others

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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IV. Explanations and notes related to consolidated statement of income

1. Information on interest income

1.1. Information on interest income from loans

	Current period		Prior period	
	TL	FC	TL	FC
Interest on loans (*)	1,907,374	262,833	1,714,780	212,334
Short term loans	671,502	26,991	729,301	27,774
Medium and long term loans	1,222,471	235,842	973,356	184,560
Interest on loans under follow-up	13,401	-	12,123	-
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	-	338	-	449
From domestic banks	19,640	1,436	6,461	629
From foreign banks	77	4,366	171	2,096
From branches abroad	-	-	-	-
Total	19,717	6,140	6,632	3,174

1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Trading securities	2,241	1,052	6,696	1,203
Financial assets at fair value through profit and loss	-	-	-	-
Available for sale securities	122,436	-	165,253	-
Held to maturity securities	-	-	9	-
Total	124,677	1,052	171,958	1,203

1.4 Information on interest income received from associates and subsidiaries

The interest income from associates and subsidiaries are eliminated in the consolidated financial statements.

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IV. Explanations and notes related to consolidated statement of income (continued)

2. Information on interest expenses

2.1. Information on interest on funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Banks (*)	65,346	158,058	68,572	116,516
Central Bank of Turkey	-	-	61	-
Domestic banks	4,167	1,534	3,031	1,634
Foreign banks	61,179	156,524	65,480	114,882
Branches and offices abroad	-	-	-	-
Other institutions (*)	-	3,850	-	3,254
Total	65,346	161,908	68,572	119,770

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

2.2. Information on interest expenses paid to associates and subsidiaries

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

2.3. Information on interest on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Interest on securities issued	9,934	-	4,617	-

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	-	972	-	-	-	-	-	972
Saving deposits	-	562,935	116,154	5,129	1,026	1,235	-	686,479
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	50,827	24,110	899	2,172	751	-	78,759
Other deposits	-	82	720	883	557	5	-	2,247
7 days call accounts	-	-	-	-	-	-	-	-
Total	-	614,816	140,984	6,911	3,755	1,991	-	768,457
Foreign currency								
Foreign currency deposits	-	18,285	27,132	1,184	819	1,584	-	49,004
Banks deposits	-	2,627	-	-	-	-	-	2,627
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	20,912	27,132	1,184	819	1,584	-	51,631
Grand total	-	635,728	168,116	8,095	4,574	3,575	-	820,088

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IV. Explanations and notes related to consolidated statement of income (continued)

3. Information on dividend income

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

4. Information on trading income/loss (net)

	Current period	Prior period
Income	9,340,343	7,059,669
Gains on capital market transactions	11,503	5,201
Gains on derivative financial instruments	3,223,952	2,345,060
Foreign exchange gains	6,104,888	4,709,408
Loss (-)	(9,524,371)	(7,204,766)
Loss on capital market transactions	(8,843)	(8,295)
Loss on derivative financial instruments	(3,519,569)	(2,419,403)
Foreign exchange loss	(5,995,959)	(4,777,068)

Net loss on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 230,683 (30 June 2016: TL 61,676 net profit).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	96,315	65,365
Income arising from sale of assets	35,926	38,200
Banking services income	4,162	3,253
Other non-interest income	31,264	25,622
Total	167,667	132,440

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IV. Explanations and notes related to consolidated statement of income (continued)

6. Provision expenses for loan losses and other receivables

	Current period	Prior period
Specific provisions for loans and other receivables	271,007	299,585
III. group loans and receivables	22,524	30,930
IV. group loans and receivables	104,017	107,453
V. group loans and receivables	144,466	161,202
General provision expenses	30,482	7,778
Provision expenses for possible losses	-	-
Marketable securities impairment losses	30	1
Financial assets at fair value through profit and loss	30	1
Available for sale securities	-	-
Impairment related to associates, subsidiaries and investment securities held to maturity	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other	28,936	5,933
Total	330,455	313,297

7. Information on other operating expenses

	Current period	Prior period
Personnel expenses	309,192	299,597
Reserves for termination benefits	1,568	595
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	-
Depreciation expenses of tangible assets	27,588	27,740
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Depreciation expenses of intangible assets	10,877	8,572
Impairment expense of equity participations for which equity method is applied	-	-
Impairment expense for securities that to be disposed	-	-
Depreciation expenses of securities that to be disposed	-	775
Impairment expense of held for sale tangible assets and discontinued operations	-	-
Other operating expenses	293,107	250,752
Operating lease expenses	55,146	55,230
Repair and maintenance expenses	11,153	9,004
Advertisement expenses	31,406	27,409
Other expenses	195,402	159,109
Loss on sales of assets	28	279
Other	99,853	107,511
Total	742,213	695,821

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

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IV. Explanations and notes related to consolidated statement of income (continued)

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

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

9. Information on tax provision for continued and discontinued operations

As of 30 June 2017, the corporate tax provision expense for the period is TL 166,989 (30 June 2016: TL 22,536), and the deferred tax income is TL 46,156 (30 June 2016: TL 33,966 deferred tax expense).

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

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

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

Interest income from regular banking transactions is TL 2,494,858 (30 June 2016: TL 2,176,321), while the interest expense is TL 1,088,625 (30 June 2016: TL 1,005,876).

There are no changes in estimations related to the items in the financial statements.

12. If the other items in the income statement exceed 10% of the income statement total, explanations on the sub-accounts amounting to at least 20% of these items

Other fees and commissions received amounting to TL 275,418 (30 June 2016: TL 218,950) has included TL 68,991 (30 June 2016: TL 59,206) the credit card fees and commissions, TL 77,833 (30 June 2016: TL 78,152) service fees and commissions from contracted merchants and TL 67,007 insurance commissions (30 June 2016: TL 34,303).

Other fees and commissions paid amounting to TL 101,000 (30 June 2016: TL 90,496) has included TL 78,869 (30 June 2016: TL 75,829) credit card exchange commissions.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

V. Explanations and notes related to risk group of the Group

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	-	-	91	624,919	14	87,086
End of the period	-	-	3,957	439,570	36	158,814
Interest and commission income	-	-	11	264	-	180

1.1. 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	-	-	49	273,432	48	135,512
End of the period	-	-	91	624,919	14	87,086
Interest and commission income	-	-	2	374	-	54

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

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposit						
Beginning of the period	-	-	1,064	3,745	3,628	38,620
End of the period	-	-	3,889	1,064	3,866	3,628
Interest expense on deposits	-	-	64	82	64	194

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	-	-	7,620,055	3,514,533	98,715	-
End of period	-	-	4,250,992	7,620,055	19,998	98,715
Total profit/loss	-	-	(63,648)	6,918	(3,768)	(2,262)
Transactions with hedging purposes						
Beginning of the period	-	-	-	-	-	-
End of period	-	-	-	-	-	-
Total profit/loss	-	-	-	-	-	-

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
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V. Explanations and notes related to the risk group of the Group (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	-	-	1,342	46	85,241	12,981
End of period	-	-	42,203	1,342	30,160	85,241
Interest income received	-	-	537	147	5	3

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	-	-	17,786,543	15,468,136	4,201	15,329
End of period	-	-	16,847,210	17,786,543	2,200	4,201
Interest and commission paid	-	-	106,075	85,102	178	217

The Group also has subordinated loan amounting to TL 3,005,362 from main shareholder ING Bank NV as of 30 June 2017 (31 December 2016: TL 2,881,199).

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

Benefits paid to key management personnel as of and for the six month period ended is amounting to TL 17,562 (30 June 2016: TL 15,603).

VI. Explanations and notes related to subsequent events

The Parent Bank has signed a syndication loan agreement at 5 July 2017 with a maturity of 367 days, amounting to EUR 462.5 million and USD 12 million. The total cost of the syndication loan provided by the participation of 22 banks and used in the financing of trade was realized as Euribor + 1.35% for Euro and Libor + 1.45% for US Dollar.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the six-month period ended 30 June 2017 (continued)**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

Section six

Independent review report

I. Explanations on the independent review report

The consolidated financial statements of the Parent Bank and its financial subsidiaries as of 30 June 2017, have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and the review report dated 2 August 2017 is presented at the beginning of this report.

II. Explanations and notes prepared by independent auditors

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

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

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (All amounts expressed in full of Turkish Lira ("TL") unless otherwise stated)

Section seven

Interim activity report

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

1. Overview

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

Summary financial information on the consolidated financial statements of the Bank and the consolidated financial subsidiaries (Group) for the period 30 June 2017 and 31 December 2016 is as follows.

Main balance sheet items

Million TL	Current period	Prior period
Net loans	43,974	41,306
Deposits	25,141	25,153
Equity	5,357	5,143
Total assets	58,077	57,987

Main financial ratios

	Current period	Prior period
Capital adequacy ratio	19.40%	17.08%
Loans / Total assets	75.72%	71.23%
Deposits / Total assets	43.29%	43.38%
Non-performing loans / Total loans	3.58%	3.34%
Income / Average capital (*)	15.53%	10.58%
Income / Average assets (*)	1.49%	0.92%
Expense / Income ratio (**)	45.76%	53.02%

(*) Items related to income statement are included in the ratio calculation after annualization process.

(**) Prior period profit/loss amounts are for the six month period ended 30 June 2016.

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. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (All amounts expressed in full 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)

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

The expectations for global economic activity have remained positive. In the Economic Outlook report published in the beginning of June, the World Bank has revised its estimations upwards for the economies of developed countries. Similarly, OECD has raised its growth estimation from 3.3% to 3.5%. Through the expectations at the meeting made in the mid of June, FED raised the interest rate by 25 basis points. Even though there has been acceleration in the economic activities in the US, the poor beginning in the first quarter has adversely affected 2017 expectations. This is also seen in IMF’s latest assessment of the US economy, in which the growth expectations were decreased due to the poor performance in the first quarter. In the UK, results of the early election led to an increase in the ambiguities in how the Brexit process will be managed. Despite all these negative developments realized, the Turkish economy grew by 5% and exceeded expectations in the first quarter. OECD has foreseen that Turkish economy will grow by 3.4% and 3.5% in 2017 and 2018, respectively. While downwards risks for growth have decreased partially compared to the beginning of the year, supportive financial policy steps help acceleration of the economy. The first half of the year has been a period where the growth performance has continued in the banking sector.

In this process, our Bank has focused on providing banking services in global standards, maintaining its customer oriented and innovative approach, and has carried out its activities with its sound equity and strong asset quality through constant growth. As a member of the ING Group, ING Bank provides services with large scale technological investments in addition to its innovative products to a wide range of customers from wholesale to retail. Thanks to the strong shareholder support, our Bank will continue to accurately use the growth opportunities presented by Turkish market and provide the products, services and knowledge that will support customers the build a strong financial future in 2017. Our profitability which increased significantly compared to the previous year, is the best indicator of our success. I would like to extend my gratitude to all our stakeholders, in particular our employees, customers and shareholders.

John T. Mc Carthy
Chairman

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the six-month period ended 30 June 2017 (continued)
(All amounts expressed in full 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)

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

As ING Bank, we have built our strong growth strategy on a long term and sustainable plan. In the competitive and rapidly digitizing banking sector, innovation and technology are at the heart of our strategy. In line with this strategy, we continued to serve our customers in 2017 as well with innovative products, robust technological infrastructure and business partnerships with the aim of giving banking services at anytime, anywhere, easily and effortlessly.

Our Bank has performed successfully in the first half of 2017. According to the consolidated financial statements as of 30 June 2017, asset size reached TL 58.1 billion and profit before tax was TL 550 million. Our equity was TL 5.4 billion while our consolidated capital adequacy ratio reached 19.40%. The total loans of our Bank increased to TL 43.9 billion whereas the volume of deposits was TL 25.1 billion.

As ING Bank, we will continue to think ahead with our strong human resources and to grow with sustainable profitability to further improve our banking business and to provide our customers with the best quality service in the upcoming period. On behalf of myself and ING Bank management team, I would like to thank all of our team and our business partners who contributed to the successful performance of our Bank in the first half of 2017.

Pınar Abay
CEO

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2017 (continued) (All amounts expressed in full 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)

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 5,086 employees and 266 domestic branches, as of 30 June 2017.

Sector information on June 2017 has not been published yet. According to the sector information disclosed as of the end of March 2017, Parent Bank is the 8th biggest private bank in terms of assets and loans and 9th biggest private bank in terms of 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

There has not been any change about Audit Committee's operations in accounting period.

2.2 An assessment on financial status, profitability and solvency

According to the consolidated financial statements as of 30 June 2017, the asset size of the Group is TL 58 billion, and income before tax is TL 550 million. As of 30 June 2017, credits constitute 75.72% of total assets with TL 43.9 billion.

According to consolidated financial statements, in the second quarter of 2017, cash credits have been TL 43.9 billion and the most significant growth in cash credits has been in SME business line. Deposits which is the primary funding source of the Parent Bank, constitutes 43.29% of the balance sheet with TL 25.1 billion as of 30 June 2017. 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.

Once the Parent Bank joined ING Group, it has had the opportunity to provide long term sources from the main shareholder. Total of the funds borrowed, which amounted to TL 16.8 billion from the risk group, amounted to TL 20.9 billion.

As of 30 June 2017, capital adequacy ratio of ING Bank has reached 19.40%. In addition, the Parent Bank has received subordinated loans from its main shareholder amounting to TL 3 billion. As of 30 June 2017, total equities of ING Bank has reached TL 5.4 billion. The Parent Bank distributed dividend amounting to TL 200 million after the BRSA approval and decision of the General Assembly dated 29 March 2017.

Both macroeconomic and increasing competition continued to affect the sustainable profitability of banks. Despite this outlook and the limitations of the sector, with its sound equities and strong asset quality, ING Bank has grown steadily in the first six months of 2017. In parallel to the developments in economy and Parent Bank's balance sheet, in the first six months of 2017, compared to the same period of the previous year, group net profit increased by 73% and reached TL 429 million.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the six-month period ended 30 June 2017 (continued)
(All amounts expressed in full 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 March 2017 as follows:

Long-term Foreign Currency Rating: BBB- (Outlook: Stable)
Long-Term Local Currency: BBB- (Outlook: Stable)
Short-term Foreign Currency Rating: F3
Short Term Local Currency: F3
Support Rating: 2
National Long-Term Notes: AAA (tur) (Outlook: Stable)
Viability Rating: bb

International credit rating agency Moody's has confirmed the credit rating of the Parent Bank as of 20 March 2017 as follows:

Turkish Lira Long Term Deposit Rating: Ba1 (Outlook: Negative)
Short-term Turkish Lira Deposit Notes: Not-Prime
Long-term Foreign Currency Deposit Rating: Ba2 (Outlook: Negative)
Short-term Foreign Currency Deposit Rating: Not-Prime
Baseline Credit Assessment – (BCA): b1
National Scale Note Aa1.tr/TR-1