

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

ING Bank A.Ş.

Publicly Announced Unconsolidated Financial
Statements as of and for the Six-Month Period Ended
30 June 2019 and Independent
Auditors' Review Report

5 August 2019

*This report consists 2 pages of "Independent Auditors' Review
Report" and 89 pages of unconsolidated financial statements
and related disclosures and footnotes.*

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

REVIEW REPORT ON INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors of ING Bank Anonim Şirketi

Introduction

We have reviewed the statement of financial position of ING Bank Anonim Şirketi (the "Bank") as at 30 June 2019 and the unconsolidated statements of profit or loss and other comprehensive income, changes in equity, cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated 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 unconsolidated financial statements do not present fairly, in all material respects, the financial position of ING Bank Anonim Őirketi as at 30 June 2019 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 interim financial information provided in the accompanying interim activity report included in Section VII, is not consistent, in all material respects, with the reviewed unconsolidated interim financial statements and explanatory notes.

KPMG Bađımsız Denetim ve Serbest Muhasebeci Mali Műşavirlik Anonim Őirketi
A member firm of KPMG International Cooperative

Funda Aslanođlu, SMMM
Partner

5 August 2019
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 unconsolidated 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 unconsolidated financial statements and IFRS.

The unconsolidated financial report of ING Bank A.Ş. prepared as of and for the six month period ended 30 June 2019

Address of the Bank : **Reşitpaşa Mahallesi Eski Büyükdere Caddesi
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The six-month unconsolidated interim financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Disclosures and Footnotes that will be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency.

- General information about the Bank
- Unconsolidated interim financial statements of the Bank
- Explanations on accounting policies applied in the related period
- Information on financial structure and risk management of the Bank
- Explanations and notes related to unconsolidated financial statements
- Independent Auditors' review report
- Interim activity report

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

John T. Mc CARTHY
Chairman of the Board

Pınar ABAY
President and CEO

K. Atıl ÖZUS
CFO

M. Gökçe ÇAKIT
Financial Reporting
and Tax Director

M. Semra KURAN
Chairman of the Audit
Committee

Adrianus J. A. KAS
Audit Committee Member

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

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ING Bank A.Ş.

Notes to the unconsolidated financial statements as of and for the six-month period ended 30 June 2019 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

Section one

General information

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

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

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

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

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

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

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

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

ING Bank A.Ş.

**Notes to the unconsolidated financial statements
as of and for the six-month period ended 30 June 2019
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

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

The main shareholders and capital structure as of 30 June 2019 and 31 December 2018 are as follows:

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

As of 30 June 2019, the Bank’s paid-in capital consists of 3,486,267,797 shares with a nominal value of TL 1 (Full TL) each.

The Bank’s paid-in capital is TL 3,486,268 as of 30 June 2019 and ING Bank N.V. has full control over the Bank’s capital.

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

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

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

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

ING Bank A.Ş.

Notes to the unconsolidated financial statements as of and for the six-month period ended 30 June 2019 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

As of 30 June 2019, the Bank’s Board of Directors (BOD), Members of Audit Committee and Chief Executive Officer and Executive Vice Presidents are as follows:

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

As of 31 May 2019, Human Resources Executive Vice President Bahar Özen resigned from her duty and left the Bank.

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

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

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

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

ING Bank A.Ş.

**Notes to the unconsolidated financial statements
as of and for the six-month period ended 30 June 2019
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

IV. Information on the Bank’s qualified shareholders

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

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

The Bank is principally engaged in all types of banking transactions, accepting deposits and all kinds of legal transactions, activities and operations within banking license within the scope provided by the Banking Law, and all existing and/or future laws, regulations and decree laws and related legislation. The Bank carries out its operations with 223 domestic branches.

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

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

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

None.

Section two

Unconsolidated financial statements

- I. Unconsolidated balance sheet (statement of financial position)
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- IV. Unconsolidated statement profit or loss and other comprehensive income
- V. Unconsolidated statement of changes in equity
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(Convenience translation of the unconsolidated interim financial statements and related disclosures and footnotes originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş.

Unconsolidated balance sheet (statement of financial position)

as of 30 June 2019

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

Assets	Note (section five)	Reviewed Current period (30/06/2019)			Audited Prior period (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. Financial assets (net)		10,662,828	11,299,030	21,961,858	8,777,863	9,070,957	17,848,820
1.1 Cash and cash equivalents		7,068,379	11,078,100	18,146,479	4,898,370	8,725,244	13,623,614
1.1.1 Cash and balances at Central Bank	(I-1)	815,669	9,569,045	10,384,714	698,872	8,211,359	8,910,231
1.1.2 Banks	(I-3)	2,005	1,509,055	1,511,060	1,082	513,885	514,967
1.1.3 Money market placements		6,262,313	-	6,262,313	4,202,437	-	4,202,437
1.1.4 Expected credit losses (-)	(I-5)	(11,608)	-	(11,608)	(4,021)	-	(4,021)
Financial assets at fair value through profit or loss	(I-2)	22,985	43,153	66,138	1,962	26,814	28,776
1.2.1 Government securities		22,919	43,153	66,072	1,914	26,814	28,728
1.2.2 Equity instruments		35	-	35	35	-	35
1.2.3 Other financial assets		31	-	31	13	-	13
Financial assets at fair value through other comprehensive income	(I-4)	724,646	225	724,871	645,710	208	645,918
1.3.1 Government securities		718,733	-	718,733	639,797	-	639,797
1.3.2 Equity instruments		5,913	225	6,138	5,913	208	6,121
1.3.3 Other financial assets		-	-	-	-	-	-
1.4 Derivative financial assets		2,846,818	177,552	3,024,370	3,231,821	318,691	3,550,512
1.4.1 Derivative financial assets measured at fair value through profit or loss	(I-2)	873,747	177,547	1,051,294	262,910	318,691	581,601
1.4.2 Derivative financial assets measured at fair value through other comprehensive income	(I-11)	1,973,071	5	1,973,076	2,968,911	-	2,968,911
Financial assets measured at amortised cost		23,805,989	10,330,211	34,136,200	29,870,560	9,392,241	39,262,801
2.1 Loans	(I-5)	24,371,473	10,330,211	34,701,684	30,206,503	9,392,241	39,598,744
2.2 Receivables from leasing transactions	(I-10)	-	-	-	-	-	-
2.3 Factoring receivables		-	-	-	-	-	-
Other financial assets measured at amortised cost	(I-6)	1,195,767	-	1,195,767	1,194,996	-	1,194,996
2.4.1 Government securities		1,195,767	-	1,195,767	1,194,996	-	1,194,996
2.4.2 Other financial assets		-	-	-	-	-	-
2.5 Expected credit losses (-)	(I-5)	(1,761,251)	-	(1,761,251)	(1,530,939)	-	(1,530,939)
III. Non-currents assets or disposal groups "held for sale" and "from discontinued operations (net)"	(I-16)	660	-	660	660	-	660
3.1 Assets Held for sale		660	-	660	660	-	660
3.2 Assets from discontinued operations		-	-	-	-	-	-
IV. Equity investments		83,265	334	83,599	95,573	334	95,907
4.1 Investments in associates (net)	(I-7)	-	-	-	-	-	-
4.1.1 Associates consolidated by using equity method		-	-	-	-	-	-
4.1.2 Unconsolidated associates		-	-	-	-	-	-
4.2 Investments in subsidiaries (net)	(I-8)	83,265	334	83,599	95,573	334	95,907
4.2.1 Unconsolidated financial subsidiaries		83,265	334	83,599	95,573	334	95,907
4.2.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (net)	(I-9)	-	-	-	-	-	-
4.3.1 Joint ventures consolidated by using equity method		-	-	-	-	-	-
4.3.2 Unconsolidated joint ventures		-	-	-	-	-	-
V. Tangible assets (net)	(I-12)	1,038,039	-	1,038,039	683,472	-	683,472
VI. Intangible assets (net)	(I-13)	46,398	-	46,398	39,804	-	39,804
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		46,398	-	46,398	39,804	-	39,804
VII. Investment property (net)	(I-14)	-	-	-	-	-	-
VIII. Current tax asset	(I-15)	-	-	-	-	-	-
IX. Deferred tax asset		-	-	-	-	-	-
X. Other assets (net)	(I-17)	426,701	42,189	468,890	574,435	12,763	587,198
Total assets		36,063,880	21,671,764	57,735,644	40,042,367	18,476,295	58,518,662

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

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

ING Bank A.Ş.

Unconsolidated balance sheet (statement of financial position)

as of 30 June 2019

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

Liabilities	Note (section five)	Reviewed Current period (30/06/2019)			Audited Prior period (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. Deposits	(II-1)	20,518,045	15,676,574	36,194,619	20,015,191	12,324,071	32,339,262
II. Loans received	(II-3)	417,683	6,409,096	6,826,779	312,222	11,533,127	11,845,349
III. Money market funds		2,238	37,749	39,987	2,166	20,450	22,616
IV. Securities issued (net)	(II-4)	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. Funds		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
Financial liabilities at fair value through profit or loss		-	-	-	-	-	-
VI. Derivative financial liabilities		515,209	138,557	653,766	911,803	199,998	1,111,801
7.1 Derivative financial liabilities at fair value through profit or loss	(II-2)	159,169	129,406	288,575	652,925	195,470	848,395
7.2 Derivative financial liabilities at fair value through other comprehensive income	(II-7)	356,040	9,151	365,191	258,878	4,528	263,406
VIII. Factoring payables		-	-	-	-	-	-
IX. Lease payables (net)	(II-6)	312,773	7,240	320,013	-	-	-
X. Provisions	(II-8)	244,761	-	244,761	316,879	-	316,879
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		56,083	-	56,083	50,903	-	50,903
10.3 Insurance technical reserves (net)		-	-	-	-	-	-
10.4 Other provisions		188,678	-	188,678	265,976	-	265,976
XI. Current tax liability	(II-9)	201,514	-	201,514	239,595	-	239,595
XII. Deferred tax liability	(II-9)	409,401	-	409,401	430,595	-	430,595
Liabilities for assets held for sale and assets of discontinued operations (net)	(II-10)	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. Subordinated debt	(II-11)	-	4,141,975	4,141,975	-	3,813,522	3,813,522
14.1 Loans		-	4,141,975	4,141,975	-	3,813,522	3,813,522
14.2 Other debt instruments		-	-	-	-	-	-
XV. Other liabilities	(II-5)	543,325	82,952	626,277	874,613	102,183	976,796
XVI. Shareholders' equity	(II-12)	8,085,858	(9,306)	8,076,552	7,426,729	(4,482)	7,422,247
16.1 Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2 Capital reserves		-	-	-	-	-	-
16.2.1 Share premiums		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		-	-	-	-	-	-
16.3 Other comprehensive income/expense items not to be recycled to Profit or Loss		140,198	-	140,198	139,558	-	139,558
16.4 Other comprehensive income/expense items to be recycled in Profit or Loss		322,303	(9,306)	312,997	593,143	(4,482)	588,661
16.5 Profit reserves		3,206,783	-	3,206,783	2,146,000	-	2,146,000
16.5.1 Legal reserves		243,692	-	243,692	190,604	-	190,604
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		2,963,091	-	2,963,091	1,955,396	-	1,955,396
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or (loss)		930,306	-	930,306	1,061,760	-	1,061,760
16.6.1 Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2 Current period profit or (loss)		930,306	-	930,306	1,061,760	-	1,061,760
Total liabilities and shareholders' equity		31,250,807	26,484,837	57,735,644	30,529,793	27,988,869	58,518,662

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

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

ING Bank A.Ş.

Unconsolidated statement of off-balance sheet items
as of 30 June 2019

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

Off-balance sheet items	Note (section five)	Reviewed Current period (30/06/2019)			Audited Prior period (31/12/2018)		
		TL	FC	Total	TL	FC	Total
A. Off-balance sheet commitments (I+II+III)		35,783,604	69,630,678	105,414,282	46,860,923	71,444,884	118,305,807
I. Guarantees and warranties	(III-1)	2,030,932	12,261,036	14,291,968	2,140,362	13,989,602	16,129,964
1.1 Letters of guarantee		2,026,694	5,513,254	7,539,948	2,137,639	5,110,252	7,247,891
1.1.1 Guarantees subject to state tender law		8,399	-	8,399	14,570	-	14,570
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		2,018,295	5,513,254	7,531,549	2,123,069	5,110,252	7,233,321
1.2 Bank acceptances		-	33,524	33,524	-	39,370	39,370
1.2.1 Import letter of acceptance		-	33,524	33,524	-	39,370	39,370
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		396	1,155,451	1,155,847	396	1,763,942	1,764,338
1.3.1 Documentary letters of credit		396	1,155,451	1,155,847	396	1,763,942	1,764,338
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Pre-financing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Purchase guarantees for securities issued		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	5,362,421	5,362,421	-	6,977,654	6,977,654
1.9 Other warranties		-	196,386	200,228	-	98,384	100,711
II. Commitments	(III-1)	4,081,454	1,203,392	5,284,846	4,142,884	913,196	5,056,080
2.1 Irrevocable commitments		4,081,454	1,203,392	5,284,846	4,142,884	913,196	5,056,080
2.1.1 Forward asset purchase commitments		560,252	1,177,160	1,737,412	403,269	895,834	1,299,103
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		1,743,214	24,243	1,767,457	1,807,625	15,526	1,823,151
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		350,452	-	350,452	352,249	-	352,249
2.1.8 Tax and fund liabilities from export commitments		23,780	-	23,780	20,545	-	20,545
2.1.9 Commitments for credit card limits		1,398,499	-	1,398,499	1,553,689	-	1,553,689
2.1.10 Commitments for credit cards and banking services promotions		5,257	-	5,257	5,479	-	5,479
2.1.11 Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12 Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		-	1,989	1,989	28	1,836	1,864
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. Derivative financial instruments	(III-2)	29,671,218	56,166,250	85,837,468	40,577,677	56,542,086	97,119,763
3.1 Derivative financial instruments for hedging purposes		16,309,987	5,005,502	21,315,489	21,984,936	4,734,539	26,719,475
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		16,309,987	5,005,502	21,315,489	21,984,936	4,734,539	26,719,475
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Derivative financial instruments for trading purposes		13,361,231	51,160,748	64,521,979	18,592,741	51,807,547	70,400,288
3.2.1 Forward foreign currency buy/sell transactions		2,677,806	7,285,879	9,963,685	3,095,729	11,074,747	14,170,476
3.2.1.1 Forward foreign currency transactions-buy		2,284,818	2,763,329	5,048,147	2,553,730	4,648,919	7,202,649
3.2.1.2 Forward foreign currency transactions-sell		392,988	4,522,550	4,915,538	541,999	6,425,828	6,967,827
3.2.2 Swap transactions related to foreign currency and interest rates		10,387,055	41,290,931	51,677,986	15,281,888	39,024,040	54,305,928
3.2.2.1 Foreign currency swap-buy		1,923,172	16,296,675	18,219,847	3,562,681	18,118,592	21,681,273
3.2.2.2 Foreign currency swap-sell		5,073,883	12,653,526	17,727,409	10,579,207	11,726,544	22,305,661
3.2.2.3 Interest rate swap-buy		1,695,000	6,170,365	7,865,365	570,000	4,589,497	5,159,497
3.2.2.4 Interest rate swap-sell		1,695,000	6,170,365	7,865,365	570,000	4,589,497	5,159,497
3.2.3 Foreign currency, interest rate and securities options		296,370	2,583,938	2,880,308	181,758	1,708,760	1,890,518
3.2.3.1 Foreign currency options-buy		148,185	1,291,969	1,440,154	90,879	854,380	945,259
3.2.3.2 Foreign currency options-sell		148,185	1,291,969	1,440,154	90,879	854,380	945,259
3.2.3.3 Interest rate options-buy		-	-	-	-	-	-
3.2.3.4 Interest rate options-sell		-	-	-	-	-	-
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	33,366	-	33,366
B. Custody and pledged items (IV+V+VI)		235,485,920	48,294,643	283,780,563	236,760,446	46,229,628	282,990,074
IV. Items held in custody		1,104,900	1,998,984	3,103,884	939,226	1,929,120	2,868,346
4.1 Customer fund and portfolio balances		854,316	-	854,316	401,049	-	401,049
4.2 Investment securities held in custody		66,869	320,013	386,882	89,196	291,567	380,763
4.3 Checks received for collection		23,458	366,967	390,425	279,585	411,616	691,201
4.4 Commercial notes received for collection		160,256	1,233,955	1,394,211	169,395	1,131,833	1,301,228
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		1	78,049	78,050	1	94,104	94,105
4.8 Custodians		-	-	-	-	-	-
V. Pledged received		34,528,823	9,276,539	43,805,362	36,573,782	9,371,568	45,945,350
5.1 Marketable securities		143,221	16,142	159,363	223,731	7,819	231,550
5.2 Guarantee notes		7,174,611	2,114,699	9,289,310	7,252,373	1,944,017	9,196,390
5.3 Commodity		910	-	910	910	-	910
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		24,278,536	6,221,983	30,500,519	25,499,601	6,140,983	31,640,584
5.6 Other pledged items		2,931,545	923,715	3,855,260	3,597,167	1,278,749	4,875,916
5.7 Pledged items-depository		-	-	-	-	-	-
VI. Accepted independent guarantees and warranties		199,862,197	37,019,320	236,881,517	199,247,438	34,928,940	234,176,378
Total off-balance sheet items (A+B)		271,279,524	117,925,521	389,205,045	283,621,369	117,674,512	401,295,881

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

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

ING Bank A.Ş.

Unconsolidated statement of profit or loss for the six-month period ended 30 June 2019

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

Income and expense items		Note (section five)	Reviewed	Reviewed	Reviewed	Reviewed
			Current period (01/01/2019- 30/06/2019)	Prior period (01/04/2019- 30/06/2019)	Prior period (01/01/2018- 30/06/2018)	Prior period (01/04/2018- 30/06/2018)
I.	Interest income	(IV-1)	3,653,441	1,823,158	2,946,132	1,528,047
1.1	Interest on loans		2,875,965	1,367,591	2,688,870	1,400,114
1.2	Interest on reserve requirements		45,559	23,533	33,587	18,262
1.3	Interest on banks		61,881	24,102	19,399	12,251
1.4	Interest on money market transactions		489,339	319,652	86,258	43,253
1.5	Interest on marketable securities portfolio		179,783	87,434	117,783	54,039
1.5.1	Financial assets at fair value through profit or loss		9,442	1,927	20,892	3,416
	Financial assets at fair value through other					
1.5.2	comprehensive income		54,059	27,805	25,663	13,757
1.5.3	Financial assets measured at amortised cost		116,282	57,702	71,228	36,866
1.6	Finance lease income		-	-	-	-
1.7	Other interest income		914	846	235	128
II.	Interest expense (-)	(IV-2)	(2,127,428)	(1,075,764)	(1,382,586)	(738,888)
2.1	Interest on deposits		(1,906,226)	(970,666)	(1,142,336)	(607,625)
2.2	Interest on funds borrowed		(187,808)	(86,108)	(214,856)	(117,926)
2.3	Interest on money market transactions		(5,890)	(4,468)	(6,935)	(3,108)
2.4	Interest on securities issued		-	-	(11,344)	(8,759)
2.5	Finance lease expense		(25,072)	(13,494)	-	-
2.6	Other interest expenses		(2,432)	(1,028)	(7,115)	(1,470)
III.	Net interest income/expense (I - II)		1,526,013	747,394	1,563,546	789,159
IV.	Net fees and commissions income/expense		303,799	164,999	270,754	146,182
4.1	Fees and commissions received		391,805	210,423	375,413	186,645
4.1.1	Non-cash loans		123,311	73,028	107,279	61,789
4.1.2	Other	(IV-12)	268,494	137,395	268,134	124,856
4.2	Fees and commissions paid (-)		(88,006)	(45,424)	(104,659)	(40,463)
4.2.1	Non-cash loans		(193)	(123)	(203)	(60)
4.2.2	Other	(IV-12)	(87,813)	(45,301)	(104,456)	(40,403)
V.	Dividend income	(IV-3)	64,921	21,921	68,830	-
VI.	Trading gain/(loss) (net)	(IV-4)	453,135	189,702	(219,737)	(78,651)
7.1	Trading gain/(loss) on securities		860	(3,670)	(23,616)	(7,337)
7.2	Gain/(loss) on derivative financial transactions		745,237	200,224	1,424,514	1,219,510
7.3	Foreign exchange gain/(loss)		(292,962)	(6,852)	(1,620,635)	(1,290,824)
VII.	Other operating income	(IV-5)	324,269	141,419	547,575	121,871
VIII.	Gross operating income (III+IV+V+VI+VII)		2,672,137	1,265,435	2,230,968	978,561
IX.	Expected credit loss (-)	(IV-6)	(578,438)	(229,733)	(642,177)	(199,334)
X.	Other provision expenses (-)		(5,469)	(1,837)	(6,849)	(5,722)
XI.	Personnel expenses (-)		(349,325)	(177,639)	(304,465)	(128,628)
XII.	Other operating expenses	(IV-7)	(576,323)	(306,346)	(533,750)	(277,340)
XIII.	Net operating profit/(loss) (IX-X-XI)		1,162,582	549,880	743,727	367,537
XIV.	Income resulted from mergers		-	-	-	-
XV.	Income/loss from investments under equity accounting		-	-	-	-
XVI.	Gain/loss on net monetary position		-	-	-	-
XVII.	Operating profit/loss before taxes (XII+...+XV)	(IV-8)	1,162,582	549,880	743,727	367,537
XVIII.	Provision for taxes of continued operations (±)	(IV-9)	(232,276)	(110,625)	(159,882)	(72,360)
18.1	Current tax provision		(175,544)	(142,971)	-	70,928
18.2	Expense effect of deferred tax (+)		(189,630)	(64,256)	(159,882)	(143,288)
18.3	Income effect of deferred tax (-)		132,898	96,602	-	-
XIX.	Net profit/(loss) from continuing operations (XVI±XVII)	(IV-10)	930,306	439,255	583,845	295,177
XX.	Income from discontinued operations		-	-	-	-
20.1	Income from non-current assets held for resale		-	-	-	-
	Profit from sales of associates, subsidiaries and joint ventures		-	-	-	-
20.2	ventures		-	-	-	-
20.3	Income from other discontinued operations		-	-	-	-
XXI.	Expenses for discontinued operations (-)		-	-	-	-
21.1	Expenses for non-current assets held for resale		-	-	-	-
	Loss from sales of associates, subsidiaries and joint ventures		-	-	-	-
21.2	ventures		-	-	-	-
21.3	Loss from other discontinued operations		-	-	-	-
	Profit/(loss) before tax from discontinued operations (XIX-XX)		-	-	-	-
XXII.	Tax provision for discontinued operations (±)		-	-	-	-
23.1	Current tax provision		-	-	-	-
23.2	Expense effect of deferred tax (+)		-	-	-	-
23.3	Income effect of deferred tax (-)		-	-	-	-
	Net profit/(loss) from discontinued operations (XXI±XXII)		-	-	-	-
XXIV.	(XXI±XXII)		-	-	-	-
XXV.	Net profit/(loss) (XVIII+XXIII)	(IV-11)	930,306	439,255	583,845	295,177
	Earnings per share		0.2668	0.1260	0.1675	0.0847

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

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

ING Bank A.Ş.

Unconsolidated statement profit or loss and other comprehensive income for the six-month period ended 30 June 2019

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

		Reviewed	Reviewed
Profit or loss and other comprehensive income		Current period	Prior period
		(01/01/2019- 30/06/2019)	(01/01/2018- 30/06/2018)
I.	Current period profit/loss	930,306	583,845
II.	Other comprehensive income	(276,001)	495,523
2.1	Other income/expense items not to be recycled to profit or loss	(337)	(777)
2.1.1	Gains/(losses) on revaluation of property, plant and equipment	-	-
2.1.2	Gains/(losses) on revaluation of intangible assets	-	-
2.1.3	Defined benefit plans' actuarial gains/(losses)	(425)	(977)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	-	(4)
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	88	204
2.2	Other income/expense items to be recycled to profit or loss	(275,664)	496,300
2.2.1	Translation differences	-	-
2.2.2	Income/(Expenses) from valuation and/or reclassification of financial assets measured at FVOCI	13,508	(23,397)
2.2.3	Gains/(losses) from cash flow hedges	(367,010)	653,869
2.2.4	Gains/(losses) on hedges of net investments in foreign operations	-	-
2.2.5	Other income/(expense) items to be recycled to profit or loss	-	-
2.2.6	Deferred taxes on other comprehensive income to be recycled to profit or loss	77,838	(134,172)
III.	Total comprehensive income (I+II)	654,305	1,079,368

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

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

ING Bank A.Ş.

Unconsolidated statement of changes in equity for the six-month period ended 30 June 2019 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

Changes in equity

Reviewed	Note	Statement of changes in shareholders' equity				Other comprehensive income/expense items not to be recycled to profit or loss			Other comprehensive income/expense items to be recycled to profit or loss			Prior period profit or (loss)	Current period profit or (loss)	Total shareholders' equity	
		Paid-in capital	Share premium	Share cancellation profits	Other capital reserves	Revaluation surplus on tangible and intangible assets	Defined benefit plans' actuarial gains/losses	Other (1)	Translation differences	Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI	Other (2)				Profit reserves
Prior period (01/01/2018-30/06/2018)															
I.		3,486,268	-	-	-	46,732	299	143	326	(17,799)	250,288	1,158,736	-	843,752	5,768,745
II.		-	-	-	-	-	-	(399)	-	11,951	-	406,451	-	-	418,003
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	(399)	-	11,951	-	406,451	-	-	418,003
III.		3,486,268	-	-	-	46,732	299	(256)	326	(5,848)	250,288	1,565,187	-	843,752	6,186,748
IV.		-	-	-	-	-	-	(773)	15	(17,796)	514,077	-	-	583,845	1,079,368
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	94,189	-	-	-	-	-	580,813	-	(843,752)	(168,750)
11.1		-	-	-	-	-	-	-	-	-	-	(168,750)	-	-	(168,750)
11.2		-	-	-	-	94,189	-	-	-	-	-	749,563	-	(843,752)	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-end balance (III+IV+.....+X+XI)		3,486,268	-	-	-	140,921	(474)	(241)	326	(23,644)	764,365	2,146,000	-	583,845	7,097,366
Current period (01/01/2019-30/06/2019)															
I.		3,486,268	-	-	-	140,921	(1,122)	(241)	326	(14,629)	602,964	2,146,000	-	1,061,760	7,422,247
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,486,268	-	-	-	140,921	(1,122)	(241)	326	(14,629)	602,964	2,146,000	-	1,061,760	7,422,247
IV.		-	-	-	-	-	-	(337)	-	11,942	(287,606)	-	-	930,306	654,305
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	977	-	-	-	-	-	1,060,783	-	(1,061,760)	-
11.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2		-	-	-	-	977	-	-	-	-	-	1,060,783	-	(1,061,760)	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-end balance (III+IV+.....+X+XI)		3,486,268	-	-	-	141,898	(1,459)	(241)	326	(2,687)	315,358	3,206,783	-	930,306	8,076,552

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

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

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

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

ING Bank A.Ş.

Unconsolidated statement of cash flows for the six-month period ended 30 June 2019 (All amounts expressed in full of Turkish Lira ("TL") unless otherwise stated)

Statement of cash flows	Note	Reviewed	Reviewed
		Current period (01/01/2019- 30/06/2019)	Prior period (01/01/2018- 30/06/2018)
A. Cash flows from banking operations			
1.1 Operating profit/(loss) before changes in operating assets and liabilities		1,746,070	(249,248)
1.1.1 Interest received		3,736,260	2,915,440
1.1.2 Interest paid		(2,143,210)	(1,387,983)
1.1.3 Dividend received		64,921	68,830
1.1.4 Fees and commissions received		383,228	375,413
1.1.5 Other income		44,266	44,926
1.1.6 Collections from previously written-off loans and other receivables		255,550	306,861
1.1.7 Payments to personnel and service suppliers		(710,923)	(683,693)
1.1.8 Taxes paid		(213,625)	(95,297)
1.1.9 Other		329,603	(1,793,745)
1.2 Changes in operating assets and liabilities		2,017,901	1,415,030
1.2.1 Net increase/decrease in financial assets at fair value through profit or loss		(37,136)	17,107
1.2.2 Net (increase) decrease in due from bank		125,175	78,963
1.2.3 Net (increase) decrease in loans		4,862,638	(3,117,062)
1.2.4 Net (increase) decrease in other assets		936,344	(1,917,688)
1.2.5 Net increase (decrease) in bank deposits		(88,487)	1,739,420
1.2.6 Net increase (decrease) in other deposits		3,187,008	2,449,806
1.2.7 Net increase/decrease in financial liabilities at fair value through profit or loss		-	-
1.2.8 Net increase / (decrease) in funds borrowed		(6,128,018)	872,894
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		(839,623)	1,291,590
I. Net cash provided from banking operations		3,763,971	1,165,782
B. Cash flow from investing activities			
II. Net cash provided from investing activities		(43,305)	(42,843)
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		15,318	-
2.3 Purchases of property and equipment		(125,308)	(127,536)
2.4 Disposals of property and equipment		148,988	13,074
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(77,742)	(66,945)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		15,836	-
2.7 Cash paid for purchase of financial assets measured at amortised cost		-	-
2.8 Cash obtained from sale of financial assets measured at amortised cost		-	142,041
2.9 Other		(20,397)	(3,477)
C. Cash flows from financing activities			
III. Net cash provided from financing activities		(51,881)	95,250
3.1 Cash obtained from funds borrowed and securities issued	(II-4)	-	265,000
3.2 Cash used for repayment of funds borrowed and securities issued	(II-4)	-	(1,000)
3.3 Issued equity instruments		-	-
3.4 Dividends paid	(II-12)	-	(168,750)
3.5 Payments for finance leases		(51,881)	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		488,299	567,708
V. Net increase in cash and cash equivalents (I+II+III+IV)		4,157,084	1,785,897
VI. Cash and cash equivalents at beginning of the period		10,630,383	4,885,190
VII. Cash and cash equivalents at the end of the period		14,787,467	6,671,087

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

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**Notes to the unconsolidated financial statements
as of and for the six-month period ended 30 June 2019 (continued)
(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

Section three

Accounting policies

I. Explanations on basis of presentation

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

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

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

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

b. Additional paragraph for convenience translation to English

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

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

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

The accounting policies adopted in the preparation of the unconsolidated financial statements are consistent with the standards used in the previous year except for the items explained in the article 1-d.

d. Changes in accounting policies and disclosures

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

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**Notes to the unconsolidated financial statements
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I. Explanations on basis of presentation (continued)

Standards effective as of 1 January 2019

TFRS 16 Leases

TFRS16 Leases standard (“TFRS 16”), effective starting from 1 January 2019, removes the distinction between operating and finance leases applied by the lessee in TAS17 Leases (“TAS 17”). Instead, it is set forth a single accounting model similar to the accounting of finance leases on balance sheet. For lessors, the accounting stays almost the same.

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

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

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

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

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

Explanations on foreign currency transactions:

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

III. Presentation of information related to consolidated subsidiaries

Investments in associates and subsidiaries are accounted in accordance with the “Turkish Accounting Standard on Separate Financial Statements” (“TAS 27”) in the unconsolidated financial statements and measured in the financial statements according to their costs. Dividends are recognized in the statement of profit or loss when the right of dividend is obtained.

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**Notes to the unconsolidated financial statements
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IV. Explanations on forward and options contracts and derivative instruments

The Bank's derivative instruments consist of forward buy/sell, swaps, futures, and options contracts.

Derivative financial instruments of the Bank are classified as "Derivative Financial Assets Designated at Fair Value through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value through Other Comprehensive Income" per TFRS 9.

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

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

Explanations on derivative financial instruments held for hedging purpose

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

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

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

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

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

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**Notes to the unconsolidated financial statements
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V. Explanations on interest income and expense

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

As of 1 January 2018, the Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods for the financial assets impaired and classified as non-performing loan. Such interest income calculation is based on contractual basis for all financial assets subject to impairment calculation. During calculation of loss given default rate in expected credit loss models effective interest rate is used, thus, calculation of expected credit losses includes calculated interest amount. Therefore, a reclassification is made between the accounts of “Expected Credit Losses” and “Interest Income from Loans” for such calculated interest amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan’s credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

VI. Explanations on fee and commission income and expenses

Commissions paid for the loans provided and fees and commissions collected from clients in return for these loans are reflected on the statement of profit or loss in the period when they arise. On the other hand, of the fees and commissions collected from clients, the portions exceeding the amounts paid, and the fees and commissions collected without being associated with any cost are treated as an element of the effective interest of the loan, and they are recognized in the statement of profit or loss during the term of the loan on an accrual basis. Fees and commission expenses paid to the institutions and companies granting the loan are treated as an element of the effective interest, and they are associated with the statement of profit or loss during the term of the loan.

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**Notes to the unconsolidated financial statements
as of and for the six-month period ended 30 June 2019 (continued)
(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

VII. Explanations on financial instruments

Initial recognition of financial instruments

A financial asset or a financial liability is recognized in the statement of financial position only when it is a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

Initial measurement of financial instrument

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 Revenue from contracts with customers, at initial recognition, the Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification of financial instruments

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

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

Assessment of business model

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

The Bank’s business models are divided into three categories.

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

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

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

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

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**Notes to the unconsolidated financial statements
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VII. Explanations on financial instruments (continued)

Other business models:

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

Measurement categories of financial assets and liabilities

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

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

Financial assets and liabilities measured at fair value through profit/loss:

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

Financial assets measured at fair value through other comprehensive income:

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

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

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

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

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

VII. Explanations on financial instruments (continued)

Financial assets measured at amortized cost:

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

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

Loans:

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

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

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

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

VIII. Explanations on impairment of financial assets

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

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

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

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

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

Bank considers the following criteria.

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Notes to the unconsolidated financial statements as of and for the six-month period ended 30 June 2019 (continued) (All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)

VIII. Explanations on impairment of financial assets (continued)

Quantitative criteria: The change in lifetime probability of default is the main trigger the transfer between Stage 1 and Stage 2. The trigger compares probability of default at the origination date versus probability of default at the reporting date, considering the remaining maturity. Assets can be transferred in both directions between Stage 1 and Stage 2. In order to determine if movements can be considered as significant, Bank implements different probability of default thresholds to evaluate absolute and relative changes occurring in both retail and corporate portfolios. Related thresholds are being analyzed by back-testing and revised accordingly if necessary. In this context, the Bank has changed the related thresholds as of 31 March 2019.

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

- Having past due more than 30 days,
 - Loans classified to watch list status according to the decision of the Bank’s management,
 - Restructured loans in compliance with “Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside ”,
 - Restructured loans according to an administrative judgement,
 - Other consumer loans of individual clients whose one of the consumer loan transferred to non-performing loan portfolio.
- **Stage 3:** Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

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

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

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

Expected credit loss measurement:

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

IX. Explanations on offsetting financial assets

Financial assets and liabilities are shown on the balance sheet at their net amounts when the Bank has a legally enforceable right to offset the recognized amounts and intends to settle the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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**Notes to the unconsolidated financial statements
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X. Explanations on sales and repurchase agreements and securities lending transactions

Marketable securities sold under repurchase agreements (“Repo”) are classified as financial assets whose fair value difference is reflected on profit-loss, and which are other comprehensive income or will be measured at amortised cost, in parallel to the classification of financial instruments. Funds provided in return for repo transactions are recognized in the “funds provided by repo transactions” accounts. The income related to repurchase agreements are reflected to the interest income on marketable securities and expenses paid in relation to repurchase agreements are recognized in “interest on money market borrowings” accounts.

Securities (“Reverse repo”) that are purchased with repurchase agreements are classified under receivables from reverse repo transactions. Interest income obtained from reverse repo transactions are recognized under the account “interest obtained from money market transactions”.

Securities lending transactions are classified under “money market placements” and accruals are calculated for the interest expense occurred.

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

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

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

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

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

XII. Explanations on goodwill and other intangible assets

The intangible assets are measured at their cost calculated by adding the acquisition costs and other direct costs necessary for making the asset in working order. Subsequently, intangible assets are carried at cost less accumulated depreciation and provision for value decrease.

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

The intangible assets

7% - 33%

The Bank does not have goodwill.

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**Notes to the unconsolidated financial statements
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XIII. Explanations on property and equipment

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

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

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

Immovables	2%
Movables, assets acquired by financial leasing	2% - 50%
Right-of-use assets	9% - 50%

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

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

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

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

There is no purchase commitment related to property and equipment.

XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

The Bank does not have any leasing operations as lessor.

b. Accounting of leasing operations as lessee

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

The Bank performs operating lease for branches ATM locations and vehicles. With the “IFRS 16 Leases” standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under “Tangible Fixed Assets” as an asset and under “Liabilities from Leasing” as a liability. Other operating leases are not considered within the scope of IFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under Other Operating Expenses.

The impact and application of IFRS 16 transition were explained in section three, footnote XXV.

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XV. Explanations on provisions, contingent assets and liabilities

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

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

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

XVI. Explanations on obligations related to employee rights

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

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

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

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

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

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

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XVII. Explanations on taxation

a. Current tax

The Bank is subject to tax legislation and practices effective in Turkey.

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

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

Corporate tax rate is applied on the tax base calculated after the addition of the non-deductible expenses in the commercial income of corporations and deduction of exemptions stated in tax laws (such as participation income exemption) and deductions. No other tax is paid unless profit is distributed.

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

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

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

b. Deferred tax

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

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

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

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

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XVII. Explanations on taxation (continued)

c. Transfer pricing

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

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

XVIII. Explanations on borrowings

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

XIX. Explanation on issuance of equity securities

There are no issuance of equity securities in 2019.

XX. Explanations on guarantees and acceptances

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

XXI. Explanations on government incentives

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

XXII. Explanations on segment reporting

An operating segment is a component of an entity:

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

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

XXIII. Profit reserves and distribution of profit

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

XXIV. Explanations on other disclosures

The accompanying financial statements as of 30 June 2019 are prepared and previous period financial statements are revised in accordance with the "Communique amending the Communique on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" published in the Official Gazette dated 1 February 2019 and effective starting from 1 January 2019.

XXV. Explanation on TFRS 16 leases standard

TFRS 16 Leases standard is published in the Official Gazette no. 29826 dated 16 April 2018 which is effective for the accounting periods after 31 December 2018.

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XXV. Explanation on TFRS 16 leases standard (continued)

The Bank has started to apply the standard starting from 1 January 2019 for the first time. This standard is applied with modified retrospective approach recognizing the cumulative effect of initially applying the standard at the date of initial application. In this context, comparative financial statements are not restated.

The Bank – as lessee:

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

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

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

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

The Bank applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

At the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments are discounted using the alternative borrowing interest rate in case of implicit interest rate cannot be defined easily.

At the commencement date, the lease payments included into the measurement of lease liabilities are composed of payments will be made during the underlying asset’s lease term and payments that are not made at the commencement date are indicated below:

- (a) Remaining amount of fixed payments after elimination of any lease incentives recievable,
- (b) Variable future lease payments resulting from a change in an index or a rate used to determine those payments’ initial measurement at the commencement date,
- (c) Amounts expected to be payable under a residual value guarantee by the Bank,
- (d) Purchasing option’s cost if the Bank is sure at a reasonable level that purchasing option will be used,
- (e) Payment of the fine due to the termination of the lease if the lease period refers to an option for the termination of the lease.

After the commencement date, the Bank measures the lease liability as indicated below:

- (a) Measures the lease liability by increasing the carrying amount to reflect interest on the lease liability,
- (b) Measures the lease liability by reducing the carrying amount to reflect the lease payments made,
- (c) Remeasures the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease.

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XXV. Explanation on TFRS 16 leases standard (continued)

Reclassifications and remeasurements during the first time application of TFRS 16 Leases Standard dated 1 January 2019 are presented in the table below:

	31 December 2018	TFRS 16 Reclassification Effect	TFRS 16 Measurement Effect	1 January 2019
Tangible assets(net) (*)	683,472	13,916	296,364	993,752
Other assets (**)	587,198	(13,916)	-	573,282
Lease liabilities (net) (***)	-	-	296,364	296,364

(*) In accordance with TFRS 16, the Bank recognised a lease liability and a right-of-use asset amounting to TL 296,364 as of 1 January 2019 for leases previously accounted as an operating lease under TAS 17.

(**) In accordance with TFRS 16, the Bank recognised prepaid lease expenses amounting to TL 13,916 under tangible assets as right-of-use assets which were previously classified under other assets.

(***) As of 1 January 2019, the weighted average of the alternative borrowing interest rates applied to TL lease liabilities presented in the statement of financial position of the Bank is 17.60%.

During the transition, the Bank recognised lease liability concerning the lease which were previously recognised as operational leasing as per TAS 17. These liabilities were measured based on the discounted current value by using the alternative borrowing rate of interest of remaining lease payments as of 1 January 2019.

Short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard and their payments continue to be accounted as expense in the period they incur. Moreover, lease agreements with a remaining duration of 12 months or less as of 1 January 2019, have been evaluated within the scope of the same exemption. Within this scope, TL 7,473 has been paid in the relevant period.

Direct costs are not included while evaluating the right-of-use asset at the initial application date.

If a contract contains extension or termination terms, the Bank management’s judgement and assessment are used for the determination of useful life of right-of-use-assets.

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

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Section four

Information on financial position and risk management of the Bank

I. Explanations on unconsolidated capital

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

As of 30 June 2019, the Bank's total capital is TL 11,873,883 and the capital adequacy ratio is 25.13%. As of 31 December 2018, the Bank's total capital amounted to TL 11,119,321 and capital adequacy ratio was 21.74%.

	Current period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	3,206,783	
Other comprehensive income according to TAS	146,678	
Profit	930,306	
Net profit for the period	930,306	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Common equity Tier I capital before deductions	7,770,035	
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	8,841	
Leasehold improvements on operational leases	35,582	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	42,013	42,013
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	86,436	
Total common equity Tier I capital	7,683,599	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I capital and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital		
Bank's direct and indirect investments in its own Additional Tier I capital	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	-	
Total additional Tier I capital	-	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	7,683,599	

(*) 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 unconsolidated 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 unconsolidated capital (continued)

Information about capital items (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	3,683,226	-
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	-
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	513,858	-
Tier II Capital Before Deductions	4,197,084	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	-
Bank's investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	-
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	-
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	
Total Tier II Capital	4,197,084	
Total capital (the sum of tier i capital and tier ii capital)	11,880,683	
Total of core capital and additional capital (total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	-
Other items to be defined by the BRSA (-)	6,800	-
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	-
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
TOTAL CAPITAL		
Total Capital	11,873,883	-
Total risk weighted amounts	47,253,437	-
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	16.26	-
Tier I Capital Adequacy Ratio (%)	16.26	-
Capital Adequacy Ratio (%)	25.13	-
BUFFERS		
Total buffer requirement	2.611	-
Capital protection buffer requirement (%)	2.500	-
Bank specific cyclical buffer requirement (%)	0.111	-
Systemically important banks buffer ratio (%)	-	-
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	10.260	-
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	158,422	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	553,787	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	513,858	-
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	-
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	-
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4	-	-
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	-
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	-
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	-

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

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I. Explanations on unconsolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	2,146,000	
Other comprehensive income according to TAS	140,125	
Profit	1,061,760	
Net profit for the period	1,061,760	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Common equity Tier I capital before deductions	6,834,153	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	14,870	
Leasehold improvements on operational leases	39,955	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	36,215	36,215
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 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	91,040	
Total common equity Tier I capital	6,743,113	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not included in Common Equity Tier I capital and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital		
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	-	
Total additional Tier I capital	-	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	6,743,113	

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

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I. Explanations on unconsolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	3,807,119	-
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	-
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	577,011	-
Tier II Capital Before Deductions	4,384,130	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	-
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	-
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	-
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital		
Total Tier II Capital	4,384,130	
Total capital (the sum of tier I capital and tier II capital)	11,127,243	
Total of core capital and additional capital (total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	-
Other items to be defined by the BRSA	7,922	-
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	-
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	-
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	-
TOTAL CAPITAL		
Total Capital	11,119,321	-
Total risk weighted amounts	51,146,897	-
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	13.18	-
Tier I Capital Adequacy Ratio (%)	13.18	-
Capital Adequacy Ratio (%)	21.74	-
BUFFERS		
Total buffer requirement	1.937	-
Capital protection buffer requirement (%)	1.875	-
Bank specific cyclical buffer requirement (%)	0.062	-
Systemically important banks buffer ratio (%)	-	-
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	7.184	-
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	-
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	-
Mortgage Servicing Rights	-	-
Amount arising from deferred tax assets based on temporary differences	177,124	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	593,394	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	577,011	-
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	-
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	-
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4	-	-
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	-
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	-
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	-

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

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I. Explanations on unconsolidated capital (continued)

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

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible at stand-alone / consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 82 million (TL 471 million) and EUR 72 million (TL 473 million)	USD 73 million (TL 420 million) and EUR 68 million (TL 446 million)	USD 62 million (TL 357 million) and EUR 231 million (TL 1,516 million)
Par value of instrument (Currency in million)	USD 102 million (TL 588 million) and EUR 90 million (TL 591 million)	USD 91 million (TL 525 million) and EUR 85 million (TL 558 million)	USD 62 million (TL 357 million) and EUR 231 million (TL 1,516 million)
Accounting classification	Subordinated Loans	Subordinated Loans	Subordinated Loans
Original date of issuance	11 March 2014	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	After 5th year
Coupons / dividends	-	-	-
Fixed or floating dividend/coupon	Floating	Floating	Floating
Coupon rate and any related index	Libor+2.78% and Euribor+2.29%	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%
Existence of a dividend stopper	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-
Existence of step up or other incentive to redeem	None	None	None
Noncumulative or cumulative	-	-	-
Convertible or non-convertible	None	None	None
If convertible, conversion trigger(s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory or optional conversion	-	-	-
If convertible, specify instrument type convertible into	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-
Write-down feature	None	None	None
If write-down, write-down trigger(s)	-	-	-
If write-down, full or partial	-	-	-
If write-down, permanent or temporary	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-	-

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

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders' equity	8,076,552	8,076,552
Gains from cash flow hedge transactions	315,358	(315,358)
Leasehold improvements on operational leases	35,582	(35,582)
Goodwill and intangible assets	46,398	(42,013)
General provision	553,787	513,858
Subordinated debt (*)	4,141,975	3,683,226
Other deductions from shareholders' equity	6,800	(6,800)
Capital		11,873,883

(*) In accordance with the 9th Clause of the 8th Article of the “Regulation on Equity of Banks”, subordinated loans of the parent bank amounting to USD 102 million and EUR 90 million and USD 91 million and EUR 85 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than five years as of 30 June 2019.

II. Explanation on unconsolidated currency risk

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

The simple arithmetic average of USD and EUR buying rates of the Bank for the thirty days before the balance sheet date are 5.8139 (Full TL) and 6.5618 (Full TL) respectively.

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

	1 USD	1 EUR
A. The Bank’s “foreign exchange buying rates” (30 June 2019)	5.7660	6.5646
Previous days;		
28 June 2019	5.7660	6.5646
27 June 2019	5.7555	6.5394
26 June 2019	5.7582	6.5448
25 June 2019	5.7687	6.5723
24 June 2019	5.8082	6.6138

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Notes to the unconsolidated financial statements as of and for the six-month period ended 30 June 2019 (continued) (All amounts expressed in full of Turkish Lira ("TL") unless otherwise stated)

II. Explanation on unconsolidated currency risk (continued)

Information related to currency risk

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	6,060,514	2,281,601	1,226,930	9,569,045
Banks	99,340	1,261,763	147,952	1,509,055
Financial assets at fair value through profit or loss	39,565	44,863	-	84,428
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	225	-	-	225
Loans	9,161,015	1,427,331	-	10,588,346
Investments in associates, subsidiaries and joint ventures	-	334	-	334
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	5	-	-	5
Tangible assets (net)	-	-	-	-
Intangible assets (net)	-	-	-	-
Other assets	40,080	2,086	23	42,189
Total assets	15,400,744	5,017,978	1,374,905	21,793,627
Liabilities				
Bank deposit	1,905,653	406,703	154	2,312,510
Foreign currency deposits	3,724,480	9,083,879	555,705	13,364,064
Funds from interbank money market	37,749	-	-	37,749
Borrowings	5,919,370	4,631,701	-	10,551,071
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	19,864	43,872	2	63,738
Hedging derivative financial liabilities	9,151	-	-	9,151
Other liabilities	18,270	16,412	558	35,240
Total liabilities	11,634,537	14,182,567	556,419	26,373,523
Net on balance sheet position	3,766,207	(9,164,589)	818,486	(4,579,896)
Net off-balance sheet position	(3,768,333)	9,173,524	(813,921)	4,591,270
Financial derivative assets	6,692,733	16,320,489	700,596	23,713,818
Financial derivative liabilities	10,461,066	7,146,965	1,514,517	19,122,548
Non-cash loans	4,687,722	7,387,069	186,245	12,261,036
Prior period				
Total assets	13,640,919	3,733,474	1,262,779	18,637,172
Total liabilities	13,082,479	14,216,323	512,873	27,811,675
Net on-balance sheet position	558,440	(10,482,849)	749,906	(9,174,503)
Net off-balance sheet position	(539,563)	10,469,558	(748,022)	9,181,973
Financial derivative assets	7,987,608	19,445,937	1,196,112	28,629,657
Financial derivative liabilities	8,527,171	8,976,379	1,944,134	19,447,684
Non-cash loans	5,566,823	8,243,943	178,836	13,989,602

In the foreign currency risk table:

The principal and accrual of TL 258,135 (31 December 2018: TL 462,816) of foreign currency indexed loans are shown under loans.

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II. Explanation on unconsolidated 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 136,272 (31 December 2018: TL 301,939).
Held-for trading derivative financial liabilities: TL 120,620 (31 December 2018: TL 181,676).
Hedge funds (Effective Portion): TL (9,306) (31 December 2018: TL (4,482)).
Interest rate swap (buy) transactions and options (buy): TL 7,253,523 (31 December 2018: TL 4,680,290).
Interest rate swap (sell) transactions and options (sell): TL 7,253,523 (31 December 2018: TL 4,680,290).

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

Forward foreign currency-buy transactions: TL 522,656 (31 December 2018: TL 454,812).
Forward foreign currency-sell transactions: TL 654,504 (31 December 2018: TL 441,022).

III. Explanations on unconsolidated interest rate risk

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

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

The measurement and sensitivity analysis related to the interest rate risk on the balance sheet are performed regularly and the results are shared with the senior management, Asset 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 and monthly basis, whereas Interest rate risk standard ratio arising from banking books is reported on a monthly basis to BRSA.

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III. Explanations on unconsolidated interest rate risk (continued)

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

Current period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	7,964,220	-	-	-	-	2,420,494	10,384,714
Banks	1,511,060	-	-	-	-	-	1,511,060
Financial assets at fair value through profit and loss	331,997	544,209	161,501	38,558	41,101	66	1,117,432
Money market placements	6,262,313	-	-	-	-	-	6,262,313
Financial assets measured at fair value through other comprehensive income	525,812	1,407,351	330,417	428,229	-	6,138	2,697,947
Loans (***)	5,329,459	3,459,340	11,609,898	10,868,125	785,563	888,048	32,940,433
Financial assets measured at amortised cost	-	-	1,195,767	-	-	-	1,195,767
Other assets (*)	-	-	-	-	-	1,625,978	1,625,978
Total assets	21,924,861	5,410,900	13,297,583	11,334,912	826,664	4,940,724	57,735,644
Liabilities							
Bank deposits	2,312,304	-	-	-	-	11,472	2,323,776
Other deposits	28,154,279	1,094,820	244,632	2,760	-	4,374,352	33,870,843
Money market borrowings	2,238	-	-	-	37,749	-	39,987
Miscellaneous payables	255,842	-	-	-	-	143,805	399,647
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	5,139,326	4,630,700	597,999	600,729	-	-	10,968,754
Other liabilities (**)	436,063	268,768	77,434	30,724	-	9,319,648	10,132,637
Total liabilities	36,300,052	5,994,288	920,065	634,213	37,749	13,849,277	57,735,644
Balance sheet long position	-	-	12,377,518	10,700,699	788,915	-	23,867,132
Balance sheet short position	(14,375,191)	(583,388)	-	-	-	(8,908,553)	(23,867,132)
Off-balance sheet long position	1,025,860	6,258,703	-	-	-	-	7,284,563
Off-balance sheet short position	-	-	(1,408,137)	(3,195,211)	(531,331)	-	(5,134,679)
Total position	(13,349,331)	5,675,315	10,969,381	7,505,488	257,584	(8,908,553)	2,149,884

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

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

(***) Non-performing loans are presented under "non-interest bearing" column.

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

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	7,244,807	23,054	-	-	-	1,642,370	8,910,231
Due from other banks and financial institutions	13,873	821	-	-	-	500,273	514,967
Financial assets at fair value through profit and loss	155,358	191,223	247,324	16,424	-	48	610,377
Money market placements	4,202,437	-	-	-	-	-	4,202,437
Available-for-sale financial assets	30	263,210	8,849	367,708	-	6,121	645,918
Loans and receivables	7,805,448	4,551,347	10,018,565	14,216,678	952,781	516,395	38,061,214
Held-to-maturity investments	-	245,961	949,035	-	-	-	1,194,996
Other assets (*)	796,624	2,172,287	-	-	-	1,409,611	4,378,522
Total assets	20,218,577	7,447,903	11,223,773	14,600,810	952,781	4,074,818	58,518,662
Liabilities							
Bank deposits	-	-	-	-	-	2,291,934	2,291,934
Other deposits	24,562,173	1,597,554	434,870	170	-	3,452,561	30,047,328
Money market borrowings	2,188	-	-	-	20,428	-	22,616
Miscellaneous payables	-	-	-	-	-	373,211	373,211
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	2,811,720	10,135,758	1,819,912	891,481	-	-	15,658,871
Other liabilities (**)	353,325	337,360	405,863	15,253	-	9,012,901	10,124,702
Total liabilities	27,729,406	12,070,672	2,660,645	906,904	20,428	15,130,607	58,518,662
Balance sheet long position	-	-	8,563,128	13,693,906	932,353	-	23,189,387
Balance sheet short position	(7,510,829)	(4,622,769)	-	-	-	(11,055,789)	(23,189,387)
Off-balance sheet long position	4,426,576	10,107,379	-	-	-	-	14,533,955
Off-balance sheet short position	-	-	(4,805,614)	(7,375,467)	(530,121)	-	(12,711,202)
Total position	(3,084,253)	5,484,610	3,757,514	6,318,439	402,232	(11,055,789)	1,822,753

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

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

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III. Explanations on unconsolidated interest rate risk (continued)

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

Current period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	2.00	-	13.00
Banks	(0.23)	2.25	-	-
Financial assets at fair value through profit and loss	2.10	7.07	-	15.53
Money market placements	-	-	-	23.97
Financial assets measured at fair value through other comprehensive income	-	-	-	15.73
Loans	3.95	6.79	-	20.77
Financial assets measured at amortised cost	-	-	-	18.90
Liabilities				
Bank deposits	(0.37)	2.35	-	-
Other deposits	0.36	1.92	-	18.35
Money market borrowings	-	-	-	15.00
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	1.06	3.89	-	14.49

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

Prior period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	2.00	-	13.00
Due from other banks and financial institutions	(0.36)	2.39	-	-
Financial assets at fair value through profit and loss	2.14	6.95	-	15.16
Money market placements	-	-	-	24.31
Financial assets available-for-sale	-	-	-	15.24
Loans and receivables	3.92	6.52	-	20.89
Held-to-maturity investments	-	-	-	19.82
Liabilities				
Bank deposits	(0.36)	2.39	-	-
Other deposits	0.48	2.71	-	18.73
Money market borrowings	-	-	-	15.00
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.94	3.89	-	11.74

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

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

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

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

Current period	Carrying value	Fair value (*)	Market value
Quoted	-	-	-
Stock investments	-	-	-
Not quoted	6,138	887	887
Stock investments	6,138	887	887
Financials subsidiaries	83,599	-	-
Financials subsidiaries	83,599	-	-
Prior period	Carrying value	Fair value (*)	Market value
Quoted	-	-	-
Stock investments	-	-	-
Not quoted	6,121	887	887
Stock investments	6,121	887	887
Financials subsidiaries	95,907	-	-
Financials subsidiaries	95,907	-	-

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

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

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

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private sector investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	89,737	89,737	7,179
Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private sector investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	102,028	102,028	8,162

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

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V. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio

1. Information on matters related to liquidity risk

a. Information on liquidity risk management, such as risk capacity, responsibilities and the structure of liquidity risk management, the Bank’s internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application

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

In accordance with the provisions of the policy, a liquidity buffer that can supply adequate liquidity level under any economic circumstances and which is not subject to the collateral, has been determined. In addition, the Contingency Funding Plan to be implemented in times of stress is currently in force. Besides, an Asset Liability Management Committee and Board of Directors approved liquidity risk appetite has been established in order to enable monitoring and managing the risk numerically. The relevant parameters are analysed regularly and reported to the members of Asset Liability Management Committee and Board of Directors.

Furthermore, the Bank’s liquidity buffers are evaluated under different stress scenarios with the comprehensive liquidity stress test approach established in accordance with ING Group’s common policies on market risk and particularly new global regulations (Internal Liquidity Adequacy Assessment Process / 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 periodically.

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

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

The liquidity risk of the Bank is managed by the Asset and Liability Management. Furthermore, subsidiaries manage their own liquidity risk by themselves. In order to make a central funding strategy, a funding plan including subsidiaries is established every year. In addition, information about the implementation and realization of the funding plan is made to the Asset Liability Management Committee. 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 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 Bank. Besides, the Bank’s funding capacity is monitored regularly, and shared with senior management monthly within the Asset and Liability Management Group-Asset Liability Management Committee 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.

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

ç. Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities

Almost all of the Parent Bank's liabilities are in TL, USD or EURO, and TL funds comprise of mainly equity, deposits and loans received. 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 FX swap transactions and FC funds are used in creating assets in TL within the limits set by the Board of Directors. Foreign currency funds are obtained through foreign exchange deposit accounts and foreign based foreign currency loans including syndications. Liquidity shortage/surplus values are calculated daily by Asset and Liability Management and these values are reported in Asset Liability Management Committee. Besides, the Total and FC liquidity coverage ratio is calculated on a daily basis, and shared with all units and senior management, and reported separately to Asset Liability Management Committee. The Bank has TL/FC 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 maturity mismatch and funding diversity. 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, Contingency Funding Plan monitoring indicators are continuously monitored and reported on a monthly basis to Asset Liability Management Committee. With these indicators, intervals indicating the actions to be taken according to the triggering levels and measurement methods such as actual deposit inputs and outputs, stress test, liquidity buffer level, regulatory and structural liquidity ratios and so on are defined and these intervals support the decision making process. Moreover, in the crisis period, the Contingency Funding Plan has set some measures to bring the Bank's liquidity buffer back to reasonable levels. The important factors that will support the decision making mechanism, including the feasibility of these measures depending on the financial impact, implementation time and stress scenarios of the measures concerned, are explained.

e. Information on the use of stress tests

The Bank has a written liquidity stress testing procedure which includes the implementation of stress testing and related responsibilities and is approved by Asset Liability Management Committee. To ensure that the existing positions remain within risk tolerance, the Market Risk Management and Product Control Group plans, designs, manages, reports to Asset Liability Management Committee and Board of Directors on a regularly basis and reviews the stress tests annually. Stress test scenarios which consider 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 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 Bank has established the Asset and Liability Management Committee and Board of Directors approved Contingency Funding Plan, which includes the policies, methods and responsibilities of senior management and business lines that can be applied in stressful situations or when liquidity shortages are experienced. Early warning indicators, 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 Asset Liability Management Committee meetings and Board of Directors 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 are 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 annually with regards to their compliance with changes in market and stress conditions.

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

2. Liquidity coverage ratio

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

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

	Minimum	Date	Maximum	Date
TL+FC	196.65%	28 June 2019	347.46%	26 April 2019
FC	137.79%	28 June 2019	396.06%	26 April 2019

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			17,163,665	9,466,252
Cash Outflows				
Real person and retail deposits	29,733,862	10,459,086	2,541,107	1,045,909
Stable deposits	8,645,567	-	432,278	-
Less stable deposits	21,088,295	10,459,086	2,108,829	1,045,909
Unsecured funding other than real person and retail deposits	8,658,231	6,561,581	6,496,838	5,151,025
Operational deposits	148,202	7,238	37,050	1,809
Non-operational deposits	6,737,584	5,485,897	4,763,607	4,080,770
Other unsecured debt	1,772,445	1,068,446	1,696,181	1,068,446
Secured funding			-	-
Other cash outflows	18,050,076	9,398,363	7,703,053	4,239,901
Derivative exposures and collateral completion liabilities	6,190,952	3,196,313	6,190,952	3,196,313
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,859,124	6,202,050	1,512,101	1,043,588
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			16,740,998	10,436,835
Cash inflows				
Secured lending	5,175,786	-	-	-
Unsecured lending	5,896,026	3,429,369	4,513,292	3,174,871
Other cash inflows	5,616,089	2,815,406	5,369,087	2,808,864
Total cash inflows	16,687,901	6,244,775	9,882,379	5,983,735
			Total adjusted value	
Total high quality liquid assets stock			17,163,665	9,466,252
Total net cash outflows			6,858,620	4,468,919
Liquidity coverage ratio (%)			262.93	234.54

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

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V. Explanations on unconsolidated 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			12,811,309	9,060,653
Cash Outflows				
Real person and retail deposits	26,669,120	8,112,135	2,250,646	811,214
Stable deposits	8,325,320	-	416,266	-
Less stable deposits	18,343,800	8,112,135	1,834,380	811,214
Unsecured funding other than real person and retail deposits	5,034,631	2,777,166	2,816,450	1,464,280
Operational deposits	170,631	6,595	42,658	1,649
Non-operational deposits	3,654,503	2,287,246	1,637,933	979,306
Other unsecured debt	1,209,497	483,325	1,135,859	483,325
Secured funding			-	-
Other cash outflows	25,452,156	13,747,026	14,316,939	8,244,974
Derivative exposures and collateral completion liabilities	12,670,710	7,085,663	12,670,711	7,085,663
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	12,781,446	6,661,363	1,646,228	1,159,311
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			19,384,035	10,520,468
Cash inflows				
Secured lending	2,092,071	-	-	-
Unsecured lending	7,453,684	2,768,947	4,886,237	2,275,437
Other cash inflows	9,696,966	5,586,141	9,451,375	5,579,664
Total cash inflows	19,242,721	8,355,088	14,337,612	7,855,101
				Total adjusted value
Total high quality liquid assets stock			12,811,309	9,060,653
Total net cash outflows			5,300,357	3,123,270
Liquidity coverage ratio (%)			243.33	298.06

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

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

3. Other explanations on unconsolidated liquidity coverage ratio

Short term liquidity is managed within the regulatory limits in the Bank, the liquid assets are managed by using "Liquidity Coverage Ratio" calculations to follow up the minimum liquidity limits and keep sufficient stock of high quality liquid assets to meet net cash outflows. Liquidity coverage ratio is calculated as per the Regulation on Banks' Liquidity Coverage Ratio Calculation. The ratio is affected from Bank's quality liquid asset value not used as guarantee that can be converted to cash any time and Bank's possible cash inflows and outflows arising from net cash assets, liability and off balance sheet transactions.

The Bank 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 Bank are funds from interbank money market or financial assets at fair value through other comprehensive income 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 Bank 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 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 remain in the Bank's structure for a longer period than their original maturity.

Details of the Bank's foreign currency balance sheet as of 30 June 2019 are summarized as follows:

Foreign currency borrowings constitute the majority of the foreign currency liabilities. 40% of the Bank's foreign currency liabilities consist of funds obtained from other financial institutions and subordinated loans and 59% is composed of deposits. Cash and cash equivalents comprise 51% and loans comprise 48% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency.

Details of the Bank's Turkish Lira balance sheet as of 30 June 2019 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 66% of the Bank's total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Bank has borrowing opportunities from both domestic and foreign banks and Takasbank and BIST repo market. 63% of the assets in Turkish Lira balance sheet are loans granted and 20% are cash and cash equivalents.

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

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

4. Breakdown of assets and liabilities according to their outstanding maturities

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	4,690,734	5,693,980	-	-	-	-	-	10,384,714
Banks	356,400	1,154,660	-	-	-	-	-	1,511,060
Financial assets at fair value through profit or loss	-	65,579	43,396	367,437	599,853	41,101	66	1,117,432
Money market placements	-	6,262,313	-	-	-	-	-	6,262,313
Financial assets measured at fair value through other comprehensive income	-	208,664	174,348	683,514	1,607,259	18,024	6,138	2,697,947
Loans(***)	86,248	4,797,673	2,591,877	12,009,638	11,867,635	785,563	801,799	32,940,433
Financial assets measured at amortised cost	-	-	-	288,719	907,048	-	-	1,195,767
Other assets (*)	-	-	-	-	-	-	1,625,978	1,625,978
Total assets	5,133,382	18,182,869	2,809,621	13,349,308	14,981,795	844,688	2,433,981	57,735,644
Liabilities								
Bank deposits	2,323,776	-	-	-	-	-	-	2,323,776
Other deposits	4,535,142	27,993,489	1,094,820	244,632	2,760	-	-	33,870,843
Borrowings	-	2,448,074	746,783	1,112,392	4,787,592	1,873,913	-	10,968,754
Funds from interbank money market	-	2,238	-	-	-	37,749	-	39,987
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	255,842	-	-	-	-	-	143,805	399,647
Other liabilities (**)	-	492,242	76,600	72,230	280,733	51,974	9,158,858	10,132,637
Total liabilities	7,114,760	30,936,043	1,918,203	1,429,254	5,071,085	1,963,636	9,302,663	57,735,644
Liquidity (deficit)/surplus	(1,981,378)	(12,753,174)	891,418	11,920,054	9,910,710	(1,118,948)	(6,868,682)	-
Net Off Balance Sheet Position								
Derivative financial assets	-	104,586	135,726	408,558	1,499,377	-	-	2,148,247
Derivative financial liabilities	-	10,336,765	7,945,692	14,532,982	10,645,725	531,694	-	43,992,858
Derivative financial liabilities	-	10,232,179	7,809,966	14,124,424	9,146,348	531,694	-	41,844,611
Net Off Balance Sheet Position	295,673	478,022	875,332	5,546,178	5,460,924	1,635,839	-	14,291,968
Prior period								
Total assets	2,148,812	19,481,223	5,093,231	11,104,081	17,740,492	1,024,817	1,926,006	58,518,662
Total liabilities	6,721,291	25,084,818	3,492,082	6,123,224	4,799,021	3,888,910	8,409,316	58,518,662
Liquidity (deficit)/surplus	(4,572,479)	(5,603,595)	1,601,149	4,980,857	12,941,471	(2,864,093)	(6,483,310)	-
Net Off Balance Sheet Position								
Derivative financial assets	-	(115,403)	63,692	428,261	1,479,268	-	-	1,855,818
Derivative financial assets	-	10,465,186	14,187,788	12,174,323	12,130,335	530,159	-	49,487,791
Derivative financial liabilities	-	10,580,589	14,124,096	11,746,062	10,651,067	530,159	-	47,631,973
Net Off Balance Sheet Position	45,754	903,255	1,583,809	4,696,551	7,268,474	1,632,121	-	16,129,964

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

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

(***) Non-performing loans are presented under "unallocated" column.

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VI. Explanations on unconsolidated leverage ratio

Leverage ratio table prepared in accordance with the communique "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette No.28812 dated 5 November 2013 is presented below. As of 30 June 2019, the Bank's leverage ratio is calculated by taking average of end of month leverage ratios for the last three months is 9.06% (31 December 2018: 7.93%). This ratio is higher than minimum ratio. While the capital increased by 12% mainly as a result of increase in net profits, total risk amount decreased by 2%. Therefore, the current period leverage ratio increased by 113 basis points compared to prior period.

Information on unconsolidated leverage ratio

	Current period (*)	Prior period (*)
On-balance sheet items		
On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)	56,447,467	56,779,302
Asset deducted from core capital	(82,795)	(55,823)
The total amount of risk on-balance sheet exposures	56,364,672	56,723,479
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	3,473,448	4,408,227
The potential credit risk amount of derivative financial instruments and credit derivatives	514,448	606,490
The total risk amount of derivative financial instruments and credit derivatives	3,987,896	5,014,717
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	253,433	145,863
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	253,433	145,863
Off-balance sheet items		
Gross notional amount for off-balance sheet items	22,559,847	22,659,380
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	22,559,847	22,659,380
Capital and total exposures		
Core capital	7,512,626	6,703,342
Total exposures	83,165,848	84,543,439
Leverage ratio		
Leverage ratio	9.06	7.93

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

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VII. Explanations on unconsolidated risk management

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

1. Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	Previous period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	38,987,608	43,238,474	3,119,009
Standardized approach (SA)	38,987,608	43,238,474	3,119,009
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	2,121,015	2,922,432	169,681
Standardized approach for counterparty credit risk (SA-CCR)	2,121,015	2,922,432	169,681
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	307,700	345,325	24,616
Standardized approach (SA)	307,700	345,325	24,616
Internal model approaches (IMM)	-	-	-
Operational risk	5,837,114	4,640,666	466,969
Basic indicator approach	5,837,114	4,640,666	466,969
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	47,253,437	51,146,897	3,780,275

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VII. Explanations on unconsolidated risk management (continued)

2. Credit risk explanations

a. Credit quality of assets

	Gross carrying value of (according to TAS)		Provisions/ amortisation and impairment	Net values
	Defaulted	Non-defaulted		
Loans	2,563,266	32,138,418	1,761,098	32,940,586
Debt securities	-	1,914,500	4,608	1,909,892
Off-balance sheet exposures	117,669	19,459,146	105,164	19,471,651
Total	2,680,935	53,512,064	1,870,870	54,322,129

(*) The provision of the financial securities measured at fair value have been added.

b. Changes in stock of defaulted loans and debt securities

Defaulted loans and debt securities at end of the previous reporting period	2,053,925
Loans and debt securities that have defaulted since the last reporting period	769,933
Returned to non-defaulted status	-
Amounts written off	(5,042)
Other changes (*)	(255,550)
Defaulted loans and debt securities at end of the reporting period (*)	2,563,266

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

c. Credit risk mitigation techniques

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Loans (*)	23,563,547	9,377,039	7,862,648	5,208,057	4,589,824	-	-
Debt securities (*)	1,909,892	-	-	-	-	-	-
Total	25,473,439	9,377,039	7,862,648	5,208,057	4,589,824	-	-
Of which defaulted	2,563,266	-	-	-	-	-	-

(*) 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

Asset classes	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
Claims on sovereigns and Central Banks	9,878,720	-	14,468,543	-	3,497,973	24.18%
Claims on regional governments or local authorities	822,738	-	737,993	-	433,025	58.68%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	11,199,653	4,482,680	4,899,593	2,112,171	2,045,635	29.17%
Claims on corporates	13,262,779	11,099,726	11,337,206	8,007,523	18,904,521	97.72%
Claims on retails	14,959,650	4,229,321	12,072,989	790,425	9,631,528	74.88%
Claims secured by residential property	1,253,419	39,348	1,253,420	13,413	445,847	35.19%
Claims secured by commercial property	1,743,631	160,051	1,743,631	85,257	1,020,674	55.81%
Past due loans	241,353	-	241,353	-	245,845	101.86%
Higher risk categories decided by the Board	1,023,957	-	1,023,957	-	1,195,518	116.75%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	3,892,915	24,454	3,892,915	4,891	1,477,304	37.90%
Stock investments	89,737	-	89,737	-	89,738	100.00%
Total	58,368,552	20,035,580	51,761,337	11,013,680	38,987,608	62.11%

(Convenience translation of the unconsolidated 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 unconsolidated financial statements as of and for the six-month period ended 30 June 2019 (continued) (All amounts expressed in full of Turkish Lira ("TL") unless otherwise stated)

VII. Explanations on unconsolidated risk management (continued)

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

Risk classes	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit exposures amount (post CCF and post-CRM)
Claims on sovereigns and Central Banks	10,970,570	-	-	-	-	-	3,497,973	-	-	-	14,468,543
Claims on regional governments or local authorities	-	-	-	-	609,937	-	128,056	-	-	-	737,993
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	1	-	2,489,706	-	2,988,956	-	1,503,220	29,881	-	-	7,011,764
Claims on corporates	18,591	-	6,918	-	4	-	19,319,216	-	-	-	19,344,729
Claims on retails	1	-	-	-	-	12,863,413	-	-	-	-	12,863,414
Claims secured by residential property	1	-	-	1,263,054	-	-	3,778	-	-	-	1,266,833
Claims secured by commercial property	-	-	-	-	1,616,428	-	212,460	-	-	-	1,828,888
Past due loans	1	-	-	-	13,250	-	205,867	22,235	-	-	241,353
Higher risk categories decided by the Board	-	-	-	-	167,817	-	345,194	510,946	-	-	1,023,957
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	2,420,502	-	-	-	-	-	1,477,304	-	-	-	3,897,806
Stock investments	-	-	-	-	-	-	89,737	-	-	-	89,737
Total	13,409,667	-	2,496,624	1,263,054	5,396,392	12,863,413	26,782,805	563,062	-	-	62,775,017

3. Counterparty credit risk (CCR) approach analysis

	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
Standardised Approach - CCR (for derivatives)	3,024,370	489,856	-	1.40	3,514,226	1,874,657
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	261,329	52,284
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						1,926,941

(*) Effective expected positive exposure

4. Credit valuation adjustment (CVA) capital charge

	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) VaR component (including the 3×multiplier)	-	-
(ii) Stressed VaR component (including the 3×multiplier)	-	-
All portfolios subject to the Standardised CVA capital charge	3,514,226	194,074
Total subject to the CVA capital charge	3,514,226	194,074

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VII. Explanations on unconsolidated risk management (continued)

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

Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims on sovereigns and Central Banks	-	-	-	-	-	-	-	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	1	-	585,987	2,745,870	-	4,693	-	-	3,336,551
Claims on corporates	1,541	-	-	-	-	416,081	-	-	417,622
Claims included in the regulatory retail portfolios	1	-	-	-	21,380	-	-	-	21,381
Claims secured by residential property	1	-	-	-	-	-	-	-	1
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	1,544	-	585,987	2,745,870	21,380	420,774	-	-	3,775,555

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

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

6. Collaterals for counterparty credit risk (CCR)

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

7. Credit derivatives

There is no credit derivative transaction.

8. Exposures to central counterparties (CCP)

There is no exposures to central counterparties.

9. Explanations on securitisation

There is no securitisation transaction.

10. Explanations on market risk

	RWA
Outright products	
Interest rate risk (general and specific)	307,700
Equity risk (general and specific)	191,263
Foreign exchange risk	-
Commodity risk	116,437
Options	-
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
Total	307,700

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**Notes to the unconsolidated financial statements
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VIII. Explanations on segment reporting

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

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

Current period – 30 June 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	604,327	704,047	217,639	1,526,013
Net commissions and fees income and other operating income	378,059	201,733	48,276	628,068
Trading gain/loss	72,970	26,751	353,414	453,135
Dividend income	-	-	64,921	64,921
Provision for impairment of loans and other receivables	(509,019)	(46,991)	(22,428)	(578,438)
Segment results	546,337	885,540	661,822	2,093,699
Other operating expenses (**)				(931,117)
Income from continuing operations before tax				1,162,582
Tax provision (*)				(232,276)
Net profit				930,306

Prior period – 30 June 2018	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	475,093	452,002	636,451	1,563,546
Net commissions and fees income and other operating income	444,899	294,490	78,940	818,329
Trading gain/loss	167,856	18,940	(406,533)	(219,737)
Dividend income	-	-	68,830	68,830
Provision for impairment of loans and other receivables	(300,878)	(341,040)	(259)	(642,177)
Segment results	786,970	424,392	377,429	1,588,791
Other operating expenses (**)				(845,064)
Income from continuing operations before tax				743,727
Tax provision (*)				(159,882)
Net profit				583,845

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

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

Current period – 30 June 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	23,495,425	11,064,787	23,175,432	57,735,644
Liability	9,672,498	26,707,453	13,279,141	49,659,092
Equity	-	-	8,076,552	8,076,552

Prior period – 31 December 2018	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	27,589,411	11,908,013	19,021,238	58,518,662
Liability	9,070,641	23,402,180	18,623,594	51,096,415
Equity	-	-	7,422,247	7,422,247

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

Section five

Information and disclosures related to unconsolidated financial statements

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

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

1.1. Information on cash equivalents

	Current period		Prior period	
	TL	FC	TL	FC
Cash in TL/foreign currency	312,582	2,107,912	291,076	1,349,619
Balances with the Central Bank of Turkey	503,087	7,461,133	407,796	6,861,366
Other	-	-	-	374
Total	815,669	9,569,045	698,872	8,211,359

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	503,087	1,767,153	407,796	1,850,723
Restricted time deposit	-	2,474,851	-	2,281,923
Restricted demand deposit	-	3,219,129	-	2,728,720
Total	503,087	7,461,133	407,796	6,861,366

As per the “Communiqué on Reserve Requirements” promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date in terms of TL, USD / EURO and gold at a rate ranging between 1% and 7% for Turkish lira deposits and liabilities depending on their maturity and at a rate ranging between 5% and 21% for foreign currency deposits and foreign currency other liabilities depending on their maturity. In accordance with the relevant communiqué, the Central Bank pays interest for the reserve requirements which are presented in terms of TL and USD.

Including accruals TL 502,894 (31 December 2018: TL 406,495) of the TL reserve deposits provided over the average balance and TL 1,767,153 (31 December 2018: TL 1,850,723) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

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

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

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

	Current period	Prior period
Unrestricted portfolio	43,856	21,385
Collateral / blocked	22,282	7,391
Total	66,138	28,776

(Convenience translation of the unconsolidated 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 unconsolidated financial statements
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I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	106,182	52	232,495
Swap transactions	873,676	68,054	262,703	82,758
Futures transactions	-	-	-	-
Options	71	3,311	155	3,438
Other	-	-	-	-
Total	873,747	177,547	262,910	318,691

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	2,005	1,509,055	1,082	513,885
Domestic	2,005	29	1,082	813
Foreign	-	1,509,026	-	513,072
Headquarters and branches abroad	-	-	-	-
Total	2,005	1,509,055	1,082	513,885

As of 30 June 2019, restricted bank balance amounting to TL 127,695 (31 December 2018: TL 232,219) all of which is comprised of (31 December 2018: All amount) collaterals that is held by counter banks under CSA contracts and is calculated based on related derivatives market price.

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

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(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

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

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

4.1. Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral/blocked

Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral/blocked with net amounts are shown in below table.

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Unrestricted portfolio	722,632	643,752
Repo transactions	2,239	2,166
Collateral / blocked (*)	-	-
Total	724,871	645,918

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

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

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Debt securities	733,442	658,605
Quoted to stock exchange	733,442	658,605
Not quoted	-	-
Equity certificates	6,138	6,121
Quoted to stock exchange	-	-
Not quoted	6,138	6,121
Provision for impairment (-)	(14,709)	(18,808)
Total	724,871	645,918

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

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

5. Information on loans

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

	Current period		Prior period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders of the Bank	64	574,688	71	570,374
Corporate shareholders	-	574,688	-	570,374
Real person shareholders	64	-	71	-
Indirect loans granted to shareholders of the Bank	-	191,169	-	200,958
Loans granted to employees of the Bank	27,332	-	29,302	-
Total	27,396	765,857	29,373	771,332

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

Cash loans	Standard loans	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	
			Revised contract terms	Refinance
Non-specialized loans	25,866,949	5,019,043	1,252,426	-
Business loans	10,462,851	3,044,444	728,055	-
Export loans	4,749,883	557,909	71,052	-
Import loans	-	-	-	-
Loans given to financial sector	333,556	85,830	-	-
Consumer loans	8,119,373	1,146,534	401,354	-
Credit cards	683,727	127,818	51,965	-
Other	1,517,559	56,508	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	25,866,949	5,019,043	1,252,426	-

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

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(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)

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

	Current period		Prior period	
	Standard loans	Loans and other receivables under close monitoring	Standard loans	Loans and other receivables under close monitoring
12 Month Expected Credit Losses	131,021	9	117,472	-
<i>Loans</i>	114,457	-	106,554	-
<i>Other assets</i>	4,803	9	6,744	-
<i>Banks and money market placements</i>	11,608	-	4,021	-
<i>Marketable securities</i>	153	-	153	-
Lifetime expected credit losses significant increase in credit risk	-	348,683	-	378,466
<i>Loans</i>	-	348,683	-	378,466
Total	131,021	348,692	117,472	378,466

5.3. Loans according to their maturity structure

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

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

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

5.4. Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel

	Short term	Medium and long term	Total
Consumer loans – TL	642,376	8,801,788	9,444,164
Mortgage loans	844	3,434,987	3,435,831
Automotive loans	27,066	352,375	379,441
General purpose loans	614,466	5,014,426	5,628,892
Other	-	-	-
Consumer loans – indexed to FC	43	432	475
Mortgage loans	43	432	475
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	759,824	32,401	792,225
With installments	231,293	32,401	263,694
Without installments	528,531	-	528,531
Consumer credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	2,476	15,254	17,730
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	2,476	15,254	17,730
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	9,666	-	9,666
With installments	3,085	-	3,085
Without installments	6,581	-	6,581
Personnel credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	204,892	-	204,892
Overdraft accounts – FC (real person)	-	-	-
Total	1,619,277	8,849,875	10,469,152

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

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

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

	Short term	Medium and long term	Total
Commercial installment loans - TL	553,620	5,659,013	6,212,633
Real estate loans	-	36,798	36,798
Automotive loans	335	136,169	136,504
General purpose loans	-	-	-
Other	553,285	5,486,046	6,039,331
Commercial installment loans - indexed to FC	42	118,196	118,238
Real estate loans	-	4,878	4,878
Automotive loans	-	22,481	22,481
General purpose loans	-	-	-
Other	42	90,837	90,879
Commercial installment loans - FC	-	13,502	13,502
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	13,502	13,502
Corporate credit cards – TL	61,619	-	61,619
With installments	17,034	-	17,034
Without installments	44,585	-	44,585
Corporate credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	182,056	-	182,056
Overdraft loans – FC (legal entity)	-	-	-
Total	797,337	5,790,711	6,588,048

5.6. Loans according to borrowers

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

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	31,658,411	36,709,457
Foreign loans	480,007	835,362
Total	32,138,418	37,544,819

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

5.8. Loans granted to subsidiaries and associates

	Current period	Prior period
Direct loans granted to subsidiaries and associates	345,635	535,713
Indirect loans granted to subsidiaries and associates	-	-
Total	345,635	535,713

5.9. Specific provisions set aside against loans

	Current period	Prior period
Loans and receivables with limited collectability	72,272	136,996
Loans and receivables with doubtful collectability	327,419	164,068
Uncollectible loans and receivables	898,267	744,702
Total	1,297,958	1,045,766

5.10. Information on non-performing loans (net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Gross amounts before specific provision	1,260	3,127	4,568
Rescheduled Loans	1,260	3,127	4,568
Prior period			
Gross amounts before specific provision	222	509	4,720
Rescheduled Loans	222	509	4,720

(Convenience translation of the unconsolidated 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 and notes related to assets of the unconsolidated balance sheet (continued)

5.10.2. Information on total non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior period end balance	676,253	383,292	994,380
Additions (+)	748,351	11,248	10,334
Transfers from other categories of non-performing loans (+)	-	992,890	332,592
Transfers to other categories of non-performing loans (-)	(992,890)	(332,592)	-
Collections (-)	(98,859)	(80,318)	(76,373)
Write-offs (-)	(295)	(20)	(4,727)
Sold Portfolio	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	332,560	974,500	1,256,206
Provisions (-)	(72,272)	(327,419)	(898,267)
Net balance on balance sheet	260,288	647,081	357,939

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Balance at the end of the period	13,134	30,183	43,947
Provision (-)	1,296	11,543	19,803
Net balance on balance sheet	11,838	18,640	24,144
Prior period			
Balance at the end of the period	19,589	2,647	41,827
Provision (-)	4,191	1,447	32,414
Net balance on balance sheet	15,398	1,200	9,413

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

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)	260,288	647,081	357,939
Loans granted to corporate entities and real person (gross)	332,560	974,500	1,256,206
Provision amount (-)	(72,272)	(327,419)	(898,267)
Loans granted to corporate entities and real person (net)	260,288	647,081	357,939
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision amount (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)	539,257	219,224	249,678
Loans granted to corporate entities and real person (gross)	676,253	383,292	994,380
Provision amount (-)	(136,996)	(164,068)	(744,702)
Loans granted to corporate entities and real person (net)	539,257	219,224	249,678
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision amount (-)	-	-	-
Other loans (net)	-	-	-

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (Net)	12,257	24,476	4,324
Interest accruals and valuation differences	16,099	36,074	6,383
Provision (-)	(3,842)	(11,598)	(2,059)
Prior period (Net)	16,522	4,492	-
Interest accruals and valuation differences	20,065	6,287	-
Provision (-)	(3,543)	(1,795)	-

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

5.11. Liquidation policy for uncollectible loans and receivables

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

5.12. Information on the write-off policy

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

6. Financial assets measured at amortised cost (net)

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

	Current period	Prior period
Investments subject to repurchase agreements	-	-
Collateralised / blocked investments	284,678	386,219
Total	284,678	386,219

6.2. Government securities measured at amortised cost

	Current period	Prior period
Government bonds	1,195,767	1,194,996
Treasury bills	-	-
Other government securities	-	-
Total	1,195,767	1,194,996

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	1,195,767	1,194,996
Quoted to stock exchange	1,195,767	1,194,996
Not quoted	-	-
Impairment provision (-)	-	-
Total	1,195,767	1,194,996

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

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	1,194,996	1,316,936
Foreign currency differences on monetary assets	-	-
Purchases during the period	-	-
Disposals through sales/redemptions	-	(142,041)
Provision for impairment (-)	-	-
Change in redemption cost	771	20,101
Period end balance	1,195,767	1,194,996

7. Information on associates (net)

7.1. Explanations related to the associates

The Bank does not have any associates.

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 30 June 2019 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Factoring	ING Leasing	ING Brokerage
Paid in capital and adjustment to paid-in capital	1,268	40,000	22,500	20,765
Profit reserves, capital reserves and prior year profit/loss	-	79,138	109,766	5,708
Profit/loss	35,960	15,937	18,929	3,487
Development cost of operating lease (-)	-	(3)	(3)	-
Intangible assets (-)	-	(555)	(362)	(21)
Total core capital	37,228	134,517	150,830	29,939
Supplementary capital	-	-	-	-
Capital	37,228	134,517	150,830	29,939
Net usable shareholder's equity	37,228	134,517	150,830	29,939

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

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

8.2. Information on consolidated subsidiaries

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

(*) The sale of the shares representing 100% of the capital of ING Portfolio Management, one of the subsidiaries of the Bank, to TEB Portföy Yönetimi A.Ş has been completed on 31 May 2019.

As of 30 June 2019 financial information on consolidated subsidiaries as follows (*):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/ loss	Prior period profit/loss	Fair value
(1)	8,225,242	37,228	6	171,678	-	35,960	24,560	-
(2)	652,057	135,075	2,495	53,551	-	15,937	10,112	-
(3)	1,231,714	151,195	1,156	35,163	-	18,929	15,247	-
(4)	170,514	29,939	215	3,475	-	3,487	2,082	-

(*) The financial information of ING European Financial Services Plc. and ING Leasing are obtained from 30 June 2019 unreviewed financial statements, the financial information of ING Factoring and ING Brokerage are obtained from 30 June 2019 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	(12,308)	-
Purchases	-	-
Bonus shares obtained	-	-
Dividends from current year income	-	-
Sales (*)	(12,308)	-
Revaluation increase	-	-
Provisions for impairment	-	-
Balance at the end of the period	83,599	95,907
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

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

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

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

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies	40,000	40,000
Leasing companies	22,500	22,500
Finance companies	-	-
Other financial subsidiaries	21,099	33,407

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

10. Information on finance lease receivables (net)

The Bank has no receivables from finance lease.

11. Information on derivative financial assets held for hedging

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

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	1,973,071	5	2,968,911	-
Net investment hedge	-	-	-	-
Total	1,973,071	5	2,968,911	-

12. Information on property and equipment (net)

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

13. Information on intangible assets (net)

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

14. Information on investment properties (net)

The Bank does not have investment properties.

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

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

As of 30 June 2019 current tax asset and corporation tax payable are netted of and accounted as current tax liability in the unconsolidated balance sheet. The explanations about current tax asset / liability for the current and previous period are disclosed in Note II.9 of Section Five

15.2. Explanations on deferred tax asset

Deferred tax asset and liability are netted and shown in liabilities of unconsolidated balance sheet as deferred tax liability, and explanations about deferred tax asset / liability for the current and 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 Bank does not have assets with respect to the discontinued operations.

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

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

(Convenience translation of the unconsolidated 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 unconsolidated balance sheet

1. Information on deposits

1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	686,079	-	14,015,575	3,352,361	207,316	97,414	74,101	-	18,432,846
Foreign currency deposits	2,773,029	-	6,944,545	3,196,667	139,760	78,714	17,744	-	13,150,459
Residents in Turkey	2,594,381	-	6,848,856	3,085,752	114,145	69,703	16,730	-	12,729,567
Residents abroad	178,648	-	95,689	110,915	25,615	9,011	1,014	-	420,892
Public sector deposits	260,801	-	-	11,071	77	-	-	-	271,949
Commercial deposits	587,887	-	817,478	334,116	4,416	12,933	17,859	-	1,774,689
Other institutions deposits	13,741	-	1,243	11,829	134	254	94	-	27,295
Precious metals deposits	213,605	-	-	-	-	-	-	-	213,605
Interbank deposits	2,323,776	-	-	-	-	-	-	-	2,323,776
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	2,323,775	-	-	-	-	-	-	-	2,323,775
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	6,858,918	-	21,778,841	6,906,044	351,703	189,315	109,798	-	36,194,619

Prior period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	536,506	-	13,392,719	3,403,652	410,389	159,553	59,788	-	17,962,607
Foreign currency deposits	1,925,323	-	4,813,121	2,677,231	139,011	122,450	202,156	-	9,879,292
Residents in Turkey	1,705,199	-	4,744,197	2,563,934	131,998	114,289	201,221	-	9,460,838
Residents abroad	220,124	-	68,924	113,297	7,013	8,161	935	-	418,454
Public sector deposits	241,369	-	-	9,941	719	-	-	-	252,029
Commercial deposits	561,915	-	833,785	297,246	13,975	7,281	37,585	-	1,751,787
Other institutions deposits	17,236	-	2,647	11,085	195	161	77	-	31,401
Precious metals deposits	170,212	-	-	-	-	-	-	-	170,212
Interbank deposits	2,291,934	-	-	-	-	-	-	-	2,291,934
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	726	-	-	-	-	-	-	-	726
Foreign banks	2,291,208	-	-	-	-	-	-	-	2,291,208
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	5,744,495	-	19,042,272	6,399,155	564,289	289,445	299,606	-	32,339,262

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

Saving deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit insurance	
	Current period	Prior period	Current period	Prior period
Saving deposit	12,655,286	12,397,645	5,769,938	5,560,491
Foreign currency saving deposits	4,039,267	2,783,584	6,252,207	4,649,289
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

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

1.3. Information on whether the saving deposits / private current accounts of real persons not subject to commercial transactions in the Turkey branch of the Bank headquartered abroad are in scope of insurance in the country where the head office is located

The Bank’s head office is in Turkey and its saving deposits are covered by saving deposit insurance.

1.4. Saving deposits of real persons not under the guarantee of saving deposit insurance fund

	Current period	Prior period
Deposits and other accounts in foreign branches	-	-
Saving deposits and other accounts of controlling shareholders and their mothers, fathers, spouses, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, general manager and vice presidents, and their mothers, fathers, spouses and children in care	20,359	14,738
Saving deposits and other accounts in scope of the property holdings derived from crime defined in Article 282 of Turkish Criminal Law No: 5237, dated 26 September 2004	-	-
Saving deposits in deposit bank established in Turkey in order to engage solely in off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	23,732	-	88,476
Swap transactions	159,069	102,028	652,663	103,240
Future transactions	-	-	-	-
Options	100	3,646	262	3,754
Other	-	-	-	-
Total	159,169	129,406	652,925	195,470

3. Banks and other financial institutions

3.1. Information on banks and other financial institutions

	Current period		Prior period	
	TL	FC	TL	FC
Funds borrowed from Central Bank of Turkey	-	-	-	-
Funds borrowed from domestic banks and institutions	158,451	332,773	107,924	648,641
Funds borrowed from foreign banks, institutions and funds	259,232	6,076,323	204,298	10,884,486
Total	417,683	6,409,096	312,222	11,533,127

(Convenience translation of the unconsolidated 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 unconsolidated balance sheet (continued)

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	221,970	598,975	128,190	1,716,863
Medium and long term	195,713	5,810,121	184,032	9,816,264
Total	417,683	6,409,096	312,222	11,533,127

3.3. Funding industry group where the Bank's liabilities are concentrated

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

4. Explanations on securities issued (net)

The Bank does not have any securities issued end of the reporting period (31 December 2018: None).

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

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

6. Explanations on lease liabilities (net)

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	465,666	320,013	-	-
More than 1 year	-	-	-	-
Total	465,666	320,013	-	-

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II. Explanations and notes related to liabilities of the unconsolidated 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	356,040	9,151	258,878	4,528
Net investment hedge	-	-	-	-
Total	356,040	9,151	258,878	4,528

8. Information on provisions

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

None (31 December 2018: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans (Stage 3)	31,090	28,295
Provision for credit card score promotion	2,012	1,833
Other provisions	155,576	235,848
<i>Allowance for expected credit losses (Stage 1 and Stage 2) (*)</i>	<i>74,074</i>	<i>97,456</i>
<i>Other</i>	<i>81,502</i>	<i>138,392</i>
Total	188,678	265,976

(*) Non-cash loan provisions are included.

Amounting to TL 68,443 (31 December 2018: TL 71,338) of the other provisions consist of provisions set aside as a result of the legal assessment for the lawsuits that are likely to result against the Bank.

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

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

SDIF, however, does not fully indemnify the Bank and pays these amounts subject to legal reservation against the STA provisions. SDIF initiated six enforcement proceedings to claim the amount it had indemnified, a total of approximately TL 377 million (Full TL). Upon the Bank's objection to legal grounds of the enforcement proceedings initiated by SDIF against the Bank, SDIF initiated cancellation of objection lawsuits against the Bank. Currently, there are four of such lawsuits: (i) the first case relates to the first enforcement proceeding of approximately TL 21.8 million (Full TL) (the "First Case"), (ii) the second case relates to the second enforcement proceeding of approximately TL 21,8 million (Full TL) (the "Second Case"), (iii) the third case relates to the third and fifth enforcement proceedings of a total of approximately TL 98,7 million (Full TL) (the "Third Case") and (iv) the fourth case relates to the fourth enforcement proceeding of approximately TL 109,5 million (Full TL) (the "Fourth Case"). SDIF has not yet initiated a case in connection with the sixth enforcement proceeding of approximately TL 126 million (Full TL) against which the Bank objected and SDIF filed a lawsuit (the "Sixth Case") for the cancellation of objection lawsuit. Furthermore, SDIF initiated the seventh enforcement procedure for approximately TL 52 million for payments made by SDIF and the Bank objected to this payment request. SDIF sued for this seventh enforcement and the case is going on the first instance court.

The First Case is before the first instance court following the appellate decision, where the court of first instance decided to obtain an expert opinion in accordance with the Supreme Court of Appeals' decision. Following the court appointed expert's examination of the case, the expert report is completed and it is in favor of the Parent Bank. The first instance court decided in favor of the Parent Bank however SDIF is entitled to appeal against the decision. The report prepared from the expert review is in favor of the parent bank; the case was rejected by the Court of First Instance in favor of the Parent Bank, with the Court of Cassation clear.

The first instance court held the trial of the Second Case, Third Case and Fourth Case together due to the first instance court's earlier decision to merge these cases. However, the first instance court only ruled on the merits of the Second Case in favor of Parent Bank. and rejected SDIF's claims and decided to demerge each of the Third Case and the Fourth Case from the Second Case. In the proceedings held after the court's demerger decision, the court decided in favor of the Parent Bank for each case. Also in the sixth case, the first instance court decided in favor of the bank. The court's decision in the Second Case and in the other cases are subject to a two-tiered appeal, i.e., appeal before the regional appellate court and the Supreme Court of Appeals.

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

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

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(All amounts expressed in full of Turkish Lira ("TL") unless otherwise stated)**

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

8.3. Information on provisions for employee benefits

As of 30 June 2019, TL 56,083 (31 December 2018: TL 50,903) of TL 32,849 (31 December 2018: TL 29,418) provisions for employee benefits is the unused vacation provision. Full provision is provided for the unused vacation liability.

TL 23,234 (31 December 2018: TL 21,485) of the provisions for employee benefits is the termination benefit provision. In accordance with the labor law, the Bank is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 6,017.60 (Full TL) at 30 June 2019 and TL 5,434.42 (Full TL) at 31 December 2018 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the unconsolidated financial statements dated 30 June 2019 and 31 December 2018, the Bank operating in Turkey has calculated severance pay by taking into account their experience in personnel service completion or termination, and by discounting it via using the forecasted annual inflation and interest rates.

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

The Bank has current corporate tax liability as of 30 June 2019 amounting to TL 97,467 (31 December 2018: TL 131,125 current tax asset).

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	97,467	131,125
Taxation of securities	48,781	42,224
Property tax	970	1,250
Banking insurance transaction tax ("BITT")	26,626	37,741
Foreign exchange transaction tax	1,278	-
Value added tax payable	4,164	4,553
Other	8,949	10,100
Total	188,235	226,993

(Convenience translation of the unconsolidated 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 unconsolidated balance sheet (continued)

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	4,933	4,681
Social security premiums-employer	7,295	6,926
Bank social aid pension fund premium-employee	-	-
Bank social aid pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	352	332
Unemployment insurance-employer	699	663
Other	-	-
Total	13,279	12,602

9.2. Explanations on deferred tax liabilities

As of 30 June 2019, the net deferred tax liabilities of the Bank amounts to TL 409,401 (31 December 2018: TL 430,595) which is calculated based on the deductible temporary differences.

	Current period		Prior period	
	Accumulated temporary differences	Deferred tax asset / (liability)	Accumulated temporary differences	Deferred tax asset / (liability)
Timing differences constituting the basis for deferred tax				
Provisions (*)	153,466	31,595	208,885	43,493
Fair value differences for financial assets and liabilities	(6,972)	(1,215)	(38,036)	(6,850)
Derivative valuation differences	(2,709,445)	(563,583)	(2,844,627)	(599,098)
Expected credit losses of Stage I and II	553,787	121,833	593,394	130,547
Other	9,289	1,969	10,028	1,313
Total deferred tax assets / (liabilities) net		(409,401)		(430,595)

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

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

	Current period (1 January – 30 June 2019)	Prior period (1 January – 30 June 2018)
Deferred tax assets / (liabilities)		
Prior period beginning balance	(430,595)	(334,347)
TFRS 9 effect	-	65,575
Opening balance	(430,595)	(268,772)
Deferred tax income / (expense) net	(56,732)	(159,882)
Deferred tax recognized under equity	77,926	(133,968)
Balance at the end of the period	(409,401)	(562,622)

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

10. Information on liabilities regarding assets held for sale

As of 30 June 2019 and 31 December 2018, there are no liabilities regarding assets held for sale.

11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	FC	TL	FC
To be included in the calculation of additional capital borrowing instruments	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	4,141,975	-	3,813,522
Subordinated loans (*)	-	4,141,975	-	3,813,522
Subordinated debt instruments	-	-	-	-
Total	-	4,141,975	-	3,813,522

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the bank amounting to USD 102 million and EUR 90 million and USD 91 million and EUR 85 million are amortised by 20% and then included in Tier II Capital, as their remaining maturity is less than five years as of 30 June 2019.

12. Information on shareholders' equity

12.1. Paid-in capital

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

(*) The amount represents nominal capital.

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

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

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

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

12.4. Information on share capital increases from capital reserves

There is no capital increases 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.

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

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

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

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

12.7. Information on preferred shares

There are no preferred shares.

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	(2,928)	-	(14,870)	-
Foreign exchange difference	-	-	-	-
Total	(2,928)	-	(14,870)	-

12.9. Profit reserves and profit distribution

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

As per the decision made at the annual general assembly of shareholders of the Bank on 21 March 2019, the distribution of the net profit of the year 2018, is as follows.

Profit distribution table of 2018	
2018 net profit	1,061,760
A – I. Legal Reserve (TCC 519/A) 5%	(53,088)
B – The First Dividend for Shareholders	-
C – Extraordinary Reserves	(1,007,695)
D – Special funds	(977)

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**Notes to the unconsolidated financial statements
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III. Explanations and notes related to unconsolidated off-balance sheet accounts

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	1,737,412	1,299,103
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	1,767,457	1,823,151
Commitments for cheque payments	350,452	352,249
Commitments for credit card limits	1,398,499	1,553,689
Commitments for credit cards and banking services promotions	5,257	5,479
Other irrevocable commitments	25,769	22,409
Total	5,284,846	5,056,080

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

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

	Current period	Prior period
Commitments and contingencies	5,562,649	7,078,365
Letter of credits	1,155,847	1,764,338
Bank acceptance loans	33,524	39,370
Total	6,752,020	8,882,073

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

	Current period	Prior period
Irrevocable letters of guarantees	5,446,195	5,554,763
Cash loans letters of guarantees	1,072,898	990,029
Advance letters of guarantees	857,018	569,482
Temporary letters of guarantees	80,258	54,865
Other	83,579	78,752
Total	7,539,948	7,247,891

1.3. Explanation on non-cash loans

1.3.1. Total amount of non-cash loans

	Current period	Prior period
Non-cash loans given against cash loans	6,435,319	7,967,682
With original maturity of 1 year or less than 1 year	412,551	248,412
With original maturity of more than 1 year	6,022,768	7,719,270
Other non-cash loans	7,856,649	8,162,282
Total	14,291,968	16,129,964

(Convenience translation of the unconsolidated 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 unconsolidated financial statements
as of and for the six-month period ended 30 June 2019 (continued)
(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

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

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

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

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

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

2. Information on derivative transactions

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

3. Information on credit swaps and related risks

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

4. Information on contingent liabilities and assets

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

5. Information on the services provided on behalf of others

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

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

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

1. Information on interest income

1.1. Information on interest income from loans

	Current period		Prior period	
	TL	FC	TL	FC
Interest on loans (*)	2,623,551	252,414	2,490,518	198,352
Short term loans	866,389	49,475	897,583	22,208
Medium and long term loans	1,654,052	202,939	1,550,900	176,144
Interest on loans under follow-up	103,110	-	42,035	-
Premiums received from resource utilization support fund	-	-	-	-

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

1.2. Information on interest income received from banks

	Current period		Prior period	
	TL	FC	TL	FC
From Central Bank of Turkey	-	-	-	-
From domestic banks	26,911	646	13,367	1,617
From foreign banks	207	34,117	302	4,113
From branches abroad	-	-	-	-
Total	27,118	34,763	13,669	5,730

1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	9,176	266	20,637	255
Financial assets measured at fair value through other comprehensive income	54,059	-	25,663	-
Financial assets measured at amortised cost	116,282	-	71,228	-
Total	179,517	266	117,528	255

1.4 Information on interest income received from associates and subsidiaries

	Current period	Prior period
Interest income from associates and subsidiaries	3,484	2,175

(Convenience translation of the unconsolidated 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 unconsolidated financial statements
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(All amounts expressed in full of Turkish Lira ("TL") unless otherwise stated)**

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

2. Information on interest expenses

2.1. Information on interest on funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Banks (*)	22,237	162,939	38,737	172,582
Central Bank of Turkey	-	-	-	-
Domestic banks	7,225	718	4,429	1,048
Foreign banks	15,012	162,221	34,308	171,534
Branches and offices abroad	-	-	-	-
Other institutions (*)	-	2,632	-	3,537
Total	22,237	165,571	38,737	176,119

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

2.2. Information on interest expenses paid to associates and subsidiaries

	Current period	Prior period
Interest expenses paid to associates and subsidiaries	11,690	2,164

2.3. Information on interest on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Interest on securities issued	-	-	11,344	-

(Convenience translation of the unconsolidated 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 unconsolidated financial statements as of and for the six-month period ended 30 June 2019 (continued) (All amounts expressed in full of Turkish Lira ("TL") unless otherwise stated)

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

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	-	666	-	-	-	-	-	666
Saving deposits	-	1,293,308	342,607	26,859	14,731	9,423	-	1,686,928
Public sector deposits	-	-	1,391	96	-	-	-	1,487
Commercial deposits	-	68,635	39,240	1,433	1,066	2,803	-	113,177
Other deposits	-	128	955	10	8	16	-	1,117
7 days call accounts	-	-	-	-	-	-	-	-
Total	-	1,362,737	384,193	28,398	15,805	12,242	-	1,803,375
Foreign currency								
Foreign currency deposits	-	54,915	37,401	1,575	1,509	987	-	96,387
Banks deposits	-	6,464	-	-	-	-	-	6,464
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	61,379	37,401	1,575	1,509	987	-	102,851
Grand total	-	1,424,116	421,594	29,973	17,314	13,229	-	1,906,226

3. Information on dividend income

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

4. Information on trading income/loss (net)

	Current period	Prior period
Income	14,956,794	13,434,338
Gains on capital market transactions	42,373	13,485
Gains on derivative financial instruments	8,631,022	6,397,482
Foreign exchange gains	6,283,399	7,023,371
Loss (-)	(14,503,659)	(13,654,075)
Loss on capital market transactions	(41,513)	(37,101)
Loss on derivative financial instruments	(7,885,785)	(4,972,968)
Foreign exchange loss	(6,576,361)	(8,644,006)

Net loss on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 64,182 (30 June 2018: TL 1,285,922 net profit).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	281,491	502,647
Income arising from sale of assets	5,766	11,513
Banking services income	1,533	2,646
Other non-interest income	35,479	30,769
Total	324,269	547,575

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

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(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

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

6. Allowance for expected credit losses

	Current period	Prior period
Expected credit losses	578,434	641,918
12-Month expected credit loss (Stage 1)	45,014	112,779
Expected credit loss significant increase in credit risk (Stage 2)	52,633	80,041
Expected credit loss impaired credits (Stage 3)	480,787	449,098
Impairment losses on securities	4	259
Financial assets measured at fair value through profit/loss	3	239
Financial assets measured at fair value through other comprehensive income	1	20
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	-	-
Total	578,438	642,177

7. Information on other operating expenses

	Current period	Prior period
Reserves for employee termination benefits	1,324	1,265
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	5,000	-
Depreciation expense of tangible assets	64,252	27,836
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	14,448	11,374
Impairment expense of equity participations for which equity method is applied	-	-
Impairment expense for securities that to be disposed	-	-
Depreciation expense of securities that to be disposed	-	-
Impairment expense of held for sale tangible assets and discontinued operations	-	-
Other operating expenses	361,597	379,234
Operating lease expenses related with TFRS 16 exception (*)	7,473	57,929
Repair and maintenance expenses	16,023	13,791
Advertisement expenses	54,652	41,993
Other expenses	283,449	265,521
Loss on sales of assets	11,320	239
Other	118,382	113,802
Total	576,323	533,750

(*) Amount stated in prior period column (30 June 2018) represents all operating lease expenses.

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

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

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

9. Information on tax provision for continued and discontinued operations

As of 30 June 2019, the corporate tax provision expense for the period is TL 175,544 (30 June 2018: None), and the deferred tax expense is TL 56,732 (30 June 2018: TL 159,882).

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

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

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

Interest income from regular banking transactions is TL 3,653,441 (30 June 2018: TL 2,946,132), while the interest expense is TL 2,127,428 (30 June 2018: TL 1,382,586).

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

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

Other fees and commissions received amounting to TL 268,494 (30 June 2018: TL 268,134) has included TL 99,629 (30 June 2018: TL 75,798) resulting from the credit card fees and commissions, TL 53,279 (30 June 2018: TL 79,607) resulting from service fees and commissions from contracted merchants and TL 63,732 (30 June 2018: TL 62,722) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 87,813 (30 June 2018: TL 104,456) has included TL 61,663 (30 June 2018: TL 83,408) resulting from credit card exchange commissions.

(Convenience translation of the unconsolidated 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 unconsolidated financial statements as of and for the six-month period ended 30 June 2019 (continued) (All amounts expressed in full of Turkish Lira ("TL") unless otherwise stated)

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

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

1.1. Current period

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	535,713	23,051	71	570,374	47	200,958
End of the period	345,635	2,889	64	574,688	51	191,169
Interest and commission income	3,484	48,811	1	603	-	140

1.2 Prior period

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	147,261	6,092	30	438,513	13	197,080
End of the period	535,713	23,051	71	570,374	47	200,958
Interest and commission income	2,175	41,527	79	290	-	196

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

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposit						
Beginning of the period	61,826	88,113	25,152	8,426	2,400	3,070
End of the period	229,179	61,826	71,836	25,152	3,132	2,400
Interest expense on deposits	11,141	1,309	413	16	392	55

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

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

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

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at fair value through profit / loss						
Beginning of the period	-	-	11,502,875	9,971,955	20,039	33,080
End of period	40,204	-	14,664,436	11,502,875	-	20,039
Total profit/loss	6,549	8,275	(23,064)	(116,001)	19,285	72,901
Transactions with hedging purposes						
Beginning of the period	-	-	-	-	-	-
End of period	-	-	1,969,377	-	-	-
Total profit/loss	-	-	(24,994)	-	-	-

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

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Banks						
Beginning of the period	-	-	13,735	63,731	4,087	33,504
End of period	-	-	23,671	13,735	31,358	4,087
Interest income received	-	-	470	650	66	61

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

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans						
Beginning of the period	-	218,398	5,309,702	7,418,245	7,702	8,403
End of period	-	-	2,969,602	5,309,702	47,292	7,702
Interest and commission paid	549	855	62,610	82,711	801	181

The Bank also has subordinated loan amounting to TL 4,141,975 from its shareholder ING Bank NV as of 30 June 2019 (31 December 2018: TL 3,813,522).

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

Benefits paid to key management personnel for the six-month period ended as of 30 June 2019 is amounting to TL 18,942 (30 June 2018: TL 15,577).

VI. Explanations and notes related to subsequent events

None.

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

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Section six

Interim review report

I. Explanations on the auditors’ review report

The unconsolidated financial statements of the Bank as of 30 June 2019, have been reviewed by KPMG 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 5 August 2019 is presented at the beginning of this report.

II. Explanations and notes prepared by independent auditors

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

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

ING Bank A.Ş.

Notes to the unconsolidated financial statements as of and for the six-month period ended 30 June 2019 (continued) (All amounts expressed in full of Turkish Lira ("TL") unless otherwise stated)

Section seven

Interim activity report

I. Interim unconsolidated 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 unconsolidated financial statements of the Bank for the period 30 June 2019 and 31 December 2018 is as follows.

Main balance sheet items

Million TL	Current period	Prior period
Net loans	32,940	38,061
Deposits	36,195	32,339
Equity	8,077	7,422
Total assets	57,736	58,519

Main financial ratios

	Current period	Prior period
Capital adequacy ratio	25.13%	21.74%
Loans / Total assets	57.05%	65.04%
Deposits / Total assets	62.69%	55.26%
Non-performing loans / Total loans	7.39%	5.19%
Income / Average capital (*)	23.62%	18.36%
Income / Average assets (*)	3.04%	2.18%
Expense / Income ratio (**)	38.04%	47.07%

(*) Items related to statement of profit or loss are included in the ratio calculation after annualization process.

(**) Prior period profit/loss amounts are for the six month period ended 30 June 2018.

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 Bank.

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**Notes to the unconsolidated financial statements
as of and for the six-month period ended 30 June 2019 (continued)
(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

I. Interim unconsolidated 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

As in the first quarter of 2019, both the decisions of central banks across the globe and anticipation about the long-standing trade negotiations between the United States and China were closely followed in the second quarter as well. Within this framework, concerns about global trade, and therefore, about global economic growth strengthened expectations of new policy steps from the central banks in developed countries, particularly including the US Federal Reserve (“Fed”) and the European Central Bank (“ECB”). In the meantime, the statements made by the US and Chinese Presidents following their meeting in late June signaled that tensions would remain in check. The financial markets in the developing countries performed more positively particularly compared to the second half of last year thanks to the more positive policy stance of the Fed and ECB, and consequently, the contribution of capital flows that turned relatively more positive.

And in Turkey, seasonally adjusted GDP growth reverted to positive with the contribution of various supportive steps aimed at the households and companies in the first quarter of the year after contracting in the previous three quarters. While the inflation maintained its overall downward trend, the balance of payments continued to recover. This recovery supported expectations that we may have left the worst behind in the economic rebalancing.

During this period, building on its faith in the Turkish economy, ING Turkey continued to create new opportunities powered by advancing technologies and new applications that will make a difference for its customers to stay a step ahead in parallel with its new generation banking approach. Moving forward, based on our belief in the national economy, we will continue both our pioneering role in new generation banking and our investments. I thank all our stakeholders, particularly our business partners, customers, employees, and main shareholder for their support and contributions.

John T. Mc Carthy
Board Chairman

(Convenience translation of the unconsolidated 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 unconsolidated financial statements
as of and for the six-month period ended 30 June 2019 (continued)
(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

I. Interim unconsolidated 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

At ING Turkey, we operate in line with the goal of helping our employees and customers always to be step ahead in their professional and private lives, understand their demands and needs changing with technological developments, and continue to invest in accordance with our digitalization vision. We boost our innovative products and services focusing on digital channels, and mobile in particular, while supporting our digitalization process also through our new branch concept that has a customer-oriented design and setup. We are pleased to see the favorable reaction these steps receive from our customers.

In the first half of 2019, our bank performed successfully. Based on our non-consolidated financial data, the size of our assets were TRY 57.7 billion and our profit before tax were TRY 1,163 million as of 30 June 2019. Our shareholder's equity increased to TRY 8.1 billion and our capital adequacy ratio to 25.13%. Our bank's total loans were TRY 32.9 billion while our deposits increased to TRY 36.2 billion.

At ING Turkey, in line with our belief in our country's sustainable development in the future, we will continue to grow together with our customers and with Turkey. Both personally and on behalf of the ING Turkey management team, I thank our entire team and our business partners for their contributions in our Bank's successful performance in the first half of the year.

Pınar Abay

CEO

(Convenience translation of the unconsolidated 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 unconsolidated financial statements
as of and for the six-month period ended 30 June 2019 (continued)
(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

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

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

The Bank continues its services and operations with 3,935 employees and 223 domestic branches, as of 30 June 2019.

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

1.6 Information on research and development about new services and activities

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

2. Assessments about financial position and risk management

2.1 Information on Audit Committee's operations in accounting period

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

2.2 An assessment on financial status, profitability and solvency

According to the unconsolidated financial statements as of 30 June 2019, the asset size of the Bank is TL 57.7 billion and profit before tax is TL 1,163 million. As of 30 June 2019, credits constitute 57% of total assets with TL 32.9 billion.

Deposits which is the primary funding source of the Bank, constitutes 63% of the balance sheet with TL 36.2 billion as of 30 June 2019. Even though the large base deposit structure covering small investments represents a short term source in the sector, it remains within the Bank for much longer compared to the original term.

As of 30 June 2019, unconsolidated capital adequacy ratio of the Bank has reached 25.13%. In addition, the Bank has received subordinated loans from its main shareholder amounting to TL 4.1 billion. As of 30 June 2019, total equities of the Bank has reached TL 8 billion.

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

ING Bank A.Ş.

**Notes to the unconsolidated financial statements
as of and for the six-month period ended 30 June 2019 (continued)
(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

I. Interim unconsolidated 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 19 July 2019 as follows:

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

(*) The relevant credit ratings are current as of 28 February 2019.

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

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