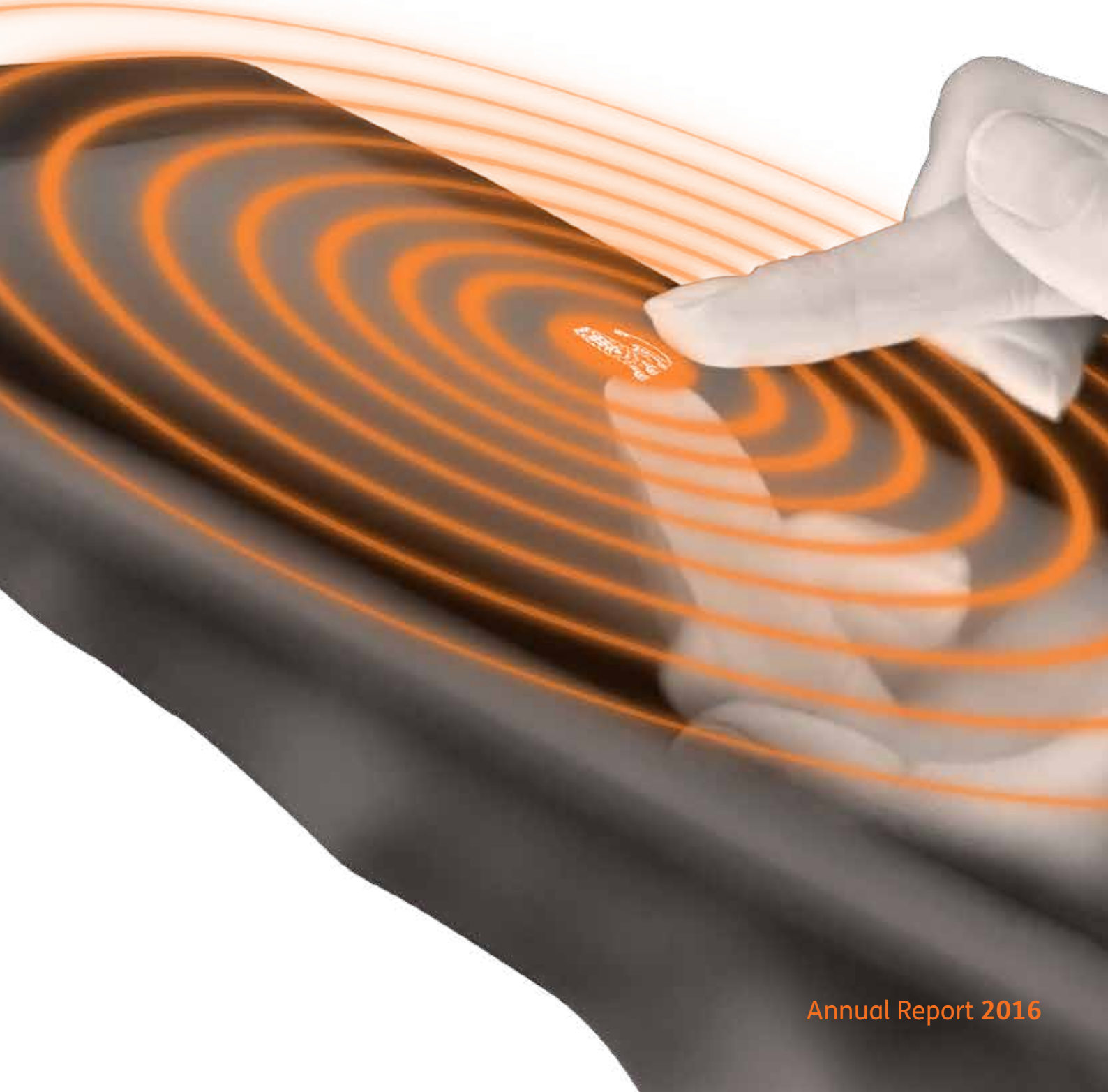




ING  BANK



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# INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT

## CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITOR'S REPORT RELATED TO ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

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

### Report on the Audit of Board of Directors' Annual Report Based on Standards on Auditing

We have audited the accompanying annual report of ING Bank A.Ş. (the "Bank"), for the year ended 31 December 2016.

### Board of Directors' Responsibility for the Annual Report

In accordance with the Article 514 of the Turkish Commercial Code No. 6102 ("TCC") and "Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333 in accordance with "Banking Regulation and Supervision Agency ("BRS") Accounting and Reporting Legislation" which includes 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 Board and circulars and interpretations published by BRS and requirements of the Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of the annual report.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's annual report based on our audit conducted in accordance with the provisions of the Article 397 of the TCC and the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314, whether the consolidated and unconsolidated financial information included in the accompanying annual report is consistent with the financial statements of the Bank and provides fair presentation.

We conducted our audit in accordance with the Independent Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those

standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information included in the annual report is consistent with the consolidated and unconsolidated financial statements and provide fair presentation.

An audit involves performing procedures to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's judgment.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial information included in the Board of Directors' annual report is consistent, in all material respects, with the audited financial statements and provides a fair presentation.

### Report on Other Regulatory Requirements

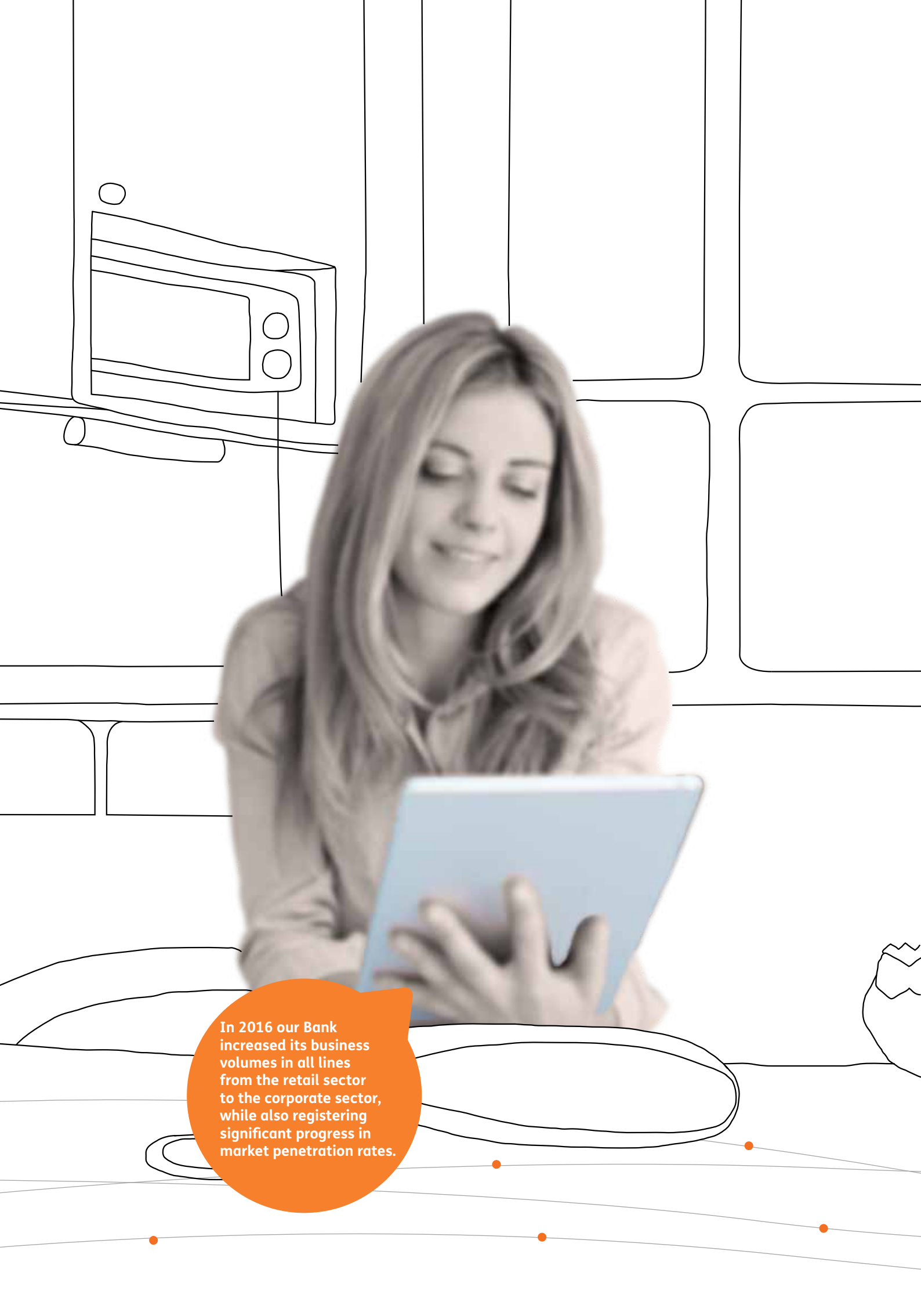
In accordance with the third clause of the Article 402 of TCC, no material issue has come to our attention that shall be reported about the Bank's ability to continue as a going concern in accordance with TAS 570 Going Concern.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

A member of KPMG International Cooperative



Funda Aslanoğlu, SMMM  
Partner  
13 March 2017  
Istanbul, Turkey



In 2016 our Bank increased its business volumes in all lines from the retail sector to the corporate sector, while also registering significant progress in market penetration rates.

## CORPORATE PROFILE

**ING Bank is the 8<sup>th</sup> largest private bank in Turkey, and a member of the ING global banking group.**

The total assets of ING Bank, Turkey's 8<sup>th</sup>\* largest private bank, had reached TL 50 billion by the end of 2016.

With the Head Office based in Istanbul, and its 268 branches throughout Turkey, ING Bank serves customers in the Consumer, SME, Mid-Corporate and Wholesale Banking business units with 5,284 employees. In addition to its branch network, the Bank offers its products, services and solutions from its 1,540 ATMs, its Internet banking and mobile banking applications and the call center.

(\*) The ranking is based on the total assets of banks in the sector as of the third quarter of 2016.

**A service approach that aims to empower people to stay a step ahead in life and in business**

ING Bank's main objective is to make banking clear and easy.

ING Bank serves its customers with a view to provide them with the right information anytime, anywhere to ensure that they make the best financial decisions.

**ING Bank's subsidiaries deliver services that reinforce the value proposition offered to customers.**

ING Bank has five subsidiaries that cooperate in a way that promotes synergies.

These subsidiaries not only sharpen ING Bank's competitive edge, but also strengthen the product and service range and offer cross-business opportunities. ING Bank's financial services subsidiaries and the services they offer are listed below:

- ING European Financial Services (Financial services)
- ING Portfolio Management (Portfolio management services)
- ING Factoring (Factoring services)
- ING Leasing (Financial leasing services)
- ING Securities (Securities brokerage services)

As the representative of the Netherlands-based ING Group in Turkey, ING Bank delivers services to empower people to stay a step ahead in life and in business.

ING Bank Turkey achieved progress on many fronts during 2016 in building a bank that will be able to support its customers and fulfil its obligations to other stakeholders in the future.

**1,540**  
ATMs

**268**  
BRANCHES

**5,284**  
EMPLOYEES



Expanding its deposit base, the ING Bank's year-end deposit base exceeded TL 25 billion, the Bank's total assets reached TL 50 billion by the end of 2016.



## HIGHLIGHTS FROM ING BANK

ING BANK, WHICH BELIEVES ITS MOST FUNDAMENTAL STRENGTH IS ITS HUMAN CAPITAL, HAD 5,284 EMPLOYEES AT THE END OF 2016.

### TL 35 billion total lending

Total lending had reached TL 35 billion by the end of 2016.

### TL 25 billion of deposits

Expanding its deposit base, the Bank's year-end deposit base exceeded TL 25 billion.

### 268 branches

With a widespread branch network, ING Bank had 268 branches at the end of 2016.

### 5,284 employees

ING Bank, which believes its most fundamental strength is its human capital, had 5,284 employees at the end of 2016.

### TL 5.1 billion of equity

ING Bank's equity had reached TL 5.1 billion by the end of 2016.

### 1,540 ATMs

Continuously working to improve its alternative distribution channels, ING Bank currently has 1,540 ATMs.

### TL 50 billion of total assets

The Bank's total assets reached TL 50 billion by the end of 2016.

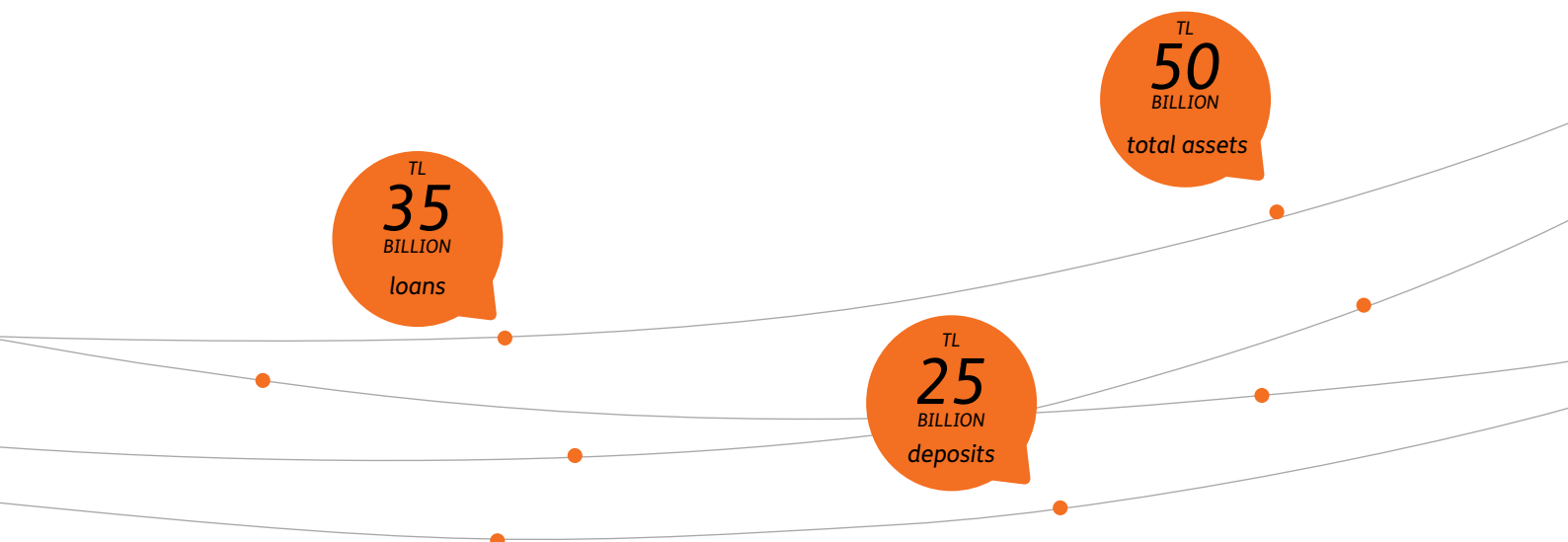
### TL 2.2 billion of net interest income

The Bank earned TL 2.2 billion net interest income.

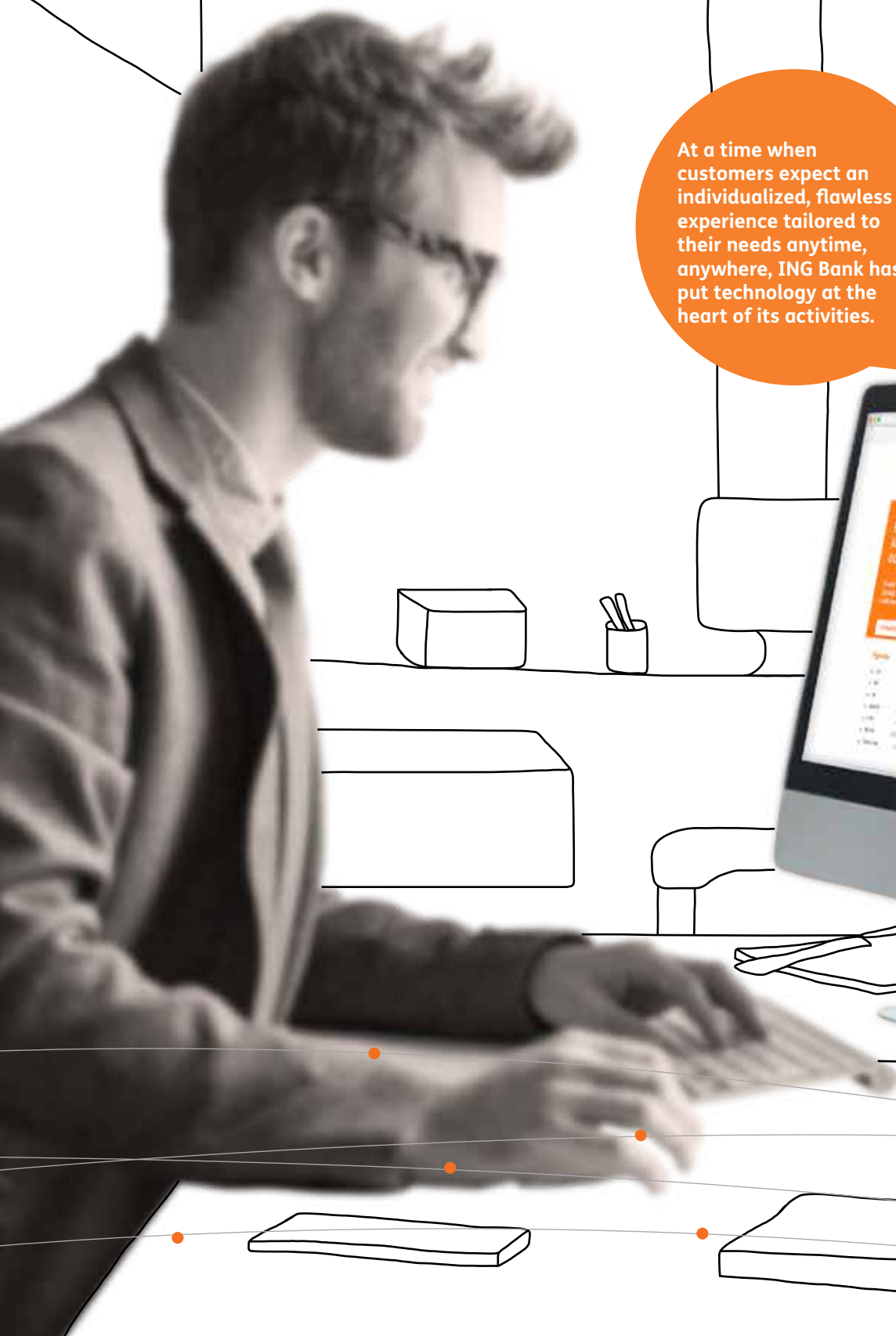
### TL 717 million in profit before tax

ING Bank declared a TL 717 million profit before tax in 2016.

The financial information in this annual report, including on this page, represents ING Bank's standalone figures unless stated otherwise.



At a time when customers expect an individualized, flawless experience tailored to their needs anytime, anywhere, ING Bank has put technology at the heart of its activities.





# STRATEGY

## THE ORANGE CODE DEFINES ING EMPLOYEES' EXPECTATIONS FROM ONE ANOTHER EVERY DAY, FOR EVERY TASK.

In order to empower people to stay a step ahead in life and in business, ING Bank announced its strategy “**Accelerating Think Forward**”.

With a view to maintaining its success in a constantly changing environment, ING Bank is investing in a differentiated customer experience and innovation.

At a time when customers expect an individualized, flawless experience tailored to their needs anytime, anywhere, ING Bank has put technology at the heart of its activities.

ING Bank's vision is to be a technology company with a banking license, and with that in mind, it is taking actions to create its own ecosystem. The Bank has stepped up its “Accelerating Think Forward” strategy in order to collaborate with FinTechs on a platform open to both its current and potential customers, as well as its business partners.

ING Bank also attaches great importance to improving the work culture and leadership climate.

### The Orange Code

Within the scope of its global strategy “Accelerating Think Forward”, ING Bank has focused on its goal of “empowering people to stay a step ahead in life and in business”.

In 2015, the Bank announced the Orange Code that embodies the road map to the said goal, and is a declaration of the type of organization ING represents.

Composed of ING Values and ING Behaviors, the Orange Code defines ING employees' expectations from one another, every day, for every task.

The ING Values are the principles ING employees will live up to in all circumstances. These principles are as follows:

- **We are honest**
- **We are prudent**
- **We are responsible**

ING Behaviours, on the other hand, are a way of existence that differentiates ING employees from other individuals. These are the commitments the Bank's employees make to each other and the standards by which they measure each other's performance.

The “ING Behaviours” have three principles:

- **We take it on and make it happen**
- **We help others succeed**
- **We are always a step ahead**

**We are honest**

**We are responsible**

**We are prudent**

## Awards

ING BANK HAS RECEIVED MANY DOMESTIC AND INTERNATIONAL HONORS FOR ITS ACTIVITIES.



**Stevie:** In 2016, we decided to create an innovative platform for the communication of the e-Orange product that already existed in the digital world. Believing that if a product is digital, the brand's spokesperson should also be digital, we concluded that a digital version of the ING's brand spokesperson, Kerem Tunçeri, created by scanning his image using 3D motion capture technology - i.e. a Digital Kerem - should be used as ING Bank's representative for digital channels. ING Bank was handed a Bronze Stevie Award for the "Marketing Campaign of the Year" with its launch campaign for the e-Orange Account.

**Effie:** With its approach to banking that questions the status quo, breaks clichés and creates "New Wine in The Old Bottles", ING Bank was honored to receive the Effie Award for a 3<sup>rd</sup> time in 2016. We received the Bronze Effie Award in the Banks and Card Payment Systems category with the "It's Possible at ING!" advertising campaign where the ING Brand Spokesperson Kerem Tunçeri was part of the platform as well. In addition to the creativity aspect of advertising, one of Effie's most important criteria is an assessment of business results. In that respect, the award handed out by Effie is the most significant proof of how these advertising campaigns contribute to achieving the Bank's marketing targets.

**Felis:** In 2016, the ING Mobile Banking Application was revised to take account of the needs of ING Mobile consumers, and its design and interface was updated, revamping it into a more user-friendly product. This application won the Achievement Award in the "Interface and Navigation; the consistency of visual assets of brands as translated into the digital environment; their look and the interactive experience created" category of the Felis Awards.

### e-Orange

Stevie Awards  
Bronze Award

### Effie Award

"New Wine in The  
Old Bottles"

### Felis Award

Mobile Banking



**Sustainalytics:** Contributing to sustainable development with its renewable energy goals and its green, environmental supply policies, the Bank's main shareholder, ING Bank NV was selected as "The Most Sustainable Bank" of 2016 globally, following an assessment conducted by Sustainalytics, an organization that guides investors with its research. Having ranked 3<sup>rd</sup> in the same list in 2015, ING Bank NV came first among 395 banks in 2016 thanks to its strong policies, transparency and positive financial results.

In the assessment, ING Bank NV scored 86 points out of 100 as the winner, and received the highest scores in its financial participation activities, stance on human rights, strong diversity program, and policy against discrimination. Attracting attention with its robust environmental and energy policies, the ING Bank NV was also recognized for its strict policies against corruption and money laundering.



**The Banker:** In a competition organized by the Banker, one of the most prestigious publications of the financial world, the Bank's main shareholder ING Bank NV was deemed worthy of the "Best Global Bank of the Year" award. As a result of an assessment of the financial performance, technology, innovation and marketing initiatives of all banks, ING Bank NV was chosen as the best bank of the year in 2016 both globally and in Western Europe thanks to its extremely healthy results as well as its leading strategies on technology and innovation, as well as its focus on customer services.

**The Most Sustainable Bank award**

Sustainalytics

**Best Global Bank of the Year award**

The Banker

## ING BANK – PAST TO PRESENT

In 1990, the Bank of Boston Istanbul Branch is given the title the First National Bank of Boston A.Ş. 75% of the shares of the Bank are sold to Turkish investors. OYAK becomes the biggest shareholder with a share of 34.25%.

1990

In 1993, OYAK purchases all of the Bank's shares.

1993

In August 2001, OYAK purchases Sümerbank A.Ş., which incorporates Egebank A.Ş., Bank Kapital T.A.Ş., Türkiye Tütüncüler Bankası (Yaşarbank A.Ş.), Yurt Ticaret ve Kredi Bankası A.Ş. and Ulusal Bank T.A.Ş., from the Savings Deposit Insurance Fund.

2001

1984

The foundations of ING Bank are laid in 1984 when the Bank of Boston Istanbul Branch is opened.

1991

In 1991, the Bank's name is changed to Türk Boston Bank A.Ş.

1996

In 1996, the Bank's name is changed to Oyak Bank A.Ş.

A merger with Sümerbank A.Ş. takes place in 2002 under Oyak Bank, setting the stage for a rapid and healthy growth process for the Bank.

2002

Oyak Bank's name is changed to ING Bank A.Ş. in 2008. With its renewed corporate identity, strategy and goals, ING Bank successfully continues.

2008

Within the scope of the current Banking Law and other legislation, ING Bank delivers all kinds of banking products and services to its customers with the global service approach of the ING Group.

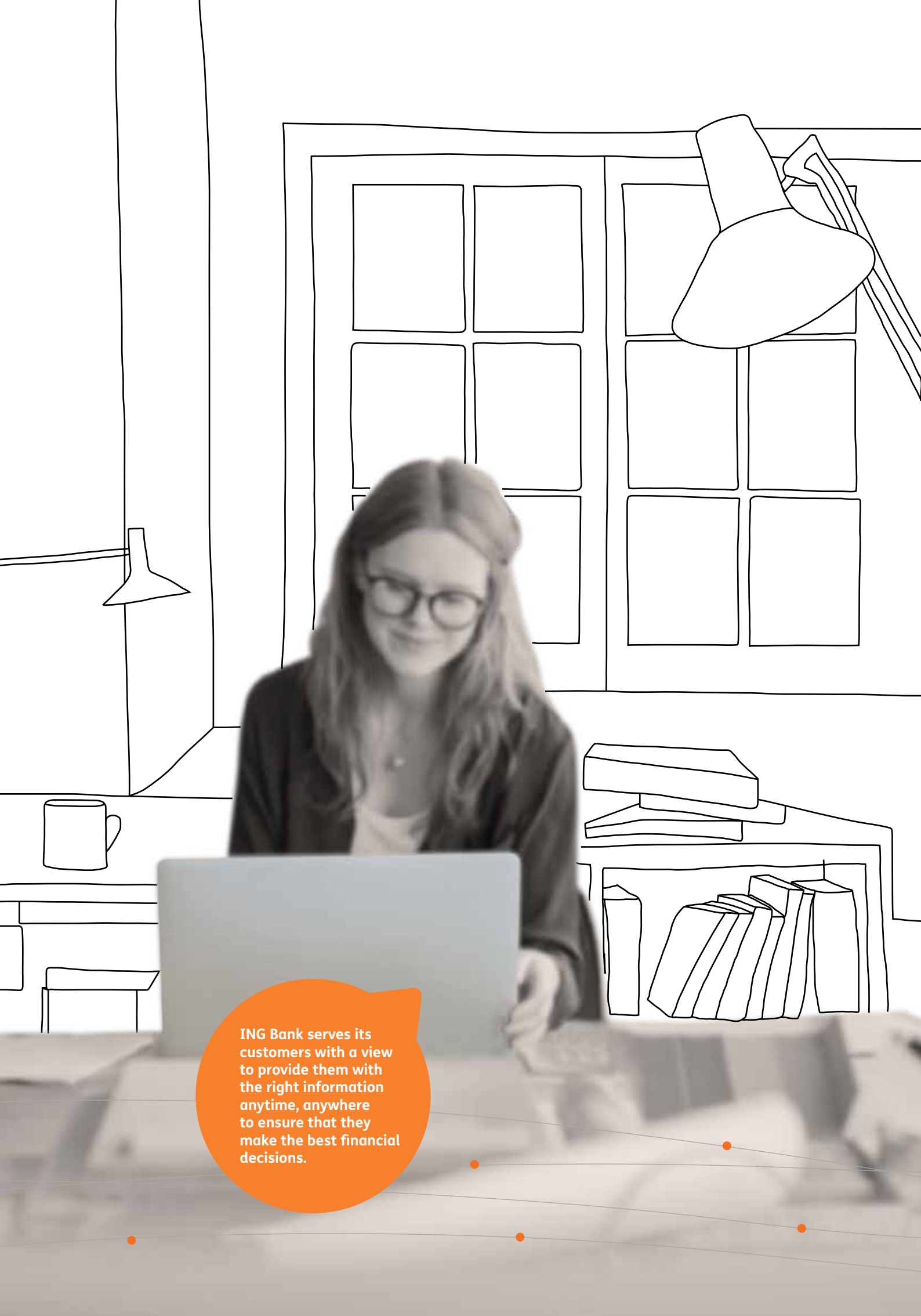
2016

2007

At the end of 2007, OYAK sells all of its shares in Oyak Bank to the ING Group.

2013

The Kahramanmaraş Operations and the Call Center, which is ING Bank Turkey's banking base, is opened.



**ING Bank serves its customers with a view to provide them with the right information anytime, anywhere to ensure that they make the best financial decisions.**



## SUMMARY FINANCIAL INDICATORS FOR THE LAST 5 YEARS

ING BANK POSTED A STRONG IMPROVED FINANCIAL PERFORMANCE IN 2016. THE NET PROFIT ROSE FROM TL 115 MILLION IN 2015 TO TL 571 MILLION IN 2016.

### Main Financial Indicators

Balance Sheet (TL Million)	31.12.16	31.12.15	31.12.14	31.12.13	31.12.12
Loans, Net <sup>(2)</sup>	34,817	35,205	28,046	24,481	18,842
Securities Portfolio, Net <sup>(2)</sup>	2,660	3,229	2,692	2,810	2,418
Deposits <sup>(2)</sup>	25,217	23,649	19,098	17,164	14,430
Equity	5,056	4,482	3,467	3,392	3,072
Total Assets	49,688	49,245	38,014	33,395	25,115

### Income Statement (TL Million)

Interest Income	4,200	3,726	3,166	2,395	2,403
Interest Cost	1,978	1,700	1,461	1,000	1,058
Interest Income (Net)	2,222	2,026	1,705	1,395	1,345
Fees and Commissions (Net)	415	288	269	233	189
Profit Before Tax	717	168	246	233	353
Net Profit	571	115	176	175	252

### Ratios

Equity	31.12.16	31.12.15	31.12.14	31.12.13	31.12.12
CAR (%)	17.7	15.8	14.4	12.6	14.3
Equity/Total Assets (%)	10.2	9.1	9.1	10.2	12.2

### Balance Sheet

Loans/Total Assets (%)	70.1	71.5	73.8	73.3	75.0
Deposits/Total Assets (%)	50.8	48.0	50.2	51.4	57.5

### Asset Quality

Fixed Assets/Total Assets (%)	1.3	1.1	1.3	1.4	1.7
NPL/Total Loans (%)	3.9	2.9	2.7	2.3	2.4

### Profitability and Efficiency <sup>(1)</sup>

Net Profit/Average Equity (%)	12.0	2.9	5.1	5.4	9.3
Net Profit/Average Assets (%)	1.2	0.3	0.5	0.6	1.1
Net Profit/FTE (TL Thousand)	108	21	29	30	47
Cost/Income Ratio (%)	53.6	67.8	67.5	67.9	64.3

<sup>(1)</sup> Average assets and average equity values were calculated as an average of the year-end figure and prior year figures.

<sup>(2)</sup> To be in line with the financial statements, loans, securities and deposits were presented including their accrual balances in the table above, and the ratios involving these items were calculated based on their balances including accruals.

### ING Bank's Capital Structure, Changes in the Capital Structure and Articles of Association

The paid capital of the Bank amounted to TL 3,486,267,797 as of December 31, 2016, and ING Bank N.V. exercises full control over the capital.

No changes were made to the Articles of Association of the Bank in the given accounting period.

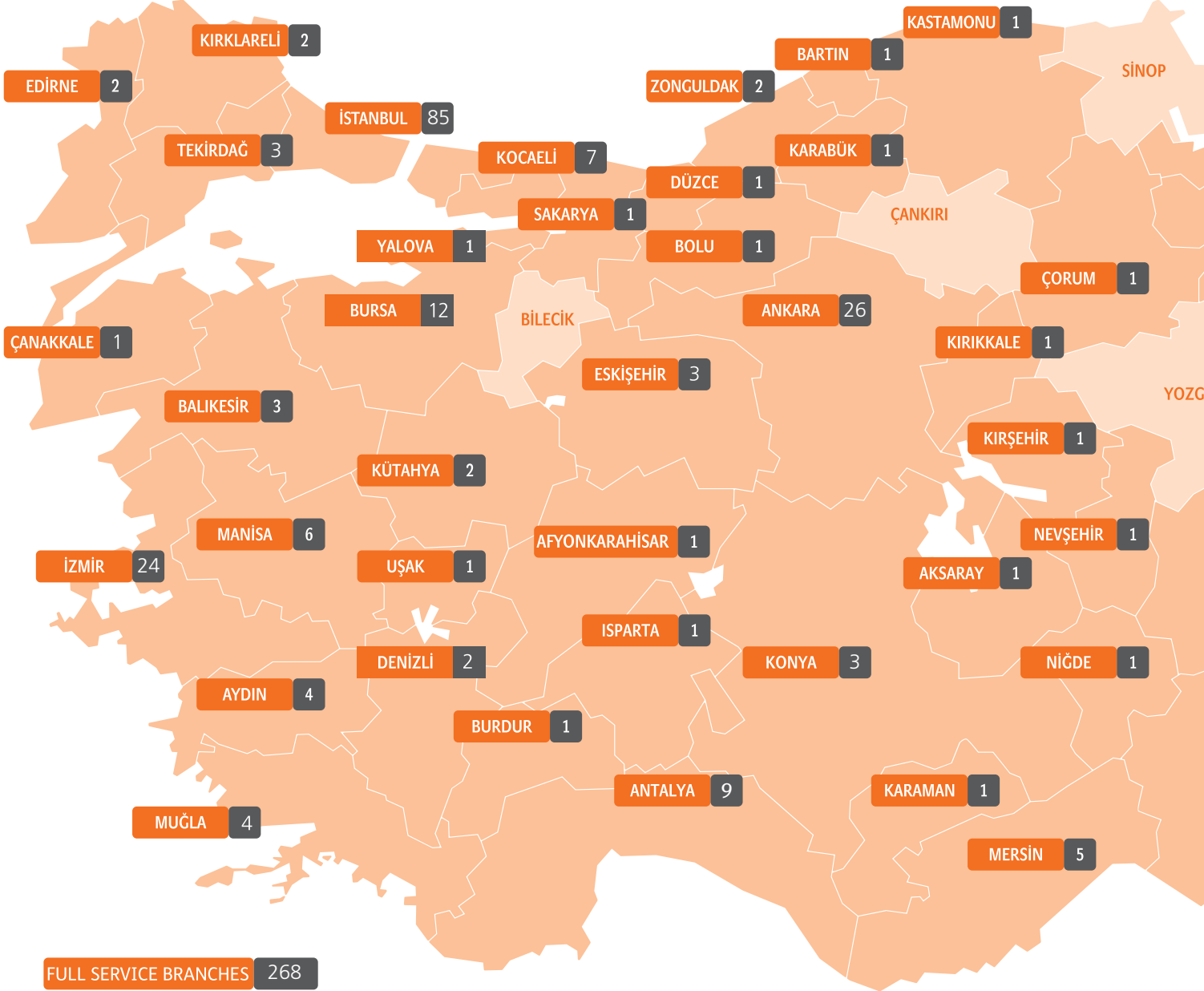
With the letter dated 8 February, 2017, the Banking Regulation and Supervision Agency (BRSA) approved of the Bank's distribution of a cash dividend of TL 200 million from the distributable profits of 2015 and the previous years. The decision to distribute the profit will be submitted to the shareholders for their approval at the 2016 Annual General Meeting.

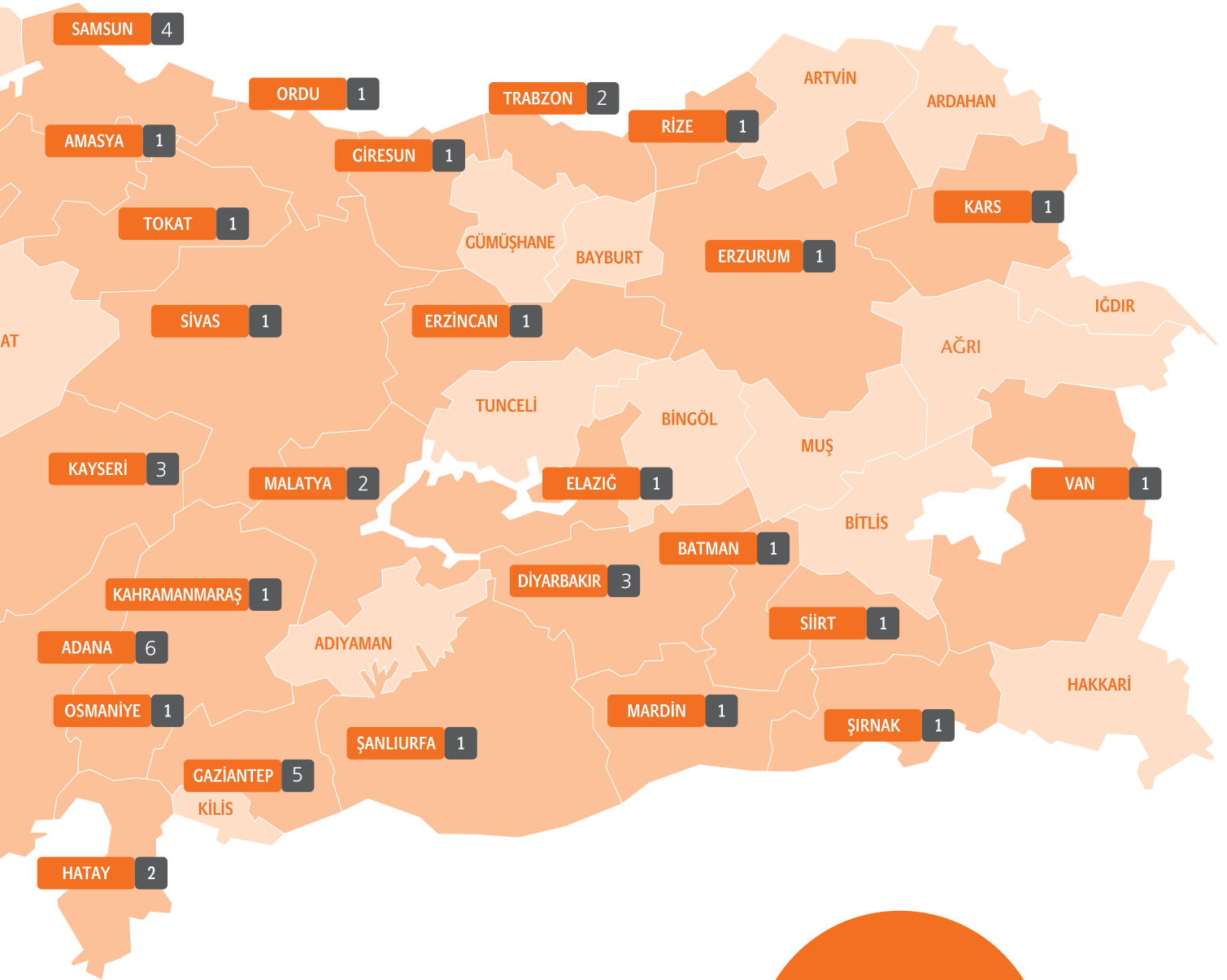
TL  
49,688  
MILLION  
Total Assets

17.7%  
CAR

TL  
5,056  
MILLION  
Equity

## ING BANK CURRENT BRANCH NETWORK





# 268

full service branches

## ING BANK'S SUBSIDIARIES

ING BANK HAS A TOTAL OF 5 SUBSIDIARIES; ING EUROPEAN FINANCIAL SERVICES PLC, ING PORTFOLIO MANAGEMENT, ING FACTORING, ING FINANCIAL LEASING AND ING SECURITIES.

### ING EUROPEAN FINANCIAL SERVICES PLC

Based in Dublin, the capital of Ireland, ING European Financial Services PLC has been serving its customers since 1994.

All of the Company's operations are subject to Irish laws and regulations.

At the end of 2016, the Company had EUR 1.8 billion in its loan portfolio, and had reached a net profit of EUR 10.4 million.

### ING PORTFOLIO MANAGEMENT

ING Portfolio Management was the first portfolio management company to be established in Turkey. The Company offers portfolio management services to both corporate and individual customers.

Thanks to its superior know-how and experience in financial markets, the Company successfully manages the funds it holds. As of the end of 2016, the volume of the total portfolio managed by ING Portfolio stood at TL 2.5 billion.

Offering portfolio management services to a total of 24 individual and corporate customers, the Company is also managing the mutual funds of ING Bank and NN Hayat ve Emeklilik A.Ş.

The Company wrote a net profit of TL 3.5 million in 2016 with total assets of TL 17 million.

### ING FACTORING

ING Factoring is active in imports, exports and domestic factoring operations.

Established in 2008, the Company wrote a net profit of TL 10.4 million in 2016. With an asset size of TL 774 million, ING Factoring's factoring receivables for the same period amounted to TL 746 million.

### ING LEASING

Established in 2008, ING Leasing has been offering financial leasing services since March 2010, the date of its official authorization. The Company wrote a net profit of TL 20.7 million in 2016, while its assets amounted to TL 981 million and leasing receivables totaled TL 886 million at the end of 2016.

The Company extended a total of TL 362 million worth of financing to various industries in 2016 through financial leasing services, which constitute its main line of business.

### ING SECURITIES

ING Securities started operations in 1991 under the name Universal Menkul Değerler A.Ş. Engaging in brokerage activities for securities within the scope of only in the secondary market, the Company was acquired by ING Bank on August 15, 2012.

The total assets of ING Securities stood at TL 163 million at the end of 2016, while the trading volume under its management had reached TL 10.4 billion in the BIST Derivatives Exchange Market, and TL 2.9 billion in the BIST Shares Market.

## ING GROUP

AS OF THE END OF 2016, THE ING GROUP HAD REACHED A TOTAL OF 35.8 MILLION CUSTOMERS GLOBALLY, 1.4 MILLION OF WHICH WERE NEW RETAIL CUSTOMERS.

### ING GROUP, ONE OF THE LEADING FINANCIAL SERVICES INSTITUTIONS OF THE WORLD, IS ACTIVE IN RETAIL AND WHOLESALE BANKING.

ING Group was established in 1991 as a result of a merger between NMB Postbank, which has a distinguished 150 year history, and the leading insurance company, Nationale-Nederlanden.

Organized as a structure joining two companies that have the competence and experience of delivering services in international markets, ING became a global financial services provider after the merger, and focused on following its ambition in this field with determination.

Active in more than 40 countries around the world with more than 52,000 employees, the ING Group offers a comprehensive and unique range of products, services and solutions to its customers in the retail and corporate/mid-corporate segments.

The goal of ING Group is to add value to its shareholders by achieving more growth and higher returns than the average among its competition.

In line with its mission, ING Group places its customers at the heart of what it does, and supports them in managing their financial future. The Group implements this mission not only through customer satisfaction, but by meticulously applying principles such as cost, risk and reputation management.

The majority of ING Group's subsidiaries operating around the world serve their customers under the ING brand.

In line with decision taken as a result of the "Back to Basics" strategy, ING Group completed a restructuring program which oversaw the splitting of the banking and insurance operations with the sale of the insurance company, NN Group, in April 2016.

As of December 31, 2016 ING Group has,

- EUR 845 billion in total assets,
- EUR 564 billion in total lending,
- EUR 523 billion in total deposits,
- EUR 50.4 billion of equity, and
- EUR 4.7 billion net profit.

For detailed information on ING Group please visit the website at [www.ing.com](http://www.ing.com).



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## CHAIRMAN'S MESSAGE

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IN 2016 ING BANK RESOLUTELY ADHERED TO ITS “ACCELERATING THINK FORWARD” STRATEGY AND ACHIEVED SIGNIFICANT PROGRESS IN ITS PURSUIT OF PROFITABLE GROWTH.





### Esteemed stakeholders,

Growth in the Eurozone's outpaced that of the US for the first time in eight years.

For the first time since the onset of the global economic crisis in 2008, the Eurozone's registered a faster rate of growth than the US economy in 2016.

The Eurozone's posted 1.7% growth, eclipsing the 1.6% rate of growth achieved in the US economy. Despite the outcome of the UK's referendum, in which voters decided to leave the European Union, the structural problems that plagued Italy's banking system, the seemingly never-ending financial crisis in Greece and deadly terror attacks in France, Germany, and Belgium, the Eurozone's registered a stronger-than-expected economic performance while both the consumer confidence index and joblessness figures pointed to some of the best results seen for some time.

Not all individual countries contributed equally to the Eurozone's growth performance, however. For example, having registered continuous growth for fourteen consecutive quarters, Spain and Ireland chalked up national growth rates of 3.2% and 4% respectively, providing a strong contribution to the bloc's overall performance while Germany, the EU's strongest economy, showed signs of renewed momentum with 1.9% growth.

### The agenda in the US was dominated by the presidential elections.

Having raised eyebrows with his language and promises while on the campaign trail, Donald Trump emerged victorious from the US presidential election in November. The immediate global aftershocks caused by Trump's victory subsequently gave way to longer-term uncertainties about the future.

The policies that Trump will follow in the wake of his inauguration on January 20<sup>th</sup> are matters of considerable speculation. One thing that is certain is that the new president's policies and decisions will have an impact on the US Federal Reserve Bank's interest rate decisions (just as they will also shape the US economy in 2017 and beyond) and, in turn, they will also affect the global economy and global trade in different ways.

### Was this a victory for expansionary monetary policy?

The role that the expansionary monetary policies adopted first in the US and then in the Eurozone's played in the recovery cannot be underestimated. By boosting household consumption and encouraging companies to borrow more, the European Central Bank's (ECB) relaxed monetary policy helped energize economic activity.

In its 8 December 2016 meeting, the ECB Governing Council decided that its interest rates would remain on hold and also indicated that its asset purchase program, the principal instrument of the bank's non-standard monetary policy measures, would continue until the end of 2017. In its announcement to extend this program, however, the ECB also offered the first hints that it may begin phasing out its asset purchases, stating that the existing monthly purchases of EUR 80 billion would be reduced to EUR 60 billion starting from April 2017. It was also made clear that if the outlook were to become less favorable or if financial conditions became inconsistent with improvements in the inflation outlook, the Bank would expand the size and duration of the program.

### A strong stance maintained in Turkey.

While all this was taking place on the global front, the Turkish economy had to contend with challenges of its own.

Despite all the internal and external adversities, the Turkish economy succeeded in maintaining its strong stance and in retaining its competitive advantages and was relatively robust in the face of the volatility thanks to its sound foundations and substantial resilience. During the first nine months 2016, the Turkish economy grew by 2.2%.

**2.2%**

Turkish economy  
growth rate\*

\* 9 months

## CHAIRMAN'S MESSAGE

THE COUNTRY'S BANKING SECTOR REMAINED FINANCIALLY STRONG THANKS TO ITS HIGH CAPITAL ADEQUACY RATIOS WHILE THE SECTOR DOES NOT APPEAR TO HAVE HAD ANY DIFFICULTY TAPPING INTERNATIONAL CREDIT MARKETS FOR RESOURCES ON VERY ATTRACTIVE TERMS.

The rate of CPI inflation ended 2016 at around 8.5%. After hovering in a 6.6-9.6% range last year, the twelve-month rate of CPI inflation edged over the upper boundary of the Central Bank of Turkey's (TCMB) year-end projection of (7-8%), a situation largely due to the erosion in the value of the Turkish lira. The rise of the US dollar in international markets exerted pressure on the currencies of emerging economies (such as Turkey's) and thus precipitated significant losses in their value.

Some recovery was seen in exports in the last two months of the year, with exports up by 9.5% YoY in November and by 9% YoY in December. An upbeat economic outlook in the Euro Area also helped Turkey's exports to the EU gain additional momentum.

One export success story that deserves to be mentioned here was Turkey's automotive industry. Notwithstanding the tough global conditions which prevailed in 2016, Turkish automotive manufacturers succeeded in increasing their exports to a broad range of markets from Europe to Africa, while also securing new contracts that will support their sustainable growth in these markets.

**8.5%**

*CPI inflation in 2016*

Another area where Turkey won wide acclaim was the compassion the country displayed to migrants who had taken refuge in Turkey and the country's ability to play host to more than 3 million refugees under good conditions. The huge numbers of refugees flooding into Turkey as they flee the violence of civil war in Syria are being accommodated in Turkey under very humane conditions, with all of their human needs being met with the generous support of the Turkish people and their government.

**There was a slowdown in the total credit growth in the Turkish banking sector in 2016.**

Although the Central Bank of Turkey cut its interest rates in 2016, this action fell short of having the desired effect as its impact on bank deposit rates remained limited. As a result, the rate of growth in lending by Turkish banks remained low.

Despite a downgrade in Turkey's international credit rating, the country's banking sector remained financially strong thanks to its high capital adequacy ratios while the sector does not appear to have had any difficulty tapping international credit markets for resources on very attractive terms.

Throughout the year, Turkish banks accessed syndicated loans and every other form of international funding with ease, while renewing their existing loans and continued to issue and sell their bonds in domestic and international markets.

We expect the Turkish banking sector to maintain its strong stance in 2017 with growth following a similar course to last year.

### Strong financial and operational results in 2016.

ING Bank's 2016 results serve as yet another indication of the successful performance which our Bank has registered ever since its initial investment in Turkey in 2007.

At the end of 2016, ING Bank had 5,284 employees and a network of 268 branches. With TL 50 billion of asset and with TL 48 billion of cash and non cash total loans, ING Bank is the 8<sup>th</sup> largest privately-owned bank operating in Turkey today.

Continuing to perform successfully both financially and operationally, our Bank also maintained its asset quality despite the many challenges it faced in the markets. At the end of 2016, our non-performing loan ratio, which has consistently been below the sector's average, stood at around 3.9%.

In 2016 our Bank increased its business volumes in all lines from the retail sector to the corporate sector, while also registering significant progress in market penetration rates. A broad and extensive customer base which encompasses companies of many different sizes at one end to private households at the other, and which forms the backbone of the Turkish economy, continued to choose the ING brand and to do business with us as a long-term and accomplished solution partner in recognition of that brand's reputation for trust, transparency, and effectiveness.

### We are the strongest candidate for leadership in digital banking.

Believing in "new wine in the old bottles", ING Bank distinguishes itself with competitively superior products, focuses on changing people's saving habits, and assumes a responsibility for helping customers plan and build their own futures themselves. Thanks to this approach, ING Bank has set up a wide array of projects that have served as models for others in the Turkish banking sector. Digital banking, for example, has been at the top of ING Bank's agenda since the very beginning of its investment in Turkey.

Digital banking is an area which our parent, the ING Group, regards as a key growth area and primary service segment. Our Bank has high ambitions for this segment and has begun

to bring high-added-value solutions to the Turkish market. The ING Group attaches tremendous importance to financial R&D and innovation. When the deep knowledge which ING Bank's professional team possesses about the Turkish market is combined with the peerless know-how and the international experience which the ING Group has built up over many years, and tailored to formats which suit the needs of the customers in this country, it can be transformed into innovative, leading-edge, and uniquely-designed products.

Thanks to the large-scale investments in technology that it has undertaken recently, ING Bank has achieved noteworthy successes in its ability to supply its digital-based and innovative products, services, and solutions to millions of individual and business customers throughout Turkey.

Our Orange Account, an inspirational game-changer when it was introduced to the Turkish market in 2011, has been an unmitigated success in the six years since. In 2016 it moved into the world of digital banking for the first time as "e-Orange".

Besides adding yet another link in the chain of our successes in Turkey, e-Orange was also quick to provide a strong contribution to our Bank's resource base thanks to the number of customers that it attracted.

We are committed to the further development of our digital platforms so as to make them as all-embracingly rich as our other service modules ranging from online banking to mobile apps and to respond to changing customer expectations with a proactive, straightforward, convenient, and people-focused approach through our diversified delivery channels.



## CHAIRMAN'S MESSAGE

DURING 2016 OUR BANK ONCE AGAIN CONTINUED TO TAP INTERNATIONAL MARKETS FOR PRE-FINANCING, POST-FINANCING, WORKING CAPITAL AND GENERAL-PURPOSE FINANCING IN LINE WITH BOTH ITS OWN FUNDING REQUIREMENTS AND ITS CUSTOMERS' NEEDS.

### We are a leading and respected player in international financial markets.

ING Bank is a business partner popular with international financial institutions in their Turkish operations. Our Bank has relationships with thousands of banks and financial institutions in 115 countries spread out all over the globe.

During 2016 our Bank once again continued to tap international markets for pre-financing, post-financing, working capital and general-purpose financing in line with both its own funding requirements and its customers' needs.

In June, ING Bank renewed its syndicated loan worth about USD 500 million, while also continuing to secure thematic funding from supranational financial institutions. Our Bank secured an eight-year line of credit totaling EUR 300 million from the European Investment Bank last year, and in May our Bank signed an agreement covering the first (EUR 200 million) tranche of this credit line. This funding will be used to finance the investment and working capital needs of small- and medium-sized businesses and commercial firms that satisfy the lending criteria set forth in the loan's agreement.

EUR

300

MILLION

credit totaling from  
the EIB

Another important feature of this loan is that part of it is to be used to finance borrowers whose business operations are located in Turkey's designated "Priority-Development Regions".

Both our own bank and its parent, the ING Group, play an active role in the syndication and securitization projects of Turkish banks. Around a billion Euros in resources have been made available to the Turkish economy as a result of our group's operations in the last year.

### The happiness, success, wellbeing and future of our employees are all important to us.

ING Bank regards its human resources as its most important asset.

In keeping with the "Orange Principle" that it espouses, our Bank seeks to recruit and employ individuals who will advance ING Bank as well as themselves. One of ING Bank's human resources priorities is to maintain a workplace environment that will make and keep its employees happy, productive, and creative; another is to be a role model for the Turkish banking sector through innovations that are compatible with the genetic code that the Bank has inherited from its parent group.

It gives me great pleasure here to report that when it comes to the human resources issues summarized above, ING Bank makes use of the very latest methodologies, adapts digital technologies to its HR management processes, and takes an approach aimed at ensuring the satisfaction of its employees, who are its most fundamental stakeholder group.

The scope of FlexING, a flexible work-scheduling program that ING Bank introduced in line with its overall innovative attitudes, continued to be developed and expanded in 2016. This program, which provides employees with flexibility in deciding when and where to perform their jobs, has proved popular with office personnel.

In 2016 and the years that followed, we will continue to provide our employees with a progressive workplace environment that will foster personal job satisfaction and success.

**Our principal shareholder, ING, was selected as “2016 Global Bank of the Year” by The Banker.**

Our principal shareholder, the Benelux-based ING, performed very strongly in 2016. It was this success that The Banker, a prestigious international financial affairs monthly periodical, designated ING as “2016 Global Bank of the Year”.

As one of the world’s leading financial services companies, ING is active in the areas of banking, insurance, and asset management. By the end of 2016, ING was serving 35.8 million retail customers across the globe, of which 1.4 million were added to its portfolio last year alone. On a global basis, ING’s total lending and total customer deposits grew by 4.4% and 4.9% respectively last year as the Bank continued to rollout innovative products and services aimed at adding as much value to customers’ personal lives as they will to their business lives.

**Accelerating Think Forward...**

The “Accelerating Think Forward” strategy was formulated by ING Bank with the aim of being one step ahead in its efforts to be a part of its employees’ and customers’ personal and business lives.

ING Bank is focused on providing a customer experience that is increasingly deeper and more customized through innovation and digitalization. Our Bank expends every possible effort to ensure that its customers enjoy a personalized, needs-informed and flawless banking experience whenever and wherever they wish. Thanks to our principal shareholder’s increasing and steadily greater confidence in the Turkish market and support that ING Bank can be so ready and committed in its efforts to contribute even more to our country’s real economy.

Drawing on the support of ING Bank’s employees and customers, we are both excited and encouraged to be accomplishing many times more than we have already achieved. In closing, I would therefore like to take this opportunity, on behalf of both myself and the Board of Directors at ING Bank, to thank our employees, customers, our principal shareholder and all of our other stakeholders.

Very truly yours,



John T. McCarthy  
Chairman of the Board of Directors





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## MESSAGE FROM THE CEO

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THE BIGGEST SECRET OF ING BANK'S ABILITY TO SET OURSELVES APART IN THE EVER-COMPETITIVE AND RAPIDLY DIGITALIZING BANKING SECTOR IN TURKEY IS THE IMPORTANCE WE ATTACH TO INNOVATION AND TECHNOLOGY IN OUR STRATEGY, AND OUR CEASELESS INVESTMENT IN THIS AREA.





### Dear Stakeholders,

As ING Bank the orange promise we made to our customers is to offer banking services anytime and anywhere in the easiest and most convenient way and to unwaveringly improve on it.

In this context, having positioned our brand as a “technology company that holds a banking license” we continued to focus on technology throughout 2016 too.

We further improved our mobile and digital platforms and business partnerships. We brought new applications into service to enable our customers access our Bank and handle their transactions at any time they need to and through any channel of their choosing.

The “Accelerating Think Forward” strategy announced by ING Group in the last quarter of 2016 triggered our enthusiasm to undertake further investments and improvements in this area. As always, the basic aim of this strategy is to empower people stay one step ahead in life and in business.

A new era has now begun, where we will use technology at the highest level to offer the same quality service to all our customers, all over the world, under a single ING brand. In order to achieve this globally, there are plans to invest EUR 800 million in digital transformation within the next 5 years. This process surely offers important opportunities for ING Bank Turkey.

### Despite very challenging year, we maintained our growth in 2016.

We successfully followed the strong and comprehensive roadmap that we set at the beginning of 2016, without any deviation. As of the end of the year, our total assets had grown to TL 50 billion.

As of September 2016, we ranked 8<sup>th</sup> in terms our assets and loans, and 9<sup>th</sup> in terms of deposits among private banks in Turkey.

Our total revenues expanded by 24.3% YoY to reach TL 2.8 billion while our net profit increased to TL 571 million and our ROE to 12%. Meanwhile, our cost/income ratio fell to 53.6%. Our shareholder’s equity volume ended the year at TL 5.1 billion, as our capital adequacy rate reached to 17.7%. Our total loans volume grew by 6% to reach TL 48 billion, while our deposit volume grew by 7% to reach TL 25.2 billion.

### In 2016, we continued to set ourselves apart in our brand communication.

In the past two years, the rate of “likes” for our commercials among our target audience has increased from 38% to 73%. During the past year, the tendency of working with ING bank among consumers expanded from 30% to 67%.

In line with our digitalization process, this year we created a digital version of our main character and introduced it in our commercials.

In addition to these achievements, we are also attracting attention among other ING countries with our investments in technology, innovative products and services. Today, a wide array of new products and ideas are being rapidly piloted in our country. As a matter of fact, we are exporting the banking products and software we have designed to other ING countries in Europe and are even generating income from them.



## MESSAGE FROM THE CEO

OUR FOCUS ON DIGITALIZATION WAS STRENGTHENED IN LINE WITH THE SIGNIFICANT CHANGES IN OUR CUSTOMERS' CHANNEL PREFERENCES. THE NUMBER OF CUSTOMERS CARRYING OUT DIGITAL BANKING THROUGH THEIR MOBILE DEVICES REACHED 500,000, PRESENTING AN EXPANSION OF 46% YOY.

### Growth in retail deposits exceeds sector average.

In Retail Banking, with regard to our TL term deposit volumes, we outperformed the sector average of 14%, with annual expansion of 17%. Our market share in term deposits reached 3.4%. Currently, we are the main bank for 20.5% of our 2.3 million active retail banking customers. Clearly, we aim to build on these figures.

The number of our Orange Account customers exceeded 1.5 million. These figures indicate a performance that could be considered brilliant in an environment of such intense competition and a volatile economy.

We performed remarkably well in the first half of the year, especially in terms of housing loans. Although loan costs increased through the second half of the year, due to market circumstances, we achieved our year-end targets for consumer loans with a 4% rate of growth in total consumer loans volume.

### Our mobile banking customer share reached 85%.

Our focus on digitalization was strengthened in line with the significant changes in our customers' channel preferences.

The share of mobile banking customers among active customers using the digital channel reached 85%. The number of customers carrying out digital banking through their mobile devices reached 500,000, presenting an expansion of 46% YoY.

The number of active users of the ParaMara application, meanwhile, exceeded 115,000. Updating and improving this app almost every day, we are striving to reach the younger generations who lead mobile lives. We recently launched our ING Mobile branch with a brand-new design and functions.

In the first half of the year, we launched the e-Orange account to raise deposits. In addition we launched the Orange USD and Orange EUR accounts in the last quarter of 2016 to target customers who save in foreign currencies. The e-Orange account had already reached more than 72,000 customers as of the year-end. The good news is that 65% of these customers are new customers. With the inclusion of the Orange Account, our market share in the "Free Term Deposit" product group reached 20%. With its very high Net Promoter Score, this product has contributed significantly to our brand perception.

MILLION

2.3

Number of active Retail  
Banking customers

Enhancing the Orange Account family, these steps have built a strong base for us with regard to deposit growth for the future.

Offering loans over multiple channels and continuously keeping these channels in interaction with one another has once again been an indispensable strategy for ING throughout the year. The integrated multi-channel strategy and substantial investments undertaken in recent years has paved the way for a better user experience. Consequently, our customers are able to apply for consumer loans through the channel of their preference and to perform the transaction through another channel to use the loan immediately.

In 2016, 35% of the customers using digital channels took out a consumer loan without ever going to a branch. After starting to receive consumer loan applications through ING Mobil in the final quarter of 2016, we started to benefit from the potential of this channel. In a very short space of time, the share of this channel demonstrated remarkable growth. The share of loans allocated through all digital channels had reached 22% by the end of 2016.

**With our multi-channel model, we aim to reach to our customers at 7,500 points.**

We have employed a multi-channel structure in which our business partnerships, digital channels and mobile sales force work together, interconnectedly.

We will continue to grow with our multi-channel structure, in which our strategic business partnerships with various brands such as TeknoSA, PTT, Pegasus and Mudo Concept collaborate with our digital channels and mobile sales force.

Today, 27% of consumer loans and 52% of sales are executed through business partnerships. With this model, we estimate that within a couple of years, we will be reaching our customers through 7,500 different contact points.

2016 has also been a fruitful year in terms of insurance production. With 768.000 policies sold, we generated a total of TL 86.5 million in income in 2016 and achieved 45% growth in insurance commission income when compared to the previous year.

With the improvements in sales processes and software, we chalked up significant progress in policy renewals, collection steps and sales quality. We also aim to raise the level of customer satisfaction for insurance services and to expand insurance activities, especially in our digital and business partnership channels.

**We have taken steps towards expanding alternative channels in SME Banking.**

In the SME Banking segment, we have started to reap the fruits of the intensive investments we have undertaken in the last two years.

SME Banking notched up a stable growth trend throughout 2016 and we realized 10% growth in SME loans.

**10%**

*growth in cash and non cash SME loans*

## MESSAGE FROM THE CEO

HAVING ENRICHED OUR PRODUCT RANGE WITH CERTAIN PRODUCTS FOR WHICH ING BANK HAS SPECIAL EXPERTISE, WE TOOK PART IN PROJECTS TO COLLABORATE WITH OUR CUSTOMERS ON THE INTERNATIONAL ARENA, SUPPORTING THEM IN THEIR INTERNATIONAL OPERATIONS.

One of the innovations of this year was the transformation of the call center services offered to SME customers. We initiated efforts towards the digitalization of this segment, which is currently handled with a branch-based mechanism. We took the initial steps to develop a structure which will integrate online and mobile banking channels, along with the call center services, with a higher penetration.

The SME dream team played an active role as a solution partner in the sustainable success stories of the SMEs they work with. Custom-made products and services tailor made to meet customers' financial needs and their business cycles formed the significant strength of our portfolio managers in this process.

### A 19% increase in our income in the Mid-Corporate Banking segment.

Against the backdrop of challenging economic circumstances faced by our country, we achieved a 19% increase in our annual income from the Mid-Corporate Banking segment on the back of the astute strategies we employed.

In line with a banking approach based on innovation, we continued to invest in the segment.

Meanwhile, in 2016 we held the "ING Generation to Generation Management Academy" - a project we carry out in collaboration with Bogaziçi University - for the third time. Offering a training program for family businesses on the methods of structuring their organization, the Academy continues its activities with the new generation representatives of 19 family-owned companies.

### Participation in large-scale projects in Corporate Banking.

Having gained a strong impetus through 2016, this business line covered considerable ground toward our goal of becoming the main bank of our customers.

When compared to the previous year's figures, deposit volumes grew by 38% and total revenues rose by 61%. While the sector recorded 20% growth in corporate loans, our Corporate Banking segment outperformed the sector to attain a 35% expansion.

Having enriched our product range with certain products for which ING has special expertise, we took part in projects to collaborate with our customers on the international arena, supporting them in their international operations. In addition, we designed a "Commodity Hedging" program, with the aim of providing our customers with a more meaningful product.

ING Generation to  
Generation

**Management  
Academy**

As we increased our share in the investment financing of widely renowned companies in the area of structured finance, we entered significant partnerships with the resources we offered to the international investments of companies based in Turkey.

We also performed remarkably in terms of funding in 2016. We currently have a syndication of USD 500 million provided to the large-scale banks in Turkey under preferential conditions. Moreover, we have a EUR 300 million loan, obtained by international financial institutions like the World Bank and the EBRD, and we also recently signed an agreement for a new EUR 200 million loan. We participated in 8 out of 12 international capital markets deals and Eurobond launches realized in the 2015-16 period. Additionally, we ranked first among the 11 ING countries in our region, generating 41% of the total income.

#### **A lot of ground covered in technology and service exports.**

As a part of the ING Group, which places a special emphasis on digitalization, we are at a point where we export our digital banking products to other ING countries across Europe. Austria's mobile banking software has been designed in Turkey. In the meantime, a mobile product used in Spain has been developed, based on ParaMara software. Three people from the team in Turkey took part in the project group. Furthermore, the ING Group's ATM programming is also being developed with the participation of two people from our team.

Carrying out more than 100 projects this year, we employed innovative approaches in our business model and infrastructure work.

We were the first and only bank among those in our scale in Turkey to have its entire application development teams switch to an agile work model. While designing the infrastructure that supports FlexING, our model of working remotely, we brought Ceptenyapp into effect, an app that enables the mobile execution of the business processes.

#### **Kahramanmaraş Operations and Call Center start to create added value.**

At our Kahramanmaraş Operations and Call Center, where we aim at developing human resources for the sector, we achieved 25% improvement in agent efficiency in 2016.

Today, our Kahramanmaraş Center carries out many operational processes. Our projects have shortened the duration for accessing an account officer for our customers by 33%. We also succeeded in increasing the number of daily sales per account officer from 4 to 10.



# 25%

improvement in agent  
efficiency

## MESSAGE FROM THE CEO

AT ING BANK, WE WANT TO INCREASE THE RATIO OF OUR WOMEN EMPLOYEES AND EXECUTIVES. WHILE DOING THAT, WE ALSO SEEK TO HELP THEM MANAGE THE VARIOUS ROLES THEY ASSUME IN LIFE IN A BALANCED WAY.

### Striving to generate social value.

For us another priority, we find at least as valuable as the achievements we have attained, is to be a part of projects that create a difference for our society.

In the past 4.5 years, we have invested around TL 3 million in creating a social value.

In our social investments, we have prioritized projects oriented at savings within the scope of our target of becoming the savings bank of the country. Our Orange Drops program aims to raise awareness of saving among schoolchildren in their 3<sup>rd</sup> and 4<sup>th</sup> year of school. We have, so far, reached almost 26,500 pupils and 721 teachers in 26 schools throughout seven different provinces. The impact this program has created has been discussed in several academic papers, internationally.

The emphasis we have placed on education is also a focal point of our volunteering activities. With this perspective, we opened our Orange School, after its renovation this year. 160 students enrolled in our school in Kahramanmaraş.

Meanwhile, the “ING Savings Tendencies Research”, Turkey’s largest-scale savings research that we have been conducting since 2011, has now become a renowned source of reference. Performed with monthly measures, the results of which are reported quarterly, our research is closely followed by academic circles, public authorities and the media.

### We are trying to become the brand where women choose to pursue a career.

Attracting more women into the labor force and offering them more alternatives in professional life is critically important when it comes to supporting our country’s economic and social development.

The ING Savings Tendencies Research study, which we have been conducting since 2011, clearly demonstrates a direct and positive correlation between women’s employment and saving, which is a major issue in our economy. When women join the labor force, they tend to save more than men do – in fact, 56% more for women in lower income groups and 30% more for women in middle income groups. Therefore, helping women take a more active role in work life is crucial for us.

At ING Bank, we want to increase the ratio of our women employees and executives. While doing that, we also seek to help them manage the various roles they assume in life in a balanced way.

**55%**

Number of women employees rate end of December 2016

As of December 2016, 55% of our employees and 36% of our managers were women, while 67% of the employees at the Operations and Call Center that we opened in Kahramanmaraş in 2013 were women. In addition to those who reside in Kahramanmaraş, many women from neighboring provinces choose to work in the modern work environment offered by our call center.

Our objective is to improve these ratios with our practices that help women maintain a healthy balance between their private and professional lives. At ING Bank, we want to become the brand, where women choose to pursue their career. Our target is to increase the ratio of women executives to 50% within the next 5 years. Most importantly, we aim to increase the rate of women who are happy in their jobs.

#### Widening our ecosystem for New Generation Banking

With our vision of being a “technology company that holds a banking license”, we are integrating our global and local experience with the strength we have in technologic infrastructure and innovation.

We believe that the healthiest means of competition is to seek opportunities for collaboration, not only with fellow players within the sector but also with other non-sector-member organizations. With the ING Hackathon, which we have been organizing for the past 3 years, in this context, we are offering creative individuals an opportunity to develop innovative products for the banking sector.

Similarly, we opened the Orange Lab, where we will be looking at prospects for collaboration with fintech companies and innovation startups. We have planned the Orange Lab as a laboratory environment for the development of new apps to improve the sector.

In addition to the collaborations we will build with creative individuals and organizations outside the Bank, we also support intrapreneurship and innovation. Our employees in Turkey participate in the Innovation Bootcamp which the ING Group organizes on a global scale. With their powerful projects, members of the Turkey team are given the chance to develop their ideas during the camp.

#### We will continue to bring New Wine in The Old Bottles.

One of our strengths at ING Bank is our human resources. Having embraced the Orange Code behaviors, our employees stand one step ahead in life, helping each other’s success, assuming responsibilities and fulfilling their duties.

In order to perform banking in an unconventional way and to bring an innovation-based experience our to our customers, we will continue to think forward with our strong human resources in our pursuit for progress in the coming periods.

I would like to thank all our team and our business partners who contributed to the successful performance of our Bank in the year of 2016, on behalf of myself and ING Bank management team.

Kindest regards,



Pinar Abay  
CEO

## “Orange Lab”

A laboratory environment for the development of new apps to improve the banking sector



## REVIEW OF ING BANK'S ACTIVITIES IN 2016

IN 2016, ING BANK REALIZED OPPORTUNITIES IN THE MARKET AT THE MAXIMUM LEVEL AND IMPROVED ITS PERFORMANCE THROUGH STRONG DISTRIBUTION CHANNELS, A SOUND TECHNOLOGICAL INFRASTRUCTURE, AN EXTENSIVE AND RICH PRODUCT RANGE AND ITS EXPERIENCED AND QUALIFIED EMPLOYEES.

### CUSTOMER-FOCUSED SOLUTIONS WITH AN INNOVATIVE, CORRECT AND TRANSPARENT BANKING APPROACH

Developments in global and domestic markets continued to influence the sustainable profitability of banks in 2016.

In line with its corporate strategies, ING Bank made best use of the opportunities in the market and continued to improve its performance in 2016 with its strong distribution channels, robust technological infrastructure, broad and diversified product range and its experienced and expert staff.

Without compromising on its customer-focused and innovative approach, ING Bank achieved stable growth with its strong equity and high-quality assets, with its total assets reaching TL 50 billion by the end of the year. The Bank wrote a pre-tax profit of TL 717 million in 2016.

### ING BANK INTENSIFIED ITS MARKETING-FOCUSED ACTIVITIES THROUGH ITS WIDE NETWORK OF BRANCHES THROUGHOUT TURKEY IN 2016.

ING Bank continued to meet the financial needs of its customers in Consumer, SME, Mid-Corporate and Wholesale Banking with an effective pricing policy and an increasingly diversified, wide product range.

In 2016, ING Bank made significant strides in its service network and diversification, number of customers and balance sheet growth. Devising risk-sensitive business strategies, ING Bank managed to deliver a higher number of products, services and solutions to more customers throughout the year.

The Bank's total cash loans in 2016 amounted to TL 35 billion. Growth in the Wholesale and SME business lines and in Mortgages were among the noteworthy developments in ING Bank's lending portfolio.

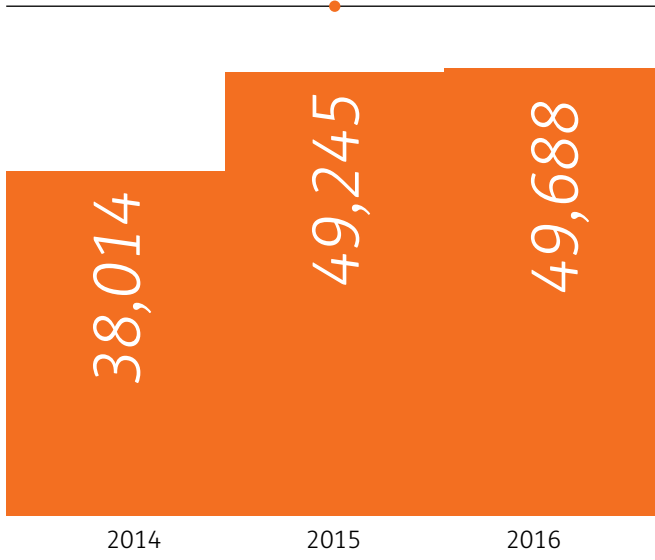
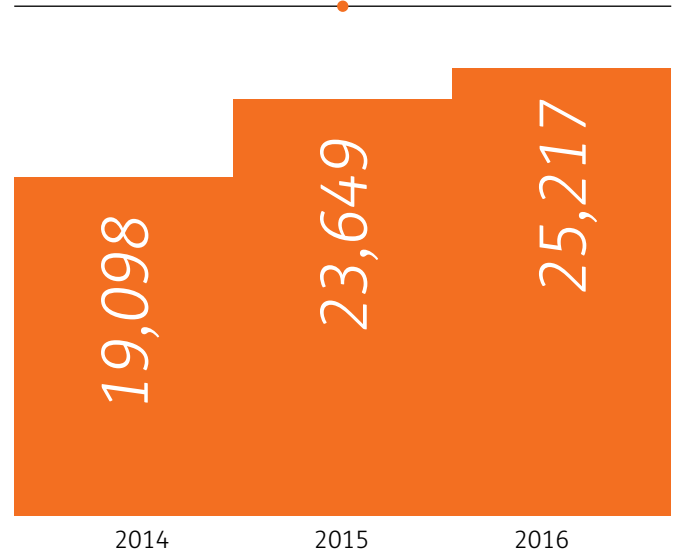
In 2016, the Bank's deposits grew by 7% YoY to reach TL 25 billion.

### THE 8<sup>TH</sup> LARGEST PRIVATE BANK IN TURKEY

ING Bank maintained its position in the market as the 8<sup>th</sup> largest private bank operating in Turkey based on its asset volume as of the third quarter of 2016. The Bank ranked 8<sup>th</sup> in total lending and 9<sup>th</sup> in deposits in the same period.

At a time when strong strategies are more important than ever, ING Bank has built its growth strategy on a long-term and sustainable plan. The innovative products and partnerships developed both in savings and in exports in line with the Bank's strategy remained priorities in 2016.

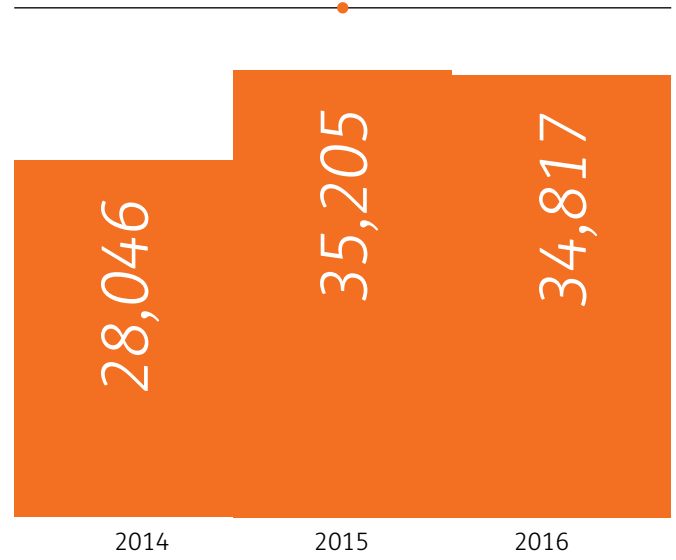


TOTAL ASSETS  
TL MILLIONTOTAL DEPOSITS  
TL MILLION

The Bank wrote a pre-tax profit of TL 717 million for the 2016 full year, and the Bank's stand-alone capital adequacy ratio reached 17.7%.

ING Bank will continue to strive to achieve its goal of adding more value to the national economy in 2017 with its strong product and service range, robust financial structure, wide and well-spread distribution network, and experienced human resources.

In this respect, the Bank will continue to benefit from the vast experience and extensive global know-how of the ING Group, and will offer more of the most innovative products and services to its customers every day.

CASH LOANS  
TL MILLION

TL  
**717**  
MILLION

pre-tax profit

**17.7%**

solo capital  
adequacy ratio

**8<sup>TH</sup>**

private bank

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## RETAIL BANKING

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IN LINE WITH ITS MOTTO OF “NEW WINE IN THE OLD BOTTLES”, ING BANK CONTINUED TO USE THE “RATING BASE PRICING MODEL” IN 2016 TO PROVIDE MORE ATTRACTIVE CREDIT CONDITIONS TO CUSTOMERS WHO HONOR THEIR DEBTS AND HAVE A HIGHER CREDIT SCORE.

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ING Bank provides personal solutions by offering an extensive range of products and services that adds value to the lives of its customers and realizes projects that makes a difference to their lives while contributing permanent value to their wealth, both today and in the future.

Retail banking lending increased by 4% YoY to reach TL 11.9 billion in 2016.

### RISK-BASED PRICING AND THE OMNI-CHANNEL STRATEGY IN GENERAL PURPOSE LOANS BOOSTED ING BANK'S GROWTH

As a result of its motto “New Wine in The Old Bottles”, ING Bank had initiated its credit score-based pricing model, and continued to extend loans at more attractive terms to customers with a good record of honoring their debts and have higher credit scores in 2016.

Thanks to its pioneering pricing model in the sector that became memorable with its motto “an end to the same interest rate for everyone”, the Bank monitored and analyzed the risk status, payment performance and credit utilization ratios of customers much more closely and thereby established a significantly more comprehensive pricing strategy which led to considerably more effective portfolio management. Moreover, by offering different payment plan options with special interest rates and terms to both retired and payroll customers, as well as to all of its customers defined by behavioral segments, it made its customers feel special at all times.

Preparing various promotions throughout 2016 offering attractive payment terms in order to meet the increasing cash requirement of customers, ING Bank also offered pre-approved loans throughout the year to its current customers that they could use immediately. The Bank assured its customers that it stands at their side by providing them with attractive payment terms through “loans with 3-month delayed payment” campaign which was launched towards the end of year being the busiest times of the year.

Closely monitoring its customers' needs and credit utilization, ING Bank offered them tailor made loan products such as loans with low interest rates, low cost, longer installment terms or delayed payment to correspond to their budgets and requirements year round, and ensured that they could met their cash needs at the Bank.

### A NEW CHANNEL IN THE OMNI-CHANNEL FOR GENERAL PURPOSE LOANS: ING MOBILE!

Making loans available on the omni-channel and the continuous interaction between these channels was also an indispensable strategy for ING this year. As one of the results of the integrated omni-channel strategy, and the delivery of continuously improving customer experience owing to significant investments made recently, customers are now able to apply for general purpose loans through the channel of their choice and use their loan immediately by completing the transaction through their preferred channel. In 2016, 35% of the customers who applied for a loan through digital channels used their loans without ever going to the branch.

In the last quarter of the year, we also started to benefit from the power of ING Mobile by receiving applications for general purpose loans through this channel as well. While the share of this channel grew rapidly, the share of all loans made available through all digital channels reached 22% at the end of 2016.

The first execution of the most important and rapidly growing component of ING Bank's “Omni-Channel Growth Strategy”, Strategic Business Partnerships, was the Kredi Postam (My Credit Post) exercise with PTT (Turkish Postal Services). Thanks to this partnership, that started in 2012, customers receiving their salaries from the PTT are offered loans. In 2013, the Bank began to offer immediate loans at specific Migros stores, and in 2014, we accelerated our in-store loan application activities with TeknoKredi at all Teknosa branches. In the last couple of years, new brands were added to the Strategic Business Partnerships channels, which are of paramount importance for the utilization of general purpose loans. Thanks to our partnerships with

big brands such as Mudo Concept, Vestel, Arçelik, Beko, Samsung, Bosch, ModaLife and Bernardo, the Bank started to offer retail customers immediate solutions for their loan needs through installment sales. The amount of loans disbursed through Strategic Business Partnerships increased by 19% in 2016 and represented a 27% share of all general purpose loans disbursed by the Bank; as a result, one in every four loans approved throughout the year was made available at a strategic partnership store.

#### PENSIONERS ARE ALWAYS PRIVILEGED AT ING

ING Bank made 2016 another golden year for pensioners. Thanks to its active campaign management and province-based communication throughout the year, the Bank reached its retired customers and acquired customers receiving pension payments.

The focus of ING Bank is to make retired customers feel privileged with the services offered by the Bank. Retired customers have always been able to fulfill their banking needs easily by either contacting their dedicated customer representative through telephone banking on a 24/7 basis for any issue, or by going to the branches where they always have priority. A total of 125,000 customers who receive their pensions through ING Bank may withdraw their pensions easily from all ING ATMs and all other bank ATMs without incurring any fees.

#### ABOVE-MARKET GROWTH IN VEHICLE LOANS

Thanks to its effective dealer management, campaigns with attractive payment terms and a process where vehicle loans could be arranged at the dealer without requiring a visit to the branch, ING Bank posted growth over the market rate in 2016, recording 11% growth in motor vehicle loans. As a result of improvements made in the loan application process at car dealers, brand partnerships, and relationships with distributors that have a significant market share in the sector, the share of loans made available at dealers exceeded 60%.

#### EFFECTIVE PORTFOLIO MANAGEMENT IN MORTGAGES

ING Bank increased its total mortgage balance by 10% in the first half of 2016, a rate of growth almost twice as high as in the sector. In the second half of the year, the Bank focused on realizing its goal of sustainable growth with its effective portfolio management strategy, and completed the year with 7% growth in mortgages.

When identifying campaign terms, we adapted to rapidly changing market conditions. We strengthened our relations with estate agents and at the end of the year the share of mortgages made available through estate agents exceeded 50%.



125,000

Number of retired customers

## RETAIL BANKING

AS THE DRIVER OF THE ING BANK'S DEPOSIT GROWTH, THE ORANGE ACCOUNT CONTRIBUTES CONSIDERABLY TO THE EXPANSION OF ING BANK'S DEPOSIT BASE AND TO THE INCREASE IN CUSTOMER NUMBERS.

### A DEPOSIT PORTFOLIO SPREAD ON A WIDE BASE

ING Bank meets the demands of its customers with a broad range of products that includes term deposits, repo, mutual funds, brokerage in securities, treasury bills, Eurobond and similar products. The Bank's investment products offer a variety of alternatives depending on the personal risk perception, preferences, and portfolio size of the customers.

At the end of 2016, the Bank's retail deposits totaled TL 16.7 billion.

### THE ORANGE ACCOUNT

ING Bank's free savings account product, the Orange Account, was again an important element of the Bank's growth strategy in 2016. As the driver of the Bank's deposit growth, the Orange Account contributes considerably to the expansion of ING Bank's deposit base and to the increase in customer numbers.

The Bank has reached more than 1.5 million customers in 6 years with the Orange Account, its free term deposit account that it launched in January 2011. The fact that the Orange Account achieved growth in excess of the market rate in 2016 demonstrates that there is still increasing customer interest in the product. Looking at the sector as a whole, ING Bank commanded a market share of 23% as of the third quarter of 2016 in terms of deposits with a maturity of up to one month.

With a view to becoming Turkey's leading savings bank, ING Bank added a new product to the Orange Account Family in the first quarter of 2016 with the launch of e-Orange for its customers using digital channels. One of the most noteworthy products in new-generation banking, e-Orange quickly reached 72,000 customers and 90% of the e-Orange volume provided new resources to the Bank.

Since the last quarter of 2016, customers wishing to keep their savings in Dollar or Euro terms are able to benefit from the advantages of the Orange Account as well.

### PRIVATE BANKING AND INVESTMENT PRODUCTS

In line with its segmentation criteria, ING Bank serves its customers who have TL 500,000 or more in assets, under its Private Banking arm.

Considering its customers' investment profile and risk appetite, ING Bank Private Banking delivers special and high value-added solutions by taking advantage of its global know-how and local expertise.

ING Private Banking offers a broad range of products tailor made to suit different risk reward profiles with a view to meeting the needs of its customers who want to expand their assets in alternative investment products with variable returns.

Today, ING Private Banking serves its customers more effectively in investment and deposit products through well-equipped Relationship Managers at 10 service points in the Private Banking Centers, whose number increased to six with the opening of the Adana Private Banking Center in 2016, and four Corners. The Bank maintains its efforts to further expand its base of customers engaged in stock trading and VIOP transactions through the ING Investment Account, and to further expand its mutual fund volume.

### MAJOR STEPS TAKEN IN BANCASSURANCE IN 2016

The Bancassurance Channel, which commands an important share in non-interest income, was one of the focal points of ING Bank in 2016. In 2016, there was an increase of 49% YoY in Life Insurance and 58% YoY in Non-Life Insurance in terms of premium generation. With premium generation of more than TL 200 million in total, the Bank outperformed the sector as a whole, and increased its market share.

In addition to increased financial returns, the Bank also made improvements in its insurance service by introducing important changes in processes and infrastructure.


### CREDIT CARDS

With a 4% YoY increase in the number of credit cards issued in 2016, ING Bank realized growth in excess of the market rate.

The highlights in this area are summarized below:

- The Bank launched its Jet Avans (Jet Advance) product in 2016 where an Installment-based Cash Advance of TL 500, to be paid back over 9 months, is made available with a single SMS. This ensured convenience for customers and increased customer satisfaction. In addition, the Bank continued to facilitate payment by offering post-purchase maturity options such as Installments for Advance Payments, Postponement of Transactions, Additional Installments, Installments for Statement Balance and Postponement of Statement Balance, and maintained its innovative service approach with customized interest and fee structures.
- After the legislative changes, ING Bank also offered a restructuring option of up to 72 month-installments for its customers who did not have a record of delays in their accumulated credit card debt payments but wanted to restructure their payments with longer terms. Similarly, after the change in the legislation, the number of installments was rapidly increased to 12, thereby contributing to customer satisfaction.
- In 2016, we continued to offer an interest- and fee-free Installment Cash Advance for 9 months and TL 1,000 to customers issued with a Bonus card from ING Bank for the first time. Moreover, Bank customers were offered exemption from the annual card fee for a period of 1 year provided they arranged for their credit card to be paid by direct debit within 3 months of receipt of their Bonus card.
- In 2016, the transaction volume of ING Alışverişçi Kredi (Shopper Loan), a consumer finance product introduced in 2014, increased by 16% YoY and the number of merchants where the Shopper Loan can be used grew by 31% to reach 4,698.

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THE WELCOME  
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PREFERENTIAL  
INTEREST FOR  
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No need to wait for the term period with the ING Orange Account, which makes saving easy.

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**4,698**

*number of merchants*

## DISTRIBUTION CHANNELS

### ING BANK EMPLOYS ITS DISTRIBUTION CHANNELS WITH THE AIM EXPAND ITS CUSTOMER PORTFOLIO AND AS A DRIVER FOR ITS SALES ACTIVITIES.

ING Bank's Distribution Channels consist of the following:

- ATMs,
- Internet Banking,
- Mobile Banking, and
- Telephone Banking.

ING Bank again took new actions in 2016 to increase the effectiveness of its distribution channels, setting itself apart in the sector with its processes and campaigns. These continuously developing distribution channels now stand as more than a service channel for ING Bank.

The Bank employs its distribution channels to expand its customer portfolio and as a driver for its sales activities. Sales realized over distribution channels continued to increase in 2016, and their quantity-based share in overall sales reached 35%.

Within the framework of the Hybrid project, where everyone – whether or not they are customer of the Bank - can select products without visiting the branch, 35% of loans were made available through non-branch channels in 2016.

The e-Orange Account, which is offered through digital channels and has the advantage of a Welcome Rate for 1 year, was introduced in 2016. A total of 72,000 accounts were opened with this product during the year, and the year-end balance reached TL 1.6 billion.

#### INTERNET BANKING

As a first of its kind among banks' internet branches in Turkey, ING Bank offered its customers Individual and Corporate Internet branches that had a design and content compatible with all digital platforms, from desktop computers to mobile devices.

After the Individual Internet Branch that offered the same content on PCs, tablets and phones without any loss of function thanks to its device-compatible design, the Corporate Internet Branch was launched in 2015 with the same design and device compatibility features.

As we continue to work on the Individual and Corporate Internet Branches at ING Bank that enable customers to carry out their daily banking transactions over the Internet quickly and securely for the entire and growing product range, we have very rapidly introduced new applications in response to customer feedback by deploying agile project management methods.

In that context, thanks to the e-Government integration, customers may now easily connect to the e-Government gate with their User Login/ID No. and password through the Individual Internet Branch and via [www.turkiye.gov.tr](http://www.turkiye.gov.tr) without needing to go to Post Office for an e-Government password.

As a result of the integration with insurance companies, customers have started to carry out their applications on the Internet for some insurance products, and can now follow their insurance policies on the Internet branch.

The pilot phase of the **ING Assistant** project got underway, enabling users to set conditions for money transfers, receive notifications by SMS and e-mail, and to carry out automatic transfers.

On the other hand, thanks to the strong analytical reporting modules that have been integrated into the ING Bank Internet branches, user behavior and statistical data can be monitored on a real-time basis and any problems can be responded to and resolved very rapidly thanks to the early warning systems installed.

Analytical reporting tools are used to analyze customer behavior, and consequent improvements are introduced to facilitate use.

#### MOBILE BANKING

While enabling its customers to carry out their daily banking transactions quickly and securely, ING Mobile also makes it possible for them to apply for products that meet their other banking needs.



ING Mobile allows customers to carry out their transactions on their mobile phones, and the application can be used on devices with either the iOS or Android operating systems.

As a banking application that meets all the banking requirements of ING Bank customers in Turkey, ING Mobile updated its interface in 2016 and expanded its transaction set. The objective of this update was to offer a banking application that is fast, offers a high-quality user experience, is secure, and listens to user feedback. Additionally, the ING Corporate Mobile Branch, ParaMara, ING Trader, ING Field Sales Application (in separate modules for individual and corporate customers) and the Branch Tablet Applications - all services in the ING Bank Mobile range - continue to serve our customers.

The share of active Mobile Channel users in all digital channels exceeded 85% in 2016.

The ParaMara application, which does away with the requirement of holding a bank account or making a transaction during working hours for actions such as shopping on the Internet, withdrawing a loan or transferring money, while enables users - whether they are ING Bank customers or not - to satisfy their daily financial needs on their smart phones rapidly and easily, maintained its successful performance in 2016.

Thanks to ParaMara's new financial solution, non-Bank customers can now send and receive money, which has created a new financial auxiliary product. ING Bank Turkey earned a special place among ING countries thanks to the ParaMara application, and significant funds were provided from the ING Global Fund, which is a pool of funds set up by the ING Group to support innovation. ParaMara was one of the first initiatives to be chosen to benefit from this fund, that is open for all countries to take advantage of.

For the first time in Turkey, ParaMara users are able to carry out contactless payments with Android devices. Creating a difference in the sector by turning smart devices into credit cards, this feature enables ParaMara to easily meet today's demand for fast and easy payments. Moreover, users can shop on the Internet with special discounts for ParaMara using the pre-paid card that has been created in the application itself. Thanks to ParaMara's new feature, even in situations where the recipient has no bank account, users may send digital codes to their friends through globally known social, music and gaming platforms using ParaMara, and can enjoy the world of entertainment.

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**SPECIAL OFFER OF A FULL YEAR OF INTEREST WITH THE E-ORANGE ACCOUNT!**

**NO TERM TROUBLE!**

For those who say #IamDigital, start saving without going to THE branch with the preferential interest rate on the ING e-Orange Account.

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ING BANK

# 85%

active customers using  
the Digital Channel\*

\* It refers to the share in total digital channels.

## DISTRIBUTION CHANNELS

THE BRAND STRATEGY OF BEING “THE BANK THAT CHALLENGES THE SYSTEM” HAS EARNED A MEANINGFUL PLACE IN THE PERCEPTION OF THE TARGET GROUP THROUGH ITS “NEW WINE IN THE OLD BOTTLES” COMMUNICATION PLATFORM AND FOCUS ON CONSISTENT PRODUCT COMMUNICATION.

### DIGITAL CHANNELS

The share of active digital channel, which consists of ING Bank’s Internet Banking and Mobile Banking channels, in the Bank’s overall customer base had reached 25% by the end of 2016.

With its device-compatible Internet banking and mobile applications, ING Bank offers its customers a unique banking experience, regardless of their location or device.

### ATMs

In 2016, ING Bank was serving its customers with 1,540 ATMs.

In 2016, many new features were introduced at ING Bank ATMs, such as cardless credit card payments, credit card payments for other banks and depositing and withdrawal of foreign currency.

We continued to replace ING Bank ATMs with state-of-the-art ATMs in 2016 and completed our improvement process for foreign currency transactions. The Bank also established and made available infrastructure where non-customer users may also apply for products.

In 2016, we also used data obtained from the customer segmentation project to position our ING Bank ATMs at the right locations so our customers to be served adequately. The goal of this effort was to optimize the location of ATMs, and significant progress was achieved in 2016. The project gave rise to positive outcomes in the volume and performance rates of ATMs.

Continuously developing its ATM transaction set in view of the needs of both its individual and corporate customers, ING Bank aims to turn its ATMs into service points that work in an integrated way with other digital channels and provide an uninterrupted 24/7 service.

### BRAND STRATEGY

#### CONTINUING TO INTRODUCE “NEW WINE IN THE OLD BOTTLES”

The brand strategy of being “the Bank that challenges the system” has earned a meaningful place in the perception of the target group through its “New Wine in The Old Bottles” communication platform and focus on consistent product communication. As the ING Bank brand spokesman, Kerem Tunçeri, predominantly explained general purpose loans and Orange Account products, the antagonist Şinasi Yurtsever came to represent conventional systems, which, together, constituted the framework of our communication.

As a result of the continuous and effective communication campaigns, the rate at which consumers considered working with ING Bank increased from 30% to 67% last year, and the rate at which the target group ‘liked’ the TV commercials went up from 38% to 73% in the last 2 years.

#### ING BANK SUPPORT FOR THE TURKISH BASKETBALL LEAGUE

ING Bank decided to continue its communication under the main ING Bank brand as the main sponsor for the 2015-2016 season of the Turkish Basketball League. In the context of this sponsorship, we organized various in-court activities conveying the message of a brand that supports all teams and one that is modern, dynamic and capable of changing the game, and thus the ING Bank brand position was introduced to basketball fans.

The commercial that featured league players from different teams won acclaim as the most ‘liked’ commercial among all of the Bank’s commercials. Additionally, the “3-Point Leader” award at the All-Star Basketball Event was presented under the sponsorship of ING Bank.

In the meantime, in 2016, we decided to undertake a long-term investment in basketball, and signed a 3-year sponsorship agreement.

Below is a summary of the activities we realized as part of the Brand Strategy in 2016:

- The launch campaign for the e-Orange Account, i.e. the digital version of the Orange Account, started in March. For this campaign, an identical digital version of Kerem Tunçeri - who is the real brand spokesperson - was created using motion capture technology as a spokesman for the Bank's digital products.
- A birthday campaign was organized for the Orange Account that is turning 5, and we continued to communicate the messages of a high-yield, pioneer product with no maturity date.
- The corporate identity renewal project led by the global brand team continued, and all marketing communication materials were re-designed in line with the new world.
- The ING web site and ING mobile banking applications were introduced with their new designs updated in line with the new corporate identity.

#### THE GOAL OF ALL OUR EFFORTS IS TO BE THE MOST-PREFERRED BANK FOR OUR CUSTOMERS

ING Bank coordinates all actions geared toward improving its customers' banking experience and increasing their satisfaction through the Customer Experience Management Council platform formed under the leadership of the CEO. The goal of the platform is to help develop a corporate culture that is embodied in a way of doing business so that all employees that take part in any process that touches the customer assume responsibility for customer satisfaction and take the necessary actions.

The "Customer Experience Management" department, established to offer the best banking experience to customers as part of ING Bank's customer-centric strategy, has been in charge of the coordination with all relevant units of the Bank since 2014 for the effective management of customer acquisition, products, channels, and service utilization with a 360-degree perspective that puts the customer at the center.

The goal of the department is to use an analytical perspective to identify factors that contribute to customer satisfaction, thereby developing solutions that speak to both the mind and heart of customers, and to ensure that all relevant units work in unison.

To that end, joint activities are carried out with all relevant units in order to ensure all existing products and processes work more smoothly for the customer, to reduce the number of causes of customer complaints, to solve these complaints rapidly, and to train all units that have contact with customers on customer centricity.



**WE'RE THE SUPPORTERS AND UNCHANGING COLOR OF BASKETBALL!**

**WE ARE THE UNCHANGING COLOR OF BASKETBALL!**

As Spor Toto Basketball League's Official Sponsor, ING Bank is proud to be with all the colours in the 2015-2016 season.

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Thanks to the infrastructure work completed in 2016, issues that have the biggest impact on customer satisfaction were identified through an analytical exercise with 65 scenarios, and can now be monitored regularly. Today, we can track customer satisfaction rates on a daily basis using person- and channel- based satisfaction surveys, and can rapidly take action when needed. We continue to work towards our goal of becoming the most preferred bank in Turkey with the perspective of happy employees and happy customers.

#### THE CUSTOMER SOLUTION CENTER ALWAYS STANDS BY ITS CUSTOMERS

The Customer Solution Center team processes all customer feedback that reaches the Bank through any channel open to customers (such as the Call Center, the Web, the sikayetvar.com complaints site and governmental institutions).

Thanks to the Sea Star project that was initiated as part of a solution-oriented, proactive management strategy, customers that encounter a problem in service processes may be identified immediately and contacted, and actions can be taken to resolve their problem before it becomes a complaint.

## SME BANKING

### ING BANK MAKES ITS EUROPEAN INVESTMENT BANK (EIB) AND EXIMBANK SOURCES AVAILABLE FOR SMES IN ORDER TO DIVERSIFY LOW-COST LOAN OPTIONS.



#### MORE DETERMINED STRIDES FROM THE SME DREAM TEAM

Within the framework of the vision ING Bank set for SME Banking, it continues to act as the SME Dream Team that is the solution partner of all SMEs in their sustainable success stories from providing them access to finance to consultancy in any topic they need.

In its SME Banking segment, ING Bank meets the financial needs of companies which have an annual turnover of up to TL 40 million, and offers them all kinds of banking products and services, as well as consultancy services.

The main objectives of SME Banking are to finance the investments in the production and employment of small and medium-sized enterprises in various industries throughout Turkey; to find solutions which meet the needs of the customers together; and to contribute to their sustainable growth.

Aware that access to finance at low cost and favorable terms is the major need for SMEs, ING Bank SME Banking made low-cost loan options with grace periods available for SMEs throughout 2016.

Through various campaigns that continued throughout the year, ING Bank SME Banking offered SMEs the opportunity of grace periods of up to 3 months and flexible payment options. Under the SME Dream Team slogan, ING Bank's SME Banking has once again demonstrated that it is on the same team, shoulder to shoulder with SMEs.

One of the fundamental premises of the ING SME Banking has been innovative and easy banking.

For SME Banking, ING Bank effectively deploys technology to meet customer needs directly, to offer its banking products and services to shopkeepers and SMEs at their location and to render its services rapidly and with ease through the branches and alternative distribution channels.

#### ABOVE-MARKET GROWTH IN SME BANKING.

In 2016, ING Bank SME Banking achieved growth in excess of the market and sector rates, and the volume of cash loan support provided to SMEs increased by 8% YoY to reach TL 5.6 billion. Non-cash loans in the same period grew by 22% and reached TL 940 million.

ING Bank SME Banking prepared its strategic plan, bearing in mind its goal to continue supporting SMEs and offering innovative products in 2017 as well.

#### SMEs WERE OFFERED NOVELTIES IN VARIOUS AREAS.

The "Paydos Yok" Account (No Close of Business), which aims to help SMEs make use of their savings in the best way, gives SMEs the chance to carry out their banking transactions free of charge during the day, and earn interest on the amount in their account overnight. On the other hand, the Orange Account ensures that SMEs are one step ahead in savings as well, and the ING Orange Account has also been offered to the service of shopkeepers. This account allows SMEs to deposit and withdraw money at any time and save with this account with no maturity date, and can earn from the money that sits idly in the account every day at attractive interest rates. We make sure that our shopkeepers always enjoy an extra benefit with this account that accrues overnight interest, offers attractive deposit interest rates - but no maturity date - and allows money to be deposited and withdrawn at any time. The account has no lower limit and allows EFT/Money Transfers.

In the same vein, the "Winning Packages", which have been designed to help SMEs manage their costs, enable SMEs and shopkeepers to do their transactions free of charge thanks to the package that is created for their specific needs. Customers select the package that best suits them and benefit the advantages at the branch or via other channels

in banking transactions they perform frequently such as EFT/ Money Transfers, regular EFT/Money Transfers and cheques.

ING Bank also meets the insurance needs of SMEs, and ensures that they take their precautions against possible adversities in advance, thereby contributing to an uninterrupted activity cycle.

For the first time in the sector, thanks to the Custom Duty Payment and Excise Tax Payment by SMS services offered, customers may now pay their custom or excise duties on a 24/7 basis with just one single SMS.

With the ING Güvence (ING Assurance) product, customers may now collateralize and endorse their receivables online. Proving thus that it stands by its customers by offering an innovative solution as an alternative to cheques, ING Bank helped its customers become more flexible in their commercial activities.

Aiming to support its customers in the best way in response to the changing legislation, ING Bank offers comprehensive services as a pioneer in the sector with its e-Invoice product that covers sending and receiving e-invoices to and from suppliers, reporting, accounting, storing and maintenance services.

Similarly, ING Bank takes into account cash flows as well, and designs alternative products that fit the needs of all sectors from foreign trade to tourism, all professional groups from pharmacists to certified accountants and notaries, and tradespeople of all scales. Backed by the global network and know-how in international trade of the ING Group that operates in more than 40 countries, the Bank also provides solutions to meet the specific needs of SMEs that are engaged in foreign trade.

At ING Bank, we also aim to offer a diversified range of low-cost loan options for SMEs, along with solutions that will facilitate their access to finance. In that sense, the Bank makes sources from the European Investment Bank and Eximbank available for SMEs in the form of medium- and long-term investment loans, and acts as an intermediary for incentives provided by the EIF, Credit Guarantee Fund, KOSGEB (Small- and Medium-Sized Industry Development Organization and the Undersecretariat of the Treasury of the Republic of Turkey.

One of the major issues facing SMEs under changing global and market conditions is sustainability. Within the scope of a project run jointly with ING Global, we have started to





## SME BANKING

ING BANK CARRIES THE METHODS AND SOLUTIONS IT DEVELOPS BY CLOSELY FOLLOWING CRM TRENDS IN THE WORLD AND IN TURKEY TO THE SME BANKING BUSINESS UNIT, THEREBY CREATING ADDED VALUE FOR SMES.

assess the sustainability of SMEs from different perspectives. The program's agenda includes items like being financially fit, access to finance, financial education, surviving extraordinary circumstances, new technological practices, investing in sustainable energy resources, and protecting the environment. To that end, first of all we organized an event called "The Robust SME" in Kahramanmaraş, and conveyed to SMEs what the minimum requirements are for them to maintain their activities under disaster conditions.

ING Bank aims to reach SMEs through all channels. Therefore, in order to maximize the number of SMEs we reach, and offer products and services that apply to the dynamics of each industry, we work in cooperation with exporters' unions and chambers of commerce. In 2016, the Bank brought together representatives of the business world and presented its advantageous products and services to SMEs that were members of the chambers of commerce and artisans.

### LOANS AND OTHER BANKING PRODUCTS DELIVERED TO SMES IN AN EASY AND INNOVATIVE WAY.

Serving SMEs through various channels, ING Bank introduced its Mobile Sales Team organization in line with its digital banking vision. The Bank's objective is to introduce its banking products to shopkeepers at their places of work through the Mobile Sales Team and its tablet PC application. ING Bank continues to invest heavily in this field.

Considering the importance of mobile life in changing global dynamics, ING Bank invested in the corporate mobile branch and tablet applications, went mobile in its processes, and enabled the mobile and branch field teams to sell products via this channel. Many processes in that context have been made mobile with the purpose of delivering services to customers wherever they are.

Digital Banking is crucial for ING Bank. Therefore, in the SME Banking business unit, it supports SMEs through channels such as the Web SME Loan, SMS SME Loan and the Corporate Mobile Branch. SMEs may now apply for a loan at a single click on the Web with the Web SME Loan, and with a single short message with the SMS SME Loan.

ING Bank carries the methods and solutions it develops by closely following CRM trends in the world and in Turkey to the SME Banking business unit, thereby creating added value for SMEs.

In order to tailor the products and solutions to meet the needs of its customers and to provide them with the right product and service as quickly as possible, the Bank works comprehensively on CRM customer analytics. As a consequence of this effort, the Bank identifies the needs of SMEs in advance, and is one step ahead in the competition by ensuring customer satisfaction. In that context, in 2016, we offered customers solutions and advantages in more than 100 promotions through our SMS, e-mailing, Internet branch, call center, and branch channels.

### WE INCREASED OUR EFFECTIVENESS IN THE SME POS MARKET.

ING Bank has a strong presence in the POS market which is critical for SMEs.

In 2016, ING Bank SME Banking added 42,000 POS devices, increasing the total by 30%, and started to offer the products of leading POS cash register companies to its customers. Providing SMEs with various advantages during the replacement of cash registers, such as free services for a certain period of time and affordable devices of contracted brands, the Bank will maintain its focus on growing in this area in 2017 with an increasing quality of service and wider choice of channels.

ING Bank's goal is to meet the needs of its customer with smart and accessible services, examples of which include the innovative POS products ING Shopper, Starter POS and Micro POS that address different customer groups. The Bank supports companies which will work with it for the first time as merchant with periodic campaigns offering no-commission products.

### SME BANKING HONORED AGAIN WITH “EMPOWERMENT” AWARD IN 2016.

In 2016, ING Bank engaged in successful activities in Micro Banking in order to support tradespeople and become a part of their sustainable success. Rapidly achieving significant growth in customer numbers and lending, the Bank was handed the “Empowerment” award within the ING Group in honor of its success.

ING Bank SME Banking believes that banking is more than mere financial results, and therefore emphasizes that the satisfaction of its employees is the most important factor behind success. In 2016, the project executed by the Bank with this perspective again earned it the Empowerment award in the awards held by ING Group annually in line with its “Accelerating Think Forward” strategy.

In order to share the pride and satisfaction of being part of the SME Dream Team, letters were written and sent to the families and children of SME RMs. Some of the families received surprise visits from managers for the delivery of their letter. The letters led to emotional moments in SME Banking as a whole, and were honored with an award.

### CUSTOMER AND EMPLOYEE SATISFACTION AMONG THE HIGHEST PRIORITIES FOR SME BANKING

Serving its customers with new products and user-friendly processes through a variety of channels, ING Bank SME Banking has identified customer satisfaction as its top priority. To that end, after the transactions are completed, some customers are called and asked for feedback on the quality of the service they received. This feedback is used in efforts to improve service quality.

The Customer Solution Center specifically structured for SMEs increased its effectiveness in 2016 and continues to work to resolve customer requests as quickly as possible.

ING Bank SME Banking knows that happy customers are the result of happy employees. Therefore, it organized various events to increase the motivation of its RMs, and, in return, received the highest employee engagement score in the Employee Engagement Survey conducted throughout the Bank in 2016.



# 30%

*increase in POS devices*



## MID-CORPORATE BANKING

IN 2016, MID-CORPORATE CLIENTS WERE ASSIGNED TO MID-CORPORATE BRANCHES, AND STARTED TO BE SERVED CENTRALLY BY SPECIALIZED RELATIONSHIP MANAGERS.

ING Bank's Mid-Corporate Banking aims to become the prime choice for its customers by adopting a proactive marketing approach in line with its relationship banking strategy. Offering its customers an international experience and appropriate financing options, ING Bank contributes to their production and commercial cycles with its high value-added foreign trade products. The Bank's total income by 31% in 2016 thanks to its innovative products, diversified foreign trade options, effective use of its international banking network and a customer-focused service approach. The volume of cash and non-cash loans in commercial loans stood at TL 11.9 billion and TL 2.7 billion respectively at the end of 2016.

The ING Assurance product, a payment and collection system designed with an innovative approach, was made available to clients in 2016. With ING Assurance, companies selling goods, services and products may eliminate their receivables/collection risk by obtaining ING Bank's 100%

guarantee. Buyers of goods and services, on the other hand, enjoy preferential purchasing terms and conditions as their payments are guaranteed by ING Bank. We conducted many customer visits after the launch of this Web-based online payment and collection tool in order to activate the ING Assurance product in a short period of time.

A new package deal of EUR 200 million was signed with the European Investment Bank, one of the specific finance sources for customer investments, and loans under this long-term fund were made available to customers.

Mid-Corporate Banking prioritizes investment in human resources in order to provide sustainable services with expert teams. Sales representatives recruited in line with this approach completed their training and started working at the branches. The Mid-Corporate Banking team has undergone an intensive training program consisting of Basic and Advanced Mid-Corporate Banking, Foreign Trade, Project Finance, Cash Flow Statements, and Credit Risk Policies.

ING Bank Mid-Corporate Banking will continue to support the growth and development processes of its mid-corporate customers going forward as well.



## WHOLESALE BANKING

ING BANK'S GLOBAL KNOW-HOW AND EXPERIENCE CONSTITUTES THE BASIS OF ITS WHOLESALE BANKING ACTIVITIES.

With its three Wholesale Banking Centers, ING Bank offers tailor-made products, specialized services and clear solutions to its clientele.

One of the most valuable advantages the Bank enjoys in its Wholesale Banking activities is the contribution of the ING Group. The Group's international customer portfolio and experience provide a competitive edge for the Bank in this business. The Bank offers solutions to customers and creates value for them by leveraging its international footprint while continuing to work in line with its strategies.

The Bank offers its wholesale clients high value-added products such as loans, project and trade finance, treasury products, risk management, as well as domestic and international cash management services.

In 2016, ING Bank developed business partnerships with national and multi-national companies operating in Turkey, and helped them increase their business volume.

Once again, ING Bank proved itself to be an active market player with the club and syndicated deals that it reached for its wholesale clients. Assuming the roles of the "arranger bank" and "coordinator bank", the Bank has been moving forward with rapid strides towards becoming one of the leaders of the market.

A total of TL 4.6 billion in cash loans were allocated to wholesale banking customers, and the volume of non-cash loans reached TL 10.2 billion in 2016. The sum of cash and non-cash loans in wholesale banking totaled TL 14.8 billion, marking a YoY increase of 35%.

TL  
**4.6**  
BILLION

Corporate cash  
loans



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## STRUCTURED FINANCE

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ING BANK CATERS TO THE LONG-TERM FUNDING NEEDS OF TURKISH INVESTOR COMPANIES, AND SERVES THEM AS A FINANCIAL INTERMEDIARY.

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### CONTINUED GROWTH IN THE STRUCTURED FINANCE MARKET

Demand for project finance and structured finance products in Turkey is on the rise. The rise in privatization transactions, mergers and acquisitions, along with investment projects with long-term funding needs has roused the interest of local and foreign investors, paving the way for the growth of the structured finance market.

Infrastructure, energy, natural resources, telecommunications, media and technology are the main industries that constitute ING Bank's structured finance business portfolio.

In order to minimize the risk when allocating long-term loans, ING Bank carries out detailed project and cash flow analyses, and uses mechanisms to monitor the cash flow and risk. The Bank also diligently implements its strong collateralization policy in the structured finance business.

### AN ACTIVE PARTICIPANT IN SYNDICATION AND CLUB DEALS

ING Bank is one of the most active participants of the Turkish syndication market.

Undertaking diverse roles such as being a coordinator bank, hedging bank and a security agent, the Bank receives a significant share of companies' medium and long-term syndication and club deals. On the other hand, ING Bank offers intermediary services and long-term funding to Turkish companies as part of the subsidy programs of export credit agencies.

*syndication  
and club  
deals*

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## FINANCIAL MARKETS

A QUALITY-ORIENTED SERVICE APPROACH AND OUTSTANDING SUCCESS IN FINANCIAL MARKETS MANAGEMENT ARE THE UNDERLYING REASONS BEHIND ING BANK'S POPULARITY IN FINANCIAL MARKETS TRANSACTIONS.

### ING BANK FINANCIAL MARKETS MANAGEMENT OFFERS HIGH VALUE-ADDED PRODUCTS

The ING Bank Financial Markets Group uses current and proven market risk management techniques, and takes advantage of short- and medium-term financial markets movements and brokerage activities while providing its clients with high value-added products and acting as an intermediary in their transactions.

A quality-oriented service approach and outstanding success in financial markets management are the underlying reasons behind ING Bank's popularity in financial markets transactions.

The ING Bank Financial Markets Group, which consists of the Financial Markets Trading, Financial Markets Sales and Marketing, and Economic Research groups accurately assesses financial markets with a synergetic approach.

ING Bank is a market maker in bills, TL and foreign currency transactions, and ranks among the top banks in terms of treasury transaction volumes in Turkey. The Bank is also one of the few market makers in the public sector's bonds and bills transactions.

ING Bank intermediated in a total foreign currency transaction volume of USD 100 billion in 2016, of which USD 38.5 billion was customer-originated; and intermediated in TL 8 billion worth of treasury bills and government bonds excluding auctions.

### AN INCREASE IN ING BANK'S DERIVATIVE TRANSACTIONS VOLUME

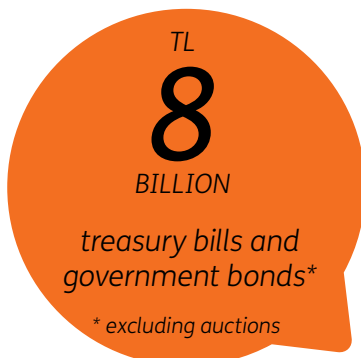
ING Bank uses its know-how and experience in derivative products to add value to its customers.

Working to realize its mission of becoming a foreign trade bank, ING Bank diversified its derivative products in 2016, and focused on increasing the use of these products in its activities.

### THE ECONOMIC RESEARCH GROUP – CONTRIBUTING SIGNIFICANTLY TO ING BANK

Focusing on the Turkish market, the Economic Research Group shares macroeconomic research reports prepared by the Bank as well as its own forecasts with the ING Group's local and international customers.

The Economic Research Group contributes significantly to the Bank with the accurate and objective information it obtains as a result of its research, as well as its valuable assessments.



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## FINANCIAL INSTITUTIONS

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IN 2016, ING BANK CONTINUED TO OBTAIN FINANCING WITH VARIOUS MATURITIES AND IN DIFFERENT CURRENCIES FROM INTERNATIONAL CORRESPONDENT BANKS, WHILE CREATING FUNDING THROUGH BILATERAL AGREEMENTS.

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### ING BANK IS A PREFERRED BUSINESS PARTNER FOR INTERNATIONAL FINANCIAL INSTITUTIONS.

ING Bank has developed long-term correspondent relations, deeply rooted in mutual trust, with more than 2,700 banks in 115 countries. The tailor-made solutions the Bank offers its clients on an international level position ING as a preferred business partner in foreign trade transactions.

Combining these qualities with the advantages of being a part of the ING Group, the Bank intermediates the import and export transactions of its clients vis-à-vis correspondent banking and financing at favorable terms.

In response to customer requests, ING Bank successfully continued to provide pre-financing, post-financing, as well as working capital and general purpose loans through international markets throughout 2016.

### ING BANK DIVERSIFIED ITS FUNDING SOURCES.

In line with its strategy to diversify its sources of funding, ING Bank continued to take necessary steps to obtain funds from international and local markets in 2016.

### TL BILLS MARKETS REMAIN IMPORTANT.

ING Bank attaches great importance to TL bills markets for diversifying sources of funding, and makes use of bill issues which appeal to qualified investors in particular.

### ING BANK RENEWED ITS SYNDICATED LOAN IN 2016.

The renewal of the syndicated loan in June 2016 provided ING Bank with an approximately USD 500 million of funding (USD 101.1 million and EUR 358.1 million) with a maturity of 367 days. The syndication deal was closed with the participation of 26 banks from 13 countries.



IN 2016, THE ING GROUP CONTINUED TO ACT AS AN INTERMEDIARY IN PROVIDING FUNDING FOR TURKEY, AND PLAYED AN ACTIVE ROLE BOTH IN SWAP DEALS IN FINANCIAL MARKETS, AND INTERNATIONAL BILLS ISSUES OF TURKISH BANKS IN DEBT CAPITAL MARKETS.

#### ING BANK PROVIDES SUPPORT FOR SMEs AND COMMERCIAL ENTERPRISES WITH EIB LOANS.

In 2016, the European Investment Bank (EIB) approved a credit line of EUR 300 million, in favor of ING Bank, with a maximum maturity of 8 years. The loan consists of two tranches, and the agreement for the first tranche of EUR 200 million was signed in May 2016. The loan will be allocated to finance the investment and working capital needs of small- and medium-sized enterprises, and commercial enterprises that meet EIB criteria. One part of the said loan will be dedicated to priority development regions.

#### FITCH RATINGS AND MOODY'S RATE ING BANK'S ACTIVITIES.

Moody's announced the first credit rating for ING Bank in 2013, and rated the Bank's long-term local currency rating as "Ba1" in September 2016 in line with Turkey's rating. The Bank's foreign currency deposit rating was classified as "Ba2", again in conjunction with the sovereign credit rating.

Fitch Ratings, on the other hand, updated the long-term local and foreign currency ratings of the Bank in February 2017 as "BBB-" in line with the sovereign rating.

ING Bank obtained the highest possible credit ratings given by the rating agencies Moody's and Fitch Ratings in Turkey, given the sovereign ratings.

#### ING BANK AIMS TO BE THE PRIME BANK OF INTERNATIONAL COMPANIES.

In 2016, ING Bank made progress toward its goal of becoming the Bank that most supports exports in Turkey by continuing to contribute to Turkish exporters with the loans it provided.

#### ING BANK ASSUMES AN IMPORTANT ROLE IN THE SYNDICATION AND SECURITIZATION TRANSACTIONS OF TURKISH COMPANIES.

More than EUR 700 million of funds were created by the syndication transactions of the ING Group for the Turkish economy in 2016 .

When it comes to securitization transactions, the ING Group created a total of EUR 225 million in funding for Turkish banks with maturities varying between 5 and 10 years during 2016.

**Moody's  
and Fitch  
Ratings**

*the highest possible  
credit ratings in  
Turkey*

## FINANCIAL INSTITUTIONS

THE ING GROUP ROSE TO THE TOP RANK IN TERMS OF THE NUMBER OF INTERNATIONAL BILLS ISSUES (SENIOR UNSECURED EUROBOND) THAT IT INTERMEDIATED IN FOR TURKISH BANKS BETWEEN 2015 AND NOVEMBER 2016.

### ING BANK ACTS AS INTERMEDIARY IN PROVIDING FUNDING TO TURKISH BANKS.

In 2016, the ING Group continued to act as an intermediary in providing funding for Turkey, and played an active role both in swap deals in financial markets, and international bills issues of Turkish banks in debt capital markets. The ING Group rose to the top rank in terms of the number of international bills issues (Senior Unsecured Eurobond) that it intermediated in for Turkish banks between 2015 and November 2016 in another sign of the trust that both ING Bank and the ING Group have for Turkey and the Turkish economy.

### IN 2017, ING BANK WILL CONTINUE TO:

- Closely monitor the needs of its customers in all of their international activities,
- Support its customers in terms of correspondent banking needs and financing,
- Enhance its cooperation with exporters, which are among the most important players in the Turkish economy,
- Support exporters on international platforms by taking advantage of being a member of the ING Group.

EUR  
**700**  
 MILLION  
 funds were created by the  
 ING Group for the Turkish  
 economy\*  
 \* as part of the syndication  
 transactions



## CASH MANAGEMENT

ING BANK OFFERS BOTH ITS DOMESTIC AND INTERNATIONAL CUSTOMERS AN ARRAY OF NOVEL FEATURES IN CASH MANAGEMENT PRODUCTS AND DEVELOPS SERVICES THAT WILL ADD CONVENIENCE AND SPEED TO BANKING TRANSACTIONS THANKS TO ITS GLOBAL POWER.

### E-TRANSFORMATION CONTINUES

As the first private integrator bank in e-Invoicing in 2014, ING Bank continued to generate solutions for the e-Transformation of companies in 2016 with its e-Archiving services. The Bank strives to meet the needs of its customers with the right products. In that vein, it has completed the preparatory process for the sending of export invoices as e-Invoices, and the use of e-Delivery Notes, both of which are planned for the coming year.

### PAYING TAXES IS NOW EASIER, FASTER

ING Bank continues to set itself apart in the sector with its innovative banking approach. After the introduction of customs duty payments by SMS, which was awarded by Global Finance, ING Bank has now initiated tax payment services through file transfer so that companies may easily pay their motorized vehicle taxes, traffic register certificate fees and customs duties on a 24/7 basis. Thanks to these services, the Bank managed to relieve some of the pressure on the automotive sector, particularly in terms of its workload concerning tax payments, and to increase the speed of transactions.

### THE ING BANK DIFFERENCE IN FOREX PAYMENTS

ING Bank allows its customers to carry out their free and advance import payments to their suppliers collectively and at once, quickly and effectively, thanks to its "FX Collective Payment" product.

### SERVICES IN MORE THAN 40 COUNTRIES

Drawing strength from the ING Group that operates in more than 40 countries, the ING Bank Cash Management offers international cash management products and services to its customers in Turkey.

The Bank's current MT101/MT940 infrastructure allows international companies to manage their accounts at ING Bank Turkey and view their detailed account history over the global electronic banking channels of the ING Group.

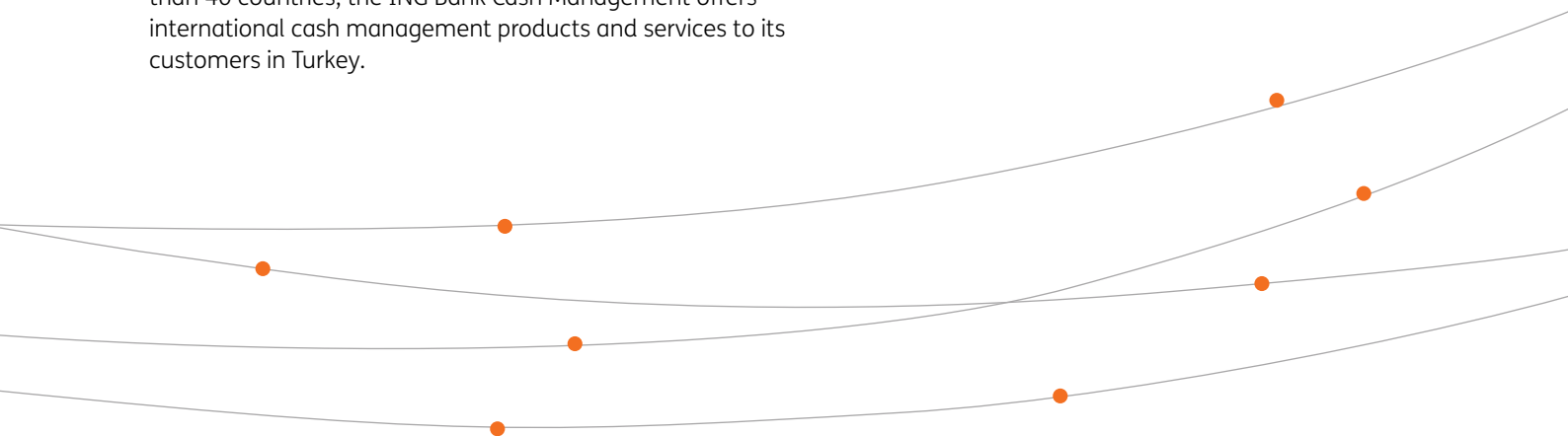
We act as an intermediary for the opening of accounts of the international subsidiaries of Turkish companies at the ING Bank organization in respective countries, and these accounts can be managed from either Turkey or that country. In addition, it is now possible for companies that operate in several countries to consolidate their accounts, whether they are at ING Bank or third-party banks, on a company/country basis, and view them on a single screen.

### WORKING CAPITAL SOLUTIONS

In line with its goal of empowering people to stay one step ahead, ING Bank has focused on diversifying its product portfolio and offering solutions that make the lives of its customers easier.

The Working Capital Solutions unit, which was established in 2015 under the Cash Management and Trade Finance, started to actively deliver its Supplier Finance product to its buyer and supplier customers in 2016. Moreover, the unit also worked on resolving the finance needs for the receivables of customers' international subsidiaries.

In addition to these products, the Direct Debiting System Discount solution will be made available for customers in 2017.



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## TRADE FINANCE

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WITH THE STRENGTH IT DRAWS FROM THE LONG-ESTABLISHED EXPERIENCE AND EXPERTISE OF THE ING GROUP, ING BANK DEVELOPS SOLUTIONS THAT FOCUS ON THE SUPPLY AND SALES CYCLES IN NATIONAL AND INTERNATIONAL TRADE FINANCE.

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ING Bank's goal in foreign trade is to create a difference in its customers' foreign trade transactions and financing thanks to its expertise and the support of the ING Group, and to help its customers to stay one step ahead in business by offering them high value-added products and services. To achieve this goal, the Bank mediated in nearly USD 6 billion of its customers' foreign trade transactions in 2016.

### ATTRACTIVE FINANCING OPTIONS FOR EXPORTER CUSTOMERS

Within the scope of the agreement with ING Asia, we started to offer forfeiting transactions for the L/Cs of our exporter customers. This transaction ensures that exporters are paid early at preferential terms without waiting for the end of the term, by buying the export receivables from the risk of the banks that issue the L/C.

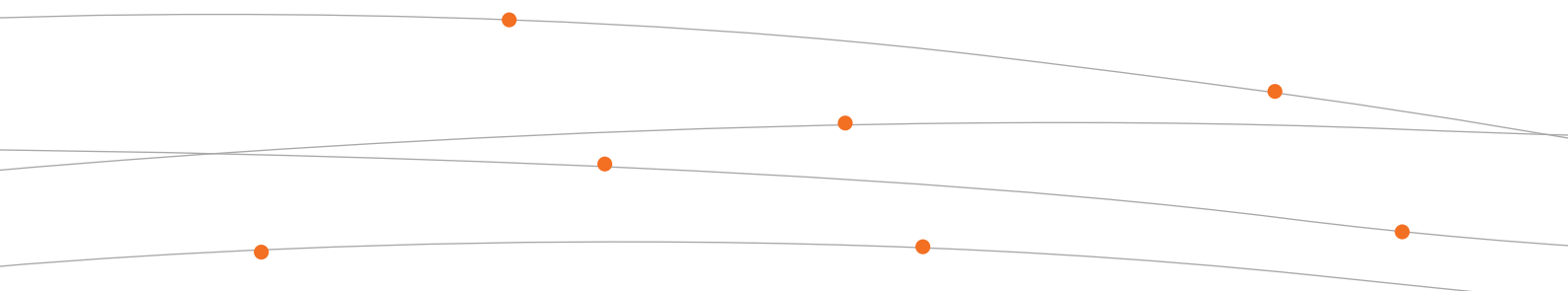
### EXTERNAL GUARANTEES ISSUED USING ING BANK'S GLOBAL NETWORK

We benefit from ING Bank's global network for our customers who need a letter of guarantee issued by a bank with an A-credit rating as required by their interlocutors abroad.

### ADDING VALUE AND POWER TO CUSTOMERS

With the strength it draws from the long-established experience and expertise of the ING Group, ING Bank develops solutions that focus on the supply and sales cycles in national and international trade finance.

The goal is to reach more customers with a higher quality of service and a broad range of products.



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## ING BANK KAHRAMANMARAŞ OPERATIONS AND CALL CENTER

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SYSTEMIC AND PRACTICAL IMPROVEMENTS WERE INTRODUCED TO TURN CURRENT PROCESSES AT THE KAHRAMANMARAŞ BANKING BASE INTO OPERATIONAL PROCESSES THAT ARE EASIER, LEANER AND OF HIGHER QUALITY.

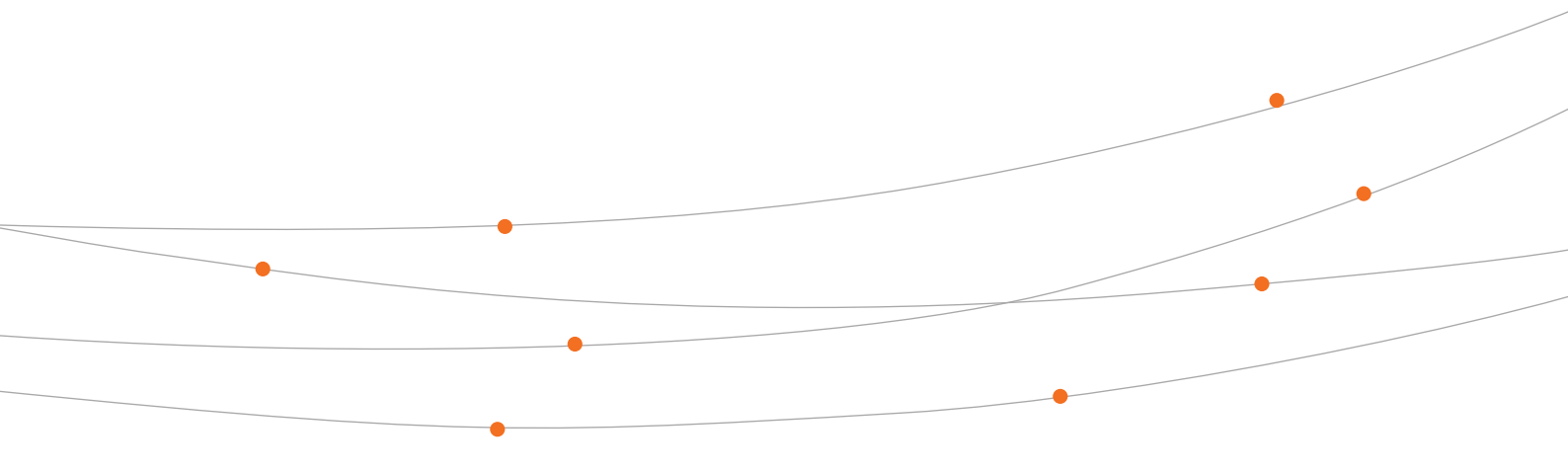
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Starting operations in 2013, the ING Bank Kahramanmaraş Operations and Call Center continues to grow with its employee base, that had reached 652 by the end of 2016, and its intensifying activities.

### SYSTEMIC IMPROVEMENTS AT THE BANKING BASE

80% of ING Bank's central operations are carried out in the Kahramanmaraş Banking Base. In 2016, many operational processes (such as CDD Central Control, Cash Management Operations, Card Printing and Distribution, Branch Accounting, POS and Merchant Operations) were transferred to the Kahramanmaraş Banking Base.

Systemic and practical improvements were introduced to turn current processes at the Kahramanmaraş Banking Base into operational processes that are easier, leaner and of higher quality. In addition, new processes were created such as Insurance Operations and Business Partnerships Support Services.



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## ING BANK'S SOCIAL INVESTMENTS

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ING BANK AND THE ING GROUP TAKE RESPONSIBILITY FOR CARRYING ONWARD THEIR SOCIAL INVESTMENTS WITH PARTNERSHIPS WITH NON-GOVERNMENTAL ORGANIZATIONS, AND THE COMMITMENTS THEY MAKE.

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ING Bank is;

- one of the banks to have voluntarily undertaken to abide by the Equator Principles, that have been accepted for the financing of all projects with a size of USD 10 million or more.
- one of the banks that are listed on the FTSE4Good and Dow Jones Sustainability Indices.
- a signatory to the United Nations Global Compact (ING Group).
- a signatory to the United Nations Women's Empowerment Principles (WEPs).
- a supporter of the "HeForShe" movement, a United Nations program calling on men and women of all ages to be an advocate and representative for change in gender equality and women's rights.
- a member of the Global Compact Turkey Sustainable Banking and Finance Working Group.
- a member of the TÜSİAD (Turkish Industry and Business Association) STEM (Science, Technology, Engineering, Mathematics) Working Group.
- a member of the Global Compact Turkey Women's Empowerment Working Group.
- a member of the YASED (International Investors Association) Women's Working Subgroup.
- a member of the Private Sector Volunteers Association of Turkey.
- a member of the Financial Literacy Association (FODER).

### ING BANK IS BACKING ITS LONG-TERM PRESENCE IN TURKEY WITH ITS SOCIAL INVESTMENTS

The ING Group has initiated a wide array programs aimed at supporting the education of children and financial literacy in the countries it operates in. Since 2005, the ING Group has supported education and future of nearly 1 million children around the world together with its global business partner, UNICEF.

### THE ING GROUP'S GLOBAL POLICIES GUIDE THE ACTIVITIES OF ING BANK

ING Bank has adopted a sustainable and responsible banking approach. There are 3 main components in the focus of ING Bank which is heading towards becoming the leading savings bank in Turkey:

1. ING Bank informs its customers about saving and encourages them to save with the innovative products and services it offers them. The Bank's products like the Orange Account, the e-Orange Account, Orange Children's Account or the Orange FX Account help bring the Bank closer to its target of becoming the leading bank in Turkey in terms of savings.
2. The social responsibility program, "The Orange Drop", that ING Bank introduced in 2013 aims to raise awareness of saving among children and help them acquire financial skills.
3. Since 2011, ING Bank has been contributing to the creation of a statistical database with its Research Study on Turkey's Saving Tendencies.

### A CORPORATE SOCIAL RESPONSIBILITY PROGRAM WITH A FOCUS ON FINANCIAL LITERACY: THE ORANGE DROP

With respect to its model, execution and measurement, the Orange Drop is the first and only financial literacy education program that addresses primary school children in Turkey with a focus on saving. "The Orange Drop" social responsibility program that ING Bank initiated in 2013 and has been implementing since aims to raise the awareness of children on saving and help them acquire financial skills. Targeting children in their 3<sup>rd</sup> and 4<sup>th</sup> year of primary school, the program is run under the auspices of the Provincial Directorate of National Education in Istanbul, and in partnership with Koç University and the Regional Environmental Center (REC Turkey).

The main idea of the Orange Drop is to create an educational model by associating the ability of taking rational financial decisions with other character abilities that make it possible to be successful in other aspects of life as well. The program focuses on fundamental traits such as patience, determination, perseverance, self-confidence and leadership that have been observed to bring success in areas besides financial subjects. Additionally, the eight-week program contributes to developing the perspective of children with education on future-oriented behavior, limited resources, resisting attractive products, seeing the difference between wants and needs, budgeting, acting patiently and taking group decisions.

ING Bank measures the impact of its Orange Drop program scientifically, and shares the results with the international scientific community as well as Turkish and international academia. By the end of the 2015-2016 academic year, the program had reached 721 teachers and nearly 26,500 pupils in 226 schools in 7 provinces.

**WE REACHED 26,500 STUDENTS!**  
Since April 2013, Orange Drop has reached a total of 26,500 school pupils in their 3<sup>rd</sup> and 4<sup>th</sup> class at primary school.

**www.turuncudamla.com**

**721 TEACHERS!**  
The Orange Drop has benefited 198 schools from 7 cities - a first as a model in Turkey, and which includes 721 teachers.

**WE RAISE THE FUTURE BY SAVING**

According to a study completed by students who attended the Orange Drop education program focused on savings for 8 weeks;

- Students that took the courses consumed 28-32% less in a year than those who did not attend.
- Students having trouble with self-control, which means can not stay stable with plans, and weak self-control, were found to be 50% more patient than others who did not attend the course.
- Orange Drop program also has a positive contribution for discipline. Students who took the courses have 9% lower score for misbehavior than who did not take the course.
- Development mentality courses have a positive impact on scores. The number of students achieving the highest mathematics scores (80 and upper) was 11% higher among those who had attended the courses when compared to those who had not attended.

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**ING BANK**

SUPPORT TO

**1** MILLION

children around the world

## ING BANK'S SOCIAL INVESTMENTS

AS PART OF ITS RESPONSIBLE BANKING APPROACH, ING BANK HAS BEEN CONTRIBUTING TO THE CREATION OF A STATISTICAL DATABASE WITH ITS SAVING TENDENCIES RESEARCH SINCE OCTOBER 2011.

### RESULTS OF THE ORANGE DROP PROGRAM

According to the results of the financial literacy impact analysis and academic research conducted in Turkey for the first time,

- Students became 21% more patient after the program.
- Students learned to be future-oriented, and to wait for a bigger gain.
- While boys were less patient than girls at the beginning of the program, a stronger change in behavior was observed in boys afterwards, and boys became 23% more patient.
- A positive relationship between patience in spending and academic success was established.
- The impact on students who were more successful in school was a more pronounced 36%.

Türkiye'nin Tasarruf Eğilimleri **Araştırması**  
ING Bank

### TURKEY'S SAVING TENDENCIES RESEARCH

As part of its responsible banking approach, ING Bank has been contributing to the creation of a statistical database with its Saving Tendencies Research since October 2011, and has been seeking to understand the saving habits of Turkish people. In addition, with the support of the ING Group, ING Bank is participating in international surveys on saving, which enables it to compare and analyze data. All of the data is available at [www.tasarrufegilimleri.com](http://www.tasarrufegilimleri.com).

### ING INTERNATIONAL SURVEYS (IIS)

By conducting the ING International Survey, one of the biggest in this field in Europe, the ING Group is taking a closer look at attitudes to the spending, saving, investment and money of its existing and potential customers.

ING International Surveys has been publishing annual reports on main topics such as saving, mobile banking and real estate in line with its mission of being an opinion leader.

Research activities within the scope of ING International Surveys, which support ING Group's goal of empowering people to stay one step ahead in life and in business, are conducted by Ipsos in 12 countries including Turkey, in cooperation with the ING Group Surveys team, economists, market researchers and communication experts as well as respondents taking part in the survey.



### ORANGE HEARTS VOLUNTEER PROGRAM

The Orange Hearts corporate volunteer program, which aims to encourage ING Bank employees to take part in voluntary activities, while bringing together those participating in different voluntary activities under a single roof, was initiated at the end of 2014. Orange Hearts not only encourages employees to contribute to social responsibility projects with their time, skills and financial contributions, but also provides them with a chance to share their own project. Implemented in cooperation with the Private Sector Volunteers Association (ÖSGD), the Program continues to work with the motto "Set Your Heart on Doing Good".

### THE "ORANGE HEARTS" SPENT 711 HOURS WORKING AS VOLUNTEERS IN 2016

**May 9-15 Employee Volunteering Week:** Various events were held within the framework of the Employee Volunteering Week of Turkey organized every year by the Private Sector Volunteering Association.

**Mother's Day Visit:** The Orange Hearts visited a nursing home in Kahramanmaraş on Mother's Day, and spent an enjoyable day with the residents of the nursing home, playing music for them.

**Visit to a Shelter:** The Orange Hearts went to the Animal Shelter in Yedikule in May as volunteers, and delivered carpet that had been removed during the refurbishment of floors in the ING Bank Head Office in Maslak.

**The Bolluca Children's Village:** The ING Bank Audit Department visited the Bolluca Children's Village, and spent enjoyable time with the children.

**June 5, World Environment Day:** On June 5, Environmental Awareness Day, the Orange Hearts cooperated with the Kahramanmaraş Municipality and organized tree planting for a newly established park in Kahramanmaraş. A total of 55 trees were planted in the event, that was attended by 14 volunteers and their families.

**Computer Science Education Week:** Within the framework of the Computer Science Education Week in December, the Orange Hearts organized various coding events in Istanbul and Kahramanmaraş. After they took coding classes themselves, the Orange Hearts held coding workshops for 126 children at the Bolluca Children's Village of the Koruncuk Foundation, in the Orange Drop classes in Bağcılar and Maltepe, and in Kahramanmaraş.

**WE HAVE SAVED SO MUCH IN 3 YEARS WITH THE ORANGE DROP!**

We achieved great things in three years with our savings-focused financial literacy program, the Orange Drop; 721 teachers and nearly 26,500 students were reached at 198 schools in 7 cities.

[www.turuncudamla.com](http://www.turuncudamla.com)



## ING BANK'S SOCIAL INVESTMENTS

THE ING GROUP HAS BEEN ONE OF THE INTERNATIONAL BANKS TO HAVE VOLUNTARILY UNDERTAKEN TO ABIDE BY THE EQUATOR PRINCIPLES THAT ARE BUILT ON THE ENVIRONMENTAL AND SOCIAL RESPONSIBILITY STANDARDS OF THE INTERNATIONAL FINANCE CORPORATION (IFC), AND HAVE BEEN ACCEPTED TO APPLY TO THE FINANCING OF ALL PROJECTS OF USD 10 MILLION AND ABOVE.

### CONTINUED CONTRIBUTION TO THE ANATOLIAN SCHOLARSHIP STUDENTS PROGRAM

ING Bank continues to support the Anatolian Scholarship Students Program initiated by Koç University to facilitate access to high-quality education. The Bank maintained its support to cover the five-year tuition and daily expenses of three students selected as a result of an assessment carried out by the university administration.

### INCREASING SUPPORT FOR WOMEN

In 2016, ING Bank continued to support various non-governmental organizations that support the social and economic empowerment of women.

**Cooperation with YenidenBİZ – Association of Women who are Back in Business:** In 2016, ING Bank started to work with the association YenidenBİZ, which helps educated and experienced women get back into business after a break in their career. In that respect, ING Bank covered the candidate development expenses of one of the association's candidates for one year, and the process of recruiting from the YenidenBİZ candidate pool in line with the needs of the Bank is under way.

**Mor Çatı Women's Shelter:** Inspired by the ambition and passion for success shown by ING Bank women, on March 8, International Women's Day, which is celebrated to raise the economic and social awareness of women, ING Bank made a donation for each female ING Bank employee to the Mor Çatı Women's Shelter Foundation, which aims to create a shared awareness and solidarity network for the social empowerment of women in Turkey.

**Women First in Soma:** After the mining accident in Soma on May 13, 2014, the Vodafone Foundation Turkey, KAGİDER (Women Entrepreneurs Association of Turkey) and the Soma Municipality joined forces to found the "Women First in Soma – Education and Production Center". ING Bank supported this center by providing international funds from the Microfinance Department of ING Bank the Netherlands.

In 2016, "Financial Literacy" and "Private Pension" classes were organized at the association's center with ING Bank's contributions and the presence of ING Head of Microfinance Roy Budjhawan as well as Board Members of KAGİDER.



### COOPERATION WITH UNICEF

**The Orange School - Kahramanmaraş:** ING Bank started a refurbishment project at the Dulkadiroğlu Karacasu Primary School in Kahramanmaraş with the support of the Ministry of National Education and UNICEF Turkey. The "Orange School" was prepared by ING Bank employees for the 2016-2017 school year with the support of the ING Group and the Provincial Directorate of National Education.



### SPONSORSHIP OF THE TURKISH BASKETBALL LEAGUE

ING Bank started its official sponsorship of the Spor Toto Basketball League in the 2014-2015 season with its mobile wallet application, "ParaMara". The sponsorship continued in the 2015-2016 season with the ING Bank brand and the slogan "the unchanging color of basketball". Believing that the challenge and continuous striving for better in the slogan "The Rise of the Legends" adopted by the Turkish Basketball Federation (TBF) matched the brand image of ING, ING Bank became the main sponsor of the Spor Toto Basketball League for the 2016-2017 season, and extended its sponsorship for another 3 years.

Regarding the investment undertaken in basketball as a social investment, ING Bank attaches tremendous importance to the advancement of sports and contributes to the development of Turkish basketball, which has enjoyed international success and demonstrated enormous potential.

#### ENVIRONMENTAL INVESTMENTS

ING Bank believes that financial services play an important role in creating a healthy and sustainable world both by reducing their own environmental footprint and through the services they offer to their customers. In that sense, sustainability is at the core of the Bank's business strategy, and the Bank therefore undertakes environmental investments that add value to development.

The ING Group has committed itself to reducing its carbon, waste and water footprint by 20%, to purchase 100% of its energy from renewable sources and to reach EUR 35 billion in the financing of sustainable transformation projects by 2020.

Having published sustainability reports periodically for many years, the ING Group has been maintaining its activities with a zero carbon footprint since 2007, and has been publishing integrated reports since 2015.

#### EQUATOR PRINCIPLES

Since 2003, the ING Group has been one of the international banks to have voluntarily undertaken to abide by the Equator Principles that are built on the environmental and social responsibility standards of the International Finance Corporation (IFC), and have been accepted to apply to the financing of all projects of USD 10 million and above.

In that context, ING Bank considers social responsibility and environmental risks in project finance, and acts in line with relevant standards.

#### INDICES AND MEMBERSHIPS

The ING Group's conformity with global responsibility standards has been proven with global sustainability indices such as FTSE4Good and the Dow Jones Sustainability Index. The ING Group also signed the United Nations Global Compact in 2006.

Meanwhile, ING Bank, is a member of the Global Compact Turkey Sustainable Banking Working Group.

2020  
**20%**  
reduction target for  
carbon, waste and  
water footprint

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## BOARD OF DIRECTORS

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- 1- M. Sirri Erkan, Board Member and Chairman of the Audit Committee
- 2- Can Erol, Board Member
- 3- Pınar Abay, CEO and Board Member
- 4- John T. Mc Carthy, Chairman of the Board of Directors
- 5- Adrianus J. A. Kas, Vice Chairman of BoD and Audit Committee Member
- 6- A. Canan Edibođlu, Board Member





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# EXECUTIVE MANAGEMENT

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1- Murat Tursun, Chief Audit Executive

2- Erdoğan Yılmaz, Executive Vice President of SME Banking and Payment Systems

3- İ. Bahadır Şamlı, Executive Vice President of Information Technologies

4- Ebru Sönmez Yanık, Executive Vice President of Corporate Customers Sales and Marketing

5- İhsan Çakır, Executive Vice President of Mid Corporate Banking

6- Gökhan Yurtçu, Executive Vice President of Relations with Official Institutions and Legislation and Consumer Affairs Coordination Affairs

7- İbrahim Huyugüzel, Executive Vice President of Internal Control

8- Çiğdem Dayan, Chief Legal Counsel

9- Nermin Güney Diriksoy, Executive Vice President of Corporate and Mid Corporate Credit Allocation

10- Pınar Abay, Chief Executive Officer

11- Gordana Hulina, Executive Vice President of Credits

12- Alper Hakan Yüksel, Executive Vice President of Corporate Banking

13- Ş. Görkem Köseoğlu, Executive Vice President of Operation and Technology

14- Seçil Refik, Executive Vice President of Human Resources

15- Barbaros Uygun, Executive Vice President of Retail Banking

16- Erwin H. M. Olijslager, Executive Vice President of Financial Control and Treasury

17- Ayşegül Akay, Executive Vice President of Financial Institutions and Debt Capital Markets

18- İlker Kayseri, Executive Vice President of Treasury

19- Bohdan Robert Stepkowski, Executive Vice President of Financial Markets

20- Murat Sarı, Executive Vice President of SME and Retail Banking Credit Allocation





## INFORMATION ON GOVERNANCE AND CORPORATE GOVERNANCE PRACTICES

### THE CHAIRMAN AND BOARD MEMBERS, APPOINTMENT DATES, AREAS OF RESPONSIBILITY, EDUCATION AND EXPERIENCE

The chairman and board members of the Bank as of 31 December 2016 were as follows:

Name and Surname	Title	Appointment Date	Responsibility	Education	Experience	Experience in Banking and Business Administration
John T. Mc Carthy	Chairman of BoD	25.12.2007 <sup>(*)</sup>	As stated in the Law.	Masters	Worked in various private banks.	45 years
Adrianus J. A. Kas	Vice Chairman of BoD and Audit Committee Member	01.01.2016 <sup>(*)</sup>	As stated in the Law.	University	Worked in various public companies and the ING Group.	32 years
M. Sirri Erkan	BoD and Chairman of the Audit Committee	27.02.2012 <sup>(*)</sup>	As stated in the Law.	University	Worked in various public and private companies.	34 years
Can Erol	BoD Member	25.12.2007 <sup>(*)</sup>	As stated in the Law.	University	Worked in various public and private companies.	36 years
A. Canan Ediboğlu	BoD Member	30.03.2010 <sup>(*)</sup>	As stated in the Law.	University	Worked in various private companies.	36 years
Pinar Abay	Chief Executive Officer and BoD Member	01.10.2011	As stated in the Law.	Masters	Worked in the global management consultancy company.	16 years

(\*) In the Annual General Meeting of the Parent Bank held on 25 March 2016, BoD members were not elected, and after the Annual General Meeting, a decision of Division of Labour was made in accordance with Turkish Trade Law regulation no. 366/1, and John T. Mc Carthy was appointed as the Chairman of the BoD and Adrianus J. A. Kas was appointed as Vice Chairman of the BoD.

The Vice Chairman of the BoD and Executive Director, Gerlachus J.M. Jacobs, resigned from his duty on 31 December 2015.

On 1 January 2016, Adrianus J. A. Kas was appointed as Vice Chairman of the BoD and as a member of the Audit Committee.

Board Member Can Erol resigned his membership of the Audit Committee on 26 December 2016 having served the maximum service period. Can Erol remains a member of the board.

### EXPLANATIONS ON THE BANK SHARES OWNED BY THE CHAIRMAN AND BOARD MEMBERS, AUDIT COMMITTEE MEMBERS, GENERAL MANAGER AND EXECUTIVE VICE PRESIDENTS OF THE BANK, IF ANY

The shareholders and capital structure of the Bank, as of 31 December 2016, was as follows:

Name Surname / Commercial Title	Share Amount TL	Share Percentage <sup>(*)</sup>	Paid in Capital TL	Unpaid Amount
ING Bank N.V. (*)	3,486,267,792	100.00	3,486,267,792	-
John T. Mc Carthy	1	0.00	1	-
Adrianus J. A. Kas	1	0.00	1	-
A.Canan Ediboğlu	1	0.00	1	-
M.Sirri Erkan	1	0.00	1	-
Can Erol	1	0.00	1	-
<b>Total</b>	<b>3,486,267,797</b>	<b>100.00</b>	<b>3,486,267,797</b>	<b>-</b>

(\*) The main shareholder is ING Bank N.V., and each of the five Board Members holds one share with a nominal value of TL 1 (full TL).

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



## THE CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS, APPOINTMENT DATE, RESPONSIBLE AREAS, EDUCATION AND EXPERIENCE

The chief executive officer and executive vice presidents of the Bank as of 31 December 2016 are as follows:

Name and Surname	Title	Appointment Date	Responsibility	Education	Experience	Experience in Banking and Business Administration
Pınar Abay	Chief Executive Officer	01.10.2011 - Continues		Masters	Worked in the global management consultancy company.	16 years
Ayşegül Akay	Executive Vice President	28.04.2008 - Continues	Financial Institutions and Debt Capital Markets	University	Worked in various private banks.	27 years
İhsan Çakır	Executive Vice President	02.04.2012 - Continues	Mid Corporate Banking	Masters	Worked in various private companies and private banks.	21 years
Çiğdem Dayan	Chief Legal Counsel	15.02.2006 - Continues	Legal Department	Masters	Worked in one private bank.	27 years
Nermin Güney Diriksoy	Executive Vice President	16.06.2003 - Continues	Corporate and Mid Corporate Credit Allocation	University	Worked in various private banks.	16 years
Gordana Hulina	Executive Vice President	09.06.2016 - Continues	Credits	Masters	Worked in one private bank.	18 years
İbrahim Huyugüzel	Executive Vice President	06.12.1999 - Continues	Internal Control	University	Worked in various private banks.	20 years
İlker Kayseri	Executive Vice President	02.05.2016 - Continues	Treasury	Masters	Worked in various private companies and private banks.	20 years
Ş. Görkem Köseoğlu	Executive Vice President	03.01.2012 - Continues	Operation and Technology	Masters	Worked in a global management consultancy company and in various private companies.	16 years
Erwin H. M. Olijslager	Chief Financial Officer	01.04.2016-Continues	Financial Control and Treasury	Masters	Worked in a global audit company, in one private company and in one private bank.	19 years
Seçil Refik	Executive Vice President	02.01.2012-01.02.2017	Human Resources	University	Worked in various private companies.	18 years
Murat Sarı	Executive Vice President	03.11.2011-Continues	SME and Retail Banking Credit Allocation	Masters	Worked in various private banks.	22 years
Bohdan Robert Stepkowski	Executive Vice President	22.12.2015-Continues	Financial Markets	University	Worked in various private banks.	26 years
İ. Bahadır Şamlı	Executive Vice President	03.05.2012-Continues	Information Technologies	Masters	Worked in various private companies and private banks.	23 years
Murat Tursun	Chief Audit Executive	01.10.2015-Continues	Internal Audit	Masters	Worked in one private bank.	18 years
Barbaros Uygun	Executive Vice President	23.01.2012-Continues	Retail Banking	Masters	Worked in various private companies and one private bank.	18 years
Ebru Sönmez Yanık	Executive Vice President	04.05.2016-Continues	Corporate Customers Sales and Marketing	Masters	Worked in a management consultancy company and in various private banks.	17 years
Tuba Yapıcı	Executive Vice President	01.08.2013 – 02.01.2017	Non-Financial Risk Management	University	Worked in a global audit company, in various private companies and in various private banks.	23 years
Erdoğan Yılmaz	Executive Vice President	17.05.2012-Continues	SME Banking and Payment Systems	University	Worked in various private companies and one private bank.	22 years
Gökhan Yurtçu	Executive Vice President	26.03.2001-Continues	Relations with Official Institutions and Legislation, Consumer Affairs Coordination Affairs	PHD	Worked in public companies, various private companies and in one private bank.	33 years
Alper Hakan Yüksel	Executive Vice President	01.07.2015-Continues	Corporate Banking	Master	Worked in various private banks.	25 years

According to the Board of Directors resolution No. 1/19 and dated 7 January 2016, Bohdan Robert Stepkowski was appointed as Financial Markets Executive Vice President, and after completion of the BRSA process, he started his duty on 26 January 2016.

The Bank Financial Control and Asset Liability Management Executive Vice President Alp Sivrioğlu resigned with effect from 31 January 2016.

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## INFORMATION ON GOVERNANCE AND CORPORATE GOVERNANCE PRACTICES

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The Bank Corporate Clients Sales and Marketing, Corporate Lending Executive Vice President Mark O. Appelman resigned from his duty with effect from 31 January 2016.

Bank Chief Audit Executive Rogier Dolleman resigned from his duty with effect from 11 March 2016.

According to the Board of Directors resolution No. 8/3 and dated 18 February 2016, Murat Tursun was appointed as Chief Audit Executive and started his duty on 12 March 2016.

The duty of Credits Vice President Gerardus Stroomer ended as of 30 April 2016.

According to the Board of Directors resolution No. 19/2 and dated 13 April 2016, Ebru Sönmez Yanık was appointed as Corporate Customers Sales and Marketing Executive Vice President, and after completion of the BRSA process, she started her duty on 4 May 2016.

According to the Board of Directors resolution No. 10/1 and dated 25 February 2016, Erwin H.M. Olijslager was appointed as Chief Financial Officer, and after completion of the BRSA process, started his duty on 5 May 2016.

According to the Board of Directors resolution No. 21/20 and dated 4 May 2016, İlker Kayseri was appointed as Treasury Executive Vice President, and after completion of the BRSA process, started his duty on 20 May 2016.

According to the Board of Directors resolution No. 21/8 Gordana Hulina was assigned as Credits Executive Vice President, and after completion of the BRSA process, started her duty on 24 June 2016.

Bank Non-Financial Risk Management Executive Vice President Tuba Yapıcı resigned from her duty with effect from 2 January 2017.

Bank Human Resources Executive Vice President Seçil Refik resigned from her duty with effect from 1 February 2017.

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

### COMMITTEES

Information about the Credit Committee, Audit Committee, Corporate Governance Committee, Remuneration Committee and committees organized under the scope of Risk Management are as follows:

#### Credit Committee

The Credit Committee is responsible for reviewing loan proposals and approving those whose results yielded a positive evaluation and which are within the authorization limits as determined by the Board of Directors in accordance with the legal boundaries and banking regulations.

As of 31 December 2016, the Credit Committee consisted of the following members:

- John T. Mc Carthy, Chairman (Chairman of the BoD)
- Pınar Abay, Member (Chief Executive Officer and BoD Member)
- A.Canan Ediboğlu, Member (BoD Member)

According to the decision taken by the Board of Directors on 25 March 2016 and numbered 16-1, a division of labour was defined between the Board of Directors and in accordance with the Banking Law, the Credit Committee was re-designed; John T. Mc Carthy was elected as Chairman, Pınar Abay and A. Canan Ediboğlu were elected as members of the committee.

In addition, the following committees were formed by Board Members in accordance with the relevant legislation.

### Audit Committee

The duties and responsibilities of the Audit Committee have been determined in accordance with the provisions of the Regulation on Banks' Internal Systems and Internal Capital Adequacy Evaluation, promulgated in the Official Gazette, no. 29057, dated 11 July 2014 and other relevant regulations. The names of the members of Audit Committee are as follows:

- M. Sirri Erkan, Chairman (BoD Member)
- Adrianus J. A. Kas, Member (Vice Chairman of the Board)

The members of the Audit Committee were re-elected in accordance with the decision 16-1 on the division of labour taken by the Board of Directors on 25 March 2016.

### Corporate Governance Committee

The Corporate Governance Committee was re-designed in accordance with the decision 16-1 on the division of labour taken by the Board of Directors on 25 March 2016; in accordance with the Banking Law and Regulation on the Corporate Governance Principles of Banks, the names of the Corporate Governance Committee members are as follows:

- John T. Mc Carthy, Member (Chairman of the BoD)
- A. Canan Edibođlu, Member (BoD Member)

### Remuneration Committee

The Remuneration Committee was re-designed in accordance with the decision 16-1 on the division of labour taken by the Board of Directors on 25 March 2016; in accordance with the Banking Law and Regulation on the Corporate Governance Principles of Banks, the names of the Corporate Governance Committee members are as follows:

- John T. Mc Carthy, Member (Chairman of the BoD)
- A. Canan Edibođlu, Member (BoD Member)

### Executive Committee

The Executive Committee was designed to carry out the requirements of the BRSA Regulation on Internal Systems of Banks and the Regulation on Corporate Governance Principles of Banks. The members of the Executive Committee are as follows:

- Pınar Abay, Chairman (Chief Executive Officer and BoD Member)
- İhsan Çakır, Member (Executive Vice President, Mid Corporate Banking)
- Gordana Hulina, Member (Executive Vice President, Credits)
- Ş. Görkem Köseođlu, Member (Executive Vice President, Operation and Technology)
- Erwin Hermanus Marinus Olijslager, Member (Chief Financial Officer, Financial Control and Treasury)
- Seçil Refik, Member (Executive Vice President, Human Resources)
- Barbaros Uygun, Member (Executive Vice President, Retail Banking)
- Erdođan Yılmaz, Member (Executive Vice President, SME Banking and Payment Systems)
- Alper Hakan Yüksel, Member (Executive Vice President, Corporate Banking)

### Asset and Liability Committee

The main responsibility of the Asset and Liability Committee is to evaluate and manage balance sheet developments; perform risk management and ensure that appropriate actions are taken by the responsible parties.

Risk limit proposals are evaluated by the Asset and Liability Committee whose members include the CRO and CEO. These limits are presented for the approval of the Board of Directors after the notification of the Audit Committee.

Asset and Liability Committee regularly revises risk limits and adjusts the limits according to changes in market conditions and the Bank's strategy.

Members of the Asset and Liability Committee as of 31 December 2016 were as follows:

- Pınar Abay, Vice Chairman (Chief Executive Officer and BoD Member)
- Erwin Hermanus Marinus Olijslager, Chairman (Chief Financial Officer, Financial Control and Treasury)
- İhsan Çakır, Member (Executive Vice President, Mid Corporate Banking)
- Gordana Hulina, Member (Executive Vice President, Credits)
- İlker Kayseri, Member (Executive Vice President, Treasury)
- Barbaros Uygun, Member (Executive Vice President, Retail Banking)
- Erdođan Yılmaz, Member (Executive Vice President, SME Banking and Payment Systems)
- Alper Hakan Yüksel, Member (Executive Vice President, Corporate Banking)

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## INFORMATION ON GOVERNANCE AND CORPORATE GOVERNANCE PRACTICES

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- Maarten Hummel, Member (Director, Risk Management)
- Muhammet Mercan, Member (Senior Vice President, Economic Research)
- Gökçe Çakıt, Committee Secretary (Director, Financial Control)

All committees hold meetings as required by their duties.

The Audit Committee held meetings and shared information with the managers of the units in the scope of internal systems according to the agenda determined in advance in 2016. In addition, the Audit Committee merged with the head of the internal audit to assess the developments and findings and share information related with the audit activities.

Meetings of the Board of Directors were held in accordance with Article 19 of the Bank's Articles of Association entitled "Distribution of Duties, Meetings and Resolutions of the Board of Directors". Meetings of the Board of Directors are performed with a majority and take resolutions with a majority of the participants.

Unless the Chairman, Vice Chairman or any of the members request negotiation, resolutions can be taken with the written consent of others over a specific recommendation.

Participation of the members of the Board of Directors, Audit Committee and Credit Committee in committee meetings is almost 100%.

Credit Committee decisions are taken directly if there is unanimous decision, or presented for the approval of the Board of Directors if a majority provides consent.

### HUMAN RESOURCES AND TRAINING AT ING BANK

The Human Resources Department is focused on three main principals to promote the strategies of ING Bank.

First of all, the talent cycle of employees is supported at the highest level. The talent cycle starts with the process of hiring and enhancing the talents of those will bring ING Bank and themselves one step ahead in compliance with the Orange Code.

The recruitment processes has been renewed and new practices were implemented in 2016. ING Bank believes in the continuous development of its employees in order to ensure progress in their careers.

The second principle which the ING Bank Human Resources Department is focused on is the development of the corporate environment in a manner that will help employees become happier, more productive and creative. One important development in 2016 was that ING Bank implemented a roadmap in the corporate culture and leadership climate, which is very rare in the sector. This development has affected both the financial results and the results can be seen in the employee commitment surveys.

Finally, the Human Resources department has introduced a raft of innovations in employee experience and developed its work environment as a role model in the sector, in parallel with the ING Bank's innovative approach which forms part of its DNA.

While focusing on the these principles, ING Bank's human resources department works to a simple approach of adapting of digital technologies and employing the most recent methodologies.

### Recruitment Processes

Instead of applying dispersed or uniform processes, the Bank applies diversified recruitment methodologies and processes based on the main business units in order to attract and retain the best human resources possible.

In this context, all recruitment processes have been reviewed, standardization and efficiency have been promoted and the technological infrastructure was updated in 2016.

As well as assessing the know-how and skills required by the job, capabilities and behaviours are assessed in terms of compliance with the Bank's performance culture, code of ethics and the Orange Code during the recruitment process.

ING Bank uses appropriate methods to hire candidates who have responsibility and ability to cooperate, are agile in learning, possess a high level of self-awareness and have customer oriented thinking patterns.

Depending on the position's requirements and general capability, different skill tests, foreign language tests, group interviews or case studies can be applied for inexperienced candidates during the recruitment process. In 2016, the recruitment process has been increasingly supported by technological devices to increase the pace and efficiency of the process.

For experienced candidates, related vice presidents conducted interviews to assess their skills and competencies for the position. For vice president and over level positions, assessment centers are formed and personality inventories are implemented.

Applications are received through the ING Bank website and contracted human resources portals, and vacant positions are announced through these channels. When necessary, the Bank works with consultancy firms. 68% of these employees do not have experience and 32% do have experience; and the recruitment strategy has contributed to ING Bank's target of achieving growth with its own employees. 90% of the employees hold some form of higher education qualification, and the average age of employees is 32 at ING Bank.

#### Career Steps

ING Bank works to a principle of firstly looking to its existing employees to meet its needs for experienced human resources by supporting the development of its employees, in order to ensure they go forward in their career, and by strengthening the corporate culture.

The Bank supports this purpose at the highest level by applying two different career programs. The first is the "Career Steps" program which has been implemented since 2013 in order to invest in the career targets of the employees working in branches.

At ING Bank it is of paramount importance to understand the strengths and weaknesses, direction and requests of employees and to offer them positions accordingly to utilize the capabilities. The Bank provides guidance to employees to help them structure their future. This program has established a success oriented system to support their development with a chance of being transferred to other business lines in the Bank and to meet the need for human resources within the Bank. The Career Steps program is implemented twice a year, and in 2016, this program paved the way for approximately 150 internal appointments.

#### Career Opportunities

Career Opportunities is another program implemented by ING Bank to provide its employees with suitable career opportunities. The Career Opportunities program, which was introduced in 2013 principally for announcing career opportunities in the head office units, was re-announced in 2016 to increase awareness. The Career opportunities program is a process in which the Bank's needs are shared transparently with all employees, and employees are encouraged to put themselves forward as candidates.

The career opportunities are announced on the ING Bank intranet, which supports the utilization of employees' skills in different areas in the Bank, enabling appointments to different units and through which employees have the opportunity to acquire new talents thanks to rotation. In 2016, all of the Bank's vacant positions, including but not limited to vice president and senior vice president positions, were announced in the Career Opportunities website, and everyone is provided equal opportunities under a fair assessment process. In addition, access was provided to different career opportunities where candidates may use their knowledge, skills and competence.

#### Promotion Process

To achieve the highest realization of qualified human resources, all employees who can work at a superior level by virtue of their excellence in performing behaviours, professional knowledge and skills, education levels and responsibility are promoted in accordance with the Bank's capacity.

A total of 517 employees were promoted in the Head Office, 261 in the branches and 15 in the regional offices in 2016. Moreover, 96% of the branch managers appointed in 2016 were from within the Bank and 4% were employees from outside the Bank. Despite its extensive support towards providing career opportunities to its own personnel, ING Bank also evaluates qualified and experienced professionals who would like to join the Bank.

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## INFORMATION ON GOVERNANCE AND CORPORATE GOVERNANCE PRACTICES

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### Training and Talent Management Programs

ING Bank employees receive continuous support with training from their first working day. ING Bank ensures performance development by professional and personal development training programs planned to increase employees' knowledge and skills in their existing or future positions, and these skills are diversified with on-the-job and remote training methods.

Branch Certificate Programs have been established for all employees working in the branches in retail, SME, wholesale banking, teller and customer relations units. The programs, which are enriched with on-the-job, virtual classroom, video and distance learning in addition to classroom training, are set out as Beginner, Intermediate and Advance Levels. In 2016, more than 1,000 ING Bank employees participated in certificate programs and more than 400 days of classroom training was organised. In addition, around 4,000 hours of distance learning was completed.

Within the scope of continuous learning which forms ING Bank's principal strategy, a virtual classroom has been added. The virtual classroom allows bank employees to take part in the training any location. As well as providing classroom training online and distant retention studies following the training, increase the efficiency of technological systems. Moreover, the number of classrooms and the daily participant capacity in the ING Bank Head Office building has been increased and strengthened with smartboards and sound systems, and a workshop friendly architecture has been established.

There are Management Development Programs designed especially for all managing levels. In 2016, around 400 vice presidents working in the Head Office and in the field participated in this program and contributed to the leadership culture in terms of performance management, coaching and mentorship.

Within the Leadership Development Program, the employees selected for the Branch Manager candidate pool receive support through the Branch Manager Certificate Program. A total of 55 ING Bank employees completed the Branch Manager Certificate Program in 2016. The aim of the program is to ensure that the newly appointed branch managers feel confident and safe from their very first day in terms of technical and managerial skills.

The Executive Development Program for positions of senior vice president or above is carried out in cooperation with Özyeğin University, one of our country's leading universities. In the training program, consisting of eight modules, academics provide lectures to ING Bank executives on the aims at development in topics such as strategy, innovation, change management and leadership.

Inventory studies have been performed by focusing on the leadership style and the organisational climate of the Bank driven by this style; development plans have been prepared with workshops and coaching/mentoring services have been provided for the executives. The senior management and all regional managers took part in these studies.

The career development program for junior positions at the ING Bank Head Office was established in 2016. Around 600 employees participated in this program, which consists of competence and technical training. One to one coaching is provided for Bank managers according to the Assessment Centre results and back-up planning. Internal teachers have been trained according to the corporate coaching program which was initiated in 2014, and a coaching service has been provided for Bank employees. In addition, the Bank has worked with professional teachers based on the development needs of the managers, which was supported with development plans in 2016.

Step Up, which is the new performance culture at ING Bank, was established for both managers and their teams. With the internal trainers, all executives of the Bank have participated in the new performance management training sessions.

The pool for talent, the Orange Talents Program, was introduced in 2012 to promote the effective management of human resources and development of high potential employees at ING Bank. A total of 490 employees have participated in this program in response to the Assessment Centre studies performed every year for branch manager candidates and 350 of the participants have taken part in the training programs. As a consequence of the strategy to raise leaders from within the Bank, all branch managers appointed in 2016 are from this talent pool.

In order to attract young talented individuals to the Bank, ING Bank participated in 26 events at 15 different universities and performed promotional activities. ING Bank organised the 8th Practica Talent Camp for the purpose of introducing business life to final year university students, providing them with the chance to communicate with executives and employing them upon graduation. More than 50 students participated in this camp.



In order to raise ING leaders of the future, the IITP (ING International Talent Program) is organised regularly every year. With the 13 graduates who joined to the Bank in 2016, the number of IITP employees reached 30. The IITP employees undergo a rotation at ING Bank for 1.5 year according to their selected career path, and join an international rotation project in another country where ING is active. In 2016, nine IITP employees were assigned to international projects.

#### The Corporate Culture and Leadership Climate

ING Group continuously monitors the corporate climate and employee commitment with two worldwide surveys: OHI (organisational health index) and WPC (Winning Performance Culture).

ING Bank continuously focuses on corporate culture and employee commitment to ensure a sustainable performance culture. In accordance with the results of the OHI performed in September 2015, the Pulse program was introduced to elaborate on the strengths and weaknesses in the corporate culture of ING Bank and to establish a roadmap.

More than 30 workshops were organised with more than 150 employees from different units and positions in ING Bank within the scope of the Pulse program.

In the workshops, employees affirmed that ING Bank's action and performance oriented culture, agility, and questioning and innovative approach were strong. The workshop also determined the corporate culture themes where ING Bank could improve on further. A pulse roadmap was shaped on themes such as strengthening supportive leadership, the expansion of constructive feedback, celebrating success, making room for improvement and increasing cooperation.

According to the Pulse program, the main theme of the executive summits organised in 2016 was determined as leadership and executives have been encouraged to focus on their own leadership styles. In addition, the quarterly assessments and similar internal meetings, which attracted a high level of participation, are held to increase awareness of the Pulse themes. "Stage is Yours" events were initiated in the second half of 2016, ensuring that executives from various positions at ING Bank become role models by explaining their leadership stories.

The investment in leadership training and leadership assessment tools increased significantly in 2016. The executives at critical points gained detailed knowledge on leadership styles and the climate they create, and have established development plans to strengthen supportive leadership by using the leadership assessment tools. In addition, classroom trainings have been organised for medium level executives to support their capabilities such as coaching, feedback and performance management.

In the scope of the Pulse program, top executives in the ING Bank organisation have taken action to improve the pulse themes in their units. In particular, leaders receive feedback from their teams about career development and other issues in the unit events and talks which are organized to help them get to better know their teams. In this way, in addition to the many macro actions taken in the Bank, micro actions can also be initiated by various units.

Bankwide and unit specific actions are coordinated and their results are monitored by the program management office established by the human resources department. As a result of these actions, ING Bank increased its score in the WPC employee commitment survey conducted in September 2016 and was able to measure the efficiency of the studies in the corporate culture. Moreover, the OHI Survey, a continuous version of the OHI survey, was launched to ensure sustainability of change. According to the initial results of the survey received in December 2016, ING Bank achieved an improvement in all of the targeted areas when compared to the benchmarks.

ING Bank is widely acclaimed for its sustainability and has planned similar actions and measures for 2017 to ensure the improvements become written into the company's DNA. Moreover, the impact of the actions taken to improve the work environment on employee commitment is very important. Details are set out in the section entitled "Work Environment in ING Bank".



## INFORMATION ON GOVERNANCE AND CORPORATE GOVERNANCE PRACTICES

### Performance Management and Remuneration

ING Bank believes that profitability and growth improve when employees have measurable targets and share a common success culture by working together. Accordingly, “Success@ING” and the “Success Screen”, which are the performance management systems at ING Bank, were established to ensure that all personnel were assessed according to the Orange Code behaviours and the business results and that the assessment results were used as data in career opportunities, talent programs, training plans, remuneration and benefit practices.

The existing performance culture will be complimented by the Step-Up approach in 2017. The purpose of this approach is to ensure the transition from a retrospective performance process to a real time development and improvement process. This offers ING employees the opportunity to increase their self-awareness and develop their capabilities while revealing their hidden performance through questioning themselves more.

Training was provided in 38 workshops to help ING Bank leaders inspire their teams regarding the Step Up performance culture in 2016.

### The Working Environment in ING Bank

ING Bank’s FlexING program, teaching “New Wine in The Old Bottles”, providing the banking sector with flexible working models and aiming to increase employee commitment and efficiency was developed and continues in 2016. The flexible time and place applications which started to be used in 2015 by the IT team in a pilot practice were rolled out to all personnel at the Head Office and subsidiaries as a result of the increased employee commitment and the contribution to work-life balance. This program also provided employees with the chance to work flexible hours for a whole week, or to work outside the office for two days a week.

ING Bank’s innovative human resources practices continue with the support it provides to female employees. In the HeforShe dinners organised in the scope of the UN’s “HeforShe” campaign, different groups of ING women come together and share ideas on how to improve the work-life balance. In order to support the work-life balance of ING mothers and fathers and ensure they spend more time with their families, the “Orange Day with my Child” and “I’ll Have a Baby Leaves” were introduced in 2016 with the inspiration of these dinners, following the leave for the “First Day of School” which was introduced in 2015,.

While providing employees with a pleasant workplace environment, including the ING Bank Head Office building which was revamped in 2016, digitalised and modernised concept branches, and the Kahramanmaras Operation Centre where a new sports hall was opened, ING Bank supports its target to become a company where people would most like to work.

### EXPLANATIONS RELATED TO THE BANK’S RISK GROUPS

#### Loans

Risk group of the Bank (Thousands of TL)	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 period	47,996	41,497	49	273,432	48	135,512
End of period	104,291	15,790	91	624,919	14	87,086
Interest and commission income	6,192	50,572	6	382	-	164

## Deposits

Risk group of the Bank (Thousand TL)	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
	Deposits					
Beginning of period	102,061	111,525	3,745	863	38,620	58,741
End of period	64,607	102,061	1,064	3,745	3,628	38,620
Interest expense on deposits	1,373	2,387	186	32	194	1,529

## Derivative financial instruments

Risk group of the Bank (Thousand TL)	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 period	-	-	3,514,533	2,287,047	-	-
End of period	-	-	7,620,055	3,514,533	98,715	-
Total profit/loss	-	-	217,914	49,715	(6,651)	885
Transactions with hedging purposes						
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-
Total profit/loss	-	-	-	-	-	-

## INFORMATION ON GOVERNANCE AND CORPORATE GOVERNANCE PRACTICES

### Placements

Risk group of the Bank (Thousand TL)	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 period	-	-	37	21	6,924	3,815
End of period	-	-	1,339	37	44,236	6,924
Interest income received	-	-	309	2	17	-

### Loans borrowed

Risk group of the Bank (Thousand TL)	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 period	10,001	4,227	10,263,404	6,768,473	15,329	10,483
End of period	-	10,001	9,893,625	10,263,404	4,201	15,329
Interest and commission paid	2	159	122,270	100,757	339	224

As of 31 December 2016, the Bank also had a subordinated loan amounting to TL 2,881,199 thousand from its main shareholder, ING Bank NV.

### SCOPE OF SUPPORT ACTIVITY AND TITLE OF ENTITY, IN ACCORDANCE WITH THE REGULATION ON BANK PROCUREMENT OF SUPPORT SERVICES

The firms which provided support services and their services are listed in the table below, in accordance with the Regulation on Bank Procurement of Support Services.

NUMBER	SUPPORT SERVICE PROVIDER	DESCRIPTION OF THE SERVICE	ACTIVITY AREA
1	3-D Bilişim Teknolojileri Danışmanlık ve Teknik Servis Ltd. Şti.	Software development and maintenance service to record phone calls of the treasury department employees, employees worked at the critical positions such as private banking and to record screens of call center employees	Operational Services
2	3E Dayanıklı Tüketim Malları Mobilya Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
3	4K Dayn.Tük.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
4	Abdik Dayanıklı Tüketim MallarıTicaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
5	Açıkalin Mob.İnş.Taah.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
6	Ada Modern Gereçler Dayanıklı Tüketim Malları Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
7	Adaş Elektronik Sanayi ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
8	Afs Çelik Day.Tük.Mal.Mob.Teks.Taş.Tar.Hay.San.Ve Tic. Ltd.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
9	AG Tekinler Dayn.Tük.Mall.İnş.Taah.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
10	Ağaçlı Dayanıklı Tüketim Malları Otomotiv İnşaat Turizm Sanayi Ticaret A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
11	Akçaylar Elektrikli Ev Aletleri San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
12	Akçevre İnş.Oto Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
13	Akgül Mef.Çey.Mob.Day.Tük.Mal.San.Tic.Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
14	Akgün Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
15	Akkaya Alışveriş Merkezleri İnşaat Mühendislik Tic. Ltd. Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
16	Aksal Elektronik Ve Bilişim Teknolojileri San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
17	Aksoylar Tüketim Maddeleri Marketing Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
18	Akyüz Day.Tük.Mall.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
19	Alaylı Day.Tük	Extending loans through the firm to customers willing to buy the firm's product	Marketing
20	Alevgaz Dayanıklı Tük.Malları San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
21	Alperenler Katı Yakıt Gid. Market İnş Mob. Nakliye Ve Ticaret Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
22	Altın Elektrikli Ev Aletleri Ticaret Sanayi Ltd. Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing

## INFORMATION ON GOVERNANCE AND CORPORATE GOVERNANCE PRACTICES

23	Altın Mobilya Tic.Ve San.A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
24	Altın Mble Mobilya Halı Bro Ve Ev Eşya.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
25	Altınışık Day.Tk.Halı Mobil.Ev Gereç.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
26	Altunbaş Mobilya San.Ve Tic.Ltd.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
27	Anadolu Mobilya Tic.Ve Paz.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
28	Aras Kurye Servisi A.Ş.	Distribution of cards, bank statements and letters of the Bank, online transfer of documents used in banking service through mobile/ digital devices	Operational Services/ Marketing
29	Aras Tic.Day.Tk.Mal.Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
30	Araslar Ev Aletleri Turizm İnş.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
31	Ardabey İnşaat Ve Turizm Otomotiv Emlak Dayanıklı Tketim Malları Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
32	Arel Day.Tk.Mall.Tic.Ve.San.Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
33	Arı Dayn.Tk.Mall.Paz.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
34	Arı Elektronik Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
35	Arıcılar Dijital Sanayi Ticaret Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
36	Arslanbaş Dayanıklı Tketim Maddeleri Tic.Ltd.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
37	Artı İnş.Gıda Turz.Day.Tk.Mall.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
38	As Dayanıklı Tk.Mall.Paz.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
39	Asil Ev Aletleri San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
40	Aslanođulları Elektronik Elekt.Ev Alet.Paz.Tic.Ve San. Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
41	Asseco See Teknoloji A.Ş.	Operation of the virtual POS systems	Operational Services
42	Asto Trans Loj.Taş.Hiz.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
43	Atabek Tketim rnleri San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
44	Austria Card Turkiye Kart Operasyonları A.Ş.	Card printing service	Operational Services
45	Avea İletişim Hizmetleri A.Ş. Ve Fleksus deme Hizmetleri A.Ş.	Intermediary service to collect loans and call center service	Marketing
46	Avrupa Elektronik Ve Tarımsal rn.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
47	Aydın Eker Mağazacılık San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
48	Aydınlar Dayanıklı Tk.Malları Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing

49	Aydoğanlar Dayanıklı Tüketim Mamülleri Ticaret Ve Sanayi Ltd Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
50	Aykon Otomotiv İth. İhr. San. Tic. Ltd. Şti.	Intermediary service to provide motor vehicle loans through BOSS Dealer System	Marketing
51	Aysanlar Turizm Sanayi Ve Ticaret Ltd. Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
52	Azak Elek.Elektro İlet.Hiz.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
53	Azapoğlu Dayanıklı Tüketim Malları İnşaat Ve Gıda Sanayi Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
54	Azat Beyaz Eşya Ticaret Ve Marketing Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
55	Babacan Day.Tük.Mal.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
56	Balcı Ev Eşyası Dayanıklı Tüketim Malları Marketing Ve Dahili Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
57	Balcı Mobilya Ve Ev Gereçleri İnşaat Sanayi Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
58	Baldem Day.Tük.Mall.Teks.Tic.Nak.Özel Sağ.Hiz.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
59	Balkan Elk.Al.Petr.ÜR.Dtm.Mobil İhr.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
60	Başar Kardeşler Beyaz Eşya San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
61	Başaranlar Mobilya Halı Tekstil Dayanıklı Tüketim Malları Gıda Otomotiv Ve Yedek Parça İnşaat Ve Turizm Sanayi Ticaret Ltd Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
62	Başel Dayanıklı Tük.Mall.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
63	Baştürk Kardeşler Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
64	Baştürkler Dayanıklı Tüketim Malları Ve Halı Mobilya İnş. Turz.Tic.Ve San. Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
65	Bayraktar Elektrikli Ev Aletleri Mobilya Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
66	Be Bireysel Hiz.San. Tan. Oto.Tur. Bilş. Nak.Ve Dış Ticaret Ltd. Şti.	Call center service to meet the personal needs of Private Banking customers	Private Banking Call Center Service
67	Belenler Day.Tük.Ma.Teks.Nak.Tur.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
68	Bernardo Marketing Sanayi Ve Ticaret Ltd. Şti.	Extending loans through Bernardo to customers willing to buy Bernardo's product	Marketing
69	Beşikçioğlu Dayn.Tük.Mal.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
70	Beyaz Ev İnş.Mühn.Dayn.Tük.Mall.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
71	Beyceli Marketing Ve Dış Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
72	Bilecikli Dayn.Tük.Mal.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
73	Bilge Ticaret Day.Tük.Mal.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
74	Birikim Beyaz Eşya Ve Day.Tük.Mall.Gıda İç Ve Dış Tic. Anonim Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing

## INFORMATION ON GOVERNANCE AND CORPORATE GOVERNANCE PRACTICES

75	Birlik Dayanıklı Tüketim Malları Sanayi Ve Ticaret Anonim Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
76	Birlik Tekstil Turz.İnş.Day.Tük.Mam.Sarraff San.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
77	Biröl Öner Dayanıklı Tüketim Malları Ticaret Ve Sanayi Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
78	Bozdemirler Mobilya Taş.Kuyumculuk İnş.San.Ve Tic.Lt	Extending loans through the firm to customers willing to buy the firm's product	Marketing
79	Boztepe Ev Gereçleri İnş.San.Tic.A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
80	Bulgurcu Dayanıklı Tüketim Malları Ev Tekstili İnşaat Turizm Marketing Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
81	Burak Beyaz Eşya Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
82	Bursalılar Dayn.Tük.Mamülleri San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
83	Candan Dayn.Tük.Mall.Enerji Oto İnş.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
84	Cansızoğlu Elektronik Eşya Paz. Tic.Ve.San.A.Ş	Extending loans through the firm to customers willing to buy the firm's product	Marketing
85	Cem Dayanıklı Tüketim Malları San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
86	Cem-Al Day.Tük.Mal.Paz.Dağ.İnş.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
87	Cemre Elek.Eşya İnş.Mob.Gıda Hay.San.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
88	Cer Tic.Day.Tük.Mall.Paz.A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
89	Cihan Dayanıklı Tüketim Maddeleri Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
90	Cmc İletişim Bilgisayar Reklam Ve Danışmanlık Hizmetleri Sanayi Ticaret Anonim Şirketi	Call center service for banking, credit card and insurance products	Call Center
91	Coşkunoğlu Elekt.Ve Elektr.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
92	Coşkunoğlu Gıda Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
93	Cpp Sigorta Aracılık Hizmetleri A.Ş.	Sale of CPP (card security) products of the CPP company through its own call center	Marketing of Retail Banking
94	Csc Yıldızlar Plastik Mobilya İnş.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
95	Csı Teknoloji Marketing Danışmanlık Ve Ticaret Anonim Şirketi	Extending restructuring of loans offered through "Tekkredi.com"	Marketing
96	Çakılcalar Beyaz Eşya Mobilya Mlz.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
97	Çalkaya Dayn.Tük.Mall.Elektrikli Ve Elektronik Ev Aletleri Mot.Araçlar Mob.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
98	Çapkinoğlu Day.Tük.Mal.İth.İhr.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
99	Çatı Dayanıklı Tüketim Malları Otomotiv İnşaat Sanayi Ve Ticaret Anonim Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
100	Çelikler Mobilya San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing



101	Çetinel Mobilya Mefruşat Tekstil Dayanıklı Tüketim Malları Nakliye Gıda Ticaret Ve Marketing Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
102	Çevik Day.Tük.Mal.Mob.Oto.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
103	Çizgi Day.Tük.Mal.Konf.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
104	Datapark İç Ve Dış Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
105	Datasafe Arşivleme Hizmetleri A.Ş.	Archive service	Operational Services
106	Değer Bey.Eş.Gıda Eği.Dan.Tar.Ürn.San.Tic.Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
107	Deha Telekomünikasyon Ve Elk.Hiz.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
108	Delikanlı Ev Gereçleri San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
109	Demirhanlar Day.Tük.Mal.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
110	Desmer Güvenlik Hizmetleri A.Ş.	Cash, valuable documents, precious metals and similar goods collection, count and delivery within the scope of Law No. 5188	Operational Services
111	dflora Bilişim Danışmanlık Ltd.Şti.	Software development, maintenance and support services for customer relationship management	Customer Relationship Management
112	Dilcan Dayn.Tük.Mall.Teks.Mob.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
113	Dinler Mobilya Day.Tük.Mal.Paz.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
114	Dizayn Ajans Gazete İnşaat Gıda San. Ve Tic. Ltd Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
115	Dmr Dayn.Tük.Malz.Ltd.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
116	Dobra Dayanıklı Tüketim Malları Tic.A.Ş.( İstikbal)	Extending loans through the firm to customers willing to buy the firm's product	Marketing
117	Doğrucan Mobilya Uğur Day.Tük.Mal.Rek.Hiz.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
118	Dost Ticaret Telekomünikasyon Viletişim Dayanıklı Tüketim Malları Hırdavat Gıda Lokanta İthalat İhracat Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
119	Drt Bağımsız Denetim Ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte)	Leakage testing in scope of BRSA requirements	Information Systems
120	Duru Dayanıklı Tüketim Malları Ev Tekstili Hediyelik Eşya Sanayi Ve Dış Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
121	Egemen Dayanıklı Tüketim Malları Tekstil Ve Gıda Sanayi Dış Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
122	Eksi Bir Artı Bir Yazılım Danışmanlık San. Ve Tic. A.Ş. (P1m1)	ATM cash optimization	Operational Services
123	Elmacioğlu Ltd Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
124	Elmalı Dayn Tük.Ltd.Şti. (Vestel)	Extending loans through the firm to customers willing to buy the firm's product	Marketing
125	Emre Başer Mobilya Elek.Ev San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing

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126	Emre İnş. Day.Tük.Mall.Paz.Ve.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
127	Emre Marketing Ev Gereçleri Ltd.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
128	Enforsec Bilgi Güvenliği Yazılım Bilişim Danışmanlık Ltd Şti	Leakage testing in scope of BRSA requirements	Information Systems
129	Er-Dem Dayanıklı Tüketim Malları Marketing Gıda Eğitim Tarım Ve Otomotiv Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
130	Erdoğan Dayn.Tük.Malları San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
131	Erem Dayanıklı Tük.Mall.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
132	Erikciler Mobilya Ve Kanepe Sanayi Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
133	Ernes Beyaz Eşya Ve Mobilya İnşaat Anonim Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
134	Er-Pa Mob.İnş.Nak.Tur.Tic.San.A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
135	Esengül Day.Tük.Mal.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
136	Esra Elektronik Dayn.Tük.Mall.Tic.Ltd	Extending loans through the firm to customers willing to buy the firm's product	Marketing
137	Etb Elektronik Teknoloji Ve Bilişim Hizmetleri San. Ve Tic. Ltd. Şti.	Archive and scanning services for documents	Operational Services
138	Evim Alışveriş Merkezi Çeyiz Ev Tekstili Elektrikli Ev Aletleri Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
139	Evrin Elektrik Elektronik Ve Gıda Ticaret Ve San. Ltd Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
140	Evser Ev Gereçleri Su Ve Su Ürünleri Yvıştırcılığı Paz. San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
141	F.I.T. Bilgi İşlem Sistemleri Servisleri San. Ve Tic. Ltd. Şti.	Development of ING Electronic Invoice Platform E-Archive support service	Cash Management
142	Fenomen İletişim Gıda Ltd.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
143	Fineksus Bilişim Çözümleri Ticaret Anonim Şirketi	Support and maintenance services of SWIFT Alliance system which ensures connection to the SWIFT network	Information Systems
144	Fsm İthalat İhracat	Extending loans through the firm to customers willing to buy the firm's product	Marketing
145	FU Gayrimenkul Danışmanlık A.Ş.	Extending pledges over collateral obtained from loans	Operational Services
146	G4S Güvenlik Hizmetleri A.Ş	Collection, counting and delivery of cash, valuable documents, precious metals and similar goods within the scope of Law No. 5188	Operational Services
147	Gafuroğlu Marketing Ticaret Ve Sanayi Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
148	Geceler Mobilya Day.Tük.Mall.Kuy.Otom.Gıda Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
149	Geleri Elektronik Day.Tük.Mal.Oto Aks.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
150	Genç Mobilya Ve Ev Gereçleri San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
151	Genç-Al Turizm Dayanıklı Tüketim Malları İnşaat Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing

152	Gizem Dayanıklı Tüketim Malları Marketing Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
153	Gny Pazarlama Sanayi ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
154	GNY Tanıtım İletişim Hizmetleri Ve Dış Ticaret Ltd. Şti.	Marketing of the support loans in third party locations	Marketing of Retail Banking
155	Göktaşlar İç Dış Tic.Tur.z.Ve.İnş.A.Ş	Extending loans through the firm to customers willing to buy the firm's product	Marketing
156	Gönül Halı Dayanıklı Tüketim Malları Motorlu Araç Gereçleri Halı Alım Satım ve Marketing Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
157	Gönül Mob.Day.Tük.Mall.Oto İnş. Tur.Pet.Gıda İlt.Teks. San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
158	Görkem Day.Tük.Mal.Paz.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
159	Gözde Elektrikli Ev Aletleri Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
160	Güldoğanlar Day.Tük.Mall.Elektronik Gıda Turz.Teks. San.Ve.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
161	Gülmar Gıda Otom.Day.Tük.Mal.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
162	Gülnayın Day.Tük.Mal.Paz.Tic.A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
163	Gülpa Mob.Day.Tük.Mal.Paz.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
164	Gültekinler Tük.Mamal.San.Ve Tic.A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
165	Gündoğdu Alışveriş Mobilya İnş.San.Ve Tic.Ltd.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
166	Gürüş Dayn.Tük.Mall.Tic.İnş.Ve San.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
167	Gürolcan Day.Tük.Mal.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
168	Güven Al Mobilya Tekstil Turz.Dayn.Tük.Mall.San.Ve Dış Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
169	Hacıoğlu Dayanıklı Tük.Malları Sanayi Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
170	Hakkı Şimşek Dayanıklı Tüketim Malları Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
171	Hanecioğlu Dayn.Tük.Mall.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
172	Hasuran Ev Gereçleri Paz.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
173	Hikmet Ev Aletleri San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
174	Hülür Mobilya Orman Ürün.Teks.İnş.San.Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
175	IBM Global Services İş Ve Teknoloji Hizmetleri Ve Tic. Ltd. Şti.	Hosting of disaster recovery center and data lines service	Information Systems
176	IDB Bilgisayar Yazılım Ve Ticaret Ltd. Şti.	Software service to track financial information including data related to the Borsa Istanbul, VOB, VIOB, exchange rates and interest rates via the internet and allow customers to buy/sell by using IMKB and VOB data	Information Systems

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177	Ing Bank N.V. - Pcm	Service of international account openings	Cash Management
178	Irmak Çeyiz Ltd.(Arçelik)	Extending loans through the firm to customers willing to buy the firm's product	Marketing
179	Işık Halıcılık Dok.ÜR.Mob.Day.Tük.Mal.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
180	Işıl Dayanıklı Tük.Malları Nalb.İnş.Taah.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
181	İdeal Bilişim Hizmetleri San. Ve Tic. Ltd. Şti.	Support and maintenance services for the interface between SWIFT and banking systems	Information Systems
182	İlhanlar Day.Tük.Mal.Paz.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
183	İnceoğlu Day.Tük.Mal.Hayv.İnş.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
184	İpoteka Gayrimenkul Yatırım Danışmanlık A.Ş.	Mortgage operations	Operational Services
185	İsmail Özşirin Day.Tük.Mal.Paz.Dağ.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
186	İvme Dayanıklı Tük.Mall.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
187	Kaan Elektronik Ve Dayanıklı Tüketim Malları Marketing Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
188	Kahramanoğulları Dayanılı Tük.Malları A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
189	Kam İletişim Telekom.İnş.Gıda Bilgisayar Kuyum.San. Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
190	Kar Den Dayn.Tük.Mal.Paz.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
191	Karaağaç Day.Tük.Mal.İnş.Teks.Nak.Gıda San. Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
192	Karabağ Dayanıklı Tüketim Mamülleri Tic.Ve.San.Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
193	Karabaş Dayanıklı Tüketim Malları Ticaret Ve Sanayi Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
194	Karacalar Otomotiv Ve Dayanıklı Tüketim Malları Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
195	Karamustafa Kardeşler Ev Aletleri Paz.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
196	Kardeşler Dayanıklı Tük.Mall.Paz.İnş.Taah.İhr.Ve İth. Tic.Ve San.Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
197	Karsam Tekstil Turizm Gıda San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
198	Kdz Ereğli Paşaoğlu Gıda Mob.Dayn.Tük.Mall.Oto.San Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
199	Key İnternet Hizmetleri Bilgisayar Yazılım Donanım Mühendislik Müşavirlik San. Ve Tic. Ltd. Şirketi	INVEX Expertise Information System Program, automation processes for the expertise procedure starting with the customer demand of the valuation to the Extending expertise report for the all individual, commercial and corporate customers and management of the expertise procedure	Extending Loans
200	Kılınçlar Dtm Elektronik Eşya Ve Gıda San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
201	Kısmet Dayn.Tük.Mall.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing

202	Kocatepe Otomotiv Tarım Tur Tic Gıda İnş Nak San Ltd Şti.	Intermediary service to provide motor vehicle loans through BOSS Dealer System	Marketing
203	Koç Halı Sanayi Ve Ticaret Ltd.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
204	KOÇSİSTEM Bilgi Ve İletişim Hizmetleri A.Ş.	Software development for the legal customers signature project	Operational Services
205	Konut Kredisi Com Tr Danışmanlık Aş.	Offering mortgage or support loans through "Konut Kredisi Com Tr"	Marketing
206	Koza Tıp Merkezi Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
207	Kudaş Tekstil Mobilya San.Ltd.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
208	Kurtuluş Ev Al.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
209	Kurye-Net Motorlu Kuryecilik Ve Dağıtım A.Ş.	Credit/debit card delivery	Operational Services
210	Küçük İletişim Sistemleri Elektronik Ve Dış Ticaret Ltd. Şti.	Extending loans through Turk Telekom dealers to customers willing to buy Turk Telekom's product	Marketing
211	Levent Day.Tük.Mall.Tic.Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
212	Liderler Paz. İth.İhr. San Ve Tic. Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
213	Loomis Güvenlik Hizmetleri A.Ş	Collection, counting and delivery of cash, valuable documents, precious metals and similar goods, within the scope of Law No. 5188	Operational Services
214	Lostar Dayanıklı Tüketim Malları Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
215	Mavi Park Dayn.Tük.Mall.San.Ve Tic.Ltd.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
216	Md Day.Tük.Mal.Elk.Elok.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
217	Mepaş Mobilya Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
218	Mercan Telefon Ulaşım Elektronik İnşaat Tarım Ve Hayvancılık Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
219	Mert Day.Ük.Mall.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
220	Meydan Dayn.Tük.Mad.Paz.İletişim İnş.Tarım Ürünleri Zeytinyağı San Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
221	Mgt Beyaz Eşya İnşaat Malzemeleri Sanayi Ticaret Anonim Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
222	Mhc Otomotiv Akaryakıt İnş. Turizm Ticaret Ltd Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
223	Miraç Elektronik Ticaret Ve Sanayi Ltd. Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
224	Mkş Dayn.Tük.Mall.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
225	Monitise Yazılım A.Ş.	Support and maintenance services in the scope of mobile banking operations software	Alternative Distribution Channels
226	Mor Teknoloji Yazılım İletişim Bilişim Danışmanlık Ve Enerji San. Tic. Ltd. Şti.	Maintenance and support services for EFT interface software	Operational Services
227	Mtm Holografi Güvenlikli Basım Bil. Tek. A.Ş.	Cheque printing service	Operational Services

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228	Mudo Satış Mağazaları Aş.	Extending loans through Mudo to customers willing to buy Mudo's products	Marketing
229	Nasip 98 Dayanıklı Tüketim Malları Nakliye İnşaat Emlak Gıda Konfeksiyon Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
230	Netform İletişim İnş.Mob.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
231	Nizamlar Petrol Ürün. Day. Tük. Mall. İnş. San. Ve Dış Ticaret Ltd. Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
232	NN Hayat Ve Emeklilik Aş.	Located financial security advisors of NN Emeklilik into the determined branches to market products	Bankasurans
233	Nobel Mobilya Day.Tük.Mal.İnş.Tur.San.Tic.Ltd.Şti. (Arçelik)	Extending loans through the firm to customers willing to buy the firm's product	Marketing
234	Nurettin Arslan Mobilya San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
235	ODC İş Çözümleri Danışmanlık Tic. A.Ş	Sending SMS and e-mails, sending surveys to customers and application services to obtain necessary certification	Information Systems
236	Orbital Alış Veriş Merkezleri Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
237	Orimpaş Ordu İhtiyaç Mad.Paz.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
238	Orpa Mobilya Otomotiv İnş.San.Ve Tic.Ltd.Şit.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
239	Önkol Mobilya Dayanıklı Tüketim Malları İnşaat Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
240	Özbalcı Dayanıklı Tüketim Malları Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
241	Özhanlar Nakış Bilg.Paz.Tesk.Mot.Taş.Mermer Dayn. Tük.Mall.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
242	Özkaya Büro Malz.Paz.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
243	Özlem Tic.Dayn.Tük.(Arçelik)	Extending loans through the firm to customers willing to buy the firm's product	Marketing
244	Özler Kardeşler Day.Tük.Mall. İletişim İnş.San.Ve Tic. Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
245	Özmen Kardeşler Elekt.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
246	Öztekin Day.Tük.Mal.Gıda İnş. San. Ve Tic.Ltd.Sti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
247	Özyıldırım Dayanıklı Tüketim İnşaat Tekstil Motorlu Araçlar İletişim Gıda Hayvancılık Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
248	Pamukova Dayanıklı Tüketim Malları İnşaat Ticaret Ve Sanayi Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
249	Pestilci Day.Tük.Mal.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
250	Pişkinler Mot.Ve Ev Cih.Tic.A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
251	Plastik Kart Akıllı Kart İletişim Sistemleri Sanayi Ve Ticaret A.Ş.	Card printing service	Operational Services
252	Polat Elektronik Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
253	Portakal Dayn.Tük.Mall.İnş.Tur.San.Ve Tic.A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing



254	Probil Bilgi İşlem Destek Ve Danışmanlık A.Ş.	Extending outsource employees to test banking software developments before the final user accepting tests	Information Systems
255	Pronet Güvenlik Hizmetleri A.Ş.	Performing necessary actions over alarm warning systems in accordance with signal observation and action plans	Security Service
256	Provus Bilişim Hizmetleri A.Ş.	Bank statement printing service	Alternative Distribution Channels
257	Remzi Esen Dayn.Tük.Mall.Kuyumculuk Mob.Mot.Taşıtlı Alım Satım Ltd Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
258	Revna Day.Tük.Mall.Elektrik Elektronik İnş. Gıda Sanal Mağz.San.Ve.Tic.Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
259	Saran Tekstil Ltd.Şti (Mondi)	Extending loans through the firm to customers willing to buy the firm's product	Marketing
260	Sarioğlu Dayn.Tük.Mall.Gıda Madd.Oto.Mobilya İnş.İth.İhr.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
261	Saygı Kuyumculuk İlet.Oto Tic.Ve San.Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
262	Seçkin Ev Eşyaları Ticaret Ve Sanayi Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
263	Selcan Dayanıklı Tüketim Malları Marketing İmalat San. Ve Ticaret Anonim Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
264	Serdar Şahin Mobilya Ve Ahşap Eşya San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
265	Sergür Day.Tük.Mall.San Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
266	Serhat Tabldot Temizlik Tekstil İnş.Hayv.Gıda San.Ve Dış Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
267	Ses Day.Tük.Mall.Gıda İnş. San. Ve Tic.Ltd.Sti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
268	Seta Ev Aletleri Gıda Mad.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
269	Setel İletişim Hizmetleri Dtm Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
270	Sevintaş Ev Eşyaları Ve Büro Malz.A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
271	Sezer Petrol İnş.Nak.Day.Tük.Mall.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
272	Sezerler Dayn.Tük.Mall.Teleko.Motorlu Araç.San. Tic.A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
273	Simant Bilgi İşlem San. Ve Tic. Ltd. Şti.	Software development and maintenance services for credit card and ATM systems	Information Systems
274	Sivas Gözde Mobilya Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
275	Solides İnş.Day.Tük.Mal.İNŞ.Malz.Nalburiye Tur.San.Tic. Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
276	Soylu Tic.Day.Tük.Mad.Ve Lpg Paz.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
277	Şampiyon Ev Ger. Elek. Elektro. Teks. İnş. Tar. Hayv. San. Tic. A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
278	Şanlı Mobilya Elektronik Eşya Ev Tesktil San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing

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279	Şimşek Alışveriş Merkezi Dayanıklı Tüketim Malları Tekstil Tuhafiye Konfeksiyon İnşaat Taahhüt Turizm Gıda Mobilya Sanayi Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
280	Tabak Dayanıklı Tüketim Malları Marketing İnşaat Turizm Nakliyat Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
281	Taner Ticaret Ve Sanayi Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
282	Tavaslılar Dayanıklı Tüketim Malları Otomotiv Ve Deri Paz. Ticaret Ve Sanayi Ltd. Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
283	Teknomar Dayanıklı Tüketim Tarım Hayvancılık Bilgisayar Elektronik İnşaat Gıda Lojistik Ticaret Sanayi Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
284	Teknosa İç Ve Dış Ticaret A.Ş	Marketing of the Bank's support loans to TeknoSA customers in the stores, printing the loan documents of customers whose SMS applications to the Bank have been approved, sending loan documents to the Bank after checking the requirements have been met	Marketing
285	Tekuğur Day.Tük.Mal.Tic.Ltd.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
286	Tepe Savunma Ve Güvenlik Sistemleri Sanayi A.Ş.	Security services for the head office and branches	Security Service
287	Teypaş Teymurlar Dayanıklı Tüketim Malları Marketing Ve Ticaret Anonim Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
288	Trakya Mobilya Center San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
289	Tuana Dayanıklı Tük.Mall.Mob.İnş.Gıda San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
290	Tuna Elektrikli Ev Aletleri Mo San.Ve Tic.Ltd.Şti. (Bosch)	Extending loans through the firm to customers willing to buy the firm's product	Marketing
291	Tunahan Elektronik Kuyum.Temizlik Teks.Ve Deri San. Tic.Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
292	Turan Kardeşler Tarım Malzemeleri Beyaz Eşya Ve Mobilya Marketing Sanayi Ve Ticaret Ltd. Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
293	Turnacı Teknoloji Ürün.İlet.Hiz.İnş.Ve Gıda San.Dış Tic. Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
294	Tutku Ev Gereçleri Ve Turizm San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
295	Uğur Ev Gereçleri Tic.Ve San.A.Ş.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
296	Umut-Ay Day.Tük.Mal.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
297	Uyar D.T.M.San.Ve Dış Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
298	Uysallar Motorlu Araç Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
299	Üçler Beşyol Day.Tük.Tic.Ve San.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
300	Üngördü Elektrikli Ev Cihazları Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
301	Üzümler Elektronik Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing

302	V.R.P. Veri Raporlama Programlama Bilişim Yazılım Ve Danışmanlık Hizmetleri Ticaret A.Ş.	Internet banking and development of the branch framework and addition and usage of other banks' cards to ParaMara application of the Bank, integration and installation of the systems to ensure the application	Information Systems
303	Vesko Dayanıklı Tüketim Malları Elk.Mobilya İnşaat Ve Turz.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
304	Veyisoğlu San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
305	Vme Tıp Merkezi Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
306	Win Bilgi İletişim Hizmetleri A.Ş.	Call center and collection services to retrieve unpaid debts from Retail Banking Customers (individual and commercial)	Collection of SME and Retail Loans
307	Yağmuroğlu Day.Tük.M.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
308	Yakup Erdem Day.Tük.Mal.İnş.Ve Taah.Zücc.Sanayi Tic. Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
309	Yalçın Kardeşler Day.Tük.Mal.Paz.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
310	Yalçinkaya Dayn.Tük.Mall.Halı Mobilya Ve İnş.San.Tic. Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
311	Yalova Atak Dayanıklı Tüketim Malları Marketing İthalat İhracat Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
312	Yalova Yıldız Ticaret Day.Tük.Mal.Paz.San.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
313	Yavuz Day Tüketim Mal.Tic.San.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
314	Yavuzata Dayn.Tük.Mal.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
315	Yavuzlar Beyaz Eşya Day.Tük.Mal.San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
316	Yenidemir Tük.Mall.Gıda İnş.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
317	Yeşiller Yapı Tek.İnş.Day.Tük.Mal.San.Tic.Ltd.Şti	Extending loans through the firm to customers willing to buy the firm's product	Marketing
318	Yıldız Mobilya Konfeksiyon İnşaat Turz.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
319	Yılmaz Day.Tük.Mal.San.Tic.Ve Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
320	Yılmaz Madencilik Otomotiv İnş.Kırtasiye Gıda Mad.Ve Dayn.Tük.Mall.San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
321	Yü Çe Gıda Tarım Ürün.İnş.Mobilya Oto San.Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
322	Zafer Lpg Beyaz Eşya Petrol Ürün.Day.Tük.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
323	Zafer Tekstil İnş.San.Ve Dahili Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
324	Zirve İnş.İletişim Elekt.Turizm Gıda San.Ve Tic.Ltd.Şti.	Extending loans through the firm to customers willing to buy the firm's product	Marketing
325	Zümpa Dayanıklı Tüketim Malları Sanayi Ve Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing
326	Zümrüt Beyaz Eşya Ve Mobilya Sanayi Ticaret Limited Şirketi	Extending loans through the firm to customers willing to buy the firm's product	Marketing

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## INFORMATION ON GOVERNANCE AND CORPORATE GOVERNANCE PRACTICES

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### EVALUATION OF THE OPERATIONS OF THE AUDIT COMMITTEE, INTERNAL AUDIT, FINANCIAL RISK MANAGEMENT, NON-FINANCIAL RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

#### Internal Audit

The Internal Audit department carried out activities to ensure that the activities of the Bank and its subsidiaries subject to consolidation were executed in line with the laws and other related legislation, as well as with internal strategies, policies, principles and objectives and ING Group policies and regulations, while ensuring that internal control and risk management systems were efficient and sufficient, to provide assurance to the Bank's senior management.

In line with the Regulations on the Internal Systems and Internal Capital Adequacy Assessment Process of the Bank, Application Controls and General Information System Controls (COBIT) are defined as controls for information systems and internal audit studies are performed.

Proposals are put forward for dealing with the deficiencies, errors and risks that have been determined following periodical and risk based internal audit studies carried out in all activities, branches, the Head Office units, processes and the subsidiaries subject to consolidation of the Bank. The proposals prepared to prevent these reoccurrences are shared with the relevant managers, and the measures that can be taken and the precautions that can be put in place are evaluated mutually. Therefore, solutions are being produced to increase the quality of service in dialogue with the business units in order to realize a more effective control environment and risk management structure.

#### Financial Risk Management

In addition to regular legal and internal reporting operations, the Financial Risk Management Department works with business units in their existing activities and performs independent analyses. It acts as a guide in the determining, monitoring, measurement and management of risks and carries out the necessary measures through the Audit Committee.

The pace of risk management activities increased during 2016. The Financial Risk Management department has worked in coordination with the business units for the implementation of legal regulations concerning risk management in the Bank.

#### Market Risk Management

Market risk is managed under banking accounts and trading accounts with different product guidelines and risk limits approved by the Board of Directors; and these limits are monitored regularly and the results of the measurements are shared with the Senior Management and the Board of Directors.

The work carried out under the heading of market risk management in 2016 is summarised below:

#### Asset Liability Risk Management

- "Risk Control and Self-Assessment" related to interest rate and liquidity risks is carried out with the business lines and all business lines in addition to risk parties included in the risk assessment process and risk ownership process.
- Regular information is shared regarding the impacts of changing policies and procedures on business activities and risk management styles.
- The risk profile of banking accounts has been updated in accordance with changing requirements and legal constraints.
- In addition to Value at Risk (VaR) under interest rate risk and exchange rate risk in banking accounts, sensitivity based limits for possible losses in economic value and net interest income that may arise from interest rate shocks have been revised in the scope of the annual assessment.
- In order to ensure that the liquidity risk related to funding is managed in a proactive manner, the risk thresholds and early warning signals determined for deposit movements continue to be monitored.
- Analysis of asset and liability items, including different customer behavior characteristics such as interest rate sensitivity and optionality have been regularly updated and the impact of the results of the analysis on the balance sheet risks has been assessed.
- The intra-bank fund transfer pricing framework has been revised and re-arranged to include the above mentioned updated customer behaviour models, and has been approved by the Asset Liability Committee.
- Risk assessment is performed for products and services provided to customers under the current Product Approval and Review Process; and it is ensured that business units take measures to minimise the risk associated with products and services by assessing the risks arising from these products and services in detail.

- In line with the Bank's changing risk policies, harmonization studies related to measurement and management of the risk in consolidated subsidiaries on the basis of volume, quality and complexity continued.
- Efforts were redoubled on installing software to ensure healthier and integrated management of risks concerning asset and liability management.
- Work has been carried out for the project initiated globally to comply with the amendments to the international regulations on the Interest Rate Risk of banking accounts.

### Trading Risk Management

- Product instructions, which are determined in accordance with the risk profile of trading accounts, have been updated to take account of emerging needs.
- Position and sensitivity based limits determined on the basis of interest and exchange rate risk within trading accounts and VaR limits have been revised in accordance with the Bank's risk appetite.
- These limits are monitored regularly and the results of the measurements are shared with the Executive Management and the Board of Directors
- The Customer Product Approval Committee, which is responsible for ensuring that the derivative products that the Bank sells to its customers are in compliance with ING policies and customer needs, continued its activities.

### Credit Risk Management

Credit Risk Management aims to monitor and control the quality and level of activities of the credit facility and to revise the policies, guidelines and limits when necessary in order to identify, measure, report, monitor, control and comply with risk profiles.

In the year 2016, when a changing credit risk management approach was implemented both locally and internationally in the Bank, a new infrastructure was established and developed, an effective risk management system was supported with both quantitative and qualitative work and awareness was raised through adopting the new credit risk management approach within the Bank. The work carried out in this vein by credit risk management department is summarized below:

- Work on the "IRB Transition" project got underway under the leadership of the Financial Risk Department in order to calculate the capital need with IRB methods in per "Regulation on Measurement and Evaluation of Capital Adequacy of Banks"
- The probability of default (PD), loss given default (LGD) and exposure at default (EAD) models used for retail customers have been updated to comply with the relevant regulations set out by Basel II and by the BRSA.
- PD models used for Wholesale and SME customers have been revised and LGD and EAD models continued to be updated.
- Work continued on compliance with TFRS 9 / IFRS 9 standards.
- Within the scope of the "Regulation on Banks Internal Systems and Internal Capital Adequacy Assessment Process (ICAAP)", the ICAAP report and stress test report were completed and submitted to the BRSA.
- The ICAAP report and stress test report were completed and submitted to the BRSA in accordance with the Regulation on Banks' Internal Systems and Internal Capital Adequacy Evaluation.
- Stress tests and scenario analyses, aimed at effectively assessing and measuring all risks exposed by the Bank within the scope of the ICAAP and enabling the determination of the extent of capital that might be needed, were prepared and submitted to the Board of Directors.
- Policies and procedures assessed in the scope of the ICAAP and enabling the adoption of the processes have been prepared, revised and approved by the Board of Directors.
- New credit products and services launched by the Bank have been assessed, and any risks that may arise from the new products and services have been measured in detail and the approval process got underway.
- In addition to the legally required risk limit monitoring, risk appetite limits were updated and approved by the Board of Directors. The limits in the credit portfolio were monitored on a monthly basis in accordance with the new limits and reported to the Board of Directors.
- The international standards and regulations, which have been changed and updated, have been closely followed in order to closely monitor the Bank's credit risk, so that the risk can be measured and activities carried out in a healthy manner.
- The performance and quality of credit on a portfolio basis, and the changes in the portfolio at a risk level, have been closely monitored to ensure risk safety and reported regularly to Senior Management.

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### Validation Department

The Validation Department arranges the preliminary approval reports before the application and IRB models start being implemented, and the periodical validation reports of the models depending on the lifecycle as the models are implemented. In addition, ICAAP reports are subject to preliminary approval validation on an annual basis. The validation process includes the determination of the strengths and weaknesses of the models using qualitative and quantitative tests, and finally, the decision on whether or not the models serve their purposes.

The Validation Department operates independently of the business units and risk departments, in order to ensure independence in its activities. It reports directly to the Head of the Financial Risk Management.

Following the recently amended legislation and international regulations, during 2016 there was a rush to develop validation methods and techniques, to achieve compliance with these new practices and to develop modelling techniques. The activities carried out by the Validation Department can be summarised as follows:

- The validation of the PD model, used for retail customers, was completed.
- Validation of the ICAAP and stress test reports were completed, in line with the Regulation on Banks' Internal Systems and Internal Capital Adequacy Evaluation, and was submitted to the BRSA.
- The Validation Policy and Procedures have been updated in accordance with the legislation and validation methods.
- In addition, four preliminary approval validation reports, three periodical validation reports and three revision reports have been issued.

### Legal and International Regulations

Legal regulations, amended and extended to take account of changes to the risk management approach in the post global crisis period, have rendered the resources allocated by banks more important. Accordingly, the following activities were carried out in 2016:

- Stress tests and scenario analyses enabling the effective assessment and measurement of all risks to which the Bank may be exposed, and determining the extent of the capital that may be needed, were prepared in scope of the internal capital assessment process.
- Risk Management Strategies and Policies, Market Risk Management Policies and Market Risk Management Procedures were revised and updated. These Procedures and Policies have been approved by the Board of Directors within the scope of the ICAAP studies.
- In parallel with ING Bank's compliance with the new international regulations on liquidity, its procedures and policies have been formed and updated, while steps have been taken to raise awareness of the roles of business units in this scope.
- Projections have been prepared for the calculation of capital needs through the IRB method, in accordance with the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", which was updated in September 2014. These projections were submitted to the Senior Management.

### Internal Control Department

The Internal Control Department consists of the Internal Control Group, Internal Control Data Analytics and MASAK (Financial Crimes Investigation) Practices Group, the Operational Risk Management Department and the Information Risk Management Department.

The Internal Control Group has the following functions;

- Checks that banking transactions have been carried out in accordance with the laws, statutes, regulations and all provisions of legislation, Board resolutions and directives, and Head Office instructions set out in accordance with the prepared guidelines;
- Monitors the compliance of the Bank's balance sheet and regulatory reports with the existing laws, regulations, communiqués and circulars;
- Provides notification of any possible risk and ensures their prevention;
- Works to ensure that the checks in the Bank's operations are linked to specific rules and standardized; and
- Maintains an involvement in and provides opinions for the revision of new and existing products, risk control self-assessment and issuance of project documents.



The basic principle is to perform internal control activities centrally to cover the activities of all units and in branches in a risk oriented manner and establish control points to pre-emptively prevent risks before they arise and mitigate and manage any risks.

In addition to the central controls, at least one on-site check was performed for each branch in 2016. The internal auditors in the Branches Internal Control Group were responsible for this. They communicated with the branch to ensure that the determined issues were resolved during the internal control and that those issues not resolved during the control were monitored centrally, and also ensure that the declaration that issues were resolved was carried out centrally. Issues which are not resolved within an average of three months are transferred to the relevant business units. Business units are notified of urgent issues and issues of a special nature are transferred to the Internal Audit Department and relevant units.

Internal control activities are carried out based on the prepared control points. Control points are kept up-to-date to reflect amendments in regulations and changes in products and services, and applied immediately to control activities. When new control points are added in parallel with changes in legislation, the out-of-date controls are discontinued.

The Internal Control department carried out the Sarbanes-Oxley (SOX) and ERM (Enterprise Risk Management) control tests in the Bank.

#### Operational Risk Management Department

Operational Risk Management and Information Risk Management Departments work under the Internal Control in order to ensure that the risks are effectively managed, evaluated, measured, monitored and reported both for ING Bank A.Ş. and its subsidiaries. These risks are determined by the ING Group in accordance with the Basel II and BRSA definitions, consisting of a combination of nine designated sub-risk categories.

The Operational Risk Management and Information Risk Management Departments provide consultancy for the effective management of operational risks. These are determined in accordance with the ING Policies and Minimum Standards, by the BRSA, other Turkish authorities, and international authorities such as the De Nederlandsche Bank, European Central Bank and Basel for ING Bank A.Ş. and its subsidiaries, and take account of the legislation in effect in Turkey. Those Departments measure, assess, monitor and report these risks:

- The Operational Risk Management department works to determine the Risk Appetite Statement for non-financial risks and revise them annually, while monitoring and reporting compliance following Board approval.
- The departments carry out the Approval Process Management in accordance with the BRSA Regulation on Support Services, monitor the relevant Procedures and update them when necessary,
- The departments are responsible for the Product Approval and Review Process, and monitor compliance with the relevant Procedure and update it when necessary,
- Support is provided, along with questioning and consultancy in the Risk Control Self-Assessment process,
- The departments coordinate Key Control Testing, performing quality control of KCT, SOX, Enterprise Risk Management, FM&BT Specific KCT tests,
- Coordinate scenario analyses relating to Non-Financial Risks,
- Establish the process needed for reporting incidents subject to Operational Risk, reports to senior management, monitor compliance with the process, ensure the preparation of the lessons learned document, record incidents reported in the Incident Reporting Database, and ensure actions are taken so incidents are not repeated,
- Manage the Non-Financial Risk Committee processes and coordinates meetings,
- Set up the process for the determination, reporting and revision of Operational Risk and Key Risk Indicators (KRI), provides support, questioning and consultancy in relation to KRIs,
- Calculate the legal Operational Risk Capital Adequacy. The Bank uses Basic Indicator Method for the calculation of Operational Risk Capital Need,
- Carry out ICAAP and stress test work in relation to Operational Risk;
- Provide and ensure the provision of training about Operational and Information Risk Management for Bank personnel,
- Perform support, questioning and consultancy in Project Management processes,
- Perform support, questioning and consultancy for Information Risk and Business Continuity Risk Assessments.

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## INFORMATION ON GOVERNANCE AND CORPORATE GOVERNANCE PRACTICES

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### Non-Financial Risk Management

#### Compliance Risk Management Department

The Compliance Risk Management Department reports to the Non-Financial Risk Management Department and provides consultancy for the effective management of “Compliance Risks”, determined in accordance with ING Policies and Minimum Standards, by BRSA, CMB, Central Bank of Turkey, other Turkish authorities, and international authorities such as De Nederlandsche Bank, European Central Bank, Basel and FATF for ING Bank A.Ş. and its subsidiaries, and legislation in effect in Turkey. The Department measures, assesses, monitors and reports these risks.

Accordingly, the Compliance Risk Management Department carried out the following in 2016:

- Determined the 2016 Compliance Plan and the prioritisation of compliance risks at the beginning of the year; the Compliance Team applied these to include the Training Plan.
- 29 training sessions on Combatting Financial and Economic Crimes were provided for the Bank personnel in 2016.
- Processes relating to FATCA and Programs for Combatting Financial and Economic Crimes (FEC) were improved following Quality Control Visits by ING NV Compliance Experts.

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# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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## 1- Statement of Compliance with Corporate Governance Principles

Although our Bank's shares are not open to public, the provisions set out in the legislation were compiled to the maximum extent with an awareness of the importance of corporate governance practices. In this respect, the utmost attention has been paid to compliance with nearly all of the principles specified in the legislation without giving rise to any conflict of interest.

## SECTION I – SHAREHOLDERS

### 2- Shareholders Relations Department

Since our Bank's shares are not open to public, there is no "Shareholders Relations Department" in the Bank. All transactions concerning the public offering of the Bank bonds are carried out by Financial Institutions, Syndication and the Debt Capital Markets Group. All kinds of information and explanation, with the exception of special requests for information from our investors, are given under the menus Relations with Investors and Corporate Governance on our Bank's web site.

### 3- Exercise of Shareholders' Right to Information

In the event of any developments that may influence the decisions of our investors, or on being informed of them, these are announced through the Public Disclosure Platform. There are documents including various information disclosed to the public under Relations with Investors and Corporate Governance menus on our Bank's website.

During the activity period, a number of meetings were held and all the requests for information were responded to. All requests for information from our shareholders are granted provided they do not contain commercial secrets or undisclosed information.

The articles of association of our Bank do not include a regulation concerning the request of assigning a private auditor. No request was received by our Bank on assigning a private auditor during the term.

### 4- Information on General Meetings of Shareholders

The Shareholders of the Bank held an Annual General Meeting on 25 March, 2016, which was within the 2015 fiscal year. Within scope of Article 416 of the Turkish Commercial Code, the Annual General Meeting was attended by all the shareholders without being called. Notification of the meeting was made to shareholders two weeks prior to the meeting in written form, as is required by the Articles of Association.

Since all the nominative shareholders of our Bank are registered in the Share Ledger, no duration was allotted for registration in the Share Ledger to ensure their participation in the Annual General Meeting.

Shareholders did not exercise their right to ask questions in this Annual General Meeting.

There is no provision in the Articles of Association stipulating that important decisions should be taken by the general assembly. In this respect, the legislation in force is implemented.

Minutes of the Annual General Meeting are announced in the Turkish Trade Registry Gazette within scope of the legislation. Pursuant to the provisions of "Regulation on the Web Sites to Be Opened by Capital Companies" which entered effect in May 2013, the minutes of the Annual General Meeting are being published on the Bank's website following the Annual General Meeting, which is open for review by all the shareholders, in the Head Office.

### 5- Voting Rights and Minority Rights

No privilege is applied on the voting rights of our Bank's shareholders. The companies in reciprocal shareholding did not participate in the voting in the Annual General Meeting. No minority share is represented in the management. The Bank does not implement cumulative voting.

### 6- Dividend Policy

No privilege is granted in participation in the Bank's profit. With the exception of the arrangement made under Article 32 "Detection of Net Profit", Article 33 "Allocation and Distribution of Net Profit" and Article 34 "Capital Reserves" in the Bank's

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## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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Articles of Association, no other profit distribution policy is disclosed to the public. Within the scope of the related legislation, decisions on the distribution of profit are taken and necessary actions are realized in parallel with this.

### 7. Transfer of Shares

For the transfer of shares, the tenors of the Turkish Trade Code are implemented pursuant to Article 10 of the Bank's Articles of Association entitled "Transfer of Shares".

## SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

### 8- Disclosure Policy

Our Bank's Disclosure Policy is updated and published on the website of our Bank both in Turkish and English, as is required by the legislation we are subjected to. Within the scope of the disclosure policy, the policy is disclosed to the public by the "Investor Relations and Corporate Governance" and "Statutory Reporting" departments with the knowledge and approval of our Bank's Board of Directors and Head Office. The disclosures are reported in the Corporate Governance Committee.

The main purpose of the Disclosure Policy is to ensure that required information, other than confidential business information, is disclosed to the public, investors, employees, customers, creditors and other relevant parties in a timely, accurate, complete, understandable, convenient and affordable manner and on an equal footing.

All kinds of financial information, explanations and disclosures required in line with the Banking Law and the relevant regulations, Capital Markets Board (CMB) Legislation, Turkish Commercial Code, Borsa Istanbul (BIST) Legislation and other relevant legislation are provided, while also taking into consideration the generally accepted accounting principles and the Corporate Governance Policies of the CMB.

The ING Bank A.Ş. ("Bank") Disclosure Policy has been created based on the "Communiqué, Serial: VIII, No: 54 on the Principles Governing Public Disclosure of Material Circumstances" issued by the CMB.

The Disclosure Policy was established by the Bank's Board of Directors. The Board of Directors has the right and the responsibility to disclose information to the public, and to monitor, supervise, and develop the disclosure policy. The coordination of the disclosure function is the responsibility of the Financial Control Executive Vice Presidency and Relations with Official Institutions and Legislation Executive Vice Presidency. Officials from these departments fulfill these responsibilities in close coordination with the Senior Management.

Both solo and consolidated financial statements are prepared quarterly in accordance with the legislation issued by the Banking Regulation and Supervision Agency (BRSA). The financial statements, footnotes and remarks regarding the relevant financial statements, the independent audit report and the interim report are submitted to the BIST within the prescribed legal period and published on the Bank's website and the websites of the BRSA and the Banks Association of Turkey. At the end of each year, the financial statements prepared on a solo and consolidated basis in accordance with the legislation issued by the Banking Regulation and Supervision Agency (BRSA), the footnotes and remarks regarding the relevant financial statements, and the independent audit report are submitted to the BIST within the prescribed legal period and published on the Bank's website and the websites of the BRSA and the Banks Association of Turkey. The relevant financial statements are attested and signed by the Chairman of the Bank's Board of Directors, members of the Audit Committee, the CEO, the Executive Vice President in charge of financial reporting and the Vice President of the relevant unit. The interim reports prepared quarterly provide information on the Bank's market position, general financial performance and other important matters.

The annual report, prepared in accordance with regulations issued by the BRSA, is submitted to the BIST within the prescribed legal period and published on the Bank's website. The relevant financial statements are attested and signed by the Chairman of the Bank's Board of Directors, members of the Audit Committee, the CEO, the Executive Vice President in charge of financial reporting, and the Vice President of the relevant unit.

The year-end activity report provides information on the Bank's market position, general financial performance and other important matters.

The Bank's Board of Directors has the right and the responsibility to develop and to follow up the implementation of the Disclosure Policy. The effectiveness and reliability of the public disclosure process within the scope of the Disclosure Policy are under the supervision and control of the Bank's Board of Directors. The Bank's Board of Directors has the right to amend the policy. The amendments are disclosed to the public and published on the internet website within one week following the amendment.

The implementation of the Disclosure Policy is under the responsibility of the Bank's Senior Management.

### 9- The Website and Its Content

The website of our Bank includes disclosures for the public, and our investors in particular, under the menus "Relations with Investors" and "Corporate Governance". Our disclosures are provided in both Turkish and English.

The ING Bank A.Ş. website ([www.ingbank.com.tr](http://www.ingbank.com.tr)) is frequently used to inform the public and for disclosure purposes. The Bank's website includes information and data as required by the relevant regulations. Care is taken to ensure the website is up-to-date.

### 10- Annual Reports

The Annual Report includes the Corporate Governance Compliance Report, and the Corporate Governance Principles are therefore included in the report.

## SECTION III - STAKEHOLDERS

### 11- Informing Stakeholders

Stakeholders are informed by our Bank on issues relating to them through the minutes of the Annual General Meeting, material circumstances disclosures, press releases, meetings, electronic mail and the website. There is a corporate intranet to inform employees.

### 12- Stakeholder Participation in the Management

Employees are always encouraged to participate in the management and their suggestions for improving the business are taken in consideration and rewarded. Customers of the Bank may communicate their requests and complaints through the branches, website ([www.ingbank.com.tr](http://www.ingbank.com.tr)) or the Customer Contact Center (0850 222 0 600). Procedures Conflict of Information and Interest in the Markets approved by our Bank's Board of Directors include the definition of how the requests, recommendations and complaints of employees and third parties should be assessed. It aims at encouraging change and improvement as well as increasing motivation by assessing and rewarding them.

Where recommendations are found to be appropriate, a working plan is drawn by the relevant units and necessary system developments are carried out. The Bank is regularly informed of the recommendations that have been studied and put into effect.

### 13- Human Resources Policy

At ING Group, our primary purpose is to empower people to stay one step ahead in life and in business.

The Human Resources Management has adopted fair and clear systems that make the employees feel that they are distinguished and that develop and support employees with a Banking approach empowered by the employees.

In Turkey, with our dynamic and agile structure, we are bringing an unconventional and out-of-the-box banking approach, in line with our unique motto "New Wine in The Old Bottles". Tirelessly questioning traditions, we are perpetually striving for better and are very excited about it. Furthermore, this approach covers all our customers as well as our employees and other potential ING family members. Thus, we are always committed to challenging customary practices as we go about making a difference in Human Resources processes.

Our Human Resources (HR) policy is based on raising our own leaders from within our Bank. We place substantial investment into personal development and leadership. We believe that leaders who can unveil the potentials of ING team members

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## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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and provide them with an efficient and productive environment are the key to success. Hence, we place great emphasis on leadership development programs.

ING Bank always seeks to continue its activities as a preferred and encouraging employer. Everyone who joins ING Bank is informed of the “Orange Code” during their orientation program. The Orange Code includes both ING Values and ING Behaviours.

As ING Bank Turkey, we have three priorities regarding our target of becoming Turkey’s most preferred employer in the banking sector;

In line with the budget set on the basis of the priorities of the Human Resources and shaped according to the Bank’s strategies, recruitment is realized within the limits of norm staff. People may apply for jobs through the Bank’s web site and contracted human resources portals, and vacant positions are announced via these channels. Consultancy firms are also used when necessary. Our Bank cares about bringing new graduates to our Bank and the sector, and it is in this vein that we employ graduate trainees.

Accordingly, we recruit Sales Trainees to be assigned in Retail, SME and Mid-Corporate Banking sales positions, Management Trainees to be assigned in various units in the Head Office (IITP) and Assistant Internal Controllers, Assistant Auditors and operation and call center personnel for our Operation Center in Kahramanmaraş.

Equal career opportunities are offered to everyone regardless of their age, gender or ethnicity. While forming various teams within ING business lines and supporting the internal culture, we consciously focus on promoting diversity. The key points in this approach are:

- Influencing the best people and reaching the largest talent pool that can be formed, and recruiting people with various backgrounds,
- Developing case by case plans for the business line to create different teams,
- Encouraging students from various backgrounds to complete internships in the Bank,
- Being an attractive employer for students who have been educated in diverse areas.

The Practica Camp, which has been organized for 9 years, is a Young Talents Platform where university students can express themselves. The event is organized to raise the recognition and the desirability of the Bank as a place to work and to support recruitment. It is an important organization where young people may exhibit their creativity and develop themselves in an enjoyable tournament, as well as sharing their points of view with each other.

Inquisitive, eager-to-learn profiles are at the top of our HR selection criteria. Handling all our HR processes in a performance-based system, we follow a fair, transparent and career-oriented path for all our employees to offer them equal opportunities. We are aware of the importance of the working model to ensure successful HR management.

We believe in the power of the Collaborative Working Model. We have set our targets and strategies in collaboration with our employees. We know this system is indispensable to achieve one team, a common goal and common achievements.

We have platforms open to everyone regardless of their titles and the organizational hierarchy. We design various platforms and events where our employees may share their opinions. We enable our employees to participate in all our projects, assuming active roles and making valuable contributions to ING Bank’s achievements.

We value the opinions and ideas of all our employees equally, regardless of their job titles and any hierarchical order. Through this mechanism, we enable the dissemination of ideas, not only from top to bottom but also from bottom up. With our “Innovation Bootcamp”, which is our internal entrepreneurship platform, we encourage ING people from both ING Bank Turkey and other ING countries to develop innovative ideas/projects.

We are getting more mobile every day. We design new systems through the mobile banking platform and applications that are accessible at any time and from any place, not only for our customers but also for our employees. As we develop our banking performance to better serve our customers, we do the same for our people as well.



We operate with an agile working method. This method helps us keep live models and enables a continuous revision of our processes. Not restricting ourselves to just the priorities, we act more flexibly in our plans and sustainable development processes and use time much more effectively. We also enable our people to challenge our existing processes and take part in these processes to always perform better.

ING Bank cares meticulously about developing the performances, the weak and strong points, tendencies and desires its employees and offering them positions where they can reveal such features in the best possible way.

To this end, ING Bank guides employees to construct their future as well as observing them with many tools and methods. Within this context, ING Bank engages and develops Career Path Programs to invest more in employees' professional and personal development and career plans, supporting the transition between business lines with concrete and measurable indicators, offering employees an environment of opportunities and creating resources, primarily from internal resources.

The ING Bank International Talent Program (IITP) aims to train senior managers for the Bank in the long term. Within the scope of the program, new graduates are selected every year in each of the ING countries and are trained in the business line they choose, as part of a program. After a 4-year period including training programs abroad, the graduate trainees embark on to their careers by benefiting from the opportunities offered globally.

For ING Bank, offering international assignments is important due to the experience they offer. These assignments offer employees the opportunity to benefit from international job opportunities across ING Global. Short and Long term assignments aim to ensure that the right people work at the right places and at the right time for ING Bank.

International job policies act as a perpetuation of the policies adopted globally by ING Group and in such policies the success of both ING Group and the employees is considered, and the focus is to satisfy both parties.

Employees of the Bank are continuously supported by training programs from their very first day at ING Bank. Career training programs that are planned to increase the knowledge and skills of employees in their current positions, or for transition between positions, are diversified with on-the-job training programs and distance learning programs, which contribute to the Bank's performance. In addition, with boutique training programs arranged in conjunction with the Bank's strategies and based on projects, the employees can receive the support necessary to quickly adapt to the processes. The aim of the training programs, in which employees attend as part of their career plans, is to help the employees improve their technical and personal competency and to become more competent in their jobs.

Prioritized working areas were defined in October 2011 among 22 standards determined within the scope of Top Employer Program initiated by ING Global. These areas are "Career Management", "Performance Management", "Working Environment/ Well-being" and "Orange Code". In 2013, the priorities such as "Performance Management", "Training and Development", "Working in Efficient and Effective Cooperation" were determined to act together in all the countries within the scope of Top Employer Program. ING Bank Turkey focuses on developing all these priorities determined in 2011 and 2013 for ING Bank Turkey Top Employer projects.

### Performance Management

Every year at ING Bank, we manage a process that starts with setting job expectations and competencies which are assessed with regular conversational meetings and a year-end review in order to assess performance in a fair and transparent manner, based on certain criteria. At ING Bank, our motto for the performance management is: "You are the performance, you own this process". We conduct "Mentorship and Coaching Programs" to increase the performance or competence of our employees and to help them discover and unveil their potential.

ING Bank believes that profitability and growth benefit when employees have measurable goals and a shared success culture where they unite and work together to attain these goals. In this respect, Success@ING and Basari Vitriini, the performance management systems at ING Bank, were constructed to evaluate all personnel under the main competencies of job expectations, Orange Code Behaviors and stretch ambitions, and to support development of the employees according to the results obtained. The results of the evaluations have been prepared for use as data in career opportunities, talent programs, training programs, compensation and benefits practices about the employees.

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## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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The promotion process in the Bank has been designed so that employees with the necessary qualities for promotion, such as high performing behaviors, professional knowledge and skills, sufficient levels of education and a sense of responsibility can be promoted to a higher position within the scope of vacancies in order to make adequate use of the qualified human resources.

### Career Management

We announce any Career Opportunities internally first to provide our people with the opportunity to apply for various posts both in Turkey and abroad. Short- and long- term assignments to ING Global posts aim to ensure that the right people work at the right place and right time for ING Bank. With durations varying from 3 months to 5 years, these programs enable temporary assignments to the vacant positions in different countries based on the ability and experience of our colleagues. Employees assigned to these posts benefit from a significant contribution to their personal developments and career plans, supported by the managers of the relevant business line and the Human Resources teams.

At ING Bank, we offer opportunities for promotion to all employees twice a year following performance assessments. From the first day they join our team, we discuss in detail how employees can plan their careers.

We continue our “Orange Talents” program that aims to detect our team members with the strongest skills needed in the managerial roles and raise executives to carry our Bank to the future from within our organization. With the Orange Talents Program designed with this perspective, we currently appoint Branch Managers from within our own talent pool, which also serves for our Head Office. For ING executives holding office as CEO, SVP or a higher-ranking title, we launched an Executive Development Program in cooperation with Ozyegin University in 2016.

We carry out the “Career Steps” program which aims to support the development of branch team members through switching to different business lines.

With the aim of providing continuous training for all our branch employees and the leaders we have raised and are going to raise, the ING Academy designs title- and competence- based professional training and personal development plans. Offering continuous development opportunities, this program gathers all training and development plans by title and position under a single roof. Another practice that has attracted significant interest from our employees is the “Branch Certification Program”, designed to prepare members of our branch team to become branch managers, and which contributes to the professional and personal development of branch teams.

With the e-training and video portal of the ING Mobile Academy, which has mobilized and digitalized our training platform, all personal and professional development training opportunities have become accessible at any time. With the mobile apps we offer to our employees, we contribute to cost-saving.

By offering our employees attractive training and career opportunities and a better workplace environment, we support our target of becoming the most preferred employer in the banking sector.

### Social Benefits

The corporate volunteering program, “Orange Hearts”, was put in effect to guide the volunteer activities of ING Bank employees and unite the activities of our employees active in various volunteering initiatives under a single roof. ING Bank employees are able to take part in social responsibility projects, offering their time and talent as well as financial support, and also share their own projects with fellow employees. The “Orange Hearts” project functions with the motto “Set Your Heart on Benevolence”.

At our Head Office buildings, we offer various facilities including a Starbucks, a gym, a hairdresser and a basketball court. With “Orange Deals”, we signed discount contracts with more than 100 brands across Turkey for ING Bank employees.

We design new models which would offer our employees flexible working hours depending on their needs and the requirements of the teamwork. Comprised of four sub-segments - FlexiHours, FlexiPlace, FlexiCareer and FlexiBenefits - FlexING is aimed at increased efficiency through maintaining a balance between the professional and personal lives of employees. In this model, that offers flexibility in terms of working hours, workplace, career and benefits, we aim to help our employees build a healthy work-personal life balance.

We have put an end to the “dress code”, abandoning the obligation to wear a necktie, in a first for the sector. Instead of wearing suits to work, employees now wear a more casual yet fashionable style of clothing.

With our “Welcome to ING Leave” system, an ING Bank member may take 5 days of leave, even before they have worked for an entire year.

Also, as part of the “Me and My Child” leave:

- The “First day of school” and “School Report card day” leave allows parents with children between ages of 3 to 14 to be with their children on their first and last day of school;
- The “Orange Day with My Child” allows parents with children of the same age group to spare one day to spend with their children as they wish, and
- The “I’m Having A Baby” leave allows expectant mothers to take one day off for their routine examinations every month until the delivery.

#### 14- Ethical Rules and Social Responsibility

ING Group prioritizes environmental sensitivity and human rights in all ING countries and in the business relationships established. In financial decisions and transactions mediated, ING policies created with an awareness of responsibility towards society must be complied with, as well as the national and international laws and regulations.

Our Environmental and Social Risk Policies, set up to guide our activities in light of our social, ethical and environmental vision, has become an indispensable part of the credit risk management at ING.

In other words, any potential social and environmental side effects (destruction of forests, air pollution, child employment, controversial weapons) of our activities are reviewed in depth.

Our policies are continuously improved and updated in cooperation with our employees, customers, shareholders and organizations specialized in the issues, such as human rights and climate change.

ING Group is one of the 10 international banks that voluntarily acknowledged Equator principles in June 2003. It was agreed that these principles would be applied in financing all projects costing \$10 million or more, based on the environmental and social responsibility policies of the International Finance Corporation. In project finance, these standards are taken in consideration for social responsibility and environmental risk management. The ING Group, which has also been registered in the FTSE4 Good and Dow Jones Sustainability Index for its compliance with global responsibility standards, signed the United Nations Global Compact in 2006. The ING Group has been carrying out its activities with a zero carbon footprint since 2007. ING is a leader in sustainability among banks according to Sustainalytics, a global leader in sustainability research.

ING Global commits to decrease carbon emissions, waste usage and its water foot print by 20%, realize 100% renewable energy procurement and increase financing of sustainable transitions to EUR 35 billion by 2020. ING Group carries out activities aimed at raising awareness of saving through financial literacy projects and voluntary training programs focused on saving, and has been cooperating with UNICEF since 2005. Within the scope of “ING Chances for Children” program, approximately 1 million children have so far received support for their education and future.

Our Bank committed itself to comply with the “Banking Ethical Principles”, dated November 1, 2001 no 1012, published by the Banks Association of Turkey.

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Besides these principles, the ethical rules which employees of ING Group Companies are required to comply with are shared with all ING Bank A.Ş. employees.

Board of Directors' resolution dated 26.12.2014, numbered 48-5 was granted in regard to the Ethical Principles of ING Bank A.Ş.

ING Bank Turkey is the signatory of the United National Women Empowerment Principles. The Bank also supports the UN HeforShe Campaign. ING Bank Turkey regularly measures statistics on the position of women and develops programs to increase the number of the women employees in the Bank.

ING Bank Turkey is included in the study group for Sustainable Banking established by the Istanbul Stock Exchange and the UN Global Compact Turkey. The experience and accumulation of knowledge in this area both in international and national markets are shared with other participant banks.

As a requirement of our role as a Savings Bank, we have been determining saving tendencies, changes and the saving potential of the urban population with the Research on Turkey's Saving Tendencies study carried out since October 2011.

The results generated in the research have been widely respected and are considered an important resource among academics, journalists and government bodies. The research was also granted the "Best Communication Research" award in the category of "Communication Research" in the International Public Relations Association (IPRA) 2013 Golden Globe Awards. We won the bronze award, ranking third among 225 projects in the "Communication Program of the Year or Public Relations Campaign" category in "International Stevie Awards", which is accepted as one of the most prestigious awards in the international business world.

Finally, we have focused on the children and young people who will be the most significant figures in the savings picture of the future, with the aim of meeting our responsibilities to society. To raise awareness of saving in Turkey's future generations, we officially launched the "Orange Drop" program in April 2013 aimed at changing consumption and saving behaviors.

Within the scope of the program put in effect under the auspices of the Istanbul Provincial Directorate of National Education, in coordination with Koç University and REC Turkey, visits were paid to 3rd and 4th year Elementary School pupils and financial literacy training was provided with a focus on savings, through their teachers, over a period of 8 weeks. The Orange Drops reached 198 schools, 618 teachers and approximately 23,500 school pupils.

Orange Drops have been represented in various international and national awards. The project won The Preferred Bank Award among 40 ING Group countries, and also received the "Best Corporation" award among 17 corporations in the EIFLE-Excellence in Financial Literacy Education Awards, organized for the eighth time by the American Financial Literacy Institute. The Orange Drops were also among the global finalists in the Child and Youth Finance International/CYFI Awards. The project was also handed the Golden Compass Award as the "Best Corporate Social Responsibility Project" in the education category among 12 projects in the 13th Golden Compass Awards. Finally, it won the "Silver Award" in "The Stevie International Business Awards" within the "Corporate Social Responsibility" category.

Additionally, many activities have been realized that would raise funds for UNICEF with the volunteer contributions of our employees every year since 2008, under the initiative "Chances for Children" of ING Bank both internationally and in Turkey. The projects carried out by UNICEF in Turkey are supported with the funds raised thanks to voluntary work of our employees, helping to bring our children one step closer to their dreams.

Having run in the Istanbul Marathon, Runatolia and Bozcaada marathons between 2012 and 2014, ING Bank employees raised funds to contribute to the primary school built in Kahramanmaraş in cooperation with UNICEF.

In cooperation with the Association of Private Sector Volunteers, and working to the motto "Give your Heart for the Good of Others", the corporate volunteering program "Orange Hearts" was put in effect at the end of 2014, to guide the volunteering activities of ING Bank employees and unite the activities of our employees active in various volunteer initiatives under a single roof. Within this scope, Orange Drops training sessions continued.

Finally, ING Bank provides financial and mentorship support for university students in financial need under the Koc University Anatolian Scholarship Program. ING Bank helps them continue their professional development and follow higher education for 5 years with the support of ING Bank Turkey.

## SECTION IV – BOARD OF DIRECTORS

### 15- The Structure and Composition of Board of Directors

#### ING Bank A.Ş. Board of Directors

John Thomas Mc Carthy	Chairman
Adrianus J. A. Kas	Vice Chairman
A. Canan Ediboğlu	Board Member
Can Erol	Board Member
M. Sırrı Erkan	Board Member
Pınar Abay	CEO and Board Member

There is no executive Board Member other than Pınar Abay who is both the CEO and a Natural Board Member.

Since our Bank is not one of the corporations defined in Article 5 in Communiqué Serial no IV-56 of the CMB, it is not subject to the legal liabilities required for independent board members.

Board Members are assigned with other duties outside the Bank. The related banking law and BRSA regulations are complied with in such assignments. In addition, the restrictions on board members imposed by Article 396 of the Turkish Commercial Code are removed with the decision taken by shareholders in the Annual General Meeting.

### 16- Principles of Activity of the Board of Directors

Performing the activities with the aim of reaching strategic targets of the Bank in line with our Mission, Vision and Values.

### 17- Number, Structure and Independency of Committees Established by the Board Of Directors

Information about the Credit Committee, Audit Committee, Corporate Management Committee and Remuneration Committee are as follows:

#### Credit Committee

Names of Board Members who are concurrently serving as members of the Credit Committee.

- John T. Mc Carthy, Chairman (Chairman)
- A.Canan Ediboğlu, Member (Board Member)
- Pınar Abay, Member (CEO and Board Member)

#### Audit Committee

Names of Board Members who are concurrently serving as members of the Audit Committee.

- M. Sırrı Erkan, Chairman (Board Member)
- Can Erol, Member (Board Member) (Due to legal time requirements, his membership of the Audit Committee expired on 26 December 2016.)
- Adrianus J. A. Kas, Member (Vice Chairman)

#### Corporate Governance Committee

Names of Board Members who are concurrently serving as members of the Corporate Governance Committee.

- John Thomas Mc Carthy, Member (Chairman)
- A. Canan Ediboğlu, Member (Board Member)

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### Remuneration Committee

Names of Board Members who are concurrently serving as members of the Remuneration Committee.

- John Thomas Mc Carthy, Member (Chairman)
- A. Canan Edipoğlu, Member (Board Member)

### 18- Internal Control and Risk Management Mechanism

#### 18.1. Internal Audit

The Internal Audit Department has carried out activities to ensure that the activities of the Bank and subsidiaries subject to consolidation are executed in line with the laws and other related legislation, as well as with internal strategies, policies, principles and objectives and ING Group policies and regulations and ensuring that internal control and risk management systems are efficient and sufficient, as an assurance for the Bank's senior management. In line with the Regulations on the Internal Systems and Internal Capital Adequacy Assessment Process of the Bank, Application Controls and General Information System Controls (COBIT) are defined as controls for information systems, and internal audit studies are performed. Proposals are tabled on the deficiencies, errors and risks that are determined as a result of the periodical and risk based internal audit studies carried out in all activities, the branches, the Head Office units, processes and the subsidiaries subject to consolidation of the Bank. The proposals prepared to prevent these reoccurrences are shared with the relevant managers and the measures that can be taken and the precautions that can be put in place are evaluated mutually. Therefore, solutions are drafted to increase the quality of the service in dialogue with business units in order to realize a more effective control environment and risk management structure.

#### 18.2. Financial Risk Management

The Financial Risk Management Department cooperates with related business lines of the Bank in the Bank's current activities as well as carrying out regular legal and internal reporting activities. The unit acts as a guide in determining, monitoring, measuring and managing the risks, and consequently realizes necessary measures through the Board of Directors, Audit Committee, the Asset & Liabilities Committee (ALCO), the Model Development and Monitoring Committee and the Credit Risk and Provisioning Committee

The Financial Risk Management Department monitors Risk Management Regulations (local & international) closely and plays an important role in raising awareness within the Bank through Committees.

##### 18.2.1. Market Risk

All assessments needed for monitoring, measuring and managing market risks the balance sheet is exposed to are carried out. The market risk profile of the balance sheet and product mandate is determined in parallel with this and is managed broadly within the aforementioned framework. The banking book and trading book have been separated to ensure compliance of market risk with both Basel requirements and other international standards, while the methods for measuring and monitoring the risks arising from such books have also been separated via various risk appetite and limits defined by the Board of Directors. In this context, various risk appetite and limits against currency risk besides the interest rate sensitivity based limits against certain interest rate shocks were defined, covering also the value at risk measure for the interest rate risk on banking books.

Meanwhile, in trading books limits based on sensitivity and position limits have been determined as well as the value at risk limits within the scope of currency and interest rate risk. Such limits are followed up regularly and the results of the measurements are shared with the senior management and Board of Directors. Moreover, as part of Bank's risk management strategy, the Board approved risk appetite is regularly reviewed in light of changes in the economic environment and the Bank's targets, and is again approved by the Board. The legal capital requirement for market risk is calculated according to the Standard Method.

In addition, in order to comply with the increasing global regulatory requirements besides performing sophisticated risk analysis, a comprehensive software implementation project has been initiated.



### 18.2.2. Credit Risk

Credit risk is defined as the probability of loss the Bank may be exposed to as a result of failure to partially or wholly realize the liability of the counterparty of the transaction, thereby not complying with the contract signed with the Bank. Credit Risk Department aims to monitor the risk-revenue structure, and accordingly the qualifications and level of the activities related to credit disbursement, to bring them under control, and to define, measure, report, monitor, check and align them with risk profiles on a consolidated and unconsolidated basis through the policies, procedures and limits that may be changed when necessary. Local and International standards (BRSA, ECB and Basel Committee Standards) and regulations modified and updated for closely monitoring and measuring the credit risk of the Bank and for executing the activities reliably are followed up. Necessary studies and preparations are carried out for taking the necessary measures in compliance with the regulations. Risk measurement models and methods used in the Bank are reviewed, analysis is carried out and reports are prepared on a regular basis. The Bank's credit principles are based on risk security, liquidity and risk-revenue balance. To maintain this balance, any new products and services of the Bank related to credits are assessed; the risks arising from the new product/ service are measured in detail and placed under an approval process. In monitoring the risk facing the Bank's credit portfolio, any changes in ratings for the segments are monitored closely. In addition, a dedicated Project is being implemented with the relevant stakeholders in order to comply with the regulations on the Internal Ratings Based Approach (IRBA) migration project, published by the BRSA.

### 18.3. Internal Control Executive Vice Presidency

The Internal Control Group consists of the Branch Internal Control department and the Head Office and Subsidiaries Internal Control departments. The Internal Control Group;

- According to the prepared working guidelines, checks whether or not the Bank's transactions are carried out in compliance with the laws, legislation and all related regulations, Board decisions and directives and instructions from the Head Office, and within appropriate and determined limits,
- Checks whether the balance sheet and statutory reports are in compliance with existing laws, regulations, notifications, circulars and prospectuses,
- Ensures that measures are taken to tackle the risks that may arise,
- Carries out necessary activities for ensuring that the controls on Bank's activities are standardized and realized according to certain rules
- Acts as a consultant about the risks regarding the activity fields and projects to be realized in various units of the Bank, when necessary.

The principle is that preventive checkpoints should be formed before basic internal control activities are realized in a risk-based manner, and also in the branches, to cover the activities of all units centrally and the risks related to the activities, thereby mitigating and managing the risks.

As well as the central checks, on-site internal checks are carried out in all branches of our Bank and transactions are monitored. In addition to branch control activities, periodic checks are also carried out for subsidiaries and major Head Office departments/ processes. For issues requiring urgent measures, the Internal Control Group is notified immediately. Authorized branch personnel are also informed of the issue. Internal control staff in the branches do not perform any executive activities as those in the Head Office. Related working guidelines are complied with in realizing internal control activities. Working guidelines include legal regulations, changes in the products and services kept up-to-date to ensure that they are instantly reflected on control activities. In parallel with any regulatory changes, new checkpoints are added and obsolete ones are removed. The Internal Control Group plays an active role in the control tests realized periodically in compliance with Sarbanes Oxley (SOX) rules and Enterprise Risk Management (ERM) within the Bank.

The June 2006 dated Basel-II Report had defined seven operational risk categories. ING added to those by defining a "non-financial risk" group comprised of ten categories; Compliance Risks, Control Risks, Unauthorized Activity Risks, Processing Risks, Employment Practices Risks, Personal and Physical Security Risks, Continuity Risks, Internal and External Fraud Risks and Information Technology Risks.

The Operational Risk Management Department's reports to the Internal Control Executive Vice Presidency with the duties of supporting the management of these risk categories (with the exception of the Compliance Risk category) by business lines and other functions in ING Bank A.Ş. and ING Bank A.Ş. As well as offering guidance on the implementation of ING Policy

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and Standards, Subsidiaries and Foreign Branches ensure information flow through various reporting, coordinating relevant corporate governance meetings and calculating Operational Risk Economic and Regulatory Capital. The Operational Risk Management Department also provides trainings on relevant subjects.

### 18.4. Non-Financial Risk Management Executive Vice Presidency

ING defines Non-Financial Risk (NFR) as “operational risk including compliance, legal, HR and finance risks”. NFR also covers reputational risks and boundary issues with strategic/business risks, credit risk and market risks. To effectively manage these risks, the Non Financial Risk Management Department works together with the Head of the Legal Department, EVP Responsible for Relations with Official Institutions and Legislation, the EVP Responsible for HR and Communications and the EVP For Financial Control and Asset & Liability Management.

#### 18.4.1. Compliance Risk Management Department

Compliance Risk is defined as all risks of impairment to ING’s integrity. It includes the risk of failure (or perceived failure) to comply with applicable laws and regulations, ING Bank Policies and minimum standards, the ING Code of Conduct and the ING Values. It also includes the risk of engaging in activity that could damage the reputation of ING Bank, lead to a legal or regulatory violation and/or result in financial loss.

All ING employees are required to comply with applicable laws and regulations, the ING Bank Policies and standards, ING Code of Conduct and the ING Values in order to protect the reputation of ING Bank A.S. and effectively manage the Compliance Risks.

Compliance Risk Management provides advisory service, provides training and performs awareness activities to employees of ING Bank A.S. and its subsidiaries, and employees in the Foreign Branches in line with the ING Compliance Risk Management Framework. In order to ensure ING Bank A.S. and its subsidiaries and Foreign Branches effectively manage their Compliance Risks, the Compliance Risk Management Department performs risk-based monitoring activities and carries out periodic reporting.

## 19- The Strategic Goals of the Company

### Our vision

To create long term values for all our stakeholders while offering our customers the most appropriate solutions to assist them in managing their finance in the best possible way in the future.

### Our mission

To become the preferred bank for our customers with an understanding of operational excellence and international service quality, and also the preferred bank for our employees by offering the highest ethical and spiritual values.

### Our values

Everybody needs a bank that is reliable, offers excellence in its services, which acts smartly and decisively, with sensitivity, and which is accessible. As a bank carrying these values, we will give strength to our customers. We will introduce them to a brand new understanding of banking in Turkey.

The Bank’s Vision/Mission/Values have been determined and publicized on our website. As mentioned above, the strategic objectives studied and presented through managers and various committees participated by them are assessed and resolved in the Board of Directors. Subjects within this scope include the annual budget, investment issues and amounts, branching and working policies in various areas. Additionally, issues regarding reaching or deviating from the objectives, or updating them in accordance with changing conditions, are submitted to the Board of Directors at predetermined intervals.

## 20- Remuneration of the Board of Directors

In the last Annual General Meeting held by the Shareholders on 25 March, 2016, it was deemed appropriate not to pay a daily allowance to the Board Members, and to ensure that the Board of Directors determined that the compensation to be paid out did not exceed a maximum net of TL 35,000 per month, according to the job sharing to be made in the Board of Directors, in consideration of the 6th principle of the Regulations on the Principles of Corporate Governance of Banks as published by the BRSA.

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# REVIEW OF THE FINANCIAL SITUATION AND RISK MANAGEMENT

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## Asset Quality

11% of ING Bank's total assets consist of cash, banks and liquid securities. Almost the entire securities portfolio of the Bank is composed of high liquidity government bonds and T-bills. Loans have the biggest share in assets, at 70% of the total, and the sum of cash loans stood at TL 35 billion at the end of 2016. As a result of the proactive approach taken by the Bank, the NPL ratio stood at 3.9% and the Bank preserved its status among the financial institutions with the best asset quality.

The share of non-interest bearing non-current assets such as fixed assets and non-financial subsidiaries within assets stands at 1.3%. This low value demonstrates Bank's continued focus on real banking operations.

## Resource Structure, Liquidity And Fund Management

ING Bank's deposits reached TL 25 billion in 2016. Foreign resources accounted for 57% of deposits, which was the primary source of funding. Even though the wide deposit structure of the Bank represents a short term source, these are renewed upon maturity and remain in the Bank for longer than the original term.

In addition, the Bank has had the opportunity to acquire long term resources from the parent company after joining ING Group. The total funds borrowed by the Bank reached TL 13.8 billion in 2016, with the foreign sources accounted for 31% of borrowed funds.

The Bank's general liquidity policy is to manage the liquidity level such that it is resistant to market shocks, that it is based on an expansive deposit base and that it is aimed at the optimisation of profitability and liquidity at the same time, in accordance with a precautionary risk management approach.

## Equity

As of 31 December 2016, ING Bank's capital adequacy ratio had reached 17.7%. In order to support the Bank's growth focussed strategy, the main shareholder has raised its cash capital by a total of TL 1.9 billion in recent years. In addition, the Bank provided subordinated loans amounting to TL 250 million in 2012, TL 200 million in 2013, EUR 175 million and USD 193 million in 2014 and EUR 231 million and USD 62 million in 2015.

## Profitability

Developments in global and national markets continued to impact the sustainable profitability of banks in 2016. Despite this outlook and the limitations in the sector, ING Bank grew consistently with sound equity and strong asset quality. In parallel with the developments in the economy and Bank's balance sheet, the Bank wrote a profit before tax of TL 717 million.

## INFORMATION ON RISK MANAGEMENT POLICIES APPLIED BY RISK TYPE

- Full compliance with the rules and regulations of the Banking Regulation and Supervision Agency Risk Management processes and close monitoring and implementation of the Risk Management process and recommendations set forth in Basel II,
- Establishing a corporate risk culture, in which personnel of all levels in the Bank assume and realise their responsibility,
- Ensuring a risk based approach to all functions and areas of the Bank,
- Identification of the risks in the Bank and its consolidated subsidiaries, and the establishment of safe risk management systems, where identified and measured risks can be managed in the best possible way,
- Establishment of a market risk, credit risk and operational risk department, whose authorities and responsibilities are clearly defined, independent of execution; and additionally performing of analysis of the Bank's activities in cooperation with the relevant business units (constituting the establishment of a dual structure).

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## INFORMATION ON ANY RATINGS GIVEN BY RATING AGENCIES

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### Fitch Ratings Ltd.

On 2 February 2017, the international rating agency, Fitch Ratings Ltd., confirmed the Bank's credit ratings as follows:

Long Term Foreign Currency Rate:	BBB-(Outlook: Stable)
Long Term Local Currency Rate:	BBB- (Outlook: Stable)
Short Term Foreign Currency Rate:	F3
Short Term Local Currency Rate:	F3
Support Rate:	2
National Long Term Rating:	AAA (TUR) (Outlook: Stable)
Financial Capacity Rating:	bb+

### Moody's

On 26 September 2016, the international rating agency, Moody's, confirmed the Bank's credit ratings as follows:

Long Term Turkish Lira Deposit Rate:	Ba1 (Outlook: Stable)
Short Term Turkish Lira Deposit Rate:	NP
Long Term Foreign Currency Deposit Rate:	Ba2 (Outlook: Stable)
Short Term Foreign Currency Deposit Rate:	NP
Basic Credit Assessment:	b1
National Scale Rating:	Aa1.tr/TR-1

## SUMMARY BOARD OF DIRECTORS REPORT PRESENTED TO THE GENERAL ASSEMBLY

To the General Assembly of ING Bank Anonim Şirketi

In 2016, a year of continuing moderate growth in the Turkish economy, our Bank established its growth strategy based on a sustainable long term plan, and continued its activities with sound equity and strong asset quality.

With its customer oriented approach, range of products and services, expansive distribution channels and experienced personnel, ING Bank continued to offer its customers appropriate financial products and services, drawing on the global knowledge and experience of ING Group, and investing in and adding value to the Turkish economy. By the end of 2016, the volume of deposits had reached TL 25 billion as the primary funding source, and total cash loans stood at TL 48 billion.

After joining the ING Group, the Bank has had the opportunity to acquire long term funds from the parent company. As of the end of 2016, total borrowed funds had reached TL 13.8 billion. The share of borrowed funds in the overall balance sheet stood at 31%.

While the total cash loans of ING Bank A.Ş. reached TL 35 billion in accordance with its customer oriented strategy for real banking, the most remarkable increase in loans took place in the Wholesale and SME business unit, with similarly impressive growth in housing loans. At the end of the year, the loan portfolio accounted for 70% of the total assets.

The deposit base expanded as a result of the investments undertaken in recent years and the growth in loans had a positive impact on the 2016 results. In addition, the Bank's effective marketing activities in all the business units, as well as its prudent risk policies and effective cost management played an important role in its profitability. As the result of these developments, the Bank succeeded in writing a profit before tax of TL 717 million in 2016.

As a result of these developments, as of 31 December 2016, ING Bank A.Ş. commanded:

- An asset size of TL 49,688 million,
- Equity of TL 5,056 million,
- A capital adequacy ratio of 17.7%, and
- A net profit of TL 571 million for the period.

The financial statements showing the results of ING Bank A.Ş.'s operations for the period from 1 January to 31 December 2016 are presented for your review and approval.

Yours sincerely,



John T. Mc Carthy



Pinar Abay





## Independent auditors' report



Akis Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
Kavacak Rüzgarlı Bahçe Mah. Kavak Sok.  
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To the Board of Directors of ING Bank Anonim Şirketi;

### Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated financial statements of ING Bank Anonim Şirketi ("the Bank") as at 31 December 2016 and the unconsolidated statements of income, income and expense items accounted under shareholders' equity, changes in shareholders' equity, cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Unconsolidated Financial Statements

Bank's management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes 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 Board and circulars and interpretations published by BRSA and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of ING Bank A.Ş as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

## Independent auditors' report

### Report on Other Legal and Regulatory Requirements

Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No.6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2016 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

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



Furda Aslınoğlu, SMMM  
Partner

23 February 2017  
İstanbul, Turkey

### Additional paragraph for convenience translation to English:

The accounting principles summarized in Note 1.b of section three, 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.

ING Bank A.Ş.  
The unconsolidated financial report of ING Bank A.Ş.  
prepared as of 31 December 2016

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(212) 286 61 00  
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E-mail : [disyazisma@ingbank.com.tr](mailto:disyazisma@ingbank.com.tr)

The unconsolidated financial report includes the following sections in accordance with the “Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced” as sanctioned by the Banking Regulation and Supervision Agency.

- General information about the Bank
- Unconsolidated financial statements of the Bank
- Explanations on accounting policies applied in the related period
- Information related to financial position of the Bank
- Explanations and notes related to unconsolidated financial statements
- Other explanations and notes
- Independent auditors’ report

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

23 February 2017,  
Istanbul

John T. Mc CARTHY  
Chairman of the Board

Pinar ABAY  
President and CEO

Erwin H.M. OLIJSLAGER  
CFO

Özden SERPEK  
Financial Reporting  
and Tax Director

M. Sırrı ERKAN  
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

Name-Surname/Title : İnci SENYEN MAKELAINEN/ Vice President  
Phone No : (212) 335 11 76  
Fax No : (212) 366 45 09

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# ING Bank A.Ş.

## Notes to the unconsolidated financial statements for the year ended 31 December 2016

(Currency - Thousands of TL)

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

### Section one

#### General information

##### I. Bank's history including foundation date, beginning status and the changes in this status

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

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

According to item 3 (a) of the Council of Ministers' decree numbered 99/13765 and dated 21 December 1999 published in the Official Gazette, numbered 23914 and dated 22 December 1999, ownership rights except dividends and management and supervision of Sümerbank A.Ş. were transferred to the Saving Deposit Insurance Fund ("the SDIF") in accordance with Article 14, items 3 and 4 of the Banking Act. In 2001, the SDIF decided to merge the assets and liabilities of the banks, namely Egebank A.Ş., Türkiye Tütüncüler Bankası Yaşarbank A.Ş., Yurt Ticaret ve Kredi Bankası A.Ş., Bank Kapital A.Ş. and Ulusal Bank T.A.Ş. that have been formerly transferred to the SDIF, into Sümerbank A.Ş.

With the SDIF Board of Directors' decision numbered 148 and dated 31 July 2001, it was decided to transfer all shares of Sümerbank A.Ş. to OYAK latest on 13 August 2001. Based on this resolution, a share transfer agreement has been signed between the SDIF and OYAK on 9 August 2001. According to the agreement, the total 133,400,000,000 shares of Sümerbank A.Ş. that have been transferred to the SDIF, with nominal value of TL 0,001 (Full TL) each, have been transferred to OYAK. In accordance with the resolution of the General Assembly dated 10 August 2001, the loss of TL 133,395 (not inflation adjusted) has been offset against TL 133,400 (not inflation adjusted) capital of Sümerbank A.Ş. and the capital of Sümerbank A.Ş. that decreased to TL 5 has been increased to TL 27,000 (not inflation adjusted) by OYAK.

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

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 in accordance with the permission of Turkish Ministry of Industry and Trade, Domestic Trade Chief Management numbered 2440 and dated 7 May 2008. The title change has been registered on 30 May 2008 and published in Turkish Trade Registry Gazette numbered 7077 and dated 5 June 2008. The prime contract of the Bank has been modulated with the Extraordinary General Meeting dated 26 June 2014 in accordance with Turkish Trade Art numbered 6102 and published in Turkish Trade Registry Gazette numbered 8608 and dated 9 July 2014.

## ING Bank A.Ş.

# Notes to the unconsolidated financial statements for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

### II. Explanations regarding the Bank's capital structure, shareholders holding directly or indirectly, collectively or individually, the management and supervision, changes in current year if any and explanations on the controlling group of the Bank

The main shareholders and capital structure as of 31 December 2016 and 31 December 2015 are as follows:

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

As of 31 December 2016, the Bank's paid-in capital consists of 3,486,267,797 shares with a nominal value of TL (Full TL) 1 each.

The Bank's paid-in capital is TL 3,486,268 as of 31 December 2016 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 Members M. Sirri Erkan, Can Erol and A. Canan Ediboğlu with a nominal value of TL 1 (Full TL) each.

### III. Explanation regarding the chairman and board members, audit committee members, president and executive vice presidents and their shares in the Bank, if any

As of 31 December 2016, 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
John T. Mc Carthy	Chairman of BoD	Legally declared
Adrianus J. A. Kas	Vice Chairman of BoD and Audit Committee Member	Legally declared
M. Sirri Erkan	BoD and Chairman of the Audit Committee	Legally declared
Can Erol	BoD Member	Legally declared
A. Canan Ediboğlu	BoD Member	Legally declared
Pınar Abay	Chief Executive Officer and BoD Member	Legally declared
Ayşegül Akay	Executive Vice President	Financial Institutions and Debt Capital Markets
İhsan Çakır	Executive Vice President	Mid Corporate Banking
Çiğdem Dayan	Chief Legal Counsel	Legal Department
Nermin Güney Diriksoy	Executive Vice President	Corporate and Mid Corporate Credit Allocation
Gordana Hulina	Executive Vice President	Credits
İbrahim Huyugüzel	Executive Vice President	Internal Control
İlker Kayseri	Executive Vice President	Treasury
Ş. Görkem Köseoğlu	Executive Vice President	Operation and Technology
Erwin H.M. Olijslager	Chief Financial Officer	Financial Control and Treasury
Seçil Refik	Executive Vice President	Human Resources
Murat Sarı	Executive Vice President	SME and Retail Banking Credit Allocation
Bohdan Robert Stepkowski	Executive Vice President	Financial Markets
İ. Bahadır Şamlı	Executive Vice President	Information Technologies
Murat Tursun	Chief Audit Executive	Internal Audit
Barbaros Uygun	Executive Vice President	Retail Banking
Ebru Sönmez Yanık	Executive Vice President	Corporate Customers Sales and Marketing
Tuba Yapıcı	Executive Vice President	Non-Financial Risk Management
Erdoğan Yılmaz	Executive Vice President	SME Banking and Payment Systems
Gökhan Yurtçu	Executive Vice President	Relations with Official Institutions and Legislation, Consumer Affairs Coordination Affairs
Alper Hakan Yüksel	Executive Vice President	Corporate Banking



ING Bank A.Ş.  
**Notes to the unconsolidated financial statements  
 for the year ended 31 December 2016 (continued)**

(Currency - Thousands of TL)

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

**III. Explanation regarding the chairman and board members, audit committee members, president and executive vice presidents and their shares in the Bank, if any (continued)**

Vice Chairman of BoD and Executive Director Gerlachus J.M. Jacobs resigned from his duty as of 31 December 2015.

On 1 January 2016 Adrianus J. A. Kas was appointed as Vice Chairman of BoD and Audit Committee Member.

At the Ordinary General Meeting of the Bank held on 25 March 2016, BoD members were not elected, and after the General Meeting, according to Turkish Trade Law regulation no. 366/1, decision of Division of Labor was made and John T. Mc Carthy was appointed Chairman of BoD and Adrianus J. A. Kas was appointed Vice Chairman of BoD.

Board Member Can Erol resigned from Audit Committee membership on 26 December 2016 due to maximum service period. Can Erol's board membership continues.

According to the Board of Directors resolution No. 1/19 and dated 7 January 2016, Bohdan Robert Stepkowski has been appointed as Financial Markets Executive Vice President, and after completion of the BRSA process, started his duty as of 26 January 2016.

Bank Financial Control and Asset Liability Management Executive Vice President Alp Sivrioğlu has resigned as of 31 January 2016.

Bank Corporate Clients Sales and Marketing, Corporate Lending Executive Vice President Mark O. Appelman resigned from his duty as of 31 January 2016.

Bank Chief Audit Executive Rogier Dolleman resigned from his duty as of 11 March 2016.

According to the Board of Directors resolution No. 8/3 and dated 18 February 2016, Murat Tursun has been appointed as Chief Audit Executive and started his duty as of 12 March 2016.

The duty of Credits Vice President Gerardus Stroomer has ended as of 30 April 2016.

According to the Board of Directors resolution No. 19/2 and dated 13 April 2016, Ebru Sönmez Yanık has been appointed as Corporate Customers Sales and Marketing Executive Vice President, and after completion of the BRSA process, started her duty as of 4 May 2016.

According to the Board of Directors resolution No. 10/1 and dated 25 February 2016, Erwin H.M. Olijslager has been appointed as Chief Financial Officer, and after completion of the BRSA process, started his duty as of 5 May 2016.

According to the Board of Directors resolution No. 21/20 and dated 4 May 2016, İlker Kayseri has been appointed as Treasury Executive Vice President, and after completion of the BRSA process, started his duty as of 20 May 2016.

According to the Board of Directors resolution No. 21/8 Gordana Hulina has been assigned as Credits Executive Vice President, and after completion of the BRSA process, started her duty as of 24 June 2016.

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

**IV. Information on the individual and corporate shareholders having control shares of the Bank**

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

**V. Summary of the Bank's service types and fields of operation**

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 268 domestic branches. Branch located in Turkish Republic of Northern Cyprus ("NCTR") was sold at 2 September 2016. Bahrain Branch of the Bank closed as of 31 October 2016.

**VI. A short explanation on the differences between consolidations performed based on the Communiqué on Preparation of Unconsolidated Financial Statements of Banks and those based on Turkish Accounting Standards and on the institutions that are subject to full consolidation, proportional consolidation, and entities which are deducted from equity or entities which are not included in these three methods**

Subsidiaries of the Bank are subject to full consolidation.

**VII. Existing or potential, actual or legal obstacles to immediate transfer of capital between Bank and its subsidiaries and repayment of debts.**

None.

ING Bank A.Ş.  
**Notes to the unconsolidated financial statements  
for the year ended 31 December 2016 (continued)**

(Currency - Thousands of TL)

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

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**Section two**

**Unconsolidated financial statements**

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- VII. Statement of profit distribution

# ING Bank A.Ş.

## Unconsolidated balance sheet (statement of financial position) as of 31 December 2016

(Currency - Thousands of TL)

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

Assets	Note (section five)	Audited			Audited		
		Current period (31/12/2016)			Prior period (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>I. Cash and balances with Central Bank</b>	(I-1)	415,525	6,450,120	6,865,645	428,478	5,713,473	6,141,951
<b>II. Financial assets at fair value through profit or loss (net)</b>	(I-2)	284,725	249,168	533,893	342,584	104,754	447,338
2.1 Financial assets held for trading		284,725	249,168	533,893	342,584	104,754	447,338
2.1.1 Public sector debt securities		1,765	4,608	6,373	138,894	7,161	146,055
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		282,928	244,560	527,488	203,687	97,593	301,280
2.1.4 Other marketable securities		32	-	32	3	-	3
2.2 Financial assets designated at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. Banks</b>	(I-3)	6,624	149,039	155,663	679,577	442,943	1,122,520
<b>IV. Money market placements</b>		1,775,677	-	1,775,677	650,191	-	650,191
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		455,063	-	455,063	-	-	-
4.3 Receivables from reverse repurchase agreements		1,320,614	-	1,320,614	650,191	-	650,191
<b>V. Financial assets available for sale (net)</b>	(I-4)	2,551,632	102,195	2,653,827	3,049,589	32,871	3,082,460
5.1 Equity securities		5,946	102,195	108,141	6,211	32,871	39,082
5.2 Public sector debt securities		2,545,686	-	2,545,686	3,043,378	-	3,043,378
5.3 Other marketable securities		-	-	-	-	-	-
<b>VI. Loans and receivables</b>	(I-5)	25,476,914	9,340,033	34,816,947	25,817,433	9,387,220	35,204,653
6.1 Loans and receivables		25,038,657	9,340,033	34,378,690	25,424,892	9,387,220	34,812,112
6.1.1 Loans to the Bank's risk group		102,367	2,029	104,396	43,753	4,340	48,093
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		24,936,290	9,338,004	34,274,294	25,381,139	9,382,880	34,764,019
6.2 Loans under follow-up		1,387,723	-	1,387,723	1,055,622	-	1,055,622
6.3 Specific provisions (-)		(949,466)	-	(949,466)	(663,081)	-	(663,081)
<b>VII. Factoring receivables</b>		-	-	-	-	-	-
<b>VIII. Held-to maturity investments (net)</b>	(I-6)	-	-	-	350	-	350
8.1 Public sector debt securities		-	-	-	-	-	-
8.2 Other marketable securities		-	-	-	350	-	350
<b>IX. Associates (net)</b>	(I-7)	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial associates		-	-	-	-	-	-
9.2.2 Non-financial associates		-	-	-	-	-	-
<b>X. Subsidiaries (net)</b>	(I-8)	95,573	334	95,907	95,573	334	95,907
10.1 Unconsolidated financial subsidiaries		95,573	334	95,907	95,573	334	95,907
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
<b>XI. Joint ventures (net)</b>	(I-9)	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
<b>XII. Financial lease receivables (net)</b>	(I-10)	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. Derivative financial assets held for hedging purposes</b>	(I-11)	1,793,218	5	1,793,223	1,548,553	-	1,548,553
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		1,793,218	5	1,793,223	1,548,553	-	1,548,553
13.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
<b>XIV. Property and equipment (net)</b>	(I-12)	423,908	-	423,908	363,270	24	363,294
<b>XV. Intangible assets (net)</b>	(I-13)	44,473	-	44,473	31,612	-	31,612
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		44,473	-	44,473	31,612	-	31,612
<b>XVI. Investment properties (net)</b>	(I-14)	-	-	-	-	-	-
<b>XVII. Tax asset</b>		76,480	-	76,480	4,419	-	4,419
17.1 Current tax asset		76,480	-	76,480	4,419	-	4,419
17.2 Deferred tax asset	(I-15)	-	-	-	-	-	-
<b>XVIII. Property and equipment held for sale and related to discontinued operations (net)</b>	(I-16)	660	-	660	660	-	660
18.1 Held for sale		660	-	660	660	-	660
18.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIX. Other assets</b>	(I-17)	446,640	4,717	451,357	548,208	2,758	550,966
<b>Total assets</b>		<b>33,392,049</b>	<b>16,295,611</b>	<b>49,687,660</b>	<b>33,560,497</b>	<b>15,684,377</b>	<b>49,244,874</b>

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

ING Bank A.Ş.  
Unconsolidated balance sheet  
(statement of financial position) as of 31 December 2016

(Currency - Thousands of TL)

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

Liabilities	Note (section five)	Audited			Audited		
		Current period (31/12/2016)			Prior period (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>I. Deposits</b>	(II-1)	17,377,352	7,839,933	25,217,285	15,049,855	8,599,122	23,648,977
1.1 Deposits held by the Bank's risk group		30,784	38,515	69,299	45,848	98,578	144,426
1.2 Other		17,346,568	7,801,418	25,147,986	15,004,007	8,500,544	23,504,551
<b>II. Derivative financial liabilities held for trading</b>	(II-2)	375,448	199,599	575,047	139,453	101,583	241,036
<b>III. Funds borrowed</b>	(II-3)	587,141	13,191,605	13,778,746	610,416	14,484,773	15,095,189
<b>IV. Money market balances</b>		126,567	-	126,567	1,355,925	-	1,355,925
4.1 Funds from interbank money market		125,000	-	125,000	75,000	-	75,000
4.2 Funds from Istanbul Stock Exchange money market		59	-	59	22	-	22
4.3 Funds provided under repurchase agreements		1,508	-	1,508	1,280,903	-	1,280,903
<b>V. Marketable securities issued (net)</b>	(II-4)	246,634	-	246,634	237,552	-	237,552
5.1 Bills		246,634	-	246,634	237,552	-	237,552
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. Funds</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. Miscellaneous payables</b>		303,817	32,786	336,603	293,521	26,866	320,387
<b>VIII. Other liabilities</b>	(II-5)	302,336	19,470	321,806	430,969	9,752	440,721
<b>IX. Factoring payables</b>		-	-	-	-	-	-
<b>X. Leasing transaction payables</b>	(II-6)	-	-	-	36	-	36
10.1 Financial lease payables		-	-	-	38	-	38
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred financial lease expenses (-)		-	-	-	(2)	-	(2)
<b>XI. Derivative financial liabilities held for hedging purposes</b>	(II-7)	33,054	5,444	38,498	7,804	5,550	13,354
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		33,054	5,444	38,498	7,804	5,550	13,354
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XII. Provisions</b>	(II-8)	721,886	-	721,886	667,687	44	667,731
12.1 General loan loss provisions		581,083	-	581,083	553,780	-	553,780
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		38,813	-	38,813	38,004	-	38,004
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		101,990	-	101,990	75,903	44	75,947
<b>XIII. Tax liability</b>	(II-9)	387,467	-	387,467	256,323	-	256,323
13.1 Current tax liability		69,821	-	69,821	67,451	-	67,451
13.2 Deferred tax liability		317,646	-	317,646	188,872	-	188,872
<b>XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)</b>	(II-10)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
<b>XV. Subordinated loans</b>	(II-11)	474,800	2,406,399	2,881,199	451,337	2,034,690	2,486,027
<b>XVI. Shareholders' equity</b>	(II-12)	4,967,096	88,826	5,055,922	4,460,495	21,121	4,481,616
16.1 Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2 Capital reserves		101,678	88,826	190,504	164,367	21,121	185,488
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences		(30,406)	94,029	63,623	(31,840)	26,210	(5,630)
16.2.4 Revaluation surplus on tangible assets		26,644	-	26,644	24,773	-	24,773
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares from investment in associates, subsidiaries and joint ventures		-	-	-	-	-	-
16.2.8 Hedging funds (effective portion)		103,747	(5,203)	98,544	170,856	(5,089)	165,767
16.2.9 Valuation differences on property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		1,693	-	1,693	578	-	578
16.3 Profit reserves		807,989	-	807,989	695,326	-	695,326
16.3.1 Legal reserves		99,858	-	99,858	94,131	-	94,131
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		707,805	-	707,805	600,869	-	600,869
16.3.4 Other profit reserves		326	-	326	326	-	326
16.4 Profit or (loss)		571,161	-	571,161	114,534	-	114,534
16.4.1 Prior periods' profit or (loss)		-	-	-	-	-	-
16.4.2 Current period profit or loss		571,161	-	571,161	114,534	-	114,534
<b>Total liabilities and shareholders' equity</b>		<b>25,903,598</b>	<b>23,784,062</b>	<b>49,687,660</b>	<b>23,961,373</b>	<b>25,283,501</b>	<b>49,244,874</b>

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

ING Bank A.Ş.  
Unconsolidated statement of  
off-balance sheet items as of 31 December 2016

(Currency - Thousands of TL)

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

Off-balance sheet items	Note (section five)	Audited					
		Current period (31/12/2016)			Prior period (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>A. Off-balance sheet commitments (I+II+III)</b>		<b>34,752,955</b>	<b>55,070,198</b>	<b>89,823,153</b>	<b>30,563,223</b>	<b>46,264,103</b>	<b>76,827,326</b>
<b>I. Guarantees and warranties</b>	(III-1)	<b>2,509,708</b>	<b>11,274,336</b>	<b>13,784,044</b>	<b>2,733,970</b>	<b>7,897,749</b>	<b>10,631,719</b>
1.1 Letters of guarantee		2,508,860	3,865,431	6,374,291	2,727,788	3,057,596	5,785,384
1.1.1 Guarantees subject to state tender law		25,234	-	25,234	38,315	-	38,315
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		2,483,626	3,865,431	6,349,057	2,689,473	3,057,596	5,747,069
1.2 Bank acceptances		-	109,750	109,750	-	168,633	168,633
1.2.1 Import letter of acceptance		-	109,750	109,750	-	168,633	168,633
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	1,200,417	1,200,417	432	1,272,431	1,272,863
1.3.1 Documentary letters of credit		-	1,200,417	1,200,417	432	1,272,431	1,272,863
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		-	5,894,829	5,894,829	-	3,082,063	3,082,063
1.9 Other warranties		848	203,909	204,757	5,750	317,026	322,776
<b>II. Commitments</b>	(III-1)	<b>6,646,126</b>	<b>2,174,509</b>	<b>8,820,635</b>	<b>6,148,168</b>	<b>1,278,917</b>	<b>7,427,085</b>
2.1 Irrevocable commitments		6,646,126	2,174,509	8,820,635	6,148,168	1,278,917	7,427,085
2.1.1 Forward asset purchase commitments		648,779	1,441,694	2,090,473	206,745	448,825	655,570
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		1,540,392	727,557	2,267,949	1,523,255	828,920	2,352,175
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		2,603,213	-	2,603,213	2,541,873	-	2,541,873
2.1.8 Tax and fund liabilities from export commitments		9,975	-	9,975	6,269	-	6,269
2.1.9 Commitments for credit card limits		1,838,986	-	1,838,986	1,863,320	-	1,863,320
2.1.10 Commitments for credit cards and banking services promotions		4,753	-	4,753	4,653	-	4,653
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		28	5,258	5,286	2,053	1,172	3,225
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
<b>III. Derivative financial instruments</b>	(III-2)	<b>25,597,121</b>	<b>41,621,353</b>	<b>67,218,474</b>	<b>21,681,085</b>	<b>37,087,437</b>	<b>58,768,522</b>
3.1 Derivative financial instruments for hedging purposes		10,819,626	6,181,706	17,001,332	10,412,005	7,778,931	18,190,936

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

ING Bank A.Ş.  
Unconsolidated statement of  
off-balance sheet items as of 31 December 2016 (continued)

(Currency - Thousands of TL)

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

Off-balance sheet items	Note (section five)	Audited			Audited		
		Current period (31/12/2016)			Prior period (31/12/2015)		
		TL	FC	Total	TL	FC	Total
3.1.1	Fair value hedges	-	-	-	-	-	-
3.1.2	Cash flow hedges	10,819,626	6,181,706	17,001,332	10,412,005	7,778,931	18,190,936
3.1.3	Net foreign investment hedges	-	-	-	-	-	-
3.2	Derivative financial instruments for trading purposes	14,777,495	35,439,647	50,217,142	11,269,080	29,308,506	40,577,586
3.2.1	Forward foreign currency buy/sell transactions	2,419,449	10,246,506	12,665,955	1,658,360	6,873,185	8,531,545
3.2.1.1	Forward foreign currency transactions-buy	1,162,091	5,156,369	6,318,460	860,867	3,374,003	4,234,870
3.2.1.2	Forward foreign currency transactions-sell	1,257,358	5,090,137	6,347,495	797,493	3,499,182	4,296,675
3.2.2	Swap transactions related to foreign currency and interest rates	11,419,302	23,485,847	34,905,149	9,349,314	22,000,147	31,349,461
3.2.2.1	Foreign currency swap-buy	5,652,519	8,765,453	14,417,972	4,347,503	8,459,485	12,806,988
3.2.2.2	Foreign currency swap-sell	4,536,783	9,877,078	14,413,861	4,161,811	8,509,806	12,671,617
3.2.2.3	Interest rate swap-buy	615,000	2,421,658	3,036,658	420,000	2,515,428	2,935,428
3.2.2.4	Interest rate swap-sell	615,000	2,421,658	3,036,658	420,000	2,515,428	2,935,428
3.2.3	Foreign currency, interest rate and securities options	938,744	1,702,852	2,641,596	261,406	435,174	696,580
3.2.3.1	Foreign currency options-buy	469,372	851,426	1,320,798	130,703	217,587	348,290
3.2.3.2	Foreign currency options-sell	469,372	851,426	1,320,798	130,703	217,587	348,290
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	-	4,442	4,442	-	-	-
<b>B.</b>	<b>Custody and pledged items (IV+V+VI)</b>	<b>210,467,225</b>	<b>27,045,717</b>	<b>237,512,942</b>	<b>200,511,876</b>	<b>26,145,766</b>	<b>226,657,642</b>
<b>IV.</b>	<b>Items held in custody</b>	<b>537,277</b>	<b>1,437,838</b>	<b>1,975,115</b>	<b>718,948</b>	<b>1,297,621</b>	<b>2,016,569</b>
4.1	Customer fund and portfolio balances	152,224	-	152,224	207,963	-	207,963
4.2	Investment securities held in custody	73,592	188,220	261,812	110,731	168,899	279,630
4.3	Checks received for collection	107,275	412,912	520,187	213,424	416,919	630,343
4.4	Commercial notes received for collection	204,185	757,081	961,266	186,829	648,686	835,515
4.5	Other assets received for collection	-	-	-	-	-	-
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	1	79,625	79,626	1	63,117	63,118
4.8	Custodians	-	-	-	-	-	-
<b>V.</b>	<b>Pledged received</b>	<b>40,524,529</b>	<b>6,008,222</b>	<b>46,532,751</b>	<b>39,355,398</b>	<b>5,307,047</b>	<b>44,662,445</b>
5.1	Marketable securities	137,506	9,444	146,950	160,853	5,422	166,275
5.2	Guarantee notes	8,471,012	1,447,577	9,918,589	9,605,851	1,307,377	10,913,228
5.3	Commodity	910	-	910	2,210	-	2,210
5.4	Warranty	-	-	-	-	-	-
5.5	Properties	27,298,988	3,752,251	31,051,239	24,778,131	3,103,725	27,881,856
5.6	Other pledged items	4,616,113	798,950	5,415,063	4,808,353	890,523	5,698,876
5.7	Pledged items-depository	-	-	-	-	-	-
<b>VI.</b>	<b>Accepted independent guarantees and warranties</b>	<b>169,405,419</b>	<b>19,599,657</b>	<b>189,005,076</b>	<b>160,437,530</b>	<b>19,541,098</b>	<b>179,978,628</b>
<b>Total off-balance sheet items (A+B)</b>		<b>245,220,180</b>	<b>82,115,915</b>	<b>327,336,095</b>	<b>231,075,099</b>	<b>72,409,869</b>	<b>303,484,968</b>

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

ING Bank A.Ş.  
**Unconsolidated statement of income**  
**for the year ended 31 December 2016**

(Currency - Thousands of TL)

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

Income and expense items	Note (section five)	Audited	
		Current period (01/01/2016-31/12/2016)	Prior period (01/01/2015-31/12/2015)
<b>I. Interest income</b>	(IV-1)	4,200,043	3,726,152
1.1 Interest on loans		3,784,739	3,385,270
1.2 Interest on reserve requirements		24,860	10,869
1.3 Interest on banks		25,519	22,614
1.4 Interest on money market transactions		37,865	38,860
1.5 Interest on marketable securities portfolio		326,281	268,165
1.5.1 Financial assets held for trading		10,215	11,109
1.5.2 Financial assets at fair value through profit or loss		-	-
1.5.3 Financial assets available for sale		316,066	257,036
1.5.4 Investments held to maturity		-	20
1.6 Financial lease income		-	-
1.7 Other interest income		779	374
<b>II. Interest expense</b>	(IV-2)	(1,977,859)	(1,699,898)
2.1 Interest on deposits		(1,534,445)	(1,263,906)
2.2 Interest on funds borrowed		(329,078)	(299,797)
2.3 Interest on money market transactions		(96,812)	(86,809)
2.4 Interest on securities issued		(8,128)	(42,269)
2.5 Other interest expenses		(9,396)	(7,117)
<b>III. Net interest income (I - II)</b>		2,222,184	2,026,254
<b>IV. Net fees and commissions income</b>		414,645	288,473
4.1 Fees and commissions received		585,536	401,363
4.1.1 Non-cash loans		129,294	63,307
4.1.2 Other	(IV-12)	456,242	338,056
4.2 Fees and commissions paid		(170,891)	(112,890)
4.2.1 Non-cash loans		(307)	(255)
4.2.2 Other	(IV-12)	(170,584)	(112,635)
<b>V. Dividend income</b>	(IV-3)	35,155	19,536
<b>VI. Trading gain/(loss) (net)</b>	(IV-4)	(206,483)	(388,031)
6.1 Trading gain/(loss) on securities		(806)	(5,500)
6.2 Gain/(loss) on derivative financial transactions		856,177	1,214,608
6.3 Foreign exchange gain/(loss)		(1,061,854)	(1,597,139)
<b>VII. Other operating income</b>	(IV-5)	351,716	311,362
<b>VIII. Total operating income (III+IV+V+VI+VII)</b>		2,817,217	2,257,594
<b>IX. Provision for loan losses and other receivables (-)</b>	(IV-6)	(590,172)	(573,579)
<b>X. Other operating expenses (-)</b>	(IV-7)	(1,510,434)	(1,516,427)
<b>XI. Net operating profit/(loss) (VIII-IX-X)</b>		716,611	167,588
<b>XII. Income resulted from mergers</b>		-	-
<b>XIII. Profit/(loss) from investments under equity accounting</b>		-	-
<b>XIV. Profit/(loss) on net monetary position</b>		-	-
<b>XV. Profit/(loss) before tax from continuing operations (XI+XII+XIII+XIV)</b>	(IV-8)	716,611	167,588
<b>XVI. Tax provisions for continuing operations (±)</b>	(IV-9)	(145,450)	(53,054)
16.1 Current tax provision		-	-
16.2 Deferred tax provision		(145,450)	(53,054)
<b>XVII. Net profit/(loss) from continuing operations (XV±XVI)</b>	(IV-10)	571,161	114,534
<b>XVIII. Income from discontinued operations</b>		-	-
18.1 Income from non-current assets held for resale		-	-
18.2 Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3 Income from other discontinued operations		-	-
<b>XIX. Expenses for discontinued operations (-)</b>		-	-
19.1 Expenses for non-current assets held for resale		-	-
19.2 Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3 Loss from other discontinued operations		-	-
<b>XX. Profit/(loss) before tax from discontinued operations (XVIII-XIX)</b>	(IV-8)	-	-
<b>XXI. Tax provision for discontinued operations (±)</b>	(IV-9)	-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
<b>XXII. Net profit/(loss) from discontinued operations (XX±XXI)</b>	(IV-10)	-	-
<b>XXIII. Net profit/(loss)(XVII+XXII)</b>	(IV-11)	571,161	114,534
<b>Earnings per share</b>		0.16	0.03

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



ING Bank A.Ş.  
**Unconsolidated statement of income and expenses  
 recognized under unconsolidated shareholders' equity  
 for the year ended 31 December 2016**

(Currency - Thousands of TL)

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

Income and expense items recognized under shareholders' equity	Audited	Audited
	Current period (01/01/2016-31/12/2016)	Prior period (01/01/2015-31/12/2015)
I. Additions to marketable securities valuation differences from available for sale financial assets	69,104	(12,276)
II. Property and equipment revaluation differences	-	-
III. Intangible fixed assets revaluation differences	-	-
IV. Foreign exchange differences from foreign currency transactions	-	-
V. Profit/loss from derivative financial instruments for cash flow hedges (effective portion of fair value differences)	(84,029)	262,117
VI. Profit/loss from derivative financial instruments for hedge of net investment in foreign operations (effective portion of fair value differences)	-	-
VII. Effects of changes in accounting policies and corrections	-	-
VIII. Other income/expense recognized under shareholders' equity in accordance with TAS	1,394	722
IX. Deferred tax related to valuation differences	16,676	(50,111)
X. Net income/expense directly recognized under shareholders' equity (I+II+...+IX)	3,145	200,452
XI. Profit/loss for the period	571,161	114,534
11.1 Net change in fair value of marketable securities (transfer to profit/loss)	-	-
11.2 Part of cash flow hedge derivative financial assets reclassified into income statement	1,081	393
11.3 Part of foreign investment hedge derivative financial assets reclassified into income statement	-	-
11.4 Other	570,080	114,141
<b>XII. Total profit/loss recognized for the period (X±XI)</b>	<b>574,306</b>	<b>314,986</b>

# ING Bank A.Ş.

## Unconsolidated statement of changes in the shareholders' equity for the year ended 31 December 2016

(Currency - Thousands of TL)

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

### Changes in the unconsolidated shareholders' equity

Audited	Note (section five)	Paid-in capital	Inflation adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserves
Prior period (01/01/2015-31/12/2015)								
I.	Period opening balance	(V) 2,786,268	-	-	-	85,336	-	434,145
II.	Changes in accounting policies according to TAS 8	-	-	-	-	-	-	-
2.1	Effects of correction of errors	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policy	-	-	-	-	-	-	-
III.	New balance (I+ II)	2,786,268	-	-	-	85,336	-	434,145
Changes in the period								
IV.	Increase/decrease related to merger	-	-	-	-	-	-	-
V.	Marketable securities valuation differences	-	-	-	-	-	-	-
VI.	Hedging funds (effective portion)	-	-	-	-	-	-	-
6.1	Cash flow hedge	-	-	-	-	-	-	-
6.2	Hedge of net investments in foreign operations	-	-	-	-	-	-	-
VII.	Property and equipment revaluation differences	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences	-	-	-	-	-	-	-
IX.	Bonus shares from investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-
X.	Foreign exchange differences	-	-	-	-	-	-	-
XI.	Changes due to the disposal of assets	-	-	-	-	-	-	-
XII.	Changes due to the reclassification of assets	-	-	-	-	-	-	-
XIII.	Effect of changes in equity of associates	-	-	-	-	-	-	-
XIV.	Capital increase	(II-12) 700,000	-	-	-	-	-	-
14.1	Cash increase	700,000	-	-	-	-	-	-
14.2	Internal resources	-	-	-	-	-	-	-
XV.	Share premium	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-
XIX.	Current year profit or (loss)	-	-	-	-	-	-	-
XX.	Profit distribution	-	-	-	-	8,795	-	166,724
20.1	Dividends paid	-	-	-	-	-	-	-
20.2	Transfers to reserves	-	-	-	-	8,795	-	166,724
20.3	Other	-	-	-	-	-	-	-
Period end balance (III+IV+V+...+XVIII+XIX+XX)		3,486,268	-	-	-	94,131	-	600,869

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

ING Bank A.Ş.  
**Unconsolidated statement of changes in the shareholders'  
equity for the year ended 31 December 2016**

(Currency - Thousands of TL)

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

Other reserves	Current period net profit/(loss)	Prior period net profit/(loss)	Marketable securities valuation differences	Revaluation surplus on tangible and intangible assets	Bonus shares from associates	Hedging funds	Valuation difference on prop. and equip. held for sale and related to discount. operations	Total equity
326	175,903	-	4,189	24,389	-	(43,926)	-	3,466,630
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
326	175,903	-	4,189	24,389	-	(43,926)	-	3,466,630
-	-	-	-	-	-	-	-	-
-	-	-	(9,819)	-	-	-	-	(9,819)
-	-	-	-	-	-	209,693	-	209,693
-	-	-	-	-	-	209,693	-	209,693
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	700,000
-	-	-	-	-	-	-	-	700,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
578	-	-	-	-	-	-	-	578
-	114,534	-	-	-	-	-	-	114,534
-	(175,903)	-	-	384	-	-	-	-
-	(175,903)	-	-	384	-	-	-	-
-	-	-	-	-	-	-	-	-
904	114,534	-	(5,630)	24,773	-	165,767	-	4,481,616

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

ING Bank A.Ş.  
Unconsolidated statement of changes in the shareholders'  
equity for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

Changes in the unconsolidated shareholders' equity (continued)

Audited	Note (section five)	Paid-in capital	Inflation adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserves
Current period (01/01/2016-31/12/2016)								
I.	Prior period closing balance	(V) 3,486,268	-	-	-	94,131	-	600,869
Changes in the period								
II.	Increase/decrease related to merger	-	-	-	-	-	-	-
III.	Marketable securities valuation differences	-	-	-	-	-	-	-
IV.	Hedging funds (effective portion)	-	-	-	-	-	-	-
4.1	Cash flow hedge	-	-	-	-	-	-	-
4.2	Hedge of net investments in foreign operations	-	-	-	-	-	-	-
V.	Property and equipment revaluation differences	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences	-	-	-	-	-	-	-
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-
IX.	Changes due to the disposal of assets	-	-	-	-	-	-	-
X.	Changes due to the reclassification of assets	-	-	-	-	-	-	-
XI.	Effect of changes in equity of associates	-	-	-	-	-	-	-
XII.	Capital increase	(II-12)	-	-	-	-	-	-
12.1	Cash increase	-	-	-	-	-	-	-
12.2	Internal resources	-	-	-	-	-	-	-
XIII.	Share premium	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-
XV.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-
XVII.	Current year profit or (loss)	-	-	-	-	-	-	-
XVIII.	Profit distribution	-	-	-	-	5,727	-	106,936
18.1	Dividends paid	-	-	-	-	-	-	-
18.2	Transfers to reserves	-	-	-	-	5,727	-	106,936
18.3	Other	-	-	-	-	-	-	-
Period end balance (I+II+III+...+XVI+XVII+XVIII)		3,486,268	-	-	-	99,858	-	707,805

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

## ING Bank A.Ş.

## Unconsolidated statement of changes in the shareholders' equity for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

Other reserves	Current period net profit/(loss)	Prior period net profit/(loss)	Marketable securities valuation differences	Revaluation surplus on tangible and intangible assets	Bonus shares from associates	Hedging funds	Valuation difference on prop. and equip. held for sale and related to discount operations	Total equity
904	114,534	-	(5,630)	24,773	-	165,767	-	4,481,616
-	-	-	-	-	-	-	-	-
-	-	-	69,253	-	-	-	-	69,253
-	-	-	-	-	-	(67,223)	-	(67,223)
-	-	-	-	-	-	(67,223)	-	(67,223)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,115	-	-	-	-	-	-	-	1,115
-	571,161	-	-	-	-	-	-	571,161
-	(114,534)	-	-	1,871	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(114,534)	-	-	1,871	-	-	-	-
-	-	-	-	-	-	-	-	-
2,019	571,161	-	63,623	26,644	-	98,544	-	5,055,922

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

ING Bank A.Ş.  
**Unconsolidated statement of cash flows**  
**for the year ended 31 December 2016**

(Currency - Thousands of TL)

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

Cash flow table	Note (section five)	Audited	
		Current period (01/01/2016-31/12/2016)	Prior period (01/01/2015-31/12/2015)
<b>A. Cash flows from banking operations</b>			
<b>1.1 Operating profit/(loss) before changes in operating assets and liabilities</b>		<b>696,301</b>	<b>(142,360)</b>
1.1.1 Interest received		4,245,568	3,593,164
1.1.2 Interest paid		(1,961,820)	(1,674,399)
1.1.3 Dividend received		31,438	17,486
1.1.4 Fees and commissions received		587,008	401,059
1.1.5 Other income	(VI-2)	95,187	47,303
1.1.6 Collections from previously written-off loans and other receivables		319,253	269,191
1.1.7 Payments to personnel and service suppliers		(577,949)	(565,488)
1.1.8 Taxes paid		(115,378)	(30,627)
1.1.9 Other	(VI-2)	(1,927,006)	(2,200,049)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(255,413)</b>	<b>1,050,863</b>
1.2.1 Net (increase)/decrease in trading securities		138,311	(132,682)
1.2.2 Net (increase)/decrease in financial assets at fair value through profit/(loss)		-	-
1.2.3 Net (increase)/decrease in due from banks and other financial institutions		(7,369)	(37,702)
1.2.4 Net (increase)/decrease in loans		(320,515)	(7,723,981)
1.2.5 Net (increase)/decrease in other assets	(VI-2)	483,074	(1,143,165)
1.2.6 Net increase/(decrease) in bank deposits		364,647	988,568
1.2.7 Net increase/(decrease) in other deposits		1,205,103	3,561,604
1.2.8 Net increase/(decrease) in funds borrowed		(1,309,855)	4,175,033
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities	(VI-2)	(808,809)	1,363,188
<b>I. Net cash provided from banking operations</b>		<b>440,888</b>	<b>908,503</b>
<b>B. Cash flow from investing activities</b>			
<b>II. Net cash provided from investing activities</b>		<b>363,104</b>	<b>(483,234)</b>
2.1 Cash paid for acquisition of subsidiaries, investments in associates and joint ventures		-	-
2.2 Cash obtained from disposal of subsidiaries, investments in associates and joint ventures		-	-
2.3 Purchases of property and equipment		(134,013)	(94,943)
2.4 Disposals of property and equipment		22,626	26,342
2.5 Cash paid for purchase of investments available-for-sale		(135,106)	(493,112)
2.6 Cash obtained from sale of investments available-for-sale		637,250	101,185
2.7 Cash paid for purchase of investment securities		(142)	(338)
2.8 Cash obtained from sale of investment securities		480	249
2.9 Other	(VI-2)	(27,991)	(22,617)
<b>C. Cash flows from financing activities</b>			
<b>III. Net cash provided from financing activities</b>		<b>7,611</b>	<b>591,355</b>
3.1 Cash obtained from funds borrowed and securities issued	(II-4)	250,000	1,140,380
3.2 Cash used for repayment of funds borrowed and securities issued	(II-4)	(242,350)	(1,248,073)
3.3 Issued equity instruments		-	700,000
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(39)	(952)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(VI-2)	<b>296,603</b>	<b>227,571</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>		<b>1,108,206</b>	<b>1,244,195</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	(VI-1)	<b>3,263,767</b>	<b>2,019,572</b>
<b>VII. Cash and cash equivalents at the end of the period</b>	(VI-1)	<b>4,371,973</b>	<b>3,263,767</b>

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

ING Bank A.Ş.  
**Unconsolidated statement of profit distribution**  
**for the year ended 31 December 2016**

(Currency - Thousands of TL)

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

Profit distribution table	Audited	Audited
	Current period (31/12/2016) <sup>(1)</sup>	Prior period (31/12/2015)
<b>I. Distribution of current year profit</b>		
1.1 Current year profit	716,611	167,588
1.2 Taxes and duties payable (-)	(145,450)	(53,054)
1.2.1 Corporate tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(145,450)	(53,054)
<b>A. Net profit for the year (1.1-1.2)</b>	<b>571,161</b>	<b>114,534</b>
1.3 Prior year losses (-)	-	-
1.4 First legal reserves (-)	-	(5,727)
1.5 Other statutory reserves (-)	-	-
<b>B. Net profit available for distribution (A-(1.3+1.4+1.5))</b>	<b>571,161</b>	<b>108,807</b>
1.6 First dividend to shareholders (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of preferred shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 Dividends to personnel (-)	-	-
1.8 Dividend to board of directors (-)	-	-
1.9 Second dividend to shareholders (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of preferred shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 Second legal reserves (-)	-	-
1.11 Statutory reserves (-)	-	-
1.12 Extraordinary reserves <sup>(**)</sup>	-	106,936
1.13 Other reserves	-	-
1.14 Special funds <sup>(***)</sup>	-	1,871
<b>II. Distribution of reserves</b>	<b>-</b>	<b>-</b>
2.1 Appropriated reserves	-	-
2.2 Second legal reserves (-)	-	-
2.3 Dividends to shareholders (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 Dividends to personnel (-)	-	-
2.5 Dividends to board of directors (-)	-	-
<b>III. Earnings per share</b>		
3.1 To owners of ordinary shares	0.16	0.03
3.2 To owners of ordinary shares (%)	16.38%	3.29%
3.3 To owners of privileged shares	-	-
3.4 To owners of privileged shares (%)	-	-
<b>IV. Dividend per share</b>		
4.1 To owners of ordinary shares	-	-
4.2 To owners of ordinary shares (%)	-	-
4.3 To owners of privileged shares	-	-
4.4 To owners of privileged shares (%)	-	-

<sup>(1)</sup> Profit distribution is realized in accordance with Bank's General Meeting decision and as of the preparation date of these financial statements, annual ordinary general meeting has not been held yet.

<sup>(\*\*)</sup> According to Ordinary General Meeting dated 25 March 2016, among total distributable profit for the year 2015 amounting to TL 108,807, TL 106,936 has been classified as extraordinary reserves by excluding benefit of Corporate Tax exemption on real estate sales profit of TL 1,871 as noted below.

<sup>(\*\*\*)</sup> According to Ordinary General Meeting dated 25 March 2016, profit for the year 2015 amounting to TL 1,871 is composed of the benefit of Corporate Tax exemption on real estate sales profit and related amount is transferred to separate fund under equity in accordance with Corporate Tax Law 5520 article 5. and 1. paragraph (e) clause.

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



# ING Bank A.Ş.

## Notes to the unconsolidated financial statements for the year ended 31 December 2016

(Currency - Thousands of TL)

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

### Section three

#### Accounting policies

##### I. Explanations on basis of presentation

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

The 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 (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 designated at fair value through profit or loss, available-for sale financial assets, trading financial assets, derivative financial assets and liabilities held for trading and derivative financial assets and liabilities held for hedging.

The preparation of 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 income statement.

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

###### b. Additional paragraph for convenience translation to English

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

###### c. Accounting policies and valuation principles applied in the presentation of 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 XXIII below.

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

###### ç. Preparation of consolidated financial statements according to the current purchasing power of money

Financial statements of Bank was subjected to inflation adjustment according to "Turkish Accounting Standard for Financial Reporting in Hyperinflationary Economies" ("TAS 29") until 31 December 2004. With the, Banking Regulation and Supervision Agency Decree, No. 1623 dated 21 April 2005 and Circular, dated 28 April 2005, it was announced that the indicators requiring implementation of inflation accounting were obsolete and inflation accounting has no longer been used since 1 January 2005.

##### 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 which mainly comprises deposits. The investment instruments are generally chosen from liquid instruments. Thus, liquidity is sustained to meet liabilities. As of the balance sheet date, the Bank's asset and shareholder's equity structure is sufficient to meet its liabilities.

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

## ING Bank A.Ş.

# Notes to the unconsolidated financial statements for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

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

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.

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

Explanations on foreign currency transactions:

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

Profit and loss items of the foreign branch of the Bank are converted to TL at the average rate. Foreign currency conversion differences are accounted in the period profit and loss in accordance with "Accounting Standard on the Effects of Changes in Foreign Exchange Rates" ("TAS 21").

### III. Explanations on investments in associates and subsidiaries

The unconsolidated investments in subsidiaries are accounted for in accordance with the Turkish Accounting Standard 27 (TAS 39) "Separate Financial Statements". Investments in companies quoted in organized markets and for which their fair values can be reliably determined, are valued at their fair values. Others are valued at costs reduced by provisions for impairment losses, if any, in the accompanying financial statements.

### 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. The derivative instruments are accounted at their fair values as of the contract date and subsequently revalued at fair value in the following reporting periods. Fair value of derivative instruments are calculated by considering the fair values in the market or through discounted cash flow method.

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

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

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

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

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

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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.

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

#### VI. Explanations on fee and commission income and expenses

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

#### VII. Explanations on financial assets

##### a. Financial assets at fair value through profit or loss

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

- (i) Trading financial assets are securities classified in this category for the purposes of short term profit making through sale or buy back in the near future. Derivative financial instruments are classified under trading financial assets unless they are designated as derivative financial assets held for hedging. Accounting of derivative financial instruments is explained in section three note IV.
- (ii) The financial assets classified as financial assets designated at fair value through profit or loss in the initial recognition by the Bank. The Bank does not have any financial instruments that are classified as financial assets designated at fair value through profit or loss in the initial recognition.

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

##### b. Available for sale financial assets

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

##### c. Held-to-maturity financial assets

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

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(Currency - Thousands of TL)

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**VII. Explanations on financial assets (continued)**

**ç. Loans and receivables**

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

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

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

**VIII. Explanations on impairment of financial assets**

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

**a. Loans and receivables**

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

If there is any indication that loans will not be collected, the Bank classifies such loans in group III, IV and V loans and sets aside provisions for such amounts in accordance with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside" promulgated in the Official Gazette No. 26333, dated 1 November 2006. Interest income accruals for such loans are reversed through the income statement. The collections related to these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

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

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

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

The Bank sets aside general provisions in accordance with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside" promulgated in the Official Gazette No. 26333, dated 1 November 2006.

**b. Held-to-maturity financial assets**

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

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### VIII. Explanations on impairment of financial assets (continued)

#### c. Available for sale financial assets

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

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

### IX. Explanations on offsetting financial assets

Financial assets and liabilities are shown on the balance sheet at their net amounts when the 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.

### X. Explanations on sales and repurchase agreements and securities lending transactions

Marketable securities sold under repurchase agreements ("Repo") are classified as financial assets whose fair value difference is reflected on profit-loss, and which are available for sale or will be held to maturity, in parallel to the classification of financial instruments. Funds provided in return for repo transactions are recognized in the "funds provided by repo transactions" accounts. The income related to repurchase agreements 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".

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

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

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 income statement. 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 for the year ended 31 December 2016 (continued)

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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%

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

### XV. Explanations on provisions, contingent assets and liabilities

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

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

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

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**XVI. Explanations on obligations related to employee rights**

**a. Defined benefit plans**

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

The 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.

The Bank has no employees who are members of foundations, pensions and similar associations.

**b. Defined contribution plans**

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.

**c. Short-term employee benefits**

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

**XVII. Explanations on tax practices**

**a. Current tax**

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

In Turkey, the corporate tax rate is 20%. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. Pursuant to the tax legislation, an advance tax of 20% is calculated and paid based on earnings generated for each quarter. The amounts thus paid are deducted from the tax calculated over annual earning.

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

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

**b. Deferred tax**

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

In accordance with "Turkish Accounting Standard on Income Taxes" ("TAS 12") and the changes stated in BRSA circular, No. BDDK. DZM.2/13/1-a-3, dated 8 December 2004 and according to tax legislation the Bank calculates deferred tax liability on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable. Deferred tax assets and liabilities are shown in the financial statements on a net basis.

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

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

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



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**XVIII. Explanations on borrowings**

The Bank recognizes its payables in accordance with the "Financial Instruments: Recognition and Measurement ("TAS 39")".

**XIX. Explanation on issuance of equity securities**

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

**XX. Explanations on letters of acceptances**

The 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 grants**

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 IX of Section Four.

**XXIII. Explanations on other matters**

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

**Section four**

**Information related to unconsolidated financial position and risk management**

**I. Explanations on unconsolidated capital adequacy ratio**

**Information about capital items**

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 31 December 2016 the Bank's total capital is TL 8,261,167 and the capital adequacy ratio is 17.66%. As of 31 December 2015, the Bank's total capital amounted to TL 7,214,793 and capital adequacy ratio was 15.77% calculated pursuant to former regulations.

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**I. Explanations on unconsolidated capital adequacy ratio (continued)**

Information about capital items (continued)

	Current period	Amount related to implementation before 01.01.2014 <sup>(*)</sup>
<b>COMMON EQUITY Tier 1 Capital</b>		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	807,989	
Other comprehensive income according to TAS	91,960	
Profit	571,161	
Net profit for the period	571,161	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
<b>Common equity tier 1 capital before deductions</b>	<b>4,957,378</b>	
<b>Deductions from common equity</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	-	
Leasehold improvements on operational leases (-)	25,035	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	26,684	44,473
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 1 Capital	-	
Shares obtained contrary to the 4 <sup>th</sup> clause of the 56 <sup>th</sup> 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 (-)	-	

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**I. Explanations on unconsolidated capital adequacy ratio (continued)**

**Information about capital items (continued)**

	Current period	Amount related to implementation before 01.01.2014 <sup>(1)</sup>
Amounts exceeding 15% of the common equity as per the 2 <sup>nd</sup> 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 (-)	-	
<b>Total deductions from common equity tier 1 capital</b>	<b>51,719</b>	
<b>Total common equity tier 1 capital</b>	<b>4,905,659</b>	
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity tier 1 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)	-	
<b>Additional Tier 1 capital before deductions</b>	<b>-</b>	
<b>Deductions from additional Tier 1 capital</b>	<b>-</b>	
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 1 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 1 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 1 capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	17,789	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier 1 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 (-)	-	
<b>Total deductions from additional Tier I capital</b>	<b>-</b>	
<b>Total additional Tier I capital</b>	<b>-</b>	
<b>Total Tier I capital (Tier 1 Capital = Common Equity + Additional Tier 1 Capital)</b>	<b>4,887,870</b>	

<sup>(1)</sup> 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 adequacy ratio (continued)**

Information about capital items (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
<b>TIER II CAPITAL</b>		
Bank's borrowing instruments and issue premiums	2,403,321	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	450,000	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	538,417	
<b>Tier II Capital Before Deductions</b>	<b>3,391,738</b>	
<b>Deductions From Tier II Capital</b>		
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 1 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 (-)	-	
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	
<b>Total Tier II Capital</b>	<b>3,391,738</b>	
<b>Total capital (the sum of tier i capital and tier ii capital)</b>	<b>8,279,608</b>	
<b>Total of core capital and additional capital (total equities)</b>		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	586	
Other items to be defined by the BRSA (-)	17,855	
<b>Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period</b>		
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 (-)	-	

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### I. Explanations on unconsolidated capital adequacy ratio (continued)

#### Information about capital items (continued)

	Current period	Amount related to implementation before 01.01.2014 <sup>(*)</sup>
<b>TOTAL CAPITAL</b>		
Total Capital	8,261,167	
Total risk weighted amounts	46,793,259	
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio 13,51%	10.48	
Tier 1 Capital Adequacy Ratio	10.45	
Capital Adequacy Ratio	17.66	
<b>BUFFERS</b>		
Total buffer requirement	5.130	
Capital protection buffer requirement	0.625	
Bank specific cyclical buffer requirement 0,01%	0.005	
The ratio of Additional Common Equity Tier 1 capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	4.484	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
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	29,559	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	581,083	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	538,417	
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	-	
<b>Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
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	-	

<sup>(\*)</sup> 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 adequacy ratio (continued)**

Information about capital items (continued)

	Prior period <sup>(1)</sup>
<b>COMMON EQUITY TIER I CAPITAL</b>	
Paid-in capital to be entitled for compensation after all creditors	3,486,268
Share premium	-
Share cancellation profits	-
Reserves	695,326
Gains recognized in equity as per TAS	25,351
Profit	114,534
Current period profit	114,534
Prior period profit	-
Provisions for possible losses	-
Bonus shares from associates, subsidiaries and joint ventures that are not recognized in profit	-
<b>Common equity Tier I Capital before deductions</b>	<b>4,321,479</b>
<b>Deductions from common equity</b>	
Net loss for the prior year losses and uncovered portion of the total reserves and losses recognized under equity in accordance with TAS (-)	(5,630)
Leasehold improvements on operational leases (-)	(28,974)
Goodwill or other intangible assets and related deferred tax liability (-)	(11,788)
Net deferred tax asset/liability (-)	-
Shares obtained contrary to the 4 <sup>th</sup> paragraph of Article 56 of the law (-)	-
Direct and indirect investments of the Bank in its own common equity (-)	-
Portion of net long positions of investments made in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital, exceeding 10% of common equity of the Bank (-)	-
Portion of net long positions of investments made in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital, exceeding 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 (-)	-
Amount exceeding 15% of the common equity as per the 2nd paragraph of 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 unconsolidated banks and financial institutions 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 additional Tier I capital or Tier II capital is not available (-)	-
<b>Total deductions from common equity</b>	<b>(46,392)</b>
<b>Total common equity</b>	<b>4,275,087</b>

<sup>(1)</sup> Capital of the prior period has been calculated pursuant to former regulation.

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**I. Explanations on unconsolidated capital adequacy ratio (continued)**

Information about capital items (continued)

	Prior period <sup>(1)</sup>
<b>ADDITIONAL TIER I CAPITAL</b>	
Capital amount and related premiums corresponding to preference shares that are not included in common equity	-
Bank's borrowing instruments and related issuance premium (issued/obtained after 1.1.2014)	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014)	-
Share of third parties in the Tier II Capital	-
<b>Additional Tier I capital before deductions</b>	-
<b>Deductions from additional Tier I capital</b>	
Direct and indirect investments of the Bank in Tier I capital (-)	-
Portion of the total of net long positions of investments made in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued common share capital, exceeding 10% of common equity of the Bank (-)	-
Portion of the total of net long positions of investments made in additional Tier I capital and Tier II capital items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued common share capital exceeding 10% of common equity of the Bank (-)	-
Other items to be defined by the BRSA (-)	-
Deductions to be made from common equity in case additional Tier I capital or Tier II is not available (-)	-
<b>Total deductions from additional Tier I capital</b>	-
<b>Total additional Tier I capital</b>	-
<b>Deductions from Tier I capital</b>	<b>(17,682)</b>
Portion of goodwill and other intangible assets and the related deferred tax liabilities not deducted from the common equity as per the 1 <sup>st</sup> paragraph of Provisional Article 2 of the Regulation on the Equity of Banks (-)	(17,682)
Portion of net deferred tax assets/liabilities not deducted from the common equity pursuant to the 1 <sup>st</sup> paragraph of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
<b>Total Tier I capital</b>	<b>4,257,405</b>
<b>TIER II CAPITAL</b>	
Debts and related issuance premium (issued/obtained after 1.1.2014)	2,032,010
Debts and related issuance premium (issued/obtained before 1.1.2014)	450,000
Pledged assets of shareholders used in capital increases of the Bank	-
General loan loss provisions	526,073
<b>Tier II capital before deductions</b>	<b>3,008,083</b>
<b>Deductions from Tier II capital</b>	
Direct and indirect investments of the Bank in its own Tier II capital (-)	-
Portion of the total of net long positions of investments made in Common Equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued common share capital, exceeding 10% of common equity of the Bank (-)	-
Portion of the total of net long positions of investments made in additional Tier I and Tier II capital items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued common share capital exceeding 10% of common equity of the Bank (-)	-
Other items to be defined by the BRSA (-)	-
<b>Total deductions from Tier II capital</b>	-

<sup>(1)</sup> Capital of the prior period has been calculated pursuant to former regulation.



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**I. Explanations on unconsolidated capital adequacy ratio (continued)**

Information about capital items (continued)

	Prior period <sup>(1)</sup>
<b>Total Tier II capital</b>	<b>3,008,083</b>
<b>I. Capital before deductions</b>	<b>7,265,488</b>
Loans granted contrary to Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years(-)	(426)
Loans granted to banks and financial institutions, including those established abroad, and to qualified shareholders and investments made in the borrowing instruments issued by them (-)	-
Loans granted to banks and financial institutions, including those established abroad, and to qualified shareholders of the Bank and investments made in the borrowing instruments issued by them (-)	-
Other items to be defined by the BRSA (-)	(50,269)
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 more 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 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 (-)	-
<b>TOTAL CAPITAL</b>	<b>7,214,793</b>
<b>Amounts below the excess limits as per the deduction principles</b>	
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	-
Amounts arising from mortgage servicing rights	-
Amounts arising from deferred tax assets based on temporary differences	26,809

<sup>(1)</sup> Capital of the prior period has been calculated pursuant to former regulation.

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**I. Explanations on unconsolidated capital adequacy ratio (continued)**

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

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-	-	-	-
Governing law(s) of the instrument	BRSA Supplementary capital	BRSA Supplementary capital	BRSA Supplementary capital	BRSA Supplementary capital	BRSA Supplementary capital
Regulatory treatment					
Subject to 10% deduction as of 1/1/2015	No	No	No	No	No
Eligible at stand-alone/ consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	TL 250 million	TL 200 million	USD 102 million (TL 359 million) and EUR 90 million (TL 334 million)	USD 91 million (TL 320 million) and EUR 85 million (TL 315 million)	USD 62 million (TL 218 million) and EUR 231 million (TL 857 million)
Par value of instrument (Currency in million)	TL 250 million	TL 200 million	USD 102 million (TL 359 million) and EUR 90 million (TL 334 million)	USD 91 million (TL 320 million) and EUR 85 million (TL 315 million)	USD 62 million (TL 218 million) and EUR 231 million (TL 857 million)
Accounting classification	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Original date of issuance	21 December 2012	19 December 2013	11 March 2014	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	51 years	51 years	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year	5th year	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	After 5th year	After 5th year	After 5th year
Coupons/ dividends	-	-	-	-	-
Fixed or floating dividend/ coupon	Floating	Floating	Floating	Floating	Floating
Coupon rate and any related index	USD/TL Swap rate+ 3.01%	USD/TL Swap rate+ 2.86%	Libor+2.775% and Euribor+2.29%	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%

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**I. Explanations on unconsolidated capital adequacy ratio (continued)**

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

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Existence of a dividend stopper	-	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-	-
Existence of step up or other incentive to redeem	None	None	None	None	None
Noncumulative or cumulative	-	-	-	-	-
Convertible or non-convertible	None	None	None	None	None
If convertible, conversion trigger(s)	-	-	-	-	-
If convertible, fully or partially	-	-	-	-	-
If convertible, conversion rate	-	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-	-
Write-down feature	None	None	None	None	None
If write-down, write-down trigger(s)	-	-	-	-	-
If write-down, full or partial	-	-	-	-	-
If write-down, permanent or temporary	-	-	-	-	-

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**I. Explanations on unconsolidated capital adequacy ratio (continued)**

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

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
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 1 subdebt, same with TIER 2	After the senior creditors primary subordinated loans and before the TIER 1 subdebt, same with TIER 2	After the senior creditors primary subordinated loans and before the TIER 1 subdebt, same with TIER 2	After the senior creditors primary subordinated loans and before the TIER 1 subdebt, same with TIER 2	After the senior creditors primary subordinated loans and before the TIER 1 subdebt, same with TIER 2
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None	None	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-	-	-	-

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**I. Explanations on unconsolidated capital adequacy ratio (continued)**

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation <sup>(*)</sup>
Shareholders' equity	5,055,922	5,055,922
Gains from cash flow hedge transactions	98,544	(98,544)
Leasehold improvements on operational leases	25,035	(25,035)
Goodwill and intangible assets	44,473	(26,684)
General provision	581,083	538,417
Subordinated debt	2,881,199	2,853,321
Other deductions from shareholders' equity	36,230	(36,230)
<b>Capital</b>		<b>8,261,167</b>

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

**II. Explanations on unconsolidated credit risk**

1. The Bank's credit risk management strategy consists of limit settings within legal limitations, conservative credit allocation structure, proper documentation structure in line with the standards and strong monitoring and follow-up systems. Risk management strategy also includes sector-specific, currency and customer diversification. With the credit evaluations and monthly reporting to the top level management, loans having high exposures and factors that may cause deterioration in the loan quality are closely monitored, preventing the credit quality to decrease. Additionally, various analysis about concentration risks is made for monitoring portfolio risk as well as within the scope of Internal Capital Adequacy Assessment Process ("ICAAP") and these activities are supported by stress tests. The sectoral distributions of loans are reported monthly and can be limited according to the conjunctions. However, geographical limitation is not implemented. Documentation for risk management strategy is revised at least once a year under the supervision of the Audit Committee.

As prescribed in the related legislation, the credit worthiness of the debtors is monitored regularly. The credit limits are determined by the Board of Directors, the Bank's Credit Committee and other related credit departments. The account statements related to given loans are obtained and reviewed as prescribed in the legislation. The Bank receives sufficient collateral for the loans given and other receivables. The received collaterals comprise of personal and legal entity guarantees, pledge of vehicle, mortgages, cash blockage and customer checks.

Loans that have overdue principal, interest or both for less than 90 days after the maturity or due date are considered past due loans by the Bank. Loans that have overdue principal, interest or both for more than 90 days after the maturity or due date or the debtors of which are deemed unworthy by the Bank are considered impaired loans.

The Bank calculates general loan loss provision for past due loans and special provision for impaired loans in accordance with the "Regulation on Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables".

The sum of risk exposures that are offset and for which credit risk mitigation is not applied are presented monthly to the Audit Committee per different risk categories and types and monthly, periodically and annual changes are monitored by the senior management.

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## II. Explanations on unconsolidated credit risk (continued)

Risk classifications	Current period <sup>(*)</sup>	Average
Claims on sovereigns and Central Banks	8,846,778	9,860,462
Claims on regional governments or local authorities	267,382	321,433
Claims on administrative bodies and other non-commercial undertakings	1	1
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	6,568,945	4,716,344
Claims on corporates	21,664,790	20,695,168
Claims included in the regulatory retail portfolios	16,605,238	14,343,860
Claims secured by residential property	5,384,500	5,609,124
Past due loans	107,876	127,439
Higher risk categories decided by the Board	330,381	1,725,444
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 investments	108,141	42,039
Other receivables	1,875,477	1,885,492
<b>Total</b>	<b>61,759,509</b>	<b>59,326,806</b>

<sup>(\*)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

2. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.

3. Related to forward transactions, options and similar agreements, the bank operates the daily collateral management policies in accordance with ISDA agreements (CSA) and where needed the credit exposure is decreased by the usage of rights and performing of the acts.

4. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

When there is an issue or it is evaluated that the company might have an issue on repayments of the loan that are given in Corporate, Commercial, SME Banking segments, such companies have been transferred to Credits Restructuring and Recovery Group. The rating of all companies that were transferred to Credits Restructuring and Recovery Group have been reassessed. As a rule, the rating of the company has been decreased at the time of transfer, company's rescheduling decision has been reconsidered and after decision is made the monitoring methods in the legislation have been applied. Existing ratings of the companies that are in legal follow up and are not rescheduled have been decreased again. On the other hand, companies that have issues on their financial positions or business operations but not rescheduled, have been monitored closely in terms of company operations and cash flows.

The Bank considers that long-term commitments are more exposed to credit risk than short-term commitments, and risk decomposition has been made according to that.

5. Transactions in foreign countries have been made with many corresponding banks in many countries. Counterparty limits for the possible risk of the transactions with other banks have been determined. Credit risks have been managed according to credit worthiness and limits of the counter party.

The Bank does not have any material credit risk concentration as an active participant of international banking market when considered with financial operations of other financial institutions.

6. The proportion of the Bank's top 100 and 200 cash loan balances in total cash loans is 19% and 26% respectively (31 December 2015: 19% and 25%).

The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 79% and 84% (31 December 2015: 69% and 76%).

The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans 36% and 42% (31 December 2015: 30% and 36%).

7. The Bank provided a general loan loss provision amounting to TL 581,083 (31 December 2015: TL 553,780).

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## II. Explanations on unconsolidated credit risk (continued)

### 8. Amount of profile on significant risks in significant regions

#### Profile on significant risks in significant regions <sup>(\*)</sup>

	Risk categories <sup>(**)</sup>						
	1	2	3	4	5	6	7
<b>Current period</b>							
Domestic	8,846,778	267,382	1	-	-	3,495,024	21,051,267
European Union Countries	-	-	-	-	-	2,547,939	407,072
OECD Countries <sup>(***)</sup>	-	-	-	-	-	32,009	-
Off- Shore banking regions	-	-	-	-	-	8,350	-
USA, Canada	-	-	-	-	-	362,576	-
Other Countries	-	-	-	-	-	123,047	-
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	206,451
Undistributed assets/ liabilities <sup>(****)</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>8,846,778</b>	<b>267,382</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>6,568,945</b>	<b>21,664,790</b>

	Risk categories <sup>(**)</sup>						
	1	2	3	4	5	6	7
<b>Prior period</b>							
Domestic	10,113,992	384,827	1	-	-	3,169,761	19,106,525
European Union Countries	-	-	-	-	-	1,621,482	151,715
OECD Countries <sup>(***)</sup>	-	-	-	-	-	328,922	-
Off- Shore banking regions	-	-	-	-	-	4,881	-
USA, Canada	-	-	-	-	-	295,478	-
Other Countries	7,117	-	-	-	-	79,244	350
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	164,683
Undistributed assets/ liabilities <sup>(****)</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>10,121,109</b>	<b>384,827</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>5,499,768</b>	<b>19,423,273</b>

<sup>(\*)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor

<sup>(\*\*)</sup> Risk categories that are defined in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks"

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims on corporates
- 8- Claims included in the regulatory retail portfolios
- 9- Claims secured by residential property
- 10- Past due loans
- 11- Higher risk categories decided by the Board
- 12- Secured by mortgages
- 13- Securitization positions
- 14- Short-term claims and short-term corporate claims on banks and intermediary institutions
- 15- Undertakings for collective investments in mutual funds
- 16- Equity security transactions
- 17- Other receivables

<sup>(\*\*\*)</sup> EU countries, OECD countries other than USA and Canada

<sup>(\*\*\*\*)</sup> Assets and liabilities that are not distributed according to a consistent principle

<sup>(\*\*\*\*\*)</sup> "Equity security transactions" has been added to the risk categories in the current period. Prior period balances are presented under "Other receivables".



Risk categories <sup>(*)</sup>										
8	9	10	11	12	13	14	15	16 <sup>(****)</sup>	17	Total
16,597,008	5,382,162	107,824	330,380	-	-	-	-	108,014	1,875,143	58,060,983
4,105	1,250	1	-	-	-	-	-	127	-	2,960,494
303	-	-	-	-	-	-	-	-	-	32,312
32	-	-	-	-	-	-	-	-	-	8,382
46	533	-	-	-	-	-	-	-	-	363,155
3,744	555	51	1	-	-	-	-	-	-	127,398
-	-	-	-	-	-	-	-	-	334	206,785
-	-	-	-	-	-	-	-	-	-	-
<b>16,605,238</b>	<b>5,384,500</b>	<b>107,876</b>	<b>330,381</b>	-	-	-	-	<b>108,141</b>	<b>1,875,477</b>	<b>61,759,509</b>

Risk categories <sup>(*)</sup>										
8	9	10	11	12	13	14	15	16 <sup>(****)</sup>	17	Total
11,536,530	5,653,276	157,506	4,833,389	-	-	-	-	-	1,534,395	56,490,202
3,537	1,131	7	3,278	-	-	-	-	-	109	1,781,259
66	196	-	-	-	-	-	-	-	-	329,184
25	-	-	28	-	-	-	-	-	-	4,934
64	125	-	-	-	-	-	-	-	32,762	328,429
6,959	295	230	5,234	-	-	-	-	-	-	99,429
-	-	-	-	-	-	-	-	-	95,907	260,590
-	-	-	-	-	-	-	-	-	-	-
<b>11,547,181</b>	<b>5,655,023</b>	<b>157,743</b>	<b>4,841,929</b>	-	-	-	-	-	<b>1,663,173</b>	<b>59,294,027</b>

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## II. Explanations on unconsolidated credit risk (continued)

### 9. Risk profile according to sectors and counterparties<sup>(1)</sup>

Current period	Risk categories <sup>(2)</sup>							
	1	2	3	4	5	6	7	8
Agriculture	-	-	-	-	-	-	197,406	116,027
Farming and raising livestock	-	-	-	-	-	-	111,656	92,364
Forestry	-	-	-	-	-	-	24,310	16,776
Fishing	-	-	-	-	-	-	61,440	6,887
Manufacturing	-	-	-	-	-	-	10,451,005	1,934,291
Mining	-	-	-	-	-	-	1,670,125	79,492
Production	-	-	-	-	-	-	8,413,115	1,823,171
Electricity, gas, water	-	-	-	-	-	-	367,765	31,628
Construction	-	-	-	-	-	-	1,310,389	437,208
Services	6,224,608	-	1	-	-	6,559,851	9,558,106	3,637,719
Wholesale and retail trade	-	-	-	-	-	-	3,913,757	2,904,393
Hotel food, beverage services	-	-	-	-	-	-	661,381	116,848
Transportation and telecommunication	-	-	-	-	-	-	1,810,687	342,902
Financial Institutions	6,224,605	-	-	-	-	6,559,851	928,714	27,375
Real Estate and renting service	-	-	-	-	-	-	881,099	56,416
Self-employment service	3	-	-	-	-	-	977,129	126,198
Education services	-	-	-	-	-	-	87,373	17,918
Health and social services	-	-	1	-	-	-	297,966	45,669
Other	2,622,170	267,382	-	-	-	9,094	147,884	10,479,993
<b>Total</b>	<b>8,846,778</b>	<b>267,382</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>6,568,945</b>	<b>21,664,790</b>	<b>16,605,238</b>

<sup>(1)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

<sup>(2)</sup> Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims on corporates
- 8- Claims included in the regulatory retail portfolios
- 9- Claims secured by residential property
- 10- Past due loans
- 11- Higher risk categories decided by the Board
- 12- Secured by mortgages
- 13- Securitization positions
- 14- Short-term claims and short-term corporate claims on banks and intermediary institutions
- 15- Undertakings for collective investments in mutual funds
- 16- Equity security transactions
- 17- Other receivables

<sup>(3)</sup> "Equity security transactions" has been added to the risk categories in the current period. Prior period balances are presented under "Other receivables".

	9	10	11	12	13	14	15	16 (**)	17	TL	FC	Total
	72,523	-	1,889	-	-	-	-	-	-	232,960	154,885	387,845
	64,064	-	963	-	-	-	-	-	-	180,396	88,651	269,047
	7,150	-	872	-	-	-	-	-	-	44,107	5,001	49,108
	1,309	-	54	-	-	-	-	-	-	8,457	61,233	69,690
	1,324,515	-	99,853	-	-	-	-	-	-	4,298,722	9,510,942	13,809,664
	103,488	-	11,253	-	-	-	-	-	-	166,728	1,697,630	1,864,358
	1,211,236	-	85,538	-	-	-	-	-	-	3,912,083	7,620,977	11,533,060
	9,791	-	3,062	-	-	-	-	-	-	219,911	192,335	412,246
	153,833	-	15,629	-	-	-	-	-	-	955,610	961,449	1,917,059
	2,368,921	-	197,806	-	-	-	-	5,640	334	13,445,291	15,107,695	28,552,986
	1,063,957	-	180,980	-	-	-	-	-	-	6,324,035	1,739,052	8,063,087
	1,040,221	-	4,077	-	-	-	-	-	-	507,332	1,315,195	1,822,527
	109,821	-	5,821	-	-	-	-	-	-	782,554	1,486,677	2,269,231
	10,104	-	1,498	-	-	-	-	5,640	334	4,937,803	8,820,318	13,758,121
	24,357	-	2,466	-	-	-	-	-	-	479,293	485,045	964,338
	40,862	-	1,745	-	-	-	-	-	-	258,385	887,552	1,145,937
	37,999	-	212	-	-	-	-	-	-	73,494	70,008	143,502
	41,600	-	1,007	-	-	-	-	-	-	82,395	303,848	386,243
	1,464,708	107,876	15,204	-	-	-	-	102,501	1,875,143	16,577,069	514,886	17,091,955
	<b>5,384,500</b>	<b>107,876</b>	<b>330,381</b>	-	-	-	-	<b>108,141</b>	<b>1,875,477</b>	<b>35,509,652</b>	<b>26,249,857</b>	<b>61,759,509</b>

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## II. Explanations on unconsolidated credit risk (continued)

### 10. Term distribution of risks with term structure <sup>(\*)</sup>

Risk categories	Time to maturity					Demand	Unallocated	Total
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year			
Conditional and unconditional receivables from central governments and Central Banks	6,224,604	-	-	1,012,703	1,532,982	76,489	-	8,846,778
Conditional and unconditional receivables from regional or local governments	-	-	-	-	267,382	-	-	267,382
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	1	-	1
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	2,061,483	570,125	419,165	827,196	2,543,068	147,908	-	6,568,945
Conditional and unconditional receivables from corporates	1,269,864	1,571,315	1,485,064	2,873,597	10,474,089	3,990,861	-	21,664,790
Conditional and unconditional receivables from retail portfolios	447,643	1,361,807	1,229,800	1,926,715	9,793,169	1,846,104	-	16,605,238
Conditional and unconditional receivables secured by mortgages	46,487	166,196	168,321	238,588	3,855,004	909,904	-	5,384,500
Past due receivables	-	-	-	-	-	-	107,876	107,876
Receivables defined under high risk category by BRSA	-	-	-	-	-	330,381	-	330,381
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	108,141	-	108,141
Other receivables	-	-	-	-	-	-	1,875,477	1,875,477
<b>Total</b>	<b>10,050,081</b>	<b>3,669,443</b>	<b>3,302,350</b>	<b>6,878,799</b>	<b>28,465,694</b>	<b>7,409,789</b>	<b>1,983,353</b>	<b>61,759,509</b>

<sup>(\*)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

### 11. Explanations on risk categories as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks

In determining the risk weights of the risk classes mentioned in article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, the ratings provided by international credit rating firm Fitch is used in the Credit Risk Based Amount calculations as of 31 December 2016. Fitch ratings are used for banks asset class, limited with the receivables resident abroad. Furthermore, Fitch rates are used for foreign currency securities issued by Treasury and other foreign currency risks that are associated with Central governments.

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### II. Explanations on unconsolidated credit risk (continued)

Below is the table on the credit quality level matching of the ratings used in calculations stated in the Regulation on Measurement and Assessment of Capital Adequacy of Banks.

Credit quality level	1	2	3	4	5	6
Fitch rating note	AAA and AA-	A+ and A-	BBB+ and BBB-	BB+ and BB-	B+ and B-	CCC+ and below

### Risk amounts based on risk weights

	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from equity
Amount before credit risk mitigation	4,010,425	-	2,248,844	-	10,868,043	19,324,170	25,182,888	125,139	-	-	-	70,160
Amount after credit risk mitigation	4,010,425	-	928,230	2,003,503	13,689,711	16,412,320	22,844,711	125,139	-	-	-	70,160

### 12. Miscellaneous information regarding important sectors or counterparty type

Loans that have overdue principal, interest or both for less than 90 days after the maturity or due date are considered past due loans by the Bank. Loans that have overdue principal, interest or both for more than 90 days after the maturity or due date or the debtors of which are deemed unworthy by the Bank are considered impaired loans.

The Bank calculates general loan loss provision for past due loans and special provision for impaired loans in accordance with the "Regulation on Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables".

Important sectors	Loans		Value adjustments	Provisions
	Impaired	Past due		
Agriculture	12,026	1,535	40	10,138
Farming and raising livestock	9,024	1,431	37	8,062
Forestry	1,751	104	3	880
Fishing	1,251	-	-	1,196
Manufacturing	222,790	79,196	2,466	122,938
Mining	23,959	2,731	56	12,707
Production	193,658	74,964	2,359	108,120
Electricity, gas, water	5,173	1,501	51	2,111
Construction	61,723	15,542	347	46,095
Services	481,347	147,505	4,073	283,540
Wholesale and retail trade	423,206	105,309	2,946	242,224
Hotel food, beverage services	12,915	9,487	281	8,838
Transportation and telecommunication	24,767	22,348	604	18,946
Financial institutions	4,135	783	21	2,638
Real estate and lending service	5,533	1,903	37	3,067
Self-employment service	6,247	5,966	140	4,502
Education service	708	819	21	496
Health and social services	3,836	890	23	2,829
Other	609,837	1,119,534	47,487	486,755
<b>Total</b>	<b>1,387,723</b>	<b>1,363,312</b>	<b>54,413</b>	<b>949,466</b>

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## II. Explanations on unconsolidated credit risk (continued)

### 13. Information related to value adjustments and credit provisions

	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments <sup>(*)</sup>	Closing balance
Special provisions	663,081	523,764	(237,379)	-	949,466
General provisions	553,780	27,382	(79)	-	581,083

<sup>(\*)</sup> Determined according to currency differences, merges, acquisitions and selling of subsidiaries.

### 14. Explanations about exposures subject to private sector

Country name	RWA calculations for private sector loans in banking book	RWA calculations for trading book
Turkey	37,783,437	242,068
United Kingdom	843,270	136,296
France	198,451	64,498
USA	136,799	18,532
Switzerland	111,272	-
Netherlands	63,748	23,457
Russian Federation	47,904	-
Belgium	34,009	-
Italy	19,628	-
Germany	18,834	64
Other	48,309	195

## III. 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 under the VaR limits. The results of measurements are shared periodically with senior management, Asset-Liability Committee, Audit Committee and the Board of Directors. On the other hand, currency risk is also taken into account in the capital adequacy ratio calculation as part of the market risk under the standard method.

The simple arithmetic average of USD and EUR buying rates of the Bank for the thirty days before the balance sheet date are 3.5024 (full TL) and 3.6882 (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 EURO
A. The Bank's "foreign exchange buying rates" (31 December 2016)	3.5200	3.7087
Previous days;		
30 December 2016	3.5200	3.7087
29 December 2016	3.5315	3.6901
28 December 2016	3.5473	3.6864
27 December 2016	3.5253	3.6846
26 December 2016	3.5100	3.6711

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### III. Explanation on unconsolidated currency risk (continued)

#### Information related to currency risk

	EURO	USD	Other FC	Total
<b>Current period</b>				
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	2,067,174	3,264,586	1,118,360	6,450,120
Banks	54,826	37,416	56,797	149,039
Financial assets at fair value through profit or loss (net)	3,990	4,031	-	8,021
Interbank money market placements	-	-	-	-
Available for sale financial assets (net)	128	102,067	-	102,195
Loans	9,026,692	2,953,101	6,445	11,986,238
Investments in associates, subsidiaries and joint ventures	-	334	-	334
Held to maturity investments (net)	-	-	-	-
Hedging derivative financial assets	-	5	-	5
Tangible assets (net)	-	-	-	-
Intangible assets (net)	-	-	-	-
Other assets	3,598	1,075	6	4,679
<b>Total assets</b>	<b>11,156,408</b>	<b>6,362,615</b>	<b>1,181,608</b>	<b>18,700,631</b>
<b>Liabilities</b>				
Bank deposit	1,518,995	406,735	2,293	1,928,023
Foreign currency deposits	2,481,016	3,290,424	140,470	5,911,910
Funds from interbank money market	-	-	-	-
Borrowings	7,166,280	8,431,288	436	15,598,004
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	4,635	27,796	355	32,786
Hedging derivative financial liabilities	5,444	-	-	5,444
Other liabilities	14,219	11,822	231	26,272
<b>Total liabilities</b>	<b>11,190,589</b>	<b>12,168,065</b>	<b>143,785</b>	<b>23,502,439</b>
<b>Net on balance sheet position</b>	<b>(34,181)</b>	<b>(5,805,450)</b>	<b>1,037,823</b>	<b>(4,801,808)</b>
<b>Net off-balance sheet position</b>	<b>39,510</b>	<b>5,879,669</b>	<b>(1,036,949)</b>	<b>4,882,230</b>
Financial derivative assets	4,991,207	14,273,754	2,083,929	21,348,890
Financial derivative liabilities	4,951,697	8,394,085	3,120,878	16,466,660
<b>Non-cash loans</b>	<b>5,658,993</b>	<b>5,385,451</b>	<b>229,892</b>	<b>11,274,336</b>
<b>Prior period</b>				
<b>Total assets</b>	<b>9,652,010</b>	<b>7,635,331</b>	<b>753,431</b>	<b>18,040,772</b>
<b>Total liabilities</b>	<b>11,592,925</b>	<b>13,472,080</b>	<b>103,675</b>	<b>25,168,680</b>
<b>Net on-balance sheet position</b>	<b>(1,940,915)</b>	<b>(5,836,749)</b>	<b>649,756</b>	<b>(7,127,908)</b>
<b>Net off-balance sheet position</b>	<b>2,001,441</b>	<b>5,836,412</b>	<b>(649,341)</b>	<b>7,188,512</b>
Financial derivative assets	8,010,312	11,396,669	205,547	19,612,528
Financial derivative liabilities	6,008,871	5,560,257	854,888	12,424,016
<b>Non-cash loans</b>	<b>3,943,164</b>	<b>3,530,355</b>	<b>424,230</b>	<b>7,897,749</b>



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### III. Explanation on unconsolidated currency risk (continued)

In the foreign currency risk table:

The principal amount of TL 2,254,259 (31 December 2015: TL 2,225,942) and rediscount amount of TL 391,946 (31 December 2015: TL 226,352) of foreign currency indexed loans are shown under loans line.

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 241,147 (31 December 2015: TL 95,829)

Prepaid expenses: TL 38 (31 December 2015: TL 70)

Held-for trading derivative financial liabilities: TL 192,797 (31 December 2015: TL 93,700)

Hedge Funds (Effective Portion): TL 88,826 (31 December 2015: TL 27,673)

Interest rate swap (buy) transactions and options (buy): TL 2,623,749 (31 December 2015: TL 2,749,858)

Interest rate swap (sell) transactions and options (sell): TL 2,623,749 (31 December 2015: TL 2,749,858)

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

Forward foreign currency-buy transactions: TL 797,588 (31 December 2015: TL 251,383)

Forward foreign currency-sell transactions: TL 644,106 (31 December 2015: TL 197,442)

### Sensitivity to currency risk

Table below shows the sensitivity of the Bank to a 10% change in USD and EURO rates.

	Percentage change in exchange rates	Effect on profit/ loss before tax		Effect on equity <sup>(1)</sup>	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
USD	10% increase	7,422	(34)	9,406	(6)
USD	10% decrease	(7,422)	34	(9,406)	6
EURO	10% increase	533	6,053	(523)	2,118
EURO	10% decrease	(533)	(6,053)	523	(2,118)

<sup>(1)</sup> Represents effect on equity excluding profit/loss before tax.

### IV. 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, sensitivity limit against interest rate shocks has been determined under trading books and banking books. Capital requirement relating to market risk is calculated through the Standard Method according to Basel II.

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

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

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#### IV. 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)

	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
<b>Current period</b>							
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey.	6,218,315	5,833	-	-	-	641,497	6,865,645
Due from other banks and financial institutions	3,709	1,648	4,000	-	-	146,306	155,663
Financial assets at fair value through profit and loss	117,237	293,049	114,336	9,239	-	32	533,893
Money market placements	1,775,677	-	-	-	-	-	1,775,677
Available-for-sale financial assets	588,055	518,531	1,439,100	-	-	108,141	2,653,827
Loans and receivables	6,726,997	4,282,801	10,157,311	11,149,099	2,062,482	438,257	34,816,947
Held-to-maturity investments	-	-	-	-	-	-	-
Other assets (*)	565,819	1,227,404	-	-	-	1,092,785	2,886,008
<b>Total assets</b>	<b>15,995,809</b>	<b>6,329,266</b>	<b>11,714,747</b>	<b>11,158,338</b>	<b>2,062,482</b>	<b>2,427,018</b>	<b>49,687,660</b>
<b>Liabilities</b>							
Bank deposits	283,180	21	-	-	-	1,654,819	1,938,020
Other deposits	19,320,763	725,453	347,153	120	-	2,885,776	23,279,265
Money market borrowings	126,507	60	-	-	-	-	126,567
Miscellaneous payables	-	-	-	-	-	336,603	336,603
Securities issued	-	246,634	-	-	-	-	246,634
Funds provided from other financial institutions	1,650,840	10,240,402	1,900,067	2,621,361	247,275	-	16,659,945
Other liabilities (**)	143,502	203,933	259,403	8,105	-	6,485,683	7,100,626
<b>Total liabilities</b>	<b>21,524,792</b>	<b>11,416,503</b>	<b>2,506,623</b>	<b>2,629,586</b>	<b>247,275</b>	<b>11,362,881</b>	<b>49,687,660</b>
Balance sheet long position	-	-	9,208,124	8,528,752	1,815,207	-	19,552,083
Balance sheet short position	(5,528,983)	(5,087,237)	-	-	-	(8,935,863)	(19,552,083)
Off-balance sheet long position	2,389,391	8,243,436	-	-	-	-	10,632,827
Off-balance sheet short position	-	-	(3,128,825)	(4,981,471)	(820,909)	-	(8,931,205)
<b>Total position</b>	<b>(3,139,592)</b>	<b>3,156,199</b>	<b>6,079,299</b>	<b>3,547,281</b>	<b>994,298</b>	<b>(8,935,863)</b>	<b>1,701,622</b>

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#### IV. Explanations on unconsolidated interest rate risk (continued)

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

	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
<b>Prior period</b>							
<b>Assets</b>							
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey.	5,761,021	-	-	-	-	380,930	6,141,951
Due from other banks and financial institutions	1,045,248	-	-	-	-	77,272	1,122,520
Financial assets at fair value through profit and loss	191,905	149,116	80,061	17,885	8,368	3	447,338
Money market placements	650,191	-	-	-	-	-	650,191
Available-for-sale financial assets	621,988	693,962	1,727,428	-	-	39,082	3,082,460
Loans and receivables	7,604,788	2,897,141	7,425,085	12,783,570	4,096,784	397,285	35,204,653
Held-to-maturity investments	-	-	350	-	-	-	350
Other assets <sup>(*)</sup>	433,573	1,106,641	8,339	-	-	1,046,858	2,595,411
<b>Total assets</b>	<b>16,308,714</b>	<b>4,846,860</b>	<b>9,241,263</b>	<b>12,801,455</b>	<b>4,105,152</b>	<b>1,941,430</b>	<b>49,244,874</b>
<b>Liabilities</b>							
Bank deposits	32,009	2,003	-	-	-	1,539,355	1,573,367
Other deposits	17,612,857	1,586,488	142,578	74	-	2,733,613	22,075,610
Money market borrowings	1,355,925	-	-	-	-	-	1,355,925
Miscellaneous payables	-	-	-	-	-	320,387	320,387
Securities issued	15,941	183,910	37,701	-	-	-	237,552
Funds provided from other financial institutions	2,564,549	8,740,361	3,187,626	2,429,804	658,876	-	17,581,216
Other liabilities <sup>(**)</sup>	83,725	93,238	68,094	9,773	-	5,845,987	6,100,817
<b>Total liabilities</b>	<b>21,665,006</b>	<b>10,606,000</b>	<b>3,435,999</b>	<b>2,439,651</b>	<b>658,876</b>	<b>10,439,342</b>	<b>49,244,874</b>
Balance sheet long position	-	-	5,805,264	10,361,804	3,446,276	-	19,613,344
Balance sheet short position	(5,356,292)	(5,759,140)	-	-	-	(8,497,912)	(19,613,344)
Off-balance sheet long position	2,987,316	7,465,995	-	-	-	-	10,453,311
Off-balance sheet short position	-	-	(3,226,687)	(4,932,081)	(840,608)	-	(8,999,376)
<b>Total position</b>	<b>(2,368,976)</b>	<b>1,706,855</b>	<b>2,578,577</b>	<b>5,429,723</b>	<b>2,605,668</b>	<b>(8,497,912)</b>	<b>1,453,935</b>

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

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

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#### IV. Explanations on unconsolidated interest rate risk (continued)

##### 2. Average interest rates applied to monetary financial instruments by the Bank

	EURO (%)	USD (%)	Yen (%)	TL (%)
<b>Current period</b>				
<b>Assets</b>				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	0.75	-	3.31
Due from other banks and financial institutions	0.25	-	-	9.72
Financial assets at fair value through profit and loss	5.32	5.90	-	6.21
Money market placements	-	-	-	10.97
Financial assets available-for-sale	-	-	-	9.14
Loans and receivables	3.09	4.08	-	13.79
Held-to-maturity investments	-	-	-	-
<b>Liabilities</b>				
Bank deposits	(0.69)	0.94	-	-
Other deposits	0.50	1.72	-	8.56
Money market borrowings	-	-	-	8.49
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	9.98
Funds provided from other financial institutions	0.69	1.96	-	11.45
	<b>EURO (%)</b>	<b>USD (%)</b>	<b>Yen (%)</b>	<b>TL (%)</b>
<b>Prior period</b>				
<b>Assets</b>				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	0.49	-	3.81
Due from other banks and financial institutions	0.10	0.48	-	10.89
Financial assets at fair value through profit and loss	5.36	6.94	-	8.71
Money market placements	-	-	-	10.74
Financial assets available-for-sale	-	-	-	9.74
Loans and receivables	2.99	3.52	-	13.01
Held-to-maturity investments	-	-	-	6.50
<b>Liabilities</b>				
Bank deposits	-	-	-	9.33
Other deposits	1.51	1.53	0.05	10.12
Money market borrowings	-	-	-	7.50
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	11.07
Funds provided from other financial institutions	0.80	1.38	-	11.31

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#### V. 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 <sup>(1)</sup>	Market value
<b>Quoted</b>	<b>50</b>	<b>14</b>	<b>14</b>
Stock investments	50	14	14
<b>Not quoted</b>	<b>108,091</b>	<b>93,759</b>	<b>93,759</b>
Stock investments	108,091	93,759	93,759
<b>Financials subsidiaries</b>	<b>95,907</b>	<b>-</b>	<b>-</b>
Financials subsidiaries	95,907	-	-
<b>Prior period</b>	<b>Carrying value</b>	<b>Fair value <sup>(1)</sup></b>	<b>Market value</b>
<b>Quoted</b>	<b>44</b>	<b>15</b>	<b>15</b>
Stock investments	44	15	15
<b>Not quoted</b>	<b>39,038</b>	<b>32,762</b>	<b>32,762</b>
Stock investments	39,038	32,762	32,762
<b>Financials subsidiaries</b>	<b>95,907</b>	<b>-</b>	<b>-</b>
Financials subsidiaries	95,907	-	-

<sup>(1)</sup> 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

	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses	
		Total	Including into the additional capital	Total	Including into the additional capital
<b>Current period</b>					
Private equity investments	-	-	-	-	-
Shares traded on a stock exchange	-	5	-	5	-
Other stocks	35,238	60,992	-	62,052	-
<b>Total</b>	<b>35,238</b>	<b>60,997</b>	<b>-</b>	<b>62,057</b>	<b>-</b>

	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses	
		Total	Including into the supplementary capital	Total	Including into the supplementary capital
<b>Prior period</b>					
Private equity investments	-	-	-	-	-
Shares traded on a stock exchange	-	(5)	-	-	-
Other stocks	-	32,762	-	-	-
<b>Total</b>	<b>-</b>	<b>32,757</b>	<b>-</b>	<b>-</b>	<b>-</b>

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## Notes to the unconsolidated financial statements for the year ended 31 December 2016 (continued)

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### V. Explanations on equity securities position risk derived from unconsolidated banking books (devamı)

#### 4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private sector investments	-	-	-
Shares traded on a stock exchange	50	50	4
Other equity shares	203,998	108,091	8,647

Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private sector investments	-	-	-
Shares traded on a stock exchange	44	44	4
Other equity shares	134,945	39,038	3,123

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

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

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

**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 is managed by the Asset and Liability Board in the Bank, but Subsidiaries of the Bank manage Liquidity risk themselves. On the other hand, in order to make a central funding strategy, a funding plan including subsidiaries is established every year. 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. The Bank's subsidiaries borrowing facilities are provided by the Bank within the legal limits.

**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.

On the other hand, the Bank's funding capacity is monitored regularly, and shared with senior management once in a two week within the Asset and Liability Management Group-ALCO reporting. In this way, factors which may affect the ability to create additional funding can be followed closely and the validity of the funding estimates generation capacity can be monitored.

**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 Bank's liabilities are in TL, USD or EURO, and TL funds comprise of mainly equity, deposits and short-term bond issuance. The Bank's liquidity in TL is managed with repurchase agreements and short-term money market transactions carried out at CBRT/BIST using high quality securities owned by the Bank. While the main purpose is using liabilities in TL in funding TL assets, when necessary money swap transactions and FX funds are used in creating assets in TL within the limits set by the Board of Directors. Foreign currency funds are obtained through foreign exchange deposit accounts, foreign based and foreign currency loans. Liquidity shortage/surplus values are calculated daily by Asset and Liability Management Group and these values are reported in ALCO. On the other hand, the TL and FX liquidity coverage ratio is calculated on a daily basis, and shared with all units and senior management, and reported separately to ALCO. The Bank has TL/FX borrowing limits ready to use in Central Bank and other banks.

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

### d. Information on liquidity risk mitigation techniques

The first measure towards the mitigation of the liquidity risk as part of the budget process is planning the reduction of funding diversity and maturity mismatch. Within this context, syndication, other foreign funding, sources provided by the shareholders and other domestic funding opportunities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, emergency funding plan risk measurement metrics and early warning signals are continuously monitored and reported on a monthly basis to ALCO. The pre-determination and prevention of the liquidity risk are ensured through the alarms indicating actions to be taken according to the trigger level and which are defined by these metrics, actual inflows and outflows of deposits, stress testing, liquidity buffer level, the loan/ deposit ratio, legal and structural liquidity ratios and other similar measurement techniques.

### e. Information on the use of stress tests

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

### f. Overview on emergency and contingency liquidity situation plans

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

## 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	115.89	14 October 2016	181.23	9 December 2016
FC	74.44	14 October 2016	149.54	16 December 2016



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

Liquidity coverage ratio

Current period	Total unweighted value <sup>(*)</sup>		Total weighted value <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>High quality liquid assets</b>				
High quality liquid assets			7,057,140	4,456,284
<b>Cash Outflows</b>				
Real person and retail deposits	18,910,534	2,857,008	1,570,365	285,701
Stable deposits	6,413,768	-	320,688	-
Less stable deposits	12,496,766	2,857,008	1,249,677	285,701
Unsecured funding other than real person and retail deposits	6,314,837	4,035,838	4,243,661	2,894,275
Operational deposits	203,286	1,868	50,822	467
Non-operational deposits	5,009,702	3,541,834	3,099,937	2,401,672
Other unsecured debt	1,101,849	492,136	1,092,902	492,136
Secured funding			-	-
Other cash outflows	19,321,216	9,521,468	9,099,575	5,343,908
Derivative exposures and collateral completion liabilities	7,919,654	4,609,088	7,919,654	4,609,088
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,401,562	4,912,380	1,179,921	734,820
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
<b>Total cash outflows</b>			<b>14,913,601</b>	<b>8,523,884</b>
<b>Cash inflows</b>				
Secured lending	313,492	-	-	-
Unsecured lending	3,854,458	791,588	2,507,818	539,776
Other cash inflows	7,712,035	3,438,154	7,424,739	3,434,015
<b>Total cash inflows</b>	<b>11,879,985</b>	<b>4,229,742</b>	<b>9,932,557</b>	<b>3,973,791</b>
				<b>Total adjusted value</b>
Total high quality liquid assets stock			7,057,140	4,456,284
Total net cash outflows			4,981,044	4,550,093
<b>Liquidity coverage ratio (%)</b>			<b>142.97</b>	<b>100.93</b>

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

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

Prior period	Total unweighted value <sup>(*)</sup>		Total weighted value <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>High quality liquid assets</b>				
High quality liquid assets			6,683,208	4,482,024
<b>Cash Outflows</b>				
Real person and retail deposits	18,367,694	5,146,325	1,507,353	462,431
Stable deposits	6,588,334	1,044,034	329,417	52,202
Less stable deposits	11,779,360	4,102,291	1,177,936	410,229
Unsecured funding other than real person and retail deposits	6,522,728	4,212,336	4,622,280	3,168,000
Operational deposits	173,384	1,409	43,346	352
Non-operational deposits	4,869,480	3,484,724	3,105,745	2,443,421
Other unsecured debt	1,479,864	726,203	1,473,189	724,227
Secured funding			-	-
Other cash outflows	17,808,188	7,759,029	8,365,400	4,605,816
Derivative exposures and collateral completion liabilities	7,193,333	3,905,310	7,193,333	3,905,310
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	10,614,855	3,853,719	1,172,067	700,506
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
<b>Total cash outflows</b>			<b>14,495,033</b>	<b>8,236,247</b>
<b>Cash inflows</b>				
Secured lending	34,154	-	-	-
Unsecured lending	4,454,289	1,624,319	3,079,377	1,401,531
Other cash inflows	7,050,375	3,237,309	6,739,997	3,235,782
<b>Total cash inflows</b>	<b>11,538,818</b>	<b>4,861,628</b>	<b>9,819,374</b>	<b>4,637,313</b>
				<b>Total adjusted value</b>
Total high quality liquid assets stock			6,683,208	4,482,024
Total net cash outflows			4,675,659	3,598,934
<b>Liquidity coverage ratio (%)</b>			<b>144.12</b>	<b>124.97</b>

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

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### VI. 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 legal 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 as of and for the year 2016. 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 repo transactions issued by the Treasury and debt securities 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 available for sale security portfolio by repurchasing agreements or direct sales. Besides borrowing from the Parent Company in medium and long term, in order to manage concentration risk with respect to funding resources, the 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 stay in the Bank's structure for a longer period than their original maturity.

Details of the Bank's foreign currency balance sheet as of 31 December 2016 are summarized as follows:

Foreign currency borrowings constitute the majority of the foreign currency liabilities. 66% of the Bank's foreign currency liabilities consist of funds provided from other financial institutions and 33% is composed of deposits. Loans comprise 57% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency. The marketable securities in the investment or trading portfolio have the longest maturity although they have secondary market.

Details of the Bank's Turkish Lira balance sheet as of 31 December 2016 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 67% of the Bank's total Turkish Lira liabilities consists of deposits, while 4% consists of funds provided from other financial institutions. However, in case of necessity, the Bank has borrowing opportunities from both domestic and foreign banks and Takasbank and ISE repo market. 76% of the assets in Turkish Lira balance sheet are loans granted and 8% are marketable securities.

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

On the other hand, 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 international regulations (ILAAP-Internal Liquidity Adequacy Assessment Process). In addition, still in scope of ILAAP, in the Risk Control Self- Assessment process, comprehensive assessments are made related to liquidity risk, and after these risks are identified clearly, their potential financial impact on the Bank's operations is evaluated periodical.

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

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

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

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

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
<b>Current period</b>								
<b>Assets</b>								
Cash equivalents and Central Bank	641,497	6,218,315	5,833	-	-	-	-	6,865,645
Banks	146,306	3,709	1,648	4,000	-	-	-	155,663
Financial assets at fair value through profit or loss (Net)	32	96,532	119,327	197,339	116,777	3,886	-	533,893
Interbank money market placements	-	1,775,677	-	-	-	-	-	1,775,677
Available for sale financial assets (Net)	-	-	42,427	987,573	1,432,156	83,530	108,141	2,653,827
Loans and receivables	-	6,748,315	4,316,161	10,237,113	11,069,903	2,007,198	438,257	34,816,947
Held to maturity investments (Net)	-	-	-	-	-	-	-	-
Other assets <sup>(1)</sup>	-	64,080	55,275	628,643	842,594	202,631	1,092,785	2,886,008
<b>Total assets</b>	<b>787,835</b>	<b>14,906,628</b>	<b>4,540,671</b>	<b>12,054,668</b>	<b>13,461,430</b>	<b>2,297,245</b>	<b>1,639,183</b>	<b>49,687,660</b>
<b>Liabilities</b>								
Bank deposits	1,654,819	283,180	21	-	-	-	-	1,938,020
Other deposits	2,885,776	19,320,763	725,453	347,153	120	-	-	23,279,265
Borrowings	-	224,159	246,600	5,458,595	6,666,625	4,063,966	-	16,659,945
Funds from Interbank money market	-	126,507	60	-	-	-	-	126,567
Marketable securities issued (Net)	-	-	246,634	-	-	-	-	246,634
Miscellaneous payables	336,603	-	-	-	-	-	-	336,603
Other liabilities <sup>(2)</sup>	320,407	152,028	265,889	150,658	127,048	-	6,084,596	7,100,626
<b>Total liabilities</b>	<b>5,197,605</b>	<b>20,106,637</b>	<b>1,484,657</b>	<b>5,956,406</b>	<b>6,793,793</b>	<b>4,063,966</b>	<b>6,084,596</b>	<b>49,687,660</b>
<b>Liquidity deficit/surplus</b>	<b>(4,409,770)</b>	<b>(5,200,009)</b>	<b>3,056,014</b>	<b>6,098,262</b>	<b>6,667,637</b>	<b>(1,766,721)</b>	<b>(4,445,413)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>	<b>-</b>	<b>21,666</b>	<b>(20,662)</b>	<b>707,116</b>	<b>813,308</b>	<b>181,001</b>	<b>-</b>	<b>1,702,429</b>
Derivative financial assets	-	8,708,107	8,834,962	8,814,433	7,101,040	1,001,910	-	34,460,452
Derivative financial liabilities	-	8,686,441	8,855,624	8,107,317	6,287,732	820,909	-	32,758,023
<b>Net Off Balance Sheet Position</b>	<b>57,507</b>	<b>563,814</b>	<b>1,663,557</b>	<b>3,376,696</b>	<b>6,482,437</b>	<b>1,640,033</b>	<b>-</b>	<b>13,784,044</b>
<b>Prior period</b>								
Total assets	7,264,345	9,978,747	2,121,311	6,874,683	17,601,296	4,383,765	1,020,727	49,244,874
Total liabilities	4,551,456	20,032,856	3,102,154	4,666,720	9,543,884	1,873,769	5,474,035	49,244,874
<b>Liquidity deficit/surplus</b>	<b>2,712,889</b>	<b>(10,054,109)</b>	<b>(980,843)</b>	<b>2,207,963</b>	<b>8,057,412</b>	<b>2,509,996</b>	<b>(4,453,308)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>	<b>-</b>	<b>4,540</b>	<b>129,672</b>	<b>508,300</b>	<b>684,936</b>	<b>126,403</b>	<b>-</b>	<b>1,453,851</b>
Derivative financial assets	-	7,449,657	5,520,108	9,042,472	7,131,938	967,011	-	30,111,186
Derivative financial liabilities	-	7,445,117	5,390,436	8,534,172	6,447,002	840,608	-	28,657,335
<b>Net Off Balance Sheet Position</b>	<b>105,920</b>	<b>404,950</b>	<b>1,138,692</b>	<b>4,982,451</b>	<b>2,728,037</b>	<b>1,271,669</b>	<b>-</b>	<b>10,631,719</b>

<sup>(1)</sup> 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 associates and subsidiaries, property and equipment, stationery, prepaid expenses, equity securities.

<sup>(2)</sup> Unallocated column in other liabilities mainly consists of provisions, unallocated part of tax payable and shareholders' equity.

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

**5. Breakdown of liabilities according to their remaining contractual maturities**

The Bank's remaining maturities of the contractual liabilities excluding derivative transactions are presented below. Interests on liabilities are included in the distribution. The "Adjustments" column presents probable cash flow on later periods. These amounts are included into the maturity analysis, but not included into the carrying value of liabilities in the balance sheet.

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total	Adjustments	Carrying value
<b>Liabilities</b>									
Deposits	4,540,595	19,430,807	920,649	356,650	177	-	25,248,878	(31,593)	25,217,285
Funds borrowed from other financial institutions	-	231,994	260,994	5,527,739	9,520,394	1,210,645	16,751,766	(91,821)	16,659,945
Funds from interbank money market	-	126,597	-	-	-	-	126,597	(30)	126,567
Bonds	-	-	250,000	-	-	-	250,000	(3,366)	246,634
Prior period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Total	Adjustments	Balance sheet value
<b>Liabilities</b>									
Deposits	4,272,968	17,673,012	1,597,835	145,789	75	-	23,689,679	(40,702)	23,648,977
Funds borrowed from other financial institutions	-	546,567	1,343,049	4,470,771	9,440,424	1,865,659	17,666,470	(85,254)	17,581,216
Funds from interbank money market	-	1,357,440	-	-	-	-	1,357,440	(1,515)	1,355,925
Bonds	-	16,000	187,550	38,800	-	-	242,350	(4,798)	237,552

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

**6. Breakdown of derivative instruments according to their remaining contractual maturities**

Current period	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 Years	5 years and over	Total
<b>Derivative financial instruments held for hedging</b>						
<b>Transactions for fair value hedge (I)</b>	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
<b>Transactions for cash flow hedge (II)</b>	970,835	1,179,024	4,345,908	10,824,725	1,925,646	19,246,138
Buying transactions	511,497	592,472	2,377,320	5,586,878	1,036,820	10,104,987
Selling transactions	459,338	586,552	1,968,588	5,237,847	888,826	9,141,151
<b>Transactions for foreign net investment hedge (III)</b>	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
<b>A. Total derivative financial instruments held for hedging (I+II+III)</b>	970,835	1,179,024	4,345,908	10,824,725	1,925,646	19,246,138
<b>Derivative transactions held for trading</b>						
<b>Trading transactions (I)</b>	19,632,611	9,487,444	13,283,605	1,622,899	2,136	44,028,695
Forward foreign currency transactions - buy	2,133,208	1,497,704	2,637,059	50,489	-	6,318,460
Forward foreign currency transactions - sell	2,123,576	1,508,986	2,658,619	56,314	-	6,347,495
Swap transactions- buy	7,331,177	2,881,697	3,799,906	758,196	236	14,771,212
Swap transactions - sell	6,285,281	2,951,231	3,728,596	757,900	1,900	13,724,908
Foreign currency options - buy	879,685	323,913	229,712	-	-	1,433,310
Foreign currency options - sell	879,684	323,913	229,713	-	-	1,433,310
Foreign currency futures - buy	-	-	-	-	-	-
Foreign currency futures - sell	-	-	-	-	-	-
<b>Interest rate derivatives (II)</b>	8,646	40,569	240,368	346,206	13,380	649,169
Interest rate swap - buy	4,525	29,522	115,781	168,193	-	318,021
Interest rate swap - sell	4,121	11,047	124,587	178,013	13,380	331,148
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
<b>Other trading derivative transactions (III)</b>	-	-	-	-	-	-
<b>B. Total trading derivative transactions(I+II+III)</b>	19,641,257	9,528,013	13,523,973	1,969,105	15,516	44,677,864
<b>Derivative transaction total (A+B)</b>	20,612,092	10,707,037	17,869,881	12,793,830	1,941,162	63,924,002

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

**6. Breakdown of derivative instruments according to their remaining contractual maturities (continued)**

Prior period	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and over	Total
<b>Derivative financial instruments held for hedging</b>						
<b>Transactions for fair value hedge (I)</b>	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
<b>Transactions for cash flow hedge (II)</b>	<b>185,418</b>	<b>2,208,802</b>	<b>5,834,569</b>	<b>10,183,324</b>	<b>1,842,125</b>	<b>20,254,238</b>
Buying transactions	85,146	1,116,325	3,056,011	5,184,813	959,700	10,401,995
Selling transactions	100,272	1,092,477	2,778,558	4,998,511	882,425	9,852,243
<b>Transactions for foreign net investment hedge (III)</b>	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
<b>A. Total derivative financial instruments held for hedging (I+II+III)</b>	<b>185,418</b>	<b>2,208,802</b>	<b>5,834,569</b>	<b>10,183,324</b>	<b>1,842,125</b>	<b>20,254,238</b>
<b>Derivative transactions held for trading</b>						
<b>Trading transactions (I)</b>	<b>14,546,069</b>	<b>7,463,201</b>	<b>10,381,469</b>	<b>2,442,575</b>	-	<b>34,833,314</b>
Forward foreign currency transactions - buy	737,307	1,098,800	2,172,352	226,411	-	4,234,870
Forward foreign currency transactions - sell	743,835	1,112,421	2,210,736	229,683	-	4,296,675
Swap transactions- buy	6,355,926	2,578,522	2,889,096	1,021,762	-	12,845,306
Swap transactions - sell	6,352,989	2,552,816	2,850,713	964,719	-	12,721,237
Foreign currency options - buy	178,004	60,321	129,288	-	-	367,613
Foreign currency options - sell	178,008	60,321	129,284	-	-	367,613
Foreign currency futures - buy	-	-	-	-	-	-
Foreign currency futures - sell	-	-	-	-	-	-
<b>Interest rate derivatives (II)</b>	<b>1,779</b>	<b>25,534</b>	<b>40,080</b>	<b>11,726</b>	<b>24</b>	<b>79,143</b>
Interest rate swap - buy	962	12,313	17,952	4,865	12	36,104
Interest rate swap - sell	817	13,221	22,128	6,861	12	43,039
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
<b>Other trading derivative transactions (III)</b>	-	-	-	-	-	-
<b>B. Total derivative transactions held for trading (I+II+III)</b>	<b>14,547,848</b>	<b>7,488,735</b>	<b>10,421,549</b>	<b>2,454,301</b>	<b>24</b>	<b>34,912,457</b>
<b>Derivative transaction total (A+B)</b>	<b>14,733,266</b>	<b>9,697,537</b>	<b>16,256,118</b>	<b>12,637,625</b>	<b>1,842,149</b>	<b>55,166,695</b>



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#### VII. 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 December 2013 is presented below. As of 31 December 2016, the Bank's leverage ratio is calculated by taking average of end of month leverage ratios for the last three months is 6.80% (31 December 2015: 6.05%). Minimum ratio is identified 3% in the aforementioned regulation. Main reason for the variance compared to prior period is the decrease in the amount of exposure in the balance sheet and increase in the amount of capital.

	Current period <sup>(1)</sup>	Prior period <sup>(1)</sup>
<b>On-balance sheet items</b>		
On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)	47,071,102	47,573,420
Asset deducted from core capital	(46,529)	(47,667)
The total amount of risk on-balance sheet exposures	47,024,573	47,525,753
<b>Derivative financial instruments and credit derivative exposures</b>		
Replacement cost associated with derivative financial instruments and credit derivatives	2,044,627	1,913,998
The potential credit risk amount of derivative financial instruments and credit derivatives	512,489	505,083
The total risk amount of derivative financial instruments and credit derivatives	2,557,116	2,419,081
<b>Securities or commodity guaranteed financing transactions</b>		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	56,811	47,230
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	56,811	47,230
<b>Off-balance sheet items</b>		
Gross notional amount for off-balance sheet items	21,757,540	20,313,110
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	21,757,540	20,313,110
<b>Capital and total exposures</b>		
Core capital	4,853,047	4,247,650
Total exposures	71,396,040	70,305,174
<b>Leverage ratio</b>		
Leverage ratio	6.80	6.05

<sup>(1)</sup> The amounts in the table represents the average of three months.

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### VIII. Explanations on presentation of financial assets and liabilities at their fair values

1. In the current and the prior period, the fair values of financial assets and liabilities are calculated as stated below.

The fair value of held-to-maturity and available for sale assets are determined based on market prices.

The fair value of the loans with fixed interest rates is determined by the discounted cash flows using the current market interest rates. For the loans with floating interest rates, the fair value is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the loan.

The fair value of demand deposit represents the carrying value. The fair values of time deposits and funds are calculated by the discounted cash flows using the current market interest rates.

The fair value of funds borrowed from other financial institutions with fixed interest rates are determined by discounted cash flows using the current market interest rates. For funds with floating interest rates, it is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the borrowing.

Carrying value of miscellaneous payables represents their fair value.

2. The following table summarizes the carrying values and fair values of financial assets and liabilities

	Carrying value		Fair value	
	Current period	Prior period	Current period	Prior period
<b>Financial assets</b>	<b>39,402,114</b>	<b>40,060,174</b>	<b>40,385,419</b>	<b>40,552,883</b>
Money market placements	1,775,677	650,191	1,772,414	649,929
Due from banks	155,663	1,122,520	153,875	1,120,068
Available-for-sale financial assets	2,653,827	3,082,460	2,653,827	3,082,460
Held-to-maturity investments	-	350	-	350
Loans and receivables	34,816,947	35,204,653	35,805,303	35,700,076
<b>Financial liabilities</b>	<b>42,587,034</b>	<b>43,144,057</b>	<b>42,507,881</b>	<b>43,049,539</b>
Bank deposits	1,938,020	1,573,367	1,938,061	1,573,363
Other deposits	23,279,265	22,075,610	23,152,745	21,900,969
Funds borrowed	16,659,945	17,581,216	16,706,844	17,662,509
Money market borrowings	126,567	1,355,925	126,534	1,354,477
Securities issued	246,634	237,552	247,094	237,834
Miscellaneous payables	336,603	320,387	336,603	320,387

3. Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities

Level 1: Quoted market prices (non-adjusted) for identical assets or liabilities.

Level 2: Directly (by way of prices) or indirectly (drived from prices) data for the assets or liabilities, other than quoted prices in the Level 1.

Level 3: Data not based on observable data regarding assets or liabilities.

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**VIII. Explanations on presentation of financial assets and liabilities at their fair values (continued)**

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value in financial statements as of 31 December 2016 and 31 December 2015 is presented in the table below;

Current period	Level 1	Level 2	Level 3	Total
<b>Total assets</b>	<b>2,552,181</b>	<b>2,413,700</b>	<b>15,062</b>	<b>4,980,943</b>
Financial assets at fair value through profit or loss	6,405	527,488	-	533,893
Government debt securities	6,373	-	-	6,373
Trading derivative financial assets	-	527,488	-	527,488
Other marketable securities	32	-	-	32
Available for sale financial assets	2,545,776	92,989	15,062	2,653,827
Equity securities	90	92,989	15,062	108,141
Government debt securities	2,545,686	-	-	2,545,686
Hedging derivative financial assets	-	1,793,223	-	1,793,223
Cash flow hedges	-	1,793,223	-	1,793,223
<b>Total liabilities</b>	<b>-</b>	<b>613,545</b>	<b>-</b>	<b>613,545</b>
Trading derivative financial liabilities	-	575,047	-	575,047
Hedging derivative financial liabilities	-	38,498	-	38,498
Cash flow hedges	-	38,498	-	38,498
<b>Prior period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Total assets</b>	<b>3,189,480</b>	<b>1,849,833</b>	<b>39,038</b>	<b>5,078,351</b>
Financial assets at fair value through profit or loss	146,058	301,280	-	447,338
Government debt securities	146,055	-	-	146,055
Trading derivative financial assets	-	301,280	-	301,280
Other marketable securities	3	-	-	3
Available for sale financial assets	3,043,422	-	39,038	3,082,460
Equity securities	44	-	39,038	39,082
Government debt securities	3,043,378	-	-	3,043,378
Hedging derivative financial assets	-	1,548,553	-	1,548,553
Cash flow hedges	-	1,548,553	-	1,548,553
<b>Total liabilities</b>	<b>-</b>	<b>254,390</b>	<b>-</b>	<b>254,390</b>
Trading derivative financial liabilities	-	241,036	-	241,036
Hedging derivative financial liabilities	-	13,354	-	13,354
Cash flow hedges	-	13,354	-	13,354

There are no transfers between the 1st and the 2nd levels as of 31 December 2016 and 31 December 2015.

The movement table of financial assets at Level 3 is presented in below.

	Current period	Prior period
<b>Balance at the end of the prior period</b>	<b>39,038</b>	<b>5,751</b>
Purchases	8,038	509
Redemption/ sale	(26,784)	-
Valuation difference	(2,608)	32,778
Transfers	(2,622)	-
<b>Balance at the end of the current period</b>	<b>15,062</b>	<b>39,038</b>

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**IX. Explanations on the transactions carried out on behalf and account of other persons and fiduciary transactions**

The Bank performs purchase, sale, storage, and fund management services on behalf of its customers, and information about these transactions are shown in the table of off-balance sheet.

The Bank has no trust transactions.

**X. 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. General explanations on Bank's risk management and risk weighted assets**

Bank's risk management strategy and activities have been formed under the responsibility of the Board of Directors. The risk management strategy applied in the Bank is based on three lines of defence model.

**1. Line of defence**

Business units are the first line of defence and primarily responsible for performance, operation, compliance and control of the risks affecting the business line.

**2. Line of defence**

Risk Management, Financial Control and Asset Liability Management and Legal functions, which are the second line of defence, support the first line of defence for implementation, training, recommending, monitoring and reporting.

Risk Management is responsible for identifying, measuring, monitoring, controlling and reporting risks at corporate level. Bank's Risk Management consists of Financial Risk Management, Operational Risk Management and Information Risk Management departments and reports to the Audit Committee. Financial Risk Management includes Market Risk Management and Product Control, Credit Risk Management, Financial Risk Management and Technology and Validation departments.

**3. Line of defence**

Internal Audit Department is the third line of defence. Internal Audit Department carries out both risk based and general audits. In addition, Internal Audit Department is responsible for reviewing and ensuring the integrity of the whole governance structure including risk governance, and presence, effectiveness and implementation of policies and procedures.

According to this strategy, these lines of defence carry out their activities through certain decision making committees such as the Executive Committee, ALCO, Credit Committee and Non-Financial Risk Committee. External auditors and relevant Regulators and Regulating Entities are considered as third line of defence.

Senior Management and Board of Directors are notified on the market risks monthly or on a more frequent basis; and this notification consists of balance sheet developments, market developments, assessment of the risks incurred despite the determined risk appetite and other risk developments. Furthermore credit risk reports focusing on development of performing and non-performing loan portfolios, rating distribution of portfolios, transitions and trends of ratings, concentration risks, business units and product based risk parameters and risk appetite indicators are closely followed.

In addition to measurement and assessment of the risks under normal market conditions, stress tests under the scope of ICAAP and for internal rating purposes are carried out for the purpose of evaluating possible risks under negative market conditions. In this stress test, all kinds of financial risks that can be faced by the Bank are taken as a basis and evaluated under negative and extremely negative scenarios, and reverse stress test which cause the Bank fall into legal limits is applied. The Bank prepares semiannual stress test reports on a consolidated basis as per the Guide, numbered 6656, dated 14 January 2016 on the Stress Test to be Used in Banks' Capital and Liquidity Planning. The Stress Test provides a prospective perspective in possible negative incidents or negative situations.

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#### X. Explanations on unconsolidated risk management (continued)

In evaluating the consequences at Bank level, not only the simple sum of individual risk categories but also quantitative analyses and the correlation of these values are taken into account. For example, changes in the exchange rate effect both market risk weighted assets and credit risk weighted assets. These changes are calculated simultaneously and in relation with one another. The correlation between risk categories tend to increase during shocking. It is aimed that all important risks are defined and relations are established between them in order to perform sensitivity analyses in the most effective manner throughout the Bank. Accordingly, the Bank carries out the stress test together with all relevant units at a consolidated manner.

Detailed explanations on the Bank's risk appetite and credit risk can be found in section "Credit Risk", detailed explanations on market risk can be found in section "Market Risk" and detailed explanations on operational risk can be found in section "Operational Risk".

#### Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	Previous period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	41,324,634	41,194,687	3,305,971
Standardized approach (SA)	41,324,634	41,194,687	3,305,971
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	1,748,753	891,123	139,900
Standardized approach for counterparty credit risk (SA-CCR)	1,748,753	891,123	139,900
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	489,725	793,400	39,178
Standardized approach (SA)	489,725	793,400	39,178
Internal model approaches (IMM)	-	-	-
Operational risk	3,230,147	2,868,771	258,412
Basic indicator approach	3,230,147	2,868,771	258,412
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
<b>Total</b>	<b>46,793,259</b>	<b>45,747,981</b>	<b>3,743,461</b>

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## X. Explanations on unconsolidated risk management (continued)

### 2. Linkages between financial statements and risk amounts

Differences and linkage between scope of accounting consolidation and regulatory consolidation

	Revalued amount in accordance with TAS					
	Revalued amount in accordance with TAS as reported in published financial statements	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>						
Cash and balances with Central Bank	6,865,645	6,865,645	-	-	-	-
Financial assets held for trading	533,893	-	527,488	-	533,893	-
Financial assets designated at fair value through profit and loss	-	-	-	-	-	-
Banks	155,663	155,663	-	-	-	-
Money market placements	1,775,677	455,063	1,320,614	-	-	-
Financial assets available for sale (net)	2,653,827	2,653,827	-	-	-	-
Loans and receivables	34,816,947	34,816,947	-	-	-	17,855
Factoring receivables	-	-	-	-	-	-
Held-to maturity investments (net)	-	-	-	-	-	-
Associates (net)	-	-	-	-	-	-
Subsidiaries (net)	95,907	95,907	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Financial lease receivables (net)	-	-	-	-	-	-
Derivative financial assets held for hedging purposes	1,793,223	-	1,793,223	-	-	-
Property and equipment (net)	423,908	398,873	-	-	-	25,621
Intangible assets (net)	44,473	-	-	-	-	44,473
Investment properties (net)	-	-	-	-	-	-
Tax asset	76,480	76,480	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	660	660	-	-	-	-
Other assets	451,357	451,357	-	-	-	-
<b>Total asset</b>	<b>49,687,660</b>	<b>45,970,422</b>	<b>3,641,325</b>	<b>-</b>	<b>533,893</b>	<b>87,949</b>
<b>Liabilities</b>						
Deposits	25,217,285	-	-	-	-	25,217,285
Derivative financial liabilities held for trading	575,047	-	-	-	-	575,047
Funds borrowed	13,778,746	-	-	-	-	13,778,746
Money market balances	126,567	-	1,508	-	-	125,059
Marketable securities issued (net)	246,634	-	-	-	-	246,634
Funds	-	-	-	-	-	-
Miscellaneous payables	336,603	-	-	-	-	336,603
Other liabilities	321,806	-	-	-	-	321,806
Factoring payables	-	-	-	-	-	-
Leasing transaction payables	-	-	-	-	-	-
Derivative financial liabilities held for hedging purposes	38,498	-	-	-	-	38,498
Provisions	721,886	27,829	-	-	-	694,057
Tax liability	387,467	-	-	-	-	387,467
Liabilities for property and equipment held for sale and related to discontinued operations (net)	-	-	-	-	-	-
Subordinated loans	2,881,199	-	-	-	-	2,881,199
Shareholders' equity	5,055,922	-	-	-	-	5,055,922
<b>Total liabilities</b>	<b>49,687,660</b>	<b>27,829</b>	<b>1,508</b>	<b>-</b>	<b>-</b>	<b>49,658,323</b>

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### X. Explanations on unconsolidated risk management (continued)

Main differences between risk amounts and the amounts revalued in accordance with TAS financial statements

	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk <sup>(1)</sup>
<b>Assets carrying value in accordance with TAS</b>	<b>49,599,711</b>	<b>45,970,422</b>	-	<b>3,641,325</b>	<b>533,893</b>
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	29,337	27,829	-	1,508	-
<b>Total net amount under scope of regulatory consolidation</b>	<b>49,570,374</b>	<b>45,942,593</b>	-	<b>3,639,817</b>	<b>533,893</b>
Off-balance sheet amount	22,576,849	11,445,414	-	496,957	-
Differences due to risk mitigation	-	(462,476)	-	(1,223,265)	-
Credit valuation adjustment	-	-	-	174,999	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Bank	-	-	-	-	(44,168)
<b>Exposure amounts</b>	<b>-</b>	<b>56,925,531</b>	<b>-</b>	<b>3,088,508</b>	<b>489,725</b>

<sup>(1)</sup> The amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities:

There is no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

### 3. Explanations about credit risk

Bank's Credit Risk Management reports to the Audit Committee. In order to carry out its functions and responsibilities more effectively, Credit Risk Management is structured as Credit Risk Control and Credit Risk Integration groups. Credit Risk Control team is responsible for developing, monitoring and sustaining the models to be used in Internal Ratings Based Method and TFRS 9 calculations. Credit Risk Integration team works for the integration of rating models in the bank systems, corporate risk management solution allowing bank based risk management, management of QRM system for credit portfolio, IRB calculations and reporting, forming ICAAP process and reports.

Risk appetite expresses the total risk level assumed by the Bank in order to realise its strategies. To ensure that the Bank's risk appetite is equal to or below risk capacity, generally there is a buffer between the risk capacity and risk appetite. Bank's risk appetite is compatible with the main shareholder's risk appetite, and the Bank pays sufficient attention to protect the interests of all stakeholders such as deposit holders and legal regulators.

Risk appetite is determined according to the risk identification and assessment results, the risk capacity formed by the Bank considering the legal qualitative and quantitative limits and similarly the Bank's risk management and control abilities. If it is possible to implement, risk appetite indicators are approved by the management units (committees) formed for the relevant risk type. Both the risk appetite structure and risk appetite indicators are revised by the Audit Committee and presented by the Audit Committee to the Board of Directors. The approval authority for risk appetite structure and indicators is the Board of Directors.

Bank's risk profile is regularly measured, monitored in comparison with the risk appetite and reported to the Board of Directors and certain senior committees. Under credit risk, general condition of the credit portfolio, non-performing loans, risk appetite indicators, firm and group concentrations, legal credit ratios, development of capital adequacy ratio, development and distribution of ratings based on business units, rating and risk transitions, Probability of Default ("PD"), loss given default ("LGD") and Exposure at Default ("EAD") parameters are followed. Reports prepared in scope of ICAAP study are presented to the senior management and Board of Directors before they are sent to the BRSA.

Many rating models and scorecards are used in different processes such as allocation, monitoring, collection, pricing, etc. for the purpose of managing credit risk. With these models, internal data sources and external data sources (such as CB credit risk and limit report, Credit Bureau) are used and creditworthiness of new clients is measured; and development of the existing credit portfolio is closely monitored. Performance of models is regularly monitored by Validation team under Financial Risk Management in addition to the teams developing the models.



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#### X. Explanations on unconsolidated risk management (continued)

##### Assets credit quality

	Gross carrying values of (according to TAS)		Allowances/ amortization and impairment	Defaulted
	Defaulted	Non-defaulted		
Loans	1,387,723	34,378,690	1,480,662	34,285,751
Debt securities	-	2,653,827	1,082	2,652,745
Off-balance sheet exposures	75,007	22,529,672	76,634	22,528,045
<b>Total</b>	<b>1,462,730</b>	<b>59,562,189</b>	<b>1,558,378</b>	<b>59,466,541</b>

##### Changes in stock of defaulted loans and debt securities

	Current period
Defaulted loans and debt securities at the end of the previous reporting period	1,055,622
Loans and debt securities defaulted since the last reporting period	825,891
Transferred to non-defaulted status	(18,890)
Amounts written off <sup>(*)</sup>	(155,647)
Other changes <sup>(**)</sup>	(319,253)
<b>Defaulted loans and debt securities at the end of the reporting period</b>	<b>1,387,723</b>

<sup>(\*)</sup> Undrawn non-cash loans which are monitored in "Liquidation of receivables to be" account are not included in the table.

<sup>(\*\*)</sup> In term collections have included "Other changes" account.

##### Additional explanations on the creditworthiness of assets

Definitions of overdue and provision set aside are presented in Section Four - II Explanations on Credit Risk footnote.

Portion of receivables whose collection is delayed (for more than 90 days) and for which no provision was set aside and reasons for this:

All loans and receivables exceeding the 90-day delay period at the end of the month are automatically taken under non-performing loan accounts and special provisions are set aside for them.

Definitions of the methods used in determining the provision amounts:

The methods used are presented in the footnote of Section Three VIII - explanations on impairment in financial assets.

Definitions of the restructured receivables:

The Bank can restructure the first and second group loans and other receivables, as well as non-performing loans and receivables. All loan products are considered together and a single restructuring protocol is formed; according to the legislation and general economic situation, variable or fixed terms are provided to enhance customers' ability to repay the loan.

Breakdown of receivables according to geographical regions, sector and remaining maturity:

Breakdown of receivables according to geographical regions, sector and remaining maturity is presented in footnote in Section Four II - explanations on credit risk.

Receivable amounts for which provisions are set aside on geographical regions and sectors and amounts written off with the provisions

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#### X. Explanations on unconsolidated risk management (continued)

##### Breakdown of receivables according to geographical regions

	Non-performing loans	Specific provision
Domestic	1,382,712	944,507
EU Countries	4,493	4,493
OECD Countries <sup>(1)</sup>	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other countries	518	466
<b>Total</b>	<b>1,387,723</b>	<b>949,466</b>

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada.

As of 31 December 2016, non-performing loans written-off is amounting to TL 155,647.

Sectoral receivables and related provisions are presented in Section Four - II. explanations on credit risk disclosure.

##### Aging of overdue exposures

	Current period
Due 31 - 60	299,128
Due 61 - 90	146,414
<b>Total</b>	<b>445,542</b>

##### Breakdown of restructured receivables by whether or not provisions are allocated

	Current period
Loans structured from standard loans and other receivables	132,018
Loans structured from closely monitored loans and other receivables	427,726
Loans restructured from non-performing loans	3,160

General provision is allocated for the loans restructured from standard loans and closely monitored loans, specific provision is allocated for the loans restructured from non-performing loans.

##### Credit risk mitigation techniques

The Bank pays specific attention to the fact that the risk is completely covered by the collaterals and the easiness of collateral conversion into cash in case of default. In addition, the primary repayment source of loan is the cash flows from operations. Therefore, the financial status and retrospective and prospective cash flows of the firms to which credit proposal is made (the debtor) are analysed with due care during loan disbursement.

Collaterals in the Bank are divided into two groups as financial collaterals and guarantees. Collaterals are considered as allowed by the related regulations.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Collaterals are entered in the main banking application Finsoft through branches. Collaterals are activated after the Credit Operation Centre ("KROM") teams' check and approval of the collateral entries.

The Bank monitors up to date value of the collaterals by type. As a general principle, the Bank revises all collaterals at least once a year. For the firms which still have a credit risk, the existing collaterals are not released unless the guarantees in the credit notification are fully ensured or risk amount is decreased.

The Bank makes the assessment according to the latest expert value in the real estate guarantees taken as a real property. For the loans above TL 3 million in all segments, the real estate valuation is reperformed at least every three years. For commercial loans the real properties are revised at least once a year. In addition, Credit Allocation Managers require renewal of expert assessment when considered necessary.

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#### X. Explanations on unconsolidated risk management (continued)

The Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

##### Credit risk mitigation techniques

	Exposures unsecured carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collaterals	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans <sup>(1)</sup>	26,765,429	7,520,322	5,688,082	162,923	76,065	-	-
Debt securities <sup>(1)</sup>	2,652,745	-	-	-	-	-	-
<b>Total</b>	<b>29,418,174</b>	<b>7,520,322</b>	<b>5,688,082</b>	<b>162,923</b>	<b>76,065</b>	-	-
Of which defaulted	1,387,723	-	-	-	-	-	-

<sup>(1)</sup> In the framework of the legislation, general loan provision has been shown by deducting from the related balance sheet amounts

##### Qualitative disclosures on Banks' use of external credit ratings under the standardised approach for credit risk

Explanations are disclosed in Section Four II - explanations on credit risk disclosures.

##### Credit risk exposure and credit risk mitigation effects

Risk 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	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount
Claims on sovereigns and Central Banks	8,846,771	33	8,846,771	7	3,032,915	34.28%
Claims on regional governments or local authorities	267,381	7	198,743	1	99,372	50.00%
Claims on administrative bodies and other non-commercial undertakings	-	7	-	1	1	100.00%
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	4,161,549	4,891,242	2,916,961	2,408,876	2,401,423	45.09%
Claims on corporates	13,520,609	11,144,072	13,296,557	8,127,428	21,138,151	98.67%
Claims on retails	15,724,027	4,932,317	15,551,528	860,792	12,309,240	75.00%
Claims secured by residential property	2,011,776	60,383	2,011,776	20,389	729,888	35.92%
Claims secured by commercial property	3,290,453	149,478	3,290,453	61,881	1,945,930	58.05%
Past due loans	107,876	-	107,876	-	114,738	106.36%
Higher risk categories decided by the Board	330,381	-	330,381	-	341,136	103.26%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	1,491,497	1,919,900	1,491,497	383,980	852,452	45.45%
Equity securities	108,141	-	108,141	-	108,141	100.00%
<b>Total</b>	<b>49,860,461</b>	<b>23,097,439</b>	<b>48,150,684</b>	<b>11,863,355</b>	<b>43,073,387</b>	<b>71.77%</b>

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#### X. Explanations on unconsolidated risk management (continued)

##### 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	2,780,949	-	-	-	6,065,829	-	-	-	-	-	8,846,778
Claims on regional governments or local authorities	-	-	-	-	198,744	-	-	-	-	-	198,744
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	1	-	-	-	1
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	896,062	-	4,422,427	-	50	7,298	-	-	5,325,837
Claims on corporates	206,451	-	32,168	-	107,293	-	21,078,073	-	-	-	21,423,985
Claims on retails	-	-	-	-	-	16,412,320	-	-	-	-	16,412,320
Claims secured by residential property	-	-	-	2,003,503	-	-	28,662	-	-	-	2,032,165
Claims secured by commercial property	-	-	-	-	2,812,809	-	539,525	-	-	-	3,352,334
Past due loans	-	-	-	-	2,115	-	89,923	15,838	-	-	107,876
Higher risk categories decided by the Board	-	-	-	-	80,494	-	147,884	102,003	-	-	330,381
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	1,023,025	-	-	-	-	-	852,452	-	-	-	1,875,477
Equity securities	-	-	-	-	-	-	108,141	-	-	-	108,141
<b>Total</b>	<b>4,010,425</b>	<b>-</b>	<b>928,230</b>	<b>2,003,503</b>	<b>13,689,711</b>	<b>16,412,320</b>	<b>22,844,711</b>	<b>125,139</b>	<b>-</b>	<b>-</b>	<b>60,014,039</b>

##### Qualitative disclosure on counterparty credit risk

According to Appendix 2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, promulgated in the Official Gazette, no. 29511, dated 23 October 2015, the counterparty credit risk arising from the transactions binding both parties such as derivatives and repo, is calculated. The sum of renewal cost for derivative transactions and potential credit risk amount is considered as the risk amount. Renewal cost is calculated with valuation of contracts at fair value and potential credit risk amount is calculated by multiplying the contract amounts with the credit transition ratios stated in the regulation appendix.

For the forward, option and similar contracts, collateral management is conducted daily according to the International Swap and Derivative Association ("ISDA") and Credit Support Annex ("CSA") agreements concluded with international counterparties, and when needed, short term total credit risk is decreased by usage of rights and performance of duties.

For the forward, option and similar derivative transactions which are done with local agreements and not according to ISDA agreement, the credit risk is controlled with "Pre-Settlement" limit monitoring. Pre-settlement limit is allocated for the firms and organisations according to analysis and allocation processes. The basic rule for the Bank is that client risks do not exceed such limits. Risks are monitored simultaneously with the market and developed models are used in calculation.

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**X. Explanations on unconsolidated risk management (continued)**

The maximum risk that the counterparty may incur due to futures, options and similar derivative transactions are limited, monitored with daily and instant reports. Possible limit breaches are reported to the high level committees and senior management of the bank and related actions taken to close the risk.

**Counterparty credit risk (CCR) approach analysis**

	Replacement cost	Potential future exposure	EEPE <sup>(1)</sup>	Alpha used for computing regulatory EAD	Exposure after CRM	RWA
Standardised Approach - CCR (for derivatives)	2,320,711	496,957	-	1.4	2,817,668	1,632,774
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)	-	-	-	-	95,841	19,173
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	<b>1,651,947</b>

<sup>(1)</sup> Effective expected positive exposure

**Credit valuation adjustment (CVA) for 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	174,999	96,806
<b>Total subject to the CVA capital charge</b>	<b>174,999</b>	<b>96,806</b>

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#### X. Explanations on unconsolidated risk management (continued)

##### Analysis of counterparty credit risk (CCR) exposure

Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure <sup>(*)</sup>
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	-	-	207,982	2,334,631	-	-	-	-	2,542,613
Claims on corporates	-	-	10	5,116	-	526,820	-	-	531,946
Claims included in the regulatory retail portfolios	-	-	-	-	13,949	-	-	-	13,949
Claims secured by residential property	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets <sup>(**)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>207,992</b>	<b>2,339,747</b>	<b>13,949</b>	<b>526,820</b>	-	-	<b>3,088,508</b>

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

<sup>(\*\*)</sup> Other assets: Includes counterparty credit risk that does not reported in "central counterparty" table.

#### 4. 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

##### Credit derivatives

There is no credit derivative transaction.

##### Exposures to central counterparties (CCP)

There is no central counterparty risk.

#### 5. Securitisation

There is no securitisation transaction.

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**X. Explanations on unconsolidated risk management (continued)**

**6. Explanations on market risk**

The Bank has reviewed activities of market risk management and has taken necessary precautions in order to be protected from market risk within the framework of financial risk management purposes according to the "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Valuation Process" and the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette No. 29057 and dated 11 July 2014.

Market risk is managed within the risk limits based on different product directions under banking and trading accounts and sensitivity based that is determined by Board of Directions in where related limits are monitored on a regular basis and measurement results are shared with top management and the Board of Directors. In addition, the impacts of change in balance sheet due to banking activities on risk appetite are simulated.

Audit Committee follows and interprets market risk closely. Recommendations are made to the Asset-Liability Committee and Board of Directors about the risk management.

Risk management strategies and policies are updated regarding to communiqué stated above and approved by Board of Director's. Legally, for the capital requirements, on consolidated and unconsolidated basis, standard method is used in measuring market risk. In addition to the standard method, for internal reporting purposes, value-at-risk (VaR) is used in daily calculation of amount subject to market risk and are reported to the top level management. Stress tests and scenario analyses are also applied within the scope of ICAAP to complement the risk analysis. In addition, ING Group's compliance with public policy related to market risk, especially for new international regulations (ILAAP - Internal Liquidity adequacy Assessment Process) was completed in parallel, carried out all these studies are reflected in the relevant written procedures and policies. Due to the increase of legislative regulations and the need for pursuing more sophisticated risk management in recent years, the setup project of a software is started to manage risks related to asset liability management more integrated. On the other hand, in parallel with changing risk policies of the Bank, harmonization studies to measure and manage the risks of subsidiaries subject to consolidation in line with the volume, quality and complexity of operations of the relevant subsidiary have been completed.

	RWA
<b>Outright products</b>	<b>489,725</b>
Interest rate risk (general and specific)	236,150
Equity risk (general and specific)	-
Foreign exchange risk	253,575
Commodity risk	-
<b>Options</b>	<b>-</b>
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
<b>Total</b>	<b>489,725</b>



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#### X. Explanations on unconsolidated risk management (continued)

##### 7. Explanations on operational risk

The "Basic Indicator Method" that is stated in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2016 is calculated by using the gross income of the Bank in 2013, 2014 and 2015.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

Current period	2013 amount	2014 amount	2015 amount	Total/ Number of years of positive gross income	Ratio (%)	Total
Gross income	1,491,925	1,698,022	1,978,288	1,722,745	15	258,412
Amount subject to operational risk (Amount*12,5)						3,230,147

##### 8. Interest rate risk arising from banking book

Interest rate risk due to banking accounts is managed within the framework of sensitivity based risk limits which is internally determined by the Board of Directors with regarding VaR limits, and results are shared periodically with top management, Asset-Liability Committee, Audit Committee and Board of Directors. In addition, interest rate risk arising from banking book is calculated according to the interest structure profile of all interest sensitive assets and liabilities and the period remaining for their maturity or re-pricing dates under the Regulation on Measurement and Evaluation of the Interest Rate Risk Arising from Banking Book through Standard Shock Method published by the BRSB in the Official Gazette no: 28034 and dated 23 August 2011. Under the regulation, core deposit is calculated only over demand deposits and separately for each currency. Maturity profile of demand deposit assumptions have been determined by taking into account the analyses conducted by the Bank through using historical data for demand deposit portfolio and the maximum hypothetical maturity limit stated in the Regulation.

In addition, analysis being performed about asset and liability accounts comprising different customer behaviour characteristics such as internal interest sensitivity and optionality, and effects on balance sheet risk are evaluated within the framework of analysis results and business expectations.

Interest rate risk standard ratio arising from banking accounts is calculated at the end of months by measuring and evaluating the interest rate risk resulting from balance sheet and off-balance sheet positions in the Bank's accounts through standard shock method.

Gains/losses refer to the gain/loss risk that might occur in the market value of financial assets and liabilities in the balance sheet as a result of applying upward/downward scenarios to the market interest rate.

Currency	Applied shock (+/- x basis points)	Gains/ (Losses)	Gains/ Equity (Losses)/ Equity
TL	(-) 400	573,091	6.94%
TL	(+) 500	(558,927)	(6.77)%
EURO	(-) 200	(5,209)	(0.06)%
EURO	(+) 200	(13,513)	(0.16)%
USD	(-) 200	(2,369)	(0.03)%
USD	(+) 200	1,659	0.02%
<b>Total (for negative shocks)</b>		<b>565,513</b>	<b>6.85%</b>
<b>Total (for positive shocks)</b>		<b>(570,781)</b>	<b>(6.91)%</b>

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### XI. Explanations on hedge transactions

#### Breakdown of the derivative transactions used in cash flow hedges

	Current period			Prior period		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate swaps	7,177,020	27,525	38,498	4,951,082	62,346	12,282
Cross currency swaps	9,824,312	1,765,698	-	13,239,854	1,486,207	1,072
<b>Total</b>	<b>17,001,332</b>	<b>1,793,223</b>	<b>38,498</b>	<b>18,190,936</b>	<b>1,548,553</b>	<b>13,354</b>

#### Explanations on derivative transactions used in cash flow hedges

Current period							
Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest rate swaps	TL/FCY customer deposits	Cash flow risk due to the changes in the interest rates of TL and FCY customer deposits	27,525	38,498	(12,141)	2,341	(1,061)
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	1,765,698	-	(71,888)	(1,260)	-
<b>Total</b>			<b>1,793,223</b>	<b>38,498</b>	<b>(84,029)</b>	<b>1,081</b>	<b>(1,061)</b>
Prior period							
Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest rate swaps	TL customer deposits	Cash flow risk due to the changes in the interest rates of customer deposits	62,346	12,282	61,038	(853)	(67)
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	1,486,207	1,072	201,079	1,246	1
<b>Total</b>			<b>1,548,553</b>	<b>13,354</b>	<b>262,117</b>	<b>393</b>	<b>(66)</b>

#### Contractual maturity analysis of the derivative transactions subject to cash flow hedges:

Maturity analysis of the derivative transactions subject to cash flow hedges is provided in the Note VI of Section Four.

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## XII. Explanations on operating segments

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.

Current period - 31 December 2016	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	822,584	644,108	755,492	2,222,184
Net commissions and fees income and other operating income	322,035	456,402	(12,076)	766,361
Trading gain/loss	2,656	181	(209,320)	(206,483)
Dividend income	-	-	35,155	35,155
Provision for impairment of loans and other receivables	(279,643)	(276,572)	(33,957)	(590,172)
Segment results	867,632	824,119	535,294	2,227,045
Other operating expenses <sup>(*)</sup>	-	-	-	(1,510,434)
Income from continuing operations before tax	-	-	-	716,611
Tax provision <sup>(*)</sup>	-	-	-	(145,450)
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>571,161</b>

Prior period - 31 December 2015	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	634,492	572,403	819,359	2,026,254
Net commissions and fees income and other operating income	299,565	330,455	(30,185)	599,835
Trading gain/loss	1,776	1,714	(391,521)	(388,031)
Dividend income	-	-	19,536	19,536
Provision for impairment of loans and other receivables	(234,582)	(303,934)	(35,063)	(573,579)
Segment results	701,251	600,638	382,126	1,684,015
Other operating expenses <sup>(*)</sup>	-	-	-	(1,516,427)
Income from continuing operations before tax	-	-	-	167,588
Tax provision <sup>(*)</sup>	-	-	-	(53,054)
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114,534</b>

<sup>(\*)</sup> Other operational expenses and tax provision have been stated at total column due to inability to allocate among the sections

Current period - 31 December 2016	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	23,185,399	12,365,468	14,136,793	49,687,660
Liability	6,559,260	16,777,136	21,295,342	44,631,738
Equity	-	-	5,055,922	5,055,922

Prior period - 31 December 2015	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	23,924,311	11,985,179	13,335,384	49,244,874
Liability	5,828,345	16,278,411	22,656,502	44,763,258
Equity	-	-	4,481,616	4,481,616

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

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## 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	256,750	383,937	203,924	174,290
Balances with the Central Bank of Turkey	158,775	6,065,828	224,554	5,537,935
Other	-	355	-	1,248
<b>Total</b>	<b>415,525</b>	<b>6,450,120</b>	<b>428,478</b>	<b>5,713,473</b>

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	158,775	826,536	224,554	698,993
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	856,470	-	217,206
Restricted demand deposit	-	4,382,822	-	4,621,736
<b>Total</b>	<b>158,775</b>	<b>6,065,828</b>	<b>224,554</b>	<b>5,537,935</b>

As per the "Communiqué on Reserve Requirements" promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date in terms of TL, USD/ EURO and gold at a rate ranging between 4% and 10.5% for Turkish lira deposits and liabilities depending on their maturity and at a rate ranging between 4.5% and 24.5% for foreign currency deposits and foreign currency other liabilities depending on their maturity. In accordance with the relevant communiqué, the Central Bank pays interest for the reserve requirements which are presented in terms of TL and USD.

TL 158,319 (31 December 2015: TL 223,092) of the TL reserve deposits provided over the average balance and TL 826,536 (31 December 2015: TL 698,993) 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
Bank's portfolio	6,405	146,058
Repo transactions	-	-
Collateral/blocked	-	-
<b>Total</b>	<b>6,405</b>	<b>146,058</b>

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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	-	125,865	-	26,618
Swap transactions	282,831	110,118	203,659	68,403
Futures transactions	-	-	-	-
Options	97	8,577	28	2,572
Other	-	-	-	-
<b>Total</b>	<b>282,928</b>	<b>244,560</b>	<b>203,687</b>	<b>97,593</b>

**3. Information on banks and foreign banks accounts**

**3.1. Information on banks**

	Current period		Prior period	
	TL	FC	TL	FC
Banks	6,624	149,039	679,577	442,943
Domestic	6,624	1,607	674,717	368,353
Foreign	-	147,432	4,860	74,590
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>6,624</b>	<b>149,039</b>	<b>679,577</b>	<b>442,943</b>

**3.2. Information on foreign banks**

	Unrestricted amount		Restricted amount	
	Current period	Prior period	Current period	Prior period
EU countries	97,694	27,645	25,196	21,168
USA, Canada	13,253	7,284	1,641	1,404
OECD Countries <sup>(*)</sup>	5,609	10,751	-	-
Off-shore banking regions	-	23	-	-
Other	4,035	10,274	4	901
<b>Total</b>	<b>120,591</b>	<b>55,977</b>	<b>26,841</b>	<b>23,473</b>

<sup>(\*)</sup> OECD countries except EU countries, USA and Canada

As of 31 December 2016, restricted bank balance amounting to TL 26,841 (31 December 2015: TL 23,473) all of which is comprised of (31 December 2015: TL 22,572) collaterals that is held by counter banks under CSA contracts and is calculated based on related derivatives market price.

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

#### 4. Information on financial assets available-for-sale

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

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

	Current period	Prior period
Bank's portfolio	1,979,253	851,286
Repo transactions	1,495	1,286,787
Collateral/blocked <sup>(*)</sup>	673,079	944,387
<b>Total</b>	<b>2,653,827</b>	<b>3,082,460</b>

<sup>(\*)</sup> 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 available-for-sale

	Current period	Prior period
Debt securities	2,548,490	3,050,164
Quoted to stock exchange	2,548,490	3,050,164
Not quoted	-	-
Equity certificates	108,141	39,082
Quoted to stock exchange	49	43
Not quoted	108,092	39,039
Provision for impairment (-)	(2,804)	(6,786)
<b>Total</b>	<b>2,653,827</b>	<b>3,082,460</b>

#### 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	91	624,919	49	273,432
Corporate shareholders	-	624,919	-	273,432
Real person shareholders	91	-	49	-
Indirect loans granted to shareholders of the Bank	14	87,086	48	135,512
Loans granted to employees of the Bank	27,818	-	24,670	-
<b>Total</b>	<b>27,923</b>	<b>712,005</b>	<b>24,767</b>	<b>408,944</b>

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

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

Cash loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	With revised contract terms		Loans and other receivables (Total)	With revised contract terms	
		Extension of payment plan	Other		Extension of payment plan	Other
Non-specialized loans	33,028,063	132,018	-	1,350,627	427,726	-
Business loans	16,283,318	11,788	-	734,282	269,656	-
Export loans	4,097,148	-	-	21,967	-	-
Import loans	368	-	-	-	-	-
Loans given to financial sector	423,760	-	-	-	-	-
Consumer loans	10,468,616	120,193	-	463,888	105,190	-
Credit cards	943,414	37	-	87,031	52,880	-
Other	811,439	-	-	43,459	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>33,028,063</b>	<b>132,018</b>	<b>-</b>	<b>1,350,627</b>	<b>427,726</b>	<b>-</b>

Number of extensions	Standard loans and other receivables	Loans and other receivables under close monitoring
	Extended by 1 or 2 times	132,018
Extended by 3, 4 or 5 times	-	-
Extended by 5 times and more	-	-
<b>Total</b>	<b>132,018</b>	<b>427,726</b>



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

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

Extended periods	Standard loans and other receivables	Loans and other receivables under close monitoring
Up to 6 months	878	271,364
6-12 months	4,547	13,512
1-2 years	16,941	47,093
2-5 years	80,225	69,617
More than 5 years	29,427	26,140
<b>Total</b>	<b>132,018</b>	<b>427,726</b>

**5.3. Loans according to their maturity structure**

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	With revised contract terms	Loans and other receivables	With revised contract terms
<b>Cash loans</b>				
Short-term loans and other receivables	11,166,037	2,538	262,466	65,431
Non-specialized loans	11,166,037	2,538	262,466	65,431
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	21,862,026	129,480	1,088,161	362,295
Non-specialized loans	21,862,026	129,480	1,088,161	362,295
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>33,028,063</b>	<b>132,018</b>	<b>1,350,627</b>	<b>427,726</b>

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**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	320,547	10,378,853	10,699,400
Mortgage loans	571	4,968,659	4,969,230
Automotive loans	16,033	594,789	610,822
General purpose loans	303,943	4,815,405	5,119,348
Other	-	-	-
Consumer loans - indexed to FC	-	2,626	2,626
Mortgage loans	-	2,626	2,626
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans - FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards - TL	908,633	-	908,633
With installments	363,908	-	363,908
Without installments	544,725	-	544,725
Consumer credit cards - FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans - TL	2,936	15,491	18,427
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	2,936	15,491	18,427
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	9,482	-	9,482
With installments	3,485	-	3,485
Without installments	5,997	-	5,997
Personnel credit cards - FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts - TL (real person)	212,051	-	212,051
Overdraft accounts - FC (real person)	-	-	-
<b>Total</b>	<b>1,453,649</b>	<b>10,396,970</b>	<b>11,850,619</b>

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**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	571,859	3,105,530	3,677,389
Real estate loans	176	92,719	92,895
Automotive loans	7,167	363,073	370,240
General purpose loans	-	-	-
Other	564,516	2,649,738	3,214,254
Commercial installment loans - indexed to FC	38,356	764,454	802,810
Real estate loans	-	11,531	11,531
Automotive loans	9,663	271,364	281,027
General purpose loans	-	-	-
Other	28,693	481,559	510,252
Commercial installment loans - FC	-	1,425	1,425
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	1,425	1,425
Corporate credit cards - TL	112,330	-	112,330
With installments	44,700	-	44,700
Without installments	67,630	-	67,630
Corporate credit cards - FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft loans - TL (legal entity)	411,937	-	411,937
Overdraft loans - FC (legal entity)	-	-	-
<b>Total</b>	<b>1,134,482</b>	<b>3,871,409</b>	<b>5,005,891</b>

**5.6. Loans according to borrowers**

	Current period	Prior period
Public	273,044	385,921
Private	34,105,646	34,426,191
<b>Total</b>	<b>34,378,690</b>	<b>34,812,112</b>

**5.7. Domestic and foreign loans**

	Current period	Prior period
Domestic loans	34,349,392	34,761,567
Foreign loans	29,298	50,545
<b>Total</b>	<b>34,378,690</b>	<b>34,812,112</b>

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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	104,291	47,996
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>104,291</b>	<b>47,996</b>

**5.9. Specific provisions set aside against loans**

	Current period	Prior period
Loans and receivables with limited collectability	29,378	30,944
Loans and receivables with doubtful collectability	141,256	142,728
Uncollectible loans and receivables	778,832	489,409
<b>Total</b>	<b>949,466</b>	<b>663,081</b>

**5.10. Information on non-performing loans (net)**

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Current period</b>	<b>301</b>	<b>1,553</b>	<b>1,306</b>
(Gross amounts before specific provision)			
Restructured loans and other receivables	301	1,553	1,306
Rescheduled loans and other receivables	-	-	-
<b>Prior period</b>	<b>1,130</b>	<b>648</b>	<b>1,812</b>
(Gross amounts before specific provision)			
Restructured loans and other receivables	1,130	648	1,812
Rescheduled loans and other receivables	-	-	-

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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**

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Prior period end balance</b>	<b>177,415</b>	<b>303,495</b>	<b>574,712</b>
Additions (+)	773,529	26,783	25,579
Transfers from other categories of non-performing loans (+)	17	645,248	567,890
Transfers to other categories of non-performing loans (-)	(645,893)	(567,255)	(7)
Transfers to standard loans (-)	(14,355)	(3,283)	(1,252)
Collections (-)	(116,754)	(66,529)	(135,970)
Write-offs (-) <sup>(*)</sup>	(362)	(410)	(154,875)
Corporate and commercial loans	(86)	(21)	(45,771)
Retail loans	(271)	(375)	(78,585)
Credit cards	(5)	(14)	(30,519)
Other	-	-	-
<b>Current period end balance</b>	<b>173,597</b>	<b>338,049</b>	<b>876,077</b>
Specific provisions (-)	(29,378)	(141,256)	(778,832)
<b>Net balance on balance sheet</b>	<b>144,219</b>	<b>196,793</b>	<b>97,245</b>

<sup>(\*)</sup> On 21 November 2016, the Bank has sold non-performing loan portfolio amounting to TL 164,477 for an amount of TL 13,850 to domestic asset management companies.

**5.10.3. Information on specific provision movement**

Current period	Corporate/ commercial	Consumer	Credit cards	Total
<b>Prior period balance</b>	<b>289,935</b>	<b>296,330</b>	<b>76,816</b>	<b>663,081</b>
Additions during the period (+)	308,128	251,108	54,978	614,214
Collections during the period (-)	(65,390)	(96,773)	(12,999)	(175,162)
Write-offs (-)	(43,938)	(78,124)	(30,605)	(152,667)
<b>Period end balance</b>	<b>488,735</b>	<b>372,541</b>	<b>88,190</b>	<b>949,466</b>
Prior period	Corporate/ commercial	Consumer	Credit cards	Total
<b>Prior period balance</b>	<b>245,785</b>	<b>154,511</b>	<b>54,543</b>	<b>454,839</b>
Additions during the period (+)	230,559	268,945	51,422	550,926
Collections during the period (-)	(80,037)	(64,855)	(8,220)	(153,112)
Write-offs (-)	(106,372)	(62,271)	(20,929)	(189,572)
<b>Period end balance</b>	<b>289,935</b>	<b>296,330</b>	<b>76,816</b>	<b>663,081</b>

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

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

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

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Current period (net)</b>	<b>144,219</b>	<b>196,793</b>	<b>97,245</b>
Loans granted to corporate entities and real person (gross)	173,597	338,049	876,077
Specific provision amount (-)	(29,378)	(141,256)	(778,832)
Loans granted to corporate entities and real person (net)	144,219	196,793	97,245
Banks (gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision amount (-)	-	-	-
Other loans and receivables (net)	-	-	-
<b>Prior period (net)</b>	<b>146,471</b>	<b>160,767</b>	<b>85,303</b>
Loans granted to corporate entities and real person (gross)	177,415	303,495	574,712
Specific provision amount (-)	(30,944)	(142,728)	(489,409)
Loans granted to corporate entities and real person (net)	146,471	160,767	85,303
Banks (gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision amount (-)	-	-	-
Other loans and receivables (net)	-	-	-

##### 5.11. Liquidation policy for uncollectible loans and receivables

In case there are collaterals in accordance with the Article 8 of "Regulation on Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and Provision for these Loans and other Receivables" the receivable shall be collected as soon as possible by either administrative or legal interferences by liquidating such collaterals.

In case there are no collaterals, even if the evidence of insolvency is provided, information gathered in various periods and legal procedures are followed to identify the assets acquired by the borrower after the insolvency.

Before and after the legal procedures, the Bank attempts to collect its receivables by means of restructuring the loans and receivables from the companies showing an indication of operating on ongoing basis and having a productive contribution in the economic environment.

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

**5.12. Information on the write-off policy**

In order to collect loans and other receivables classified as "Uncollectible Loans and Receivables", the Bank applies all legal procedures. At the end of the legal procedures, if the loans and receivables cannot be collected, the provisions provided for these receivables are reversed and the gross receivable amount is written down to 1 Kr (Trace cost) upon the receipt of the evidence of insolvency from the customers. The legal procedures start again for these loans and receivables carried at their trace costs if an improvement in the situation of the debtors or guarantors is identified.

The Bank writes down the loans and receivables to nil before initiating a legal follow-up in case the expected amount of recovery is lower than the expected cost of the legal follow-up. The Board of Directors has authorized the senior management to make the necessary assessments within certain limits.

**6. Held-to-maturity investments (net)**

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

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

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

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

**6.3. Information on held-to-maturity investments**

	Current period	Prior period
Debt securities	-	350
Quoted to stock exchange	-	-
Not quoted	-	350
Impairment provision (-)	-	-
<b>Total</b>	<b>-</b>	<b>350</b>

**6.4. Movement of held-to-maturity investments**

	Current period	Prior period
Beginning balance	350	259
Foreign currency differences on monetary assets	-	-
Purchases during year	142	338
Disposals through sales and redemptions	(480)	(249)
Provision for impairment (-)	-	-
Change in redemption cost	(12)	2
<b>Period end balance</b>	<b>-</b>	<b>350</b>



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

#### 7. Information on associates (net)

##### 7.1. Explanations related to the associates

The Bank does not have any associates in current period and prior period.

#### 8. Information on subsidiaries (net)

##### 8.1. Information on equity of subsidiaries

As of 31 December 2016 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Portfolio Management	ING Factoring	ING Leasing	ING Brokerage
Paid in capital and adjustment to paid-in capital	719	8,041	40,000	22,500	20,765
Profit reserves, capital reserves and prior year profit/loss	-	3,906	23,457	28,699	(1,179)
Profit/loss	38,622	3,500	10,414	20,707	353
Development cost of operating lease (-)	-	-	-	(6)	-
Intangible assets (-)	-	(44)	(374)	(210)	(50)
<b>Total core capital</b>	<b>39,341</b>	<b>15,403</b>	<b>73,497</b>	<b>71,690</b>	<b>19,889</b>
<b>Supplementary capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital</b>	<b>39,341</b>	<b>15,403</b>	<b>73,497</b>	<b>71,690</b>	<b>19,889</b>
<b>Net usable shareholder's equity</b>	<b>39,341</b>	<b>15,403</b>	<b>73,497</b>	<b>71,690</b>	<b>19,889</b>

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

##### 8.2. Information on consolidated subsidiaries

Title	Address (City/ Country)	The 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 Portfolio Management	İstanbul/Turkey	100%	100%
(3) ING Factoring	İstanbul/Turkey	100%	100%
(4) ING Leasing	İstanbul/Turkey	100%	100%
(5) ING Brokerage	İstanbul/Turkey	100%	100%

As of 31 December 2016 financial information on consolidated subsidiaries as follows:

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/ loss	Prior period profit/loss	Fair value
(1)	6,668,247	39,341	3	125,763	-	38,622	26,523	-
(2)	17,020	15,447	96	1,867	10	3,500	3,783	-
(3)	773,856	73,870	525	50,873	-	10,414	5,615	-
(4)	980,875	71,906	249	42,347	-	20,707	16,834	-
(5)	162,803	19,940	77	2,102	-	353	(154)	-

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**8.3. Information on consolidated subsidiaries**

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

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

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

**8.5. Subsidiaries quoted in a stock exchange**

There are no subsidiaries quoted on a stock exchange.

**9. Information on entities under common control (net)**

**9.1. Information on entities under common control (net)**

There are no entities under common control.

**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	1,793,218	5	1,548,553	-
Net investment hedge	-	-	-	-
<b>Total</b>	<b>1,793,218</b>	<b>5</b>	<b>1,548,553</b>	<b>-</b>

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

**12. Information on property and equipment (net)**

Current period	Real estates	Leased tangible assets	Other fixed assets	Total
Cost				
Opening balance	235,756	58,936	509,134	803,826
Additions	18,452	3	115,558	134,013
Exchange rate differences	-	-	30	30
Disposals	-	(2,348)	(30,391)	(32,739)
Provisions for impairment	720	-	-	720
Closing balance	254,928	56,591	594,331	905,850
Accumulated depreciation				
Opening balance	(101,266)	(58,834)	(280,432)	(440,532)
Current year depreciation expense	(5,444)	(91)	(51,101)	(56,636)
Exchange rate differences	-	-	(29)	(29)
Disposals	-	2,353	12,902	15,255
Closing balance	(106,710)	(56,572)	(318,660)	(481,942)
<b>Net book value</b>	<b>148,218</b>	<b>19</b>	<b>275,671</b>	<b>423,908</b>
Prior period				
Prior period	Real estates	Leased tangible assets	Other fixed assets	Total
Cost				
Opening balance	225,321	63,485	452,473	741,279
Additions	9,192	15	85,736	94,943
Exchange rate differences	-	-	97	97
Disposals	(971)	(4,564)	(29,172)	(34,707)
Provisions for impairment	2,214	-	-	2,214
Closing balance	235,756	58,936	509,134	803,826
Accumulated depreciation				
Opening balance	(96,453)	(62,778)	(240,287)	(399,518)
Current year depreciation expense	(5,178)	(613)	(50,642)	(56,433)
Exchange rate differences	-	-	(88)	(88)
Disposals	365	4,557	10,585	15,507
Closing balance	(101,266)	(58,834)	(280,432)	(440,532)
<b>Net book value</b>	<b>134,490</b>	<b>102</b>	<b>228,702</b>	<b>363,294</b>

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

#### 13. Information on intangible assets (net)

	Current period	Prior period
Cost		
Opening balance	137,920	115,239
Additions	32,837	22,943
Exchange rate differences	20	76
Disposals	(6,640)	(338)
Closing balance	164,137	137,920
Accumulated amortization		
Opening balance	(106,308)	(92,187)
Current year's amortization expense	(15,140)	(14,058)
Exchange rate differences	(10)	(75)
Disposals	1,794	12
Closing balance	(119,664)	(106,308)
<b>Net book value</b>	<b>44,473</b>	<b>31,612</b>

#### 14. Information on investment properties (net)

The Bank does not have investment properties.

#### 15. Explanations on deferred tax asset

##### 15.1. Explanations on current tax asset

The Bank has current tax relating to corporation tax by the amount of TL 76,480 (31 December 2015: TL 4,419) under the asset items.

##### 15.2. Explanations on deferred tax asset

Deferred tax asset and liability are netted of 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 (-)	-	-
<b>Balance at the end of the period (net)</b>	<b>660</b>	<b>660</b>

##### 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.

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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	569,875	-	11,563,245	2,715,734	104,727	41,574	7,954	-	15,003,109
Foreign currency deposits	1,372,347	-	1,306,293	2,805,096	134,679	62,280	186,264	-	5,866,959
Residents in Turkey	1,112,585	-	1,292,070	2,708,350	129,354	51,646	185,711	-	5,479,716
Residents abroad	259,762	-	14,223	96,746	5,325	10,634	553	-	387,243
Public sector deposits	212,318	-	-	-	-	-	-	-	212,318
Commercial deposits	665,165	-	903,257	524,232	8,453	7,125	-	-	2,108,232
Other institutions deposits	21,120	-	1,768	19,840	714	229	25	-	43,696
Precious metals deposits	44,951	-	-	-	-	-	-	-	44,951
Interbank deposits	1,654,819	-	283,201	-	-	-	-	-	1,938,020
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	170	-	283,201	-	-	-	-	-	283,371
Foreign banks	1,654,649	-	-	-	-	-	-	-	1,654,649
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,540,595</b>	<b>-</b>	<b>14,057,764</b>	<b>6,064,902</b>	<b>248,573</b>	<b>111,208</b>	<b>194,243</b>	<b>-</b>	<b>25,217,285</b>
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	524,628	-	8,952,575	3,215,916	118,849	23,998	25,089	-	12,861,055
Foreign currency deposits	1,372,505	-	1,006,707	4,484,710	112,811	35,953	39,515	-	7,052,201
Residents in Turkey	1,222,710	-	989,929	4,366,849	104,363	30,494	32,773	-	6,747,118
Residents abroad	149,795	-	16,778	117,861	8,448	5,459	6,742	-	305,083
Public sector deposits	191,490	-	-	58	-	-	-	-	191,548
Commercial deposits	609,515	-	829,017	442,487	17,016	8,312	748	-	1,907,095
Other institutions deposits	18,820	-	5,353	21,896	730	96	161	-	47,056
Precious metals deposits	16,655	-	-	-	-	-	-	-	16,655
Interbank deposits	1,539,355	7	31,851	2,154	-	-	-	-	1,573,367
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	410	-	31,849	2,152	-	-	-	-	34,411
Foreign banks	1,538,945	7	2	2	-	-	-	-	1,538,956
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,272,968</b>	<b>7</b>	<b>10,825,503</b>	<b>8,167,221</b>	<b>249,406</b>	<b>68,359</b>	<b>65,513</b>	<b>-</b>	<b>23,648,977</b>

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

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

Saving deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit insurance	
	Current period	Prior period	Current period	Prior period
Saving deposit	10,852,474	9,869,459	4,146,200	2,982,586
Foreign currency saving deposits	1,022,048	1,168,433	2,109,186	3,559,334
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	4,290	-	1,827
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

### 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	-	24
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	9,628	12,493
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	-	124,579	-	75,956
Swap transactions	375,351	66,442	139,425	23,055
Future transactions	-	-	-	-
Options	97	8,578	28	2,572
Other	-	-	-	-
<b>Total</b>	<b>375,448</b>	<b>199,599</b>	<b>139,453</b>	<b>101,583</b>

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

### 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	-	-	-	35,426
Funds borrowed from domestic banks and institutions	74,648	408,364	94,682	357,541
Funds borrowed from foreign banks, institutions and funds	512,493	12,783,241	515,734	14,091,806
<b>Total</b>	<b>587,141</b>	<b>13,191,605</b>	<b>610,416</b>	<b>14,484,773</b>

#### 3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	87,752	470,848	111,083	2,600,980
Medium and long term	499,389	12,720,757	499,333	11,883,793
<b>Total</b>	<b>587,141</b>	<b>13,191,605</b>	<b>610,416</b>	<b>14,484,773</b>

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

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

### 4. Explanations on securities issued (net)

	Current period		Prior period	
	TL	FC	TL	FC
Bank bills	246,634	-	237,552	-
Bonds	-	-	-	-
<b>Total</b>	<b>246,634</b>	<b>-</b>	<b>237,552</b>	<b>-</b>

The Bank issued 107 days maturity bills with a nominal value of TL 250,000 with 9.65% simple interest rate on 7 November 2016 by the method of sales to qualified investors not involving any public offering.

Within the current year there is issuance in amount of TL 250,000 (31 December 2015: TL 1,140,380) and refunds and repurchases in amount of TL 242,350 (31 December 2015: TL 1,248,073).

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

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

### 6. Explanations on lease payables (net)

Financial lease payables	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	38	36
More than 1 year	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>36</b>

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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	33,054	5,444	7,804	5,550
Net investment hedge	-	-	-	-
<b>Total</b>	<b>33,054</b>	<b>5,444</b>	<b>7,804</b>	<b>5,550</b>

### 8. Information on provisions

#### 8.1. Information on general provisions

	Current period	Prior period
General provisions	581,083	553,780
Provisions for group I. loans and receivables	444,822	438,183
<i>Additional provision for loans with extended payment period</i>	7,037	5,836
Provisions for group II. loans and receivables	58,007	51,159
<i>Additional provision for loans with extended payment period</i>	20,299	13,933
Provisions for non-cash loans	23,639	17,487
Other	54,615	46,951

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

As of 31 December 2016, provision for the foreign currency indexed loans' foreign exchange rate difference amounting to TL 176 (31 December 2015: TL 10,953) is netted off from loans under the assets on the balance sheet.

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

	Current period	Prior period
Specific provisions for undrawn non-cash loans	27,829	17,434

#### 8.4. Information on other provisions

##### 8.4.1. Information on provisions for possible losses

As of 31 December 2016 and 31 December 2015, the Bank does not have any provision for possible losses.

The lawsuits against the Bank were subject to the provisioning by considering legal assessments per each lawsuit. Provisions due to the lawsuits are followed under other provisions.

##### 8.4.2. Information on other provisions

	Current period	Prior period
Provision for credit card score promotion	2,209	3,142
Other provisions	71,952	55,371
<b>Total</b>	<b>74,161</b>	<b>58,513</b>



## ING Bank A.Ş.

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

As of 31 December 2016, TL 71,952 (31 December 2015: TL 55,371) was set aside as other provisions as a result of the legal assessment for the lawsuits that are likely to result against the Bank and as a result of the public authorities' inspections.

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

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

On the other hand, the administrative resolution no. 2013/36, dated 31 January 2013 by the Fund Board, that constitutes a basis for these legal actions of the SDIF, was annulled by Istanbul 3<sup>rd</sup> Administrative Court Decision, numbered E.2013/467 as a result of the lawsuit filed by the Bank; SDIF appealed to the Council of State (Administrative High Court) against the said decision. The Council of State has reversed the judgement of the Court of First Instance and the Bank has made an application for correction of the Council of State's decision.

Following these developments, SDIF has initiated a second legal enforcement proceeding against the Bank for an approximate amount of TL 22 million (Full TL), which has been initiated separately from the first legal enforcement proceeding and based on the payments made to different depositors but relied on the same legal grounds. The Bank has further objected to this enforcement proceeding. SDIF has filed a lawsuit for cancellation of the objection made by the Bank against the second legal enforcement proceedings.

A third execution proceeding was initiated by the SDIF against the Bank for TL 98 million (Full TL), which is independent from the first and second execution proceedings; however, due to the same legal rationales concerning the payments made to different depositors, and the Bank has objected to this proceeding as well. SDIF has filed a lawsuit for cancellation of the objection made by the Bank against the third legal enforcement proceedings.

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

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

#### 8.5. Information on provisions for employee benefits

As of 31 December 2016, TL 38,813 (31 December 2015: TL 38,004) of TL 22,275 (31 December 2015: TL 21,173) provisions for employee benefits is the unused vacation provision. Full provision is provided for the unused vacation liability.

As of 31 December 2016, TL 16,538 (31 December 2015: TL 16,831) of the provisions for employee benefits is the termination benefit provision. In accordance with the labour law, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 4,297.21 (Full TL) at 31 December 2016 and TL 3,828.37 (Full TL) at 31 December 2015 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the unconsolidated financial statements dated 31 December 2016 and 31 December 2015, the Group operating in Turkey has calculated severance pay by taking into account their experience in personnel service completion or termination, and by discounting it via using the forecasted annual inflation and interest rates. The inflation and interest rates used, including the probability of severance are as follows:

	Current period	Prior period
Inflation rate	6.0%	6.0%
Interest rate	11.4%	10.5%
Probability of severance	43.6%	38.9%

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

Movement of the provision for termination benefit:

	Current period	Prior period
Balance at the beginning of the period	16,831	16,538
Change during the year	18,018	16,262
Actuarial gain	(1,394)	(722)
Benefits paid during the year	(16,917)	(15,247)
<b>Balance at the end of the period</b>	<b>16,538</b>	<b>16,831</b>

### 9. Explanations on tax liability

#### 9.1. Explanations on current tax liability

##### 9.1.1. Explanations on tax provision

Tax asset and liability are netted of on financials and shown as tax asset or liability in the balance sheet. The explanations about tax asset/liability for the current and previous period are disclosed in Note 15.1 of Section Five.

##### 9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	-	-
Taxation of securities	20,836	24,305
Property tax	1,090	1,090
Banking insurance transaction tax ("BITT")	26,066	20,842
Foreign exchange transaction tax	-	-
Value added tax payable	2,525	2,650
Other	8,860	9,099
<b>Total</b>	<b>59,377</b>	<b>57,986</b>

##### 9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	3,873	3,510
Social security premiums-employer	5,751	5,206
Bank social aid pension fund premium-employee	-	-
Bank social aid pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	2
Pension fund membership fees and provisions-employer	-	3
Unemployment insurance-employee	273	248
Unemployment insurance-employer	547	496
Other	-	-
<b>Total</b>	<b>10,444</b>	<b>9,465</b>

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

### 9.2. Explanations on deferred tax liabilities

As of 31 December 2016, the net deferred tax liabilities of the Bank amounts to TL 317,646 (31 December 2015: TL 188,872 net deferred tax liability) which is calculated based on the deductible temporary differences except general loan reserves and other free reserves.

Timing differences constituting the basis for deferred tax	Current period		Prior period	
	Accumulated temporary differences	Deferred tax asset/ (liability)	Accumulated temporary differences	Deferred tax asset/ (liability)
Base differences for tangible assets	(3,822)	(764)	(3,665)	(733)
Provisions	100,415	20,083	100,675	20,135
Fair value differences for financial assets and liabilities	(1,680,560)	(336,112)	(1,415,720)	(283,144)
Other	(4,265)	(853)	374,350	74,870
<b>Total deferred tax assets/ (liabilities) net</b>		<b>(317,646)</b>		<b>(188,872)</b>

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

Deferred tax assets/ (liabilities)	Current period	Prior period
Opening balance	(188,872)	(85,707)
Deferred tax assets/ (liabilities) net	(145,450)	(53,054)
Deferred tax recognized under equity	16,676	(50,111)
Balance at the end of the period	(317,646)	(188,872)

### 10. Information on liabilities regarding assets held for sale

As of 31 December 2016 and 31 December 2015, there are no liabilities regarding assets held for sale.

### 11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic associates	-	-	-	-
From foreign banks	474,800	2,406,399	451,337	2,034,690
From other foreign associates	-	-	-	-
<b>Total</b>	<b>474,800</b>	<b>2,406,399</b>	<b>451,337</b>	<b>2,034,690</b>

### 12. Information on shareholders' equity

#### 12.1. Paid-in capital

	Current period	Prior period
Common stock <sup>(*)</sup>	3,486,268	3,486,268
Preferred stock	-	-

<sup>(\*)</sup> 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.

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

### 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.

### 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 providently in order to be affected by interest, currency and credit risks at minimum level. The Bank's operations are aimed to be continued with a provident approach and with an increasing profitability. The year-end income is transferred to the statutory reserves and extraordinary reserves under the shareholder's equity. The 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 as limited as possible.

### 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	(30,406)	94,029	(31,840)	26,210
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(30,406)</b>	<b>94,029</b>	<b>(31,840)</b>	<b>26,210</b>

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

	Current period	Prior period
<b>As of 1 January</b>	<b>160,137</b>	<b>(39,737)</b>
Value increases/(decreases) of available for sale investments not recognized in the income statement	69,104	(12,276)
Net income/loss transferred from the shareholders' equity to profit/(loss) caused by disposal of investments classified as available for sale investments	-	-
Tax impact on gains from available for sale investments	149	2,457
Cash flow hedge transaction gains/(losses)	(85,110)	261,724
Cash flow hedge transaction (gains)/losses classified in income statement	1,081	393
Tax effect on gains from cash flow hedge	16,806	(52,424)
<b>As of 31 December</b>	<b>162,167</b>	<b>160,137</b>

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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	2,090,473	655,570
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	2,267,949	2,352,175
Commitments for check books	2,603,213	2,541,873
Commitments for credit card limits	1,838,986	1,863,320
Commitments for credit cards and banking services promotions	4,753	4,653
Other irrevocable commitments	15,261	9,494
<b>Total</b>	<b>8,820,635</b>	<b>7,427,085</b>

##### 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	6,099,586	3,404,839
Bank acceptance loans	109,750	168,633
Letter of credits	1,200,417	1,272,863
<b>Total</b>	<b>7,409,753</b>	<b>4,846,335</b>

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

	Current period	Prior period
Irrevocable letters of guarantees	4,638,602	4,014,675
Cash loans letters of guarantees	1,124,230	1,107,762
Advance letters of guarantees	336,914	255,597
Temporary letters of guarantees	181,717	288,984
Other	92,828	118,366
<b>Total</b>	<b>6,374,291</b>	<b>5,785,384</b>

#### 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	7,013,894	4,185,548
With original maturity of 1 year or less than 1 year	405,637	37,437
With original maturity of more than 1 year	6,608,257	4,148,111
Other non-cash loans	6,770,150	6,446,171
<b>Total</b>	<b>13,784,044</b>	<b>10,631,719</b>

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

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

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	14,873	0.60	11,816	0.10	25,067	0.92	4,043	0.05
Farming and raising	8,943	0.36	11,276	0.10	16,907	0.62	3,352	0.04
Forestry	5,796	0.23	540	-	7,599	0.28	691	0.01
Fishing	134	0.01	-	-	561	0.02	-	-
Manufacturing	316,161	12.60	5,977,991	53.03	407,857	14.92	3,688,244	46.70
Mining	18,259	0.73	1,902,641	16.88	22,682	0.83	143,687	1.82
Production	265,162	10.57	3,871,357	34.34	325,647	11.91	3,522,573	44.60
Electric, gas and water	32,740	1.30	203,993	1.81	59,528	2.18	21,984	0.28
Construction	564,814	22.51	399,211	3.54	621,233	22.72	546,462	6.92
Services	1,553,242	61.89	4,877,332	43.24	1,620,198	59.26	3,628,905	45.95
Wholesale and retail trade	1,028,984	41.00	664,258	5.89	1,204,541	44.05	433,843	5.48
Hotel, food and beverage	16,441	0.66	5,952	0.05	20,680	0.76	5,182	0.07
Transportation and telecommunication	91,882	3.66	1,106,536	9.81	94,599	3.46	204,449	2.59
Financial institutions	212,922	8.48	2,279,086	20.21	167,317	6.12	2,364,667	29.94
Real estate and renting services	59,947	2.39	80,171	0.71	5,777	0.21	6,747	0.09
Self employment services	121,865	4.86	440,609	3.91	110,244	4.03	407,492	5.16
Education services	3,025	0.12	52,424	0.46	4,855	0.18	63,849	0.81
Health and social services	18,176	0.72	248,296	2.20	12,185	0.45	142,676	1.81
Other	60,618	2.40	7,986	0.09	59,615	2.18	30,095	0.38
<b>Total</b>	<b>2,509,708</b>	<b>100.00</b>	<b>11,274,336</b>	<b>100.00</b>	<b>2,733,970</b>	<b>100.00</b>	<b>7,897,749</b>	<b>100.00</b>

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

	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans	2,447,296	11,258,042	37,232	10,688
Letter of guarantees	2,446,448	3,852,673	37,232	7,152
Bank acceptances	-	109,750	-	-
Letter of credits	-	1,196,881	-	3,536
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other	848	6,098,738	-	-

ING Bank A.Ş.  
Notes to the unconsolidated financial statements  
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(Currency - Thousands of TL)

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

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

#### 2. Information on derivative transactions

	Current period	Prior period
<b>Types of hedging transactions</b>		
<b>Fair value hedges (I)</b>	-	-
Purchase transactions	-	-
Sale transactions	-	-
<b>Cash flow hedges (II)</b>	<b>17,001,332</b>	<b>18,190,936</b>
Purchase transactions	9,366,035	9,785,612
Sale transactions	7,635,297	8,405,324
<b>Net investment hedges (III)</b>	-	-
Purchase transactions	-	-
Sale transactions	-	-
<b>A. Total derivatives held for hedging (I+II+III)</b>	<b>17,001,332</b>	<b>18,190,936</b>
<b>Derivative transactions held for trading</b>		
<b>Trading transactions (I)</b>	<b>44,139,384</b>	<b>34,706,730</b>
Forward foreign currency transactions - buy	6,318,460	4,234,870
Forward foreign currency transactions - sell	6,347,495	4,296,675
Swap transactions - buy	14,417,972	12,806,988
Swap transactions - sell	14,413,861	12,671,617
Foreign currency options - buy	1,320,798	348,290
Foreign currency options - sell	1,320,798	348,290
Foreign currency futures - buy	-	-
Foreign currency futures - sell	-	-
<b>Interest rate derivatives (II)</b>	<b>6,073,316</b>	<b>5,870,856</b>
Interest rate swap - buy	3,036,658	2,935,428
Interest rate swap - sell	3,036,658	2,935,428
Interest rate options - buy	-	-
Interest rate options - sell	-	-
Securities options - buy	-	-
Securities options - sell	-	-
Interest futures - buy	-	-
Interest futures - sell	-	-
<b>Other trading derivative transactions (III)</b>	4,442	-
<b>B. Total derivative transactions held for trading (I+II+III)</b>	<b>50,217,142</b>	<b>40,577,586</b>
<b>Total derivative transactions (A+B)</b>	<b>67,218,474</b>	<b>58,768,522</b>

#### 3. Information on credit swaps and related risks

As of 31 December 2016 and 31 December 2015, there are no credit derivative transactions.

#### 4. Information on contingent liabilities and assets

As of 31 December 2016, provision of TL 71,952 (31 December 2015: TL 55,371) is set aside by considering legal assessment for the lawsuits with a high probability of losing by the Bank.

#### 5. Information on the services provided on behalf of others

Related information is provided in note IX of section Four.

ING Bank A.Ş.  
Notes to the unconsolidated financial statements  
for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

#### IV. Explanations and notes related to unconsolidated income statement

##### 1. Information on interest income

##### 1.1. Information on interest income from loans

	Current period		Prior period	
	TL	FC	TL	FC
Interest on loans <sup>(*)</sup>	3,457,549	327,190	3,084,129	301,141
Short term loans	1,427,735	57,153	1,207,490	58,969
Medium and long term loans	2,000,648	270,037	1,853,592	242,172
Interest on loans under follow-up	29,166	-	23,047	-
Premiums received from resource utilization support fund	-	-	-	-

<sup>(\*)</sup> 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	-	1,080	-	154
From domestic banks	19,341	287	19,297	520
From foreign banks	195	4,616	203	2,440
From branches abroad	-	-	-	-
<b>Total</b>	<b>19,536</b>	<b>5,983</b>	<b>19,500</b>	<b>3,114</b>

##### 1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Trading securities	9,027	1,188	10,052	1,057
Financial assets at fair value through profit and loss	-	-	-	-
Available for sale securities	316,066	-	257,036	-
Held to maturity securities	-	-	20	-
<b>Total</b>	<b>325,093</b>	<b>1,188</b>	<b>267,108</b>	<b>1,057</b>

##### 1.4. Information on interest income received from associates and subsidiaries

	Current period	Prior period
Interest income from associates and subsidiaries	6,192	587



ING Bank A.Ş.  
Notes to the unconsolidated financial statements  
for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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#### IV. Explanations and notes related to unconsolidated income statement (continued)

##### 2. Information on interest expenses

##### 2.1. Information on interest on funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Banks <sup>(*)</sup>	120,662	203,962	98,705	196,672
Central Bank of Turkey	69	-	32	-
Domestic banks	5,740	3,359	7,922	4,143
Foreign banks	114,853	200,603	90,751	192,529
Branches and offices abroad	-	-	-	-
Other institutions <sup>(*)</sup>	-	4,454	-	4,420
<b>Total</b>	<b>120,662</b>	<b>208,416</b>	<b>98,705</b>	<b>201,092</b>

<sup>(\*)</sup> 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	1,375	2,546

##### 2.3. Information on interest on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Interest on securities issued	8,128	-	42,269	-

##### 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		
<b>Turkish lira</b>								
Bank deposits	-	3,345	-	-	-	-	-	3,345
Saving deposits	-	989,084	315,904	11,013	2,853	2,448	-	1,321,302
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	87,746	50,540	1,250	836	5	-	140,377
Other deposits	-	371	2,263	62	6	10	-	2,712
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,080,546</b>	<b>368,707</b>	<b>12,325</b>	<b>3,695</b>	<b>2,463</b>	<b>-</b>	<b>1,467,736</b>
<b>Foreign currency</b>								
Foreign currency deposits	-	8,541	51,116	1,115	293	3,175	-	64,240
Banks deposits	-	2,469	-	-	-	-	-	2,469
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>11,010</b>	<b>51,116</b>	<b>1,115</b>	<b>293</b>	<b>3,175</b>	<b>-</b>	<b>66,709</b>
<b>Grand total</b>	<b>-</b>	<b>1,091,556</b>	<b>419,823</b>	<b>13,440</b>	<b>3,988</b>	<b>5,638</b>	<b>-</b>	<b>1,534,445</b>

ING Bank A.Ş.  
**Notes to the unconsolidated financial statements**  
**for the year ended 31 December 2016 (continued)**

(Currency - Thousands of TL)

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

**IV. Explanations and notes related to unconsolidated income statement (continued)**

**3. Information on dividend income**

	Current period	Prior period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available for sale	511	742
Other	34,644	18,794
<b>Total</b>	<b>35,155</b>	<b>19,536</b>

**4. Information on trading income/loss (net)**

	Current period	Prior period
<b>Income</b>	<b>13,664,930</b>	<b>16,990,881</b>
Gains on capital market transactions	13,796	13,357
Gains on derivative financial instruments	5,636,850	7,134,814
Foreign exchange gains	8,014,284	9,842,710
<b>Loss (-)</b>	<b>(13,871,413)</b>	<b>(17,378,912)</b>
Loss on capital market transactions	(14,602)	(18,857)
Loss on derivative financial instruments	(4,780,673)	(5,920,206)
Foreign exchange loss	(9,076,138)	(11,439,849)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 1,173,275 (31 December 2015: TL 1,661,641 net profit).

**5. Information on other operating income**

	Current period	Prior period
Banking services income	6,605	5,530
Income from reversal of prior years' provisions	250,082	254,020
Income arising from sale of assets	42,320	8,593
Other non-interest income	52,709	43,219
<b>Total</b>	<b>351,716</b>	<b>311,362</b>

ING Bank A.Ş.  
Notes to the unconsolidated financial statements  
for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

#### IV. Explanations and notes related to unconsolidated income statement (continued)

##### 6. Provision expenses for loan losses and other receivables

	Current period	Prior period
Specific provisions for loans and other receivables	523,764	436,826
III. group loans and receivables	31,348	31,088
IV. group loans and receivables	147,175	142,661
V. group loans and receivables	345,241	263,077
General provision expenses	27,382	113,754
Provision expenses for possible losses	-	-
Marketable securities impairment losses	535	16
Financial assets at fair value through profit and loss	154	16
Available for sale securities	381	-
Impairment related to associates, subsidiaries and investment securities held to maturity	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other	38,491	22,983
<b>Total</b>	<b>590,172</b>	<b>573,579</b>

##### 7. Information on other operating expenses

	Current period	Prior period
Personnel expenses	579,588	571,707
Reserves for termination benefits	1,101	1,015
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	-
Depreciation expenses of tangible assets	54,837	55,577
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Depreciation expenses of intangible assets	15,140	14,058
Impairment expenses 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	1,799	856
Impairment expense of held for sale tangible assets and discontinued operations	-	-
Other operating expenses	516,404	483,772
Operating lease expenses	108,443	112,034
Repair and maintenance expenses	20,553	21,774
Advertisement expenses	53,139	48,155
Other expenses	334,269	301,809
Loss on sales of assets	151,220	174,280
Other	190,345	215,162
<b>Total</b>	<b>1,510,434</b>	<b>1,516,427</b>

# ING Bank A.Ş.

## Notes to the unconsolidated financial statements for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

#### IV. Explanations and notes related to unconsolidated income statement (continued)

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

As of 31 December 2016, the income before taxes is TL 716,611 (31 December 2015: TL 167,588).

##### 9. Information on tax provision for continued and discontinued operations

As of 31 December 2016, there is not corporate tax provision expense (31 December 2015: None), and the deferred tax expense is TL 145,450 (31 December 2015: TL 53,054 deferred tax expense).

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

As of 31 December 2016, the net operating income after taxes is TL 571,161 (31 December 2015: TL 114,534).

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

Interest income from regular banking transactions is TL 4,200,043 (31 December 2015: TL 3,726,152), while the interest expense is TL 1,977,859 (31 December 2015: TL 1,699,898).

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

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

Other fees and commissions received amounting to TL 456,242 (31 December 2015: TL 338,056) has included TL 147,731 (31 December 2015: TL 80,311) service fees and commissions from contracted merchants, TL 129,158 (31 December 2015: 110,701 TL) credit card fees and commissions and TL 92,819 insurance commissions (31 December 2015: TL 59,372).

Other fees and commissions paid amounting to TL 170,584 (31 December 2015: TL 112,635) has included TL 145,453 (31 December 2015: TL 89,892) credit card exchange commissions.

#### V. Explanations and notes related to unconsolidated statement of changes in shareholders' equity

As of the balance sheet date, legal reserves amount to TL 99,858 (31 December 2015: TL 94,131), and TL 5,727 (31 December 2015: TL 8,795) of this amount consists of the amount transferred from the previous year profit within the current period.

As of the balance sheet date, extraordinary reserves amount to TL 707,805 (31 December 2015: TL 600,869).

#### VI. Explanations and notes related to the unconsolidated statement of cash flows

##### 1. Information on cash flow statements

Components of cash and cash equivalents are cash, cash in foreign currency, money in transit, cheques purchased, demand deposits including unrestricted deposits in the Central Bank of Turkey and time deposits in banks with original maturities less than three months.

##### 1.1. Cash and cash equivalents at the beginning of the period

	Current period	Prior period
Cash	379,462	300,233
Cash in vault	203,924	161,119
Cash in foreign currency	175,538	139,114
Cash equivalents	2,884,305	1,719,339
Central Bank of Turkey	1,136,085	315,870
Banks	1,098,220	1,030,969
Interbank money market	650,000	372,500
<b>Total</b>	<b>3,263,767</b>	<b>2,019,572</b>

ING Bank A.Ş.  
Notes to the unconsolidated financial statements  
for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

#### VI. Explanations and notes related to the unconsolidated statement of cash flows (continued)

##### 1.2. Cash and cash equivalents at the end of period:

	Current period	Prior period
Cash	641,041	379,462
Cash in vault	256,750	203,924
Cash in foreign currency	384,291	175,538
Cash equivalents	3,730,932	2,884,305
Central Bank of Turkey	1,835,950	1,136,085
Banks	123,174	1,098,220
Interbank money market	1,771,808	650,000
<b>Total</b>	<b>4,371,973</b>	<b>3,263,767</b>

##### 2. Explanation about other line items included in the cash flow and about the effect of changes in foreign exchange rates on cash and cash equivalents line item included in the cash flow statement:

The "Other income" item under "Operating profit before changes in operating assets and liabilities" amounting to TL 95,187 (31 December 2015: TL 47,303) consists of other operational incomes.

The "Other" item under "Operating profit before changes in operating assets and liabilities" amounting to TL (1,927,006) (31 December 2015: TL (2,200,049)) consists of profit/loss from capital market transactions, profit/loss from derivative transactions and other operational expenses.

The "Net increase in other assets" item under "Changes in operating assets and liabilities" amounting to TL 483,074 increase (31 December 2015: TL 1,143,165 decrease) consists of mainly changes in prepaid expenses and changes in exchange accounts under other assets.

The "Net increase in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL (808,809) decrease (31 December 2015: TL 1,363,188 increase) consists of mainly changes in fees and commissions obtained in advance and changes in exchange account under other liabilities.

The "Other" item under "Net cash flow from investment operations" amounting to TL (27,990) decrease (31 December 2015: TL 22,617 decrease) consists of additional amounts about mainly intangible fixed assets.

The effect of changes in the foreign currency rates on the cash and cash equivalents has been determined by the sum of exchange rate differences of translation into TL of cash and cash equivalents denominated in foreign currency in the beginning and the end of the period quarterly and as approximately TL 296,603 (31 December 2015: TL 227,571).

#### VII. 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	47,996	41,497	49	273,432	48	135,512
End of the period	104,291	15,790	91	624,919	14	87,086
Interest and commission income	6,192	50,572	6	382	-	164

ING Bank A.Ş.  
Notes to the unconsolidated financial statements  
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(Currency - Thousands of TL)

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

**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	8,060	52,659	21	51,833	593	48,822
End of the period	47,996	41,497	49	273,432	48	135,512
Interest and commission income	587	20,664	-	535	7	256

**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	102,061	111,525	3,745	863	38,620	58,741
End of the period	64,607	102,061	1,064	3,745	3,628	38,620
Interest expense on deposits	1,373	2,387	186	32	194	1,529

**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	-	-	3,514,533	2,287,047	-	-
End of period	-	-	7,620,055	3,514,533	98,715	-
Total profit/loss	-	-	217,914	49,715	(6,651)	885
Transactions with hedging purposes						
Beginning of the period	-	-	-	-	-	-
End of period	-	-	-	-	-	-
Total profit/loss	-	-	-	-	-	-

ING Bank A.Ş.  
Notes to the unconsolidated financial statements  
for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

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

**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	-	-	37	21	6,924	3,815
End of period	-	-	1,339	37	44,236	6,924
Interest income received	-	-	309	2	17	-

**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	10,001	4,227	10,263,404	6,768,473	15,329	10,483
End of period	-	10,001	9,893,625	10,263,404	4,201	15,329
Interest and commission paid	2	159	122,270	100,757	339	224

The Bank also has subordinated loan amounting to TL 2,881,199 from main shareholder ING Bank NV as of 31 December 2016 (31 December 2015: TL 2,486,027).

**VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Bank**

	Number	Number of employees	Country		Total assets	Capital
Domestic branches	268	5,284				
Foreign representative offices	-	-				
Foreign branches	-	-				
Off-shore banking region branches	-	-				

ING Bank A.Ş.  
Notes to the unconsolidated financial statements  
for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

**Section six**

**Other explanations**

**I. Other explanations on the Bank's operations**

None.

**II. Explanations and notes related to subsequent events**

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

Bank Human Resources Executive Vice President Seçil Refik has resigned from her duty as of 2 February 2017.

According to the Board of Directors resolution No. 6/1 and dated 9 February 2017, it has been decided to apply to BRSA in order to appoint Bahar Şansal as the Executive Vice President of Human Resources.

The Bank obtained written permission from BRSA with the letter dated 8 February 2017 to distribute cash dividend of TL 200,000 from the distributable profit related to 2015 and prior years. Dividend distribution decision will be authorized at 2016 Ordinary General Assembly of the Bank.

The Bank issued 84 days maturity bills with a nominal value of TL 257,445 with 11.40% simple interest rate on 22 February 2017 by the method of sales to qualified investors not involving any public offering.

**Section seven**

**Independent auditors' report**

**I. Explanations on the independent auditors' report**

The unconsolidated financial statements of the Bank as of 31 December 2016, have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and their independent audit report dated 23 February 2017 is presented at the beginning of this report.

**II. Explanations and notes prepared by independent auditors**

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



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ING Bank A.Ş. and its Financial Subsidiaries  
Consolidated financial statements  
as at and for the year ended 31 December 2016

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

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## Independent auditors' report



Akis Bağımsız Denetim ve  
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To the Board of Directors of ING Bank Anonim Şirketi;

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ING Bank Anonim Şirketi ("the Bank") and its consolidated financial subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statements of income, income and expense items accounted under shareholders' equity, changes in shareholders' equity, cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Bank's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes 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 Board and circulars and interpretations published by BRSA and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ING Bank A.Ş and its financial subsidiaries as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

## Independent auditors' report

### Report on Other Legal and Regulatory Requirements

Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No.6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2016 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

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



Furda Aslıanoğlu, SMMM  
Partner

23 February 2017  
İstanbul, Turkey

### Additional paragraph for convenience translation to English:

The accounting principles summarized in Note 1.b of section three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS

ING Bank A.Ş.  
The consolidated financial report of ING Bank A.Ş.  
prepared as of 31 December 2016

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

The consolidated financial report includes the following sections in accordance with the “Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced” as sanctioned by the Banking Regulation and Supervision Agency.

- General information about the Group
- Consolidated financial statements of the Group
- Explanations on accounting policies applied in the related period
- Information related to financial position of the Group
- Explanations and notes related to consolidated financial statements
- Other explanations and notes
- Independent auditors’ report

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

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

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

23 February 2017,  
Istanbul



John T. Mc CARTHY  
Chairman of the Board



Pinar ABAY  
President and CEO



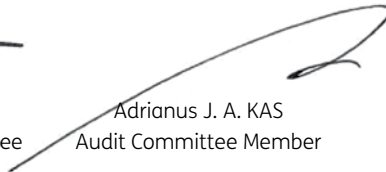
Erwin H.M. OLIJSLAGER  
CFO



Özden SERPEK  
Financial Reporting  
and Tax Director



M. Sırrı ERKAN  
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

Name-Surname/Title : İnci SENYEN MAKELAINEN/ Vice President  
Phone No : (212) 335 11 76  
Fax No : (212) 366 45 09

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# ING Bank A.Ş. and its Financial Subsidiaries

## Notes to the consolidated financial statements

### for the year ended 31 December 2016

(Currency - Thousands of TL)

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

#### Section one

#### General information

##### I. Parent Bank's history including foundation date, beginning status and the changes in this status

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

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

According to item 3 (a) of the Council of Ministers' decree numbered 99-13765 and dated 21 December 1999 published in the Official Gazette numbered 23914 and dated 22 December 1999, ownership rights except dividends and management and supervision of Sümerbank A.Ş. were transferred to the Saving Deposit Insurance Fund ("the SDIF") in accordance with Article 14, items 3 and 4 of the Banking Act. In 2001, the SDIF decided to merge the assets and liabilities of the banks, namely Egebank A.Ş., Türkiye Tütüncüler Bankası Yaşarbank A.Ş., Yurt Ticaret ve Kredi Bankası A.Ş., Bank Kapital A.Ş. and Ulusal Bank T.A.Ş. that have been formerly transferred to the SDIF, into Sümerbank A.Ş.

With the SDIF Board of Directors' decision numbered 148 and dated 31 July 2001, it was decided to transfer all shares of Sümerbank A.Ş. to OYAK latest on 13 August 2001. Based on this resolution, a share transfer agreement has been signed between the SDIF and OYAK on 9 August 2001. According to the agreement, the total 133,400,000,000 shares of Sümerbank A.Ş. that have been transferred to the SDIF, with nominal value of TL 0,001 (Full TL) each, have been transferred to OYAK. In accordance with the resolution of the General Assembly dated 10 August 2001, the loss of TL 133,395 (not inflation adjusted) has been offset against TL 133,400 (not inflation adjusted) capital of Sümerbank A.Ş. and the capital of Sümerbank A.Ş. that decreased to TL 5 has been increased to TL 27,000 (not inflation adjusted) by OYAK.

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

In accordance with the permissions of the Competition Board with the decree number 07-69/856-324 dated 6 September 2007 and of the BRSA with the decree number 2416 dated 12 December 2007; the transfer of 1,074,098,150 shares of the Parent Bank that represent the total capital which belongs to OYAK in amount of TL 1,074,098 to ING Bank N.V as of 24 December 2007 has been approved by the Board of Directors decision numbered 55/1 and dated 24 December 2007 and the share transfer has been recorded in Shareholders Stock Register as of the same date.

It has been decided to change the title of the Parent Bank from "Oyak Bank A.Ş." to "ING Bank A.Ş." effective from 7 July 2008 in accordance with the permission of Turkish Ministry of Industry and Trade, Domestic Trade Chief Management numbered 2440 and dated 7 May 2008. The title change has been registered on 30 May 2008 and published in Turkish Trade Registry Gazette numbered 7077 and dated 5 June 2008. The prime contract of the Parent Bank has been modulated with the Extraordinary General Meeting dated 26 June 2014 in accordance with Turkish Trade Art numbered 6102 and published in Turkish Trade Registry Gazette numbered 8608 and dated 9 July 2014.

ING Bank A.Ş. and its Financial Subsidiaries  
Notes to the consolidated financial statements  
for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

**II. Explanations regarding the Parent Bank's capital structure, shareholders holding directly or indirectly, collectively or individually, the management and supervision, changes in current year if any and explanations on the controlling group of the Parent Bank**

The main shareholders and capital structure as of 31 December 2016 and 31 December 2015 are as follows:

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

As of 31 December 2016, the Parent Bank's paid-in capital consists of 3,486,267,797 shares with a nominal value of TL (Full TL) 1 each.

The Parent Bank's paid-in capital is TL 3,486,268 as of 31 December 2016, and ING Bank N.V. has full control over the Parent Bank's capital.

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

**III. Explanation regarding the chairman and board members, audit committee members, president and executive vice presidents and their shares in the Parent Bank, if any**

As of 31 December 2016, the Parent Bank's Board of Directors (BOD), Members of Audit Committee and Chief Executive Officer and Executive Vice Presidents are as follows:

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



## ING Bank A.Ş. and its Financial Subsidiaries

# Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

### III. Explanation regarding the chairman and board members, audit committee members, president and executive vice presidents and their shares in the Parent Bank, if any (continued)

Vice Chairman of BoD and Executive Director Gerlachus J.M. Jacobs resigned from his duty as of 31 December 2015.

On 1 January 2016 Adrianus J. A. Kas was appointed as Vice Chairman of BoD and Audit Committee Member.

At the Ordinary General Meeting of the Parent Bank held on 25 March 2016, BoD members were not elected, and after the General Meeting, according to Turkish Trade Law regulation no. 366/1, decision of Division of Labor was made and John T. Mc Carthy was appointed Chairman of BoD and Adrianus J. A. Kas was appointed Vice Chairman of BoD.

Board Member Can Erol resigned from Audit Committee membership on 26 December 2016 due to maximum service period. Can Erol's board membership continues.

According to the Board of Directors resolution No. 1/19 and dated 7 January 2016, Bohdan Robert Stepkowski has been appointed as Financial Markets Executive Vice President, and after completion of the BRSA process, started his duty as of 26 January 2016.

Parent Bank Financial Control and Asset Liability Management Executive Vice President Alp Sivrioğlu has resigned as of 31 January 2016.

Parent Bank Corporate Clients Sales and Marketing, Corporate Lending Executive Vice President Mark O. Appelman resigned from his duty as of 31 January 2016.

Parent Bank Chief Audit Executive Rogier Dolleman resigned from his duty as of 11 March 2016.

According to the Board of Directors resolution No. 8/3 and dated 18 February 2016, Murat Tursun has been appointed as Chief Audit Executive and started his duty as of 12 March 2016.

The duty of Credits Vice President Gerardus Stroomer has ended as of 30 April 2016.

According to the Board of Directors resolution No. 19/2 and dated 13 April 2016, Ebru Sönmez Yanık has been appointed as Corporate Customers Sales and Marketing Executive Vice President, and after completion of the BRSA process, started her duty as of 4 May 2016.

According to the Board of Directors resolution No. 10/1 and dated 25 February 2016, Erwin H.M. Olijslager has been appointed as Chief Financial Officer, and after completion of the BRSA process, started his duty as of 5 May 2016.

According to the Board of Directors resolution No. 21/20 and dated 4 May 2016, İlker Kayseri has been appointed as Treasury Executive Vice President, and after completion of the BRSA process, started his duty as of 20 May 2016.

According to the Board of Directors resolution No. 21/8 Gordana Hulina has been assigned as Credits Executive Vice President, and after completion of the BRSA process, started her duty as of 24 June 2016.

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

### IV. Information on the individual and corporate shareholders having control shares of the Parent Bank

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

### V. Summary of the Parent Bank's service types and fields of operation

The Parent Bank is principally engaged in all types of banking transactions, accepting deposits and all kinds of legal transactions, activities and operations within banking license within the scope provided by the Banking Law, and all existing and/or future laws, regulations and decree laws and related legislation. The Parent Bank carries out its operations with 268 domestic branches. Branch located in Turkish Republic of Northern Cyprus ("NCTR") was sold at 2 September 2016. Bahrain Branch of the Parent Bank closed as of 31 October 2016.

### VI. A short explanation on the differences between the Communique on Consolidated Financial Statement Reporting and the consolidation procedures required by Turkish Accounting Standards and about institutions that are subject to full consolidation, proportional consolidation, by way of deduction from capital or those that are subject to none

Subsidiaries of the Parent Bank are subject to full consolidation.

### VII. Existing or potential, actual or legal obstacles to immediate transfer of capital between Parent Bank and its subsidiaries and repayment of debts

None.

ING Bank A.Ş. and its Financial Subsidiaries  
**Notes to the consolidated financial statements  
for the year ended 31 December 2016 (continued)**

(Currency - Thousands of TL)

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

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**Section two**

**Consolidated financial statements**

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- IV. Statement of income and expenses recognized under consolidated shareholders' equity
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- VI. Consolidated statement of cash flows
- VII. Statement of profit distribution

# ING Bank A.Ş. and its Financial Subsidiaries

## Consolidated balance sheet

### (statement of financial position) as of 31 December 2016

(Currency - Thousands of TL)

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

Assets	Note (section five)	Audited			Audited		
		Current period (31/12/2016)			Prior period (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>I. Cash and balances with Central Bank</b>	(I-1)	415,526	6,450,121	6,865,647	428,480	5,713,473	6,141,953
<b>II. Financial assets at fair value through profit or loss (net)</b>	(I-2)	284,828	249,168	533,996	342,682	104,754	447,436
2.1 Financial assets held for trading		284,828	249,168	533,996	342,682	104,754	447,436
2.1.1 Public sector debt securities		1,868	4,608	6,476	138,992	7,161	146,153
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		282,928	244,560	527,488	203,687	97,593	301,280
2.1.4 Other marketable securities		32	-	32	3	-	3
2.2 Financial assets designated at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. Banks</b>	(I-3)	36,476	205,046	241,522	711,625	449,076	1,160,701
<b>IV. Money market placements</b>		1,898,998	-	1,898,998	735,012	-	735,012
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		578,203	-	578,203	84,821	-	84,821
4.3 Receivables from reverse repurchase agreements		1,320,795	-	1,320,795	650,191	-	650,191
<b>V. Financial assets available for sale (net)</b>	(I-4)	2,553,589	102,195	2,655,784	3,050,229	32,871	3,083,100
5.1 Equity securities		7,903	102,195	110,098	6,851	32,871	39,722
5.2 Public sector debt securities		2,545,686	-	2,545,686	3,043,378	-	3,043,378
5.3 Other marketable securities		-	-	-	-	-	-
<b>VI. Loans and receivables</b>	(I-5)	25,381,131	15,924,580	41,305,711	25,774,391	13,161,543	38,935,934
6.1 Loans and receivables		24,936,395	15,924,580	40,860,975	25,381,236	13,161,543	38,542,779
6.1.1 Loans to the Bank's risk group		105	-	105	97	-	97
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		24,936,290	15,924,580	40,860,870	25,381,139	13,161,543	38,542,682
6.2 Loans under follow-up		1,410,279	-	1,410,279	1,070,236	-	1,070,236
6.3 Specific provisions (-)		(965,543)	-	(965,543)	(677,081)	-	(677,081)
<b>VII. Factoring receivables</b>		607,576	138,472	746,048	552,515	204,338	756,853
<b>VIII. Held-to maturity investments (net)</b>	(I-6)	-	-	-	350	-	350
8.1 Public sector debt securities		-	-	-	-	-	-
8.2 Other marketable securities		-	-	-	350	-	350
<b>IX. Associates (net)</b>	(I-7)	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial associates		-	-	-	-	-	-
9.2.2 Non-financial associates		-	-	-	-	-	-
<b>X. Subsidiaries (net)</b>	(I-8)	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
<b>XI. Joint ventures (net)</b>	(I-9)	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
<b>XII. Financial lease receivables (net)</b>	(I-10)	49,899	836,193	886,092	25,232	735,162	760,394
12.1 Financial lease receivables		61,190	902,200	963,390	30,045	798,234	828,279
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(11,291)	(66,007)	(77,298)	(4,813)	(63,072)	(67,885)
<b>XIII. Derivative financial assets held for hedging purposes</b>	(I-11)	1,793,218	5	1,793,223	1,548,553	-	1,548,553
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		1,793,218	5	1,793,223	1,548,553	-	1,548,553
13.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
<b>XIV. Property and equipment (net)</b>	(I-12)	424,178	3	424,181	363,501	24	363,525
<b>XV. Intangible assets (net)</b>	(I-13)	45,151	-	45,151	32,156	-	32,156
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		45,151	-	45,151	32,156	-	32,156
<b>XVI. Investment properties (net)</b>	(I-14)	-	-	-	-	-	-
<b>XVII. Tax asset</b>		80,804	463	81,267	8,053	250	8,303
17.1 Current tax asset		76,759	463	77,222	4,511	250	4,761
17.2 Deferred tax asset	(I-15)	4,045	-	4,045	3,542	-	3,542
<b>XVIII. Property and equipment held for sale and related to discontinued operations (net)</b>	(I-16)	660	-	660	660	-	660
18.1 Held for sale		660	-	660	660	-	660
18.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIX. Other assets</b>	(I-17)	464,250	44,693	508,943	561,510	28,903	590,413
<b>Total assets</b>		<b>34,036,284</b>	<b>23,950,939</b>	<b>57,987,223</b>	<b>34,134,949</b>	<b>20,430,394</b>	<b>54,565,343</b>

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

# ING Bank A.Ş. and its Financial Subsidiaries

## Consolidated balance sheet

### (statement of financial position) as of 31 December 2016

(Currency - Thousands of TL)

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

Liabilities	Note (section five)	Audited			Audited		
		Current period (31/12/2016)			Prior period (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>I. Deposits</b>	(II-1)	17,350,959	7,801,718	25,152,677	15,024,828	8,522,088	23,546,916
1.1 Deposits held by the Bank's risk group		4,392	300	4,692	20,821	21,544	42,365
1.2 Other		17,346,567	7,801,418	25,147,985	15,004,007	8,500,544	23,504,551
<b>II. Derivative financial liabilities held for trading</b>	(II-2)	375,448	199,599	575,047	139,453	101,583	241,036
<b>III. Funds borrowed</b>	(II-3)	755,701	21,059,603	21,815,304	833,768	19,456,280	20,290,048
<b>IV. Money market balances</b>		126,567	-	126,567	1,355,925	-	1,355,925
4.1 Funds from interbank money market		125,000	-	125,000	75,000	-	75,000
4.2 Funds from Istanbul Stock Exchange money market		59	-	59	22	-	22
4.3 Funds provided under repurchase agreements		1,508	-	1,508	1,280,903	-	1,280,903
<b>V. Marketable securities issued (net)</b>	(II-4)	246,634	-	246,634	237,552	-	237,552
5.1 Bills		246,634	-	246,634	237,552	-	237,552
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. Funds</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. Miscellaneous payables</b>		446,217	55,425	501,642	387,955	54,478	442,433
<b>VIII. Other liabilities</b>	(II-5)	290,568	51,071	341,639	425,811	32,873	458,684
<b>IX. Factoring payables</b>		22	1,421	1,443	23	1,027	1,050
<b>X. Leasing transaction payables</b>	(II-6)	-	-	-	-	-	-
10.1 Financial lease payables		-	-	-	-	-	-
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred financial lease expenses (-)		-	-	-	-	-	-
<b>XI. Derivative financial liabilities held for hedging purposes</b>	(II-7)	33,054	5,444	38,498	7,804	5,550	13,354
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		33,054	5,444	38,498	7,804	5,550	13,354
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
<b>XII. Provisions</b>	(II-8)	768,372	-	768,372	692,704	44	692,748
12.1 General loan loss provisions		625,669	-	625,669	577,322	-	577,322
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		40,283	-	40,283	39,250	-	39,250
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		102,420	-	102,420	76,132	44	76,176
<b>XIII. Tax liability</b>	(II-9)	395,341	293	395,634	262,823	15	262,838
13.1 Current tax liability		77,695	293	77,988	73,968	15	73,983
13.2 Deferred tax liability		317,646	-	317,646	188,855	-	188,855
<b>XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)</b>	(II-10)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
<b>XV. Subordinated loans</b>	(II-11)	474,800	2,406,399	2,881,199	451,337	2,034,690	2,486,027
<b>XVI. Shareholders' equity</b>	(II-12)	5,053,741	88,826	5,142,567	4,515,611	21,121	4,536,732
16.1 Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2 Capital reserves		102,856	88,826	191,682	164,298	21,121	185,419
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences		(29,155)	94,029	64,874	(31,840)	26,210	(5,630)
16.2.4 Revaluation surplus on tangible assets		26,644	-	26,644	24,773	-	24,773
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares from investment in associates, subsidiaries and joint ventures		-	-	-	-	-	-
16.2.8 Hedging funds (effective portion)		103,747	(5,203)	98,544	170,856	(5,089)	165,767
16.2.9 Valuation differences on property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		1,620	-	1,620	509	-	509
16.3 Profit reserves		872,711	-	872,711	725,424	-	725,424
16.3.1 Legal reserves		106,883	-	106,883	99,679	-	99,679
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		754,162	-	754,162	623,731	-	623,731
16.3.4 Other profit reserves		11,666	-	11,666	2,014	-	2,014
16.4 Profit or (loss)		591,906	-	591,906	139,621	-	139,621
16.4.1 Prior periods' profit or (loss)		-	-	-	-	-	-
16.4.2 Current period profit or loss		591,906	-	591,906	139,621	-	139,621
16.5 Minority interests		-	-	-	-	-	-
<b>Total liabilities and shareholders' equity</b>		<b>26,317,424</b>	<b>31,669,799</b>	<b>57,987,223</b>	<b>24,335,594</b>	<b>30,229,749</b>	<b>54,565,343</b>

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

## ING Bank A.Ş. and its Financial Subsidiaries

# Consolidated statement of off-balance sheet items as of 31 December 2016

(Currency - Thousands of TL)

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

Off-balance sheet items	Note (section five)	Audited					
		Current period (31/12/2016)			Prior period (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>A. Off-balance sheet commitments (I+II+III)</b>		<b>34,811,931</b>	<b>48,772,422</b>	<b>83,584,353</b>	<b>30,604,284</b>	<b>42,715,544</b>	<b>73,319,828</b>
<b>I. Guarantees and warranties</b>	<b>(III-1)</b>	<b>2,566,750</b>	<b>4,976,560</b>	<b>7,543,310</b>	<b>2,773,161</b>	<b>4,343,603</b>	<b>7,116,764</b>
1.1 Letters of guarantee		2,503,637	3,081,273	5,584,910	2,722,389	2,284,799	5,007,188
1.1.1 Guarantees subject to state tender law		25,234	-	25,234	38,315	-	38,315
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		2,478,403	3,081,273	5,559,676	2,684,074	2,284,799	4,968,873
1.2 Bank acceptances		-	109,750	109,750	-	168,633	168,633
1.2.1 Import letter of acceptance		-	109,750	109,750	-	168,633	168,633
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	1,244,131	1,244,131	432	1,289,867	1,290,299
1.3.1 Documentary letters of credit		-	1,244,131	1,244,131	432	1,289,867	1,290,299
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		62,265	83,415	145,680	44,590	69,575	114,165
1.8 Other guarantees		-	254,082	254,082	-	213,703	213,703
1.9 Other warranties		848	203,909	204,757	5,750	317,026	322,776
<b>II. Commitments</b>	<b>(III-1)</b>	<b>6,648,060</b>	<b>2,174,509</b>	<b>8,822,569</b>	<b>6,150,039</b>	<b>1,284,504</b>	<b>7,434,543</b>
2.1 Irrevocable commitments		6,648,060	2,174,509	8,822,569	6,150,039	1,284,504	7,434,543
2.1.1 Forward asset purchase commitments		648,779	1,441,694	2,090,473	206,745	448,825	655,570
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		1,540,242	727,557	2,267,799	1,523,105	834,507	2,357,612
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		2,603,213	-	2,603,213	2,541,873	-	2,541,873
2.1.8 Tax and fund liabilities from export commitments		9,975	-	9,975	6,269	-	6,269
2.1.9 Commitments for credit card limits		1,838,983	-	1,838,983	1,863,316	-	1,863,316
2.1.10 Commitments for credit cards and banking services promotions		4,753	-	4,753	4,653	-	4,653
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		2,115	5,258	7,373	4,078	1,172	5,250
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
<b>III. Derivative financial instruments</b>	<b>(III-2)</b>	<b>25,597,121</b>	<b>41,621,353</b>	<b>67,218,474</b>	<b>21,681,084</b>	<b>37,087,437</b>	<b>58,768,521</b>
3.1 Derivative financial instruments for hedging purposes		10,819,626	6,181,706	17,001,332	10,412,005	7,778,931	18,190,936

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

ING Bank A.Ş. and its Financial Subsidiaries  
Consolidated statement of  
off-balance sheet items as of 31 December 2016 (continued)

(Currency - Thousands of TL)

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

Off-balance sheet items	Note (section five)	Audited			Audited		
		Current period (31/12/2016)			Prior period (31/12/2015)		
		TL	FC	Total	TL	FC	Total
3.1.1	Fair value hedges	-	-	-	-	-	-
3.1.2	Cash flow hedges	10,819,626	6,181,706	17,001,332	10,412,005	7,778,931	18,190,936
3.1.3	Net foreign investment hedges	-	-	-	-	-	-
3.2	Derivative financial instruments for trading purposes	14,777,495	35,439,647	50,217,142	11,269,079	29,308,506	40,577,585
3.2.1	Forward foreign currency buy/sell transactions	2,419,449	10,246,506	12,665,955	1,658,360	6,873,185	8,531,545
3.2.1.1	Forward foreign currency transactions-buy	1,162,091	5,156,369	6,318,460	860,867	3,374,003	4,234,870
3.2.1.2	Forward foreign currency transactions-sell	1,257,358	5,090,137	6,347,495	797,493	3,499,182	4,296,675
3.2.2	Swap transactions related to foreign currency and interest rates	11,419,302	23,485,847	34,905,149	9,349,313	22,000,147	31,349,460
3.2.2.1	Foreign currency swap-buy	5,652,519	8,765,453	14,417,972	4,347,502	8,459,485	12,806,987
3.2.2.2	Foreign currency swap-sell	4,536,783	9,877,078	14,413,861	4,161,811	8,509,806	12,671,617
3.2.2.3	Interest rate swap-buy	615,000	2,421,658	3,036,658	420,000	2,515,428	2,935,428
3.2.2.4	Interest rate swap-sell	615,000	2,421,658	3,036,658	420,000	2,515,428	2,935,428
3.2.3	Foreign currency, interest rate and securities options	938,744	1,702,852	2,641,596	261,406	435,174	696,580
3.2.3.1	Foreign currency options-buy	469,372	851,426	1,320,798	130,703	217,587	348,290
3.2.3.2	Foreign currency options-sell	469,372	851,426	1,320,798	130,703	217,587	348,290
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	-	4,442	4,442	-	-	-
<b>B.</b>	<b>Custody and pledged items (IV+V+VI)</b>	<b>210,485,390</b>	<b>27,073,233</b>	<b>237,558,623</b>	<b>200,560,118</b>	<b>26,162,357</b>	<b>226,722,475</b>
<b>IV.</b>	<b>Items held in custody</b>	<b>555,442</b>	<b>1,465,354</b>	<b>2,020,796</b>	<b>767,190</b>	<b>1,314,212</b>	<b>2,081,402</b>
4.1	Customer fund and portfolio balances	152,224	-	152,224	207,963	-	207,963
4.2	Investment securities held in custody	73,592	188,220	261,812	110,731	168,899	279,630
4.3	Checks received for collection	124,341	428,965	553,306	255,272	425,303	680,575
4.4	Commercial notes received for collection	205,284	768,430	973,714	193,223	656,618	849,841
4.5	Other assets received for collection	-	-	-	-	-	-
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	1	79,739	79,740	1	63,392	63,393
4.8	Custodians	-	-	-	-	-	-
<b>V.</b>	<b>Pledged received</b>	<b>40,524,529</b>	<b>6,008,222</b>	<b>46,532,751</b>	<b>39,355,398</b>	<b>5,307,047</b>	<b>44,662,445</b>
5.1	Marketable securities	137,506	9,444	146,950	160,853	5,422	166,275
5.2	Guarantee notes	8,471,012	1,447,577	9,918,589	9,605,851	1,307,377	10,913,228
5.3	Commodity	910	-	910	2,210	-	2,210
5.4	Warranty	-	-	-	-	-	-
5.5	Properties	27,298,988	3,752,251	31,051,239	24,778,131	3,103,725	27,881,856
5.6	Other pledged items	4,616,113	798,950	5,415,063	4,808,353	890,523	5,698,876
5.7	Pledged items-depository	-	-	-	-	-	-
<b>VI.</b>	<b>Accepted independent guarantees and warranties</b>	<b>169,405,419</b>	<b>19,599,657</b>	<b>189,005,076</b>	<b>160,437,530</b>	<b>19,541,098</b>	<b>179,978,628</b>
<b>Total off-balance sheet items (A+B)</b>		<b>245,297,321</b>	<b>75,845,655</b>	<b>321,142,976</b>	<b>231,164,402</b>	<b>68,877,901</b>	<b>300,042,303</b>

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

ING Bank A.Ş. and its Financial Subsidiaries  
**Consolidated statement of income**  
**for the year ended 31 December 2016**

(Currency - Thousands of TL)

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

Income and expense items	Note (section five)	Audited	Audited
		Current period (01/01/2016-31/12/2016)	Prior period (01/01/2015-31/12/2015)
<b>I. Interest income</b>	<b>(IV-1)</b>	<b>4,424,567</b>	<b>3,864,395</b>
1.1 Interest on loans		3,913,070	3,453,456
1.2 Interest on reserve requirements		24,860	10,869
1.3 Interest on banks		31,874	25,712
1.4 Interest on money market transactions		37,912	40,336
1.5 Interest on marketable securities portfolio		326,289	268,227
1.5.1 Financial assets held for trading		10,223	11,171
1.5.2 Financial assets at fair value through profit or loss		-	-
1.5.3 Financial assets available for sale		316,066	257,036
1.5.4 Investments held to maturity		-	20
1.6 Financial lease income		39,429	37,811
1.7 Other interest income		51,133	27,984
<b>II. Interest expense</b>	<b>(IV-2)</b>	<b>(2,037,444)</b>	<b>(1,736,915)</b>
2.1 Interest on deposits		(1,533,318)	(1,261,751)
2.2 Interest on funds borrowed		(389,790)	(338,982)
2.3 Interest on money market transactions		(96,812)	(86,809)
2.4 Interest on securities issued		(8,128)	(42,269)
2.5 Other interest expenses		(9,396)	(7,104)
<b>III. Net interest income (I-II)</b>		<b>2,387,123</b>	<b>2,127,480</b>
<b>IV. Net fees and commissions income</b>		<b>368,046</b>	<b>274,024</b>
4.1 Fees and commissions received		547,139	390,786
4.1.1 Non-cash loans		78,713	42,643
4.1.2 Other	(IV-12)	468,426	348,143
4.2 Fees and commissions paid		(179,093)	(116,762)
4.2.1 Non-cash loans		(355)	(268)
4.2.2 Other	(IV-12)	(178,738)	(116,494)
<b>V. Dividend income</b>	<b>(IV-3)</b>	<b>556</b>	<b>778</b>
<b>VI. Trading gain/(loss) (net)</b>	<b>(IV-4)</b>	<b>(209,241)</b>	<b>(385,185)</b>
6.1 Trading gain/(loss) on securities		(804)	(5,550)
6.2 Gain/(loss) on derivative financial transactions		856,177	1,214,608
6.3 Foreign exchange gain/(loss)		(1,064,614)	(1,594,243)
<b>VII. Other operating income</b>	<b>(IV-5)</b>	<b>352,801</b>	<b>312,681</b>
<b>VIII. Total operating income (III+IV+V+VI+VII)</b>		<b>2,899,285</b>	<b>2,329,778</b>
<b>IX. Provision for loan losses and other receivables (-)</b>	<b>(IV-6)</b>	<b>(613,695)</b>	<b>(588,489)</b>
<b>X. Other operating expenses (-)</b>	<b>(IV-7)</b>	<b>(1,536,293)</b>	<b>(1,540,751)</b>
<b>XI. Net operating profit/(loss) (VIII-IX-X)</b>		<b>749,297</b>	<b>200,538</b>
<b>XII. Income resulted from mergers</b>		-	-
<b>XIII. Profit/(loss) from investments under equity accounting</b>		-	-
<b>XIV. Profit/(loss) on net monetary position</b>		-	-
<b>XV. Profit/(loss) before tax from continuing operations (XI+XII+XIII+XIV)</b>	<b>(IV-8)</b>	<b>749,297</b>	<b>200,538</b>
<b>XVI. Tax provisions for continuing operations (±)</b>	<b>(IV-9)</b>	<b>(157,391)</b>	<b>(60,917)</b>
16.1 Current tax provision		(12,493)	(6,019)
16.2 Deferred tax provision		(144,898)	(54,898)
<b>XVII. Net profit/(loss) from continuing operations (XV±XVI)</b>	<b>(IV-10)</b>	<b>591,906</b>	<b>139,621</b>
<b>XVIII. Income from discontinued operations</b>		-	-
18.1 Income from non-current assets held for resale		-	-
18.2 Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3 Income from other discontinued operations		-	-
<b>XIX. Expenses for discontinued operations (-)</b>		-	-
19.1 Expenses for non-current assets held for resale		-	-
19.2 Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3 Loss from other discontinued operations		-	-
<b>XX. Profit/(loss) before tax from discontinued operations (XVIII-XIX)</b>	<b>(IV-8)</b>	-	-
<b>XXI. Tax provision for discontinued operations (±)</b>	<b>(IV-9)</b>	-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
<b>XXII. Net profit/(loss) from discontinued operations (XX±XXI)</b>	<b>(IV-10)</b>	-	-
<b>XXIII. Net profit/(loss)(XVII+XXII)</b>	<b>(IV-11)</b>	<b>591,906</b>	<b>139,621</b>
23.1 Group's profit/(loss)		591,906	139,621
23.2 Minority shares		-	-
<b>Earnings per share</b>		<b>0.17</b>	<b>0.04</b>

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

ING Bank A.Ş. and its Financial Subsidiaries  
**Consolidated statement of income and expenses recognized  
under unconsolidated shareholders' equity  
for the year ended 31 December 2016**

(Currency - Thousands of TL)

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

Income and expense items recognized under shareholders' equity	Audited	Audited
	Current period (01/01/2016-31/12/2016)	Prior period (01/01/2015-31/12/2015)
I. Additions to marketable securities valuation differences from available for sale financial assets	70,422	(12,276)
II. Property and equipment revaluation differences	-	-
III. Intangible fixed assets revaluation differences	-	-
IV. Foreign exchange differences from foreign currency transactions	9,652	536
V. Profit/loss from derivative financial instruments for cash flow hedges (effective portion of fair value differences)	(84,029)	262,117
VI. Profit/loss from derivative financial instruments for hedge of net investment in foreign operations (effective portion of fair value differences)	-	-
VII. Effects of changes in accounting policies and corrections	-	-
VIII. Other income/expense recognized under shareholders' equity in accordance with TAS	1,389	636
IX. Deferred tax related to valuation differences	16,610	(50,094)
X. Net income/expense directly recognized under shareholders' equity (I+II+...+IX)	14,044	200,919
XI. Profit/loss for the period	591,906	139,621
11.1 Net change in fair value of marketable securities (transfer to profit/loss)	-	-
11.2 Part of cash flow hedge derivative financial assets reclassified into income statement	1,081	393
11.3 Part of foreign investment hedge derivative financial assets reclassified into income statement	-	-
11.4 Other	590,825	139,228
<b>XII. Total profit/loss recognized for the period (X±XI)</b>	<b>605,950</b>	<b>340,540</b>



## ING Bank A.Ş. and its Financial Subsidiaries

# Consolidated statement of changes in the shareholders' equity

## for the year ended 31 December 2016

(Currency - Thousands of TL)

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

### Changes in the consolidated shareholders' equity

Audited	Note (section five)	Paid-in capital	Inflation adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserves
Prior period (01/01/2015-31/12/2015)								
I.	Period opening balance	(V) 2,786,268	-	-	-	89,976	-	444,880
II.	Changes in accounting policies according to TAS 8	-	-	-	-	-	-	-
2.1	Effects of correction of errors	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policy	-	-	-	-	-	-	-
III.	New balance (I+ II)	2,786,268	-	-	-	89,976	-	444,880
Changes in the period								
IV.	Increase/decrease related to merger	-	-	-	-	-	-	-
V.	Marketable securities valuation differences	-	-	-	-	-	-	-
VI.	Hedging funds (effective portion)	-	-	-	-	-	-	-
6.1	Cash flow hedge	-	-	-	-	-	-	-
6.2	Hedge of net investments in foreign operations	-	-	-	-	-	-	-
VII.	Property and equipment revaluation differences	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences	-	-	-	-	-	-	-
IX.	Bonus shares from investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-
X.	Foreign exchange differences	-	-	-	-	-	-	-
XI.	Changes due to the disposal of assets	-	-	-	-	-	-	-
XII.	Changes due to the reclassification of assets	-	-	-	-	-	-	-
XIII.	Effect of changes in equity of associates	-	-	-	-	-	-	-
XIV.	Capital increase	(II-12) 700,000	-	-	-	-	-	-
14.1	Cash increase	700,000	-	-	-	-	-	-
14.2	Internal resources	-	-	-	-	-	-	-
XV.	Share premium	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-
XIX.	Current year profit or (loss)	-	-	-	-	-	-	-
XX.	Profit distribution	-	-	-	-	9,703	-	178,851
20.1	Dividends paid	-	-	-	-	-	-	-
20.2	Transfers to reserves	-	-	-	-	9,703	-	178,851
20.3	Other	-	-	-	-	-	-	-
Period end balance (III+IV+V+...+XVIII+XIX+XX)		3,486,268	-	-	-	99,679	-	623,731

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

ING Bank A.Ş. and its Financial Subsidiaries  
**Consolidated statement of changes in the shareholders' equity**  
**for the year ended 31 December 2016**

(Currency - Thousands of TL)

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

Other reserves	Current period net profit/(loss)	Prior period net profit/(loss)	Marketable securities valuation differences	Revaluation surplus on tangible and intangible assets	Bonus shares from associates	Hedging funds	Valuation difference on prop. and equip. held for sale and related to operations	Minority interests	Total equity
1,478	188,938	-	4,189	24,389	-	(43,926)	-	-	3,496,192
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1,478	188,938	-	4,189	24,389	-	(43,926)	-	-	3,496,192
-	-	-	-	-	-	-	-	-	-
-	-	-	(9,819)	-	-	-	-	-	(9,819)
-	-	-	-	-	-	209,693	-	-	209,693
-	-	-	-	-	-	209,693	-	-	209,693
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
536	-	-	-	-	-	-	-	-	536
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	700,000
-	-	-	-	-	-	-	-	-	700,000
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
509	-	-	-	-	-	-	-	-	509
-	139,621	-	-	-	-	-	-	-	139,621
-	(188,938)	-	-	384	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	(188,938)	-	-	384	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
2,523	139,621	-	(5,630)	24,773	-	165,767	-	-	4,536,732

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

ING Bank A.Ş. and its Financial Subsidiaries  
**Consolidated statement of changes in the shareholders' equity**  
**for the year ended 31 December 2016 (continued)**

(Currency - Thousands of TL)

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

Changes in the consolidated shareholders' equity (continued)

Audited	Note (section five)	Paid-in capital	Inflation adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserves
Current period (01/01/2016-31/12/2016)								
I.	Prior period closing balance	(V) 3,486,268	-	-	-	99,679	-	623,731
II.	Changes in the period							
	Increase/decrease related to merger	-	-	-	-	-	-	-
III.	Marketable securities valuation differences	-	-	-	-	-	-	-
IV.	Hedging funds (effective portion)	-	-	-	-	-	-	-
4.1	Cash flow hedge	-	-	-	-	-	-	-
4.2	Hedge of net investments in foreign operations	-	-	-	-	-	-	-
V.	Property and equipment revaluation differences	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences	-	-	-	-	-	-	-
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-
IX.	Changes due to the disposal of assets	-	-	-	-	-	-	-
X.	Changes due to the reclassification of assets	-	-	-	-	-	-	-
XI.	Effect of changes in equity of associates	-	-	-	-	-	-	-
XII.	Capital increase	(II-12)	-	-	-	-	-	-
12.1	Cash increase	-	-	-	-	-	-	-
12.2	Internal resources	-	-	-	-	-	-	-
XIII.	Share premium	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-
XV.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-
XVII.	Current year profit or (loss)	-	-	-	-	-	-	-
XVIII.	Profit distribution	-	-	-	-	7,204	-	130,431
18.1	Dividends paid	-	-	-	-	-	-	-
18.2	Transfers to reserves	-	-	-	-	7,204	-	130,431
18.3	Other	-	-	-	-	-	-	-
Period end balance (I+II+III+...+XVI+XVII+XVIII)		3,486,268	-	-	-	106,883	-	754,162

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

ING Bank A.Ş. and its Financial Subsidiaries  
**Consolidated statement of changes in the shareholders' equity**  
**for the year ended 31 December 2016 (continued)**

(Currency - Thousands of TL)

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

Other reserves	Current period net profit/(loss)	Prior period net profit/(loss)	Marketable securities valuation differences	Revaluation surplus on tangible and intangible assets	Bonus shares from associates	Hedging funds	Valuation difference on prop. and equip. held for sale and related to discount. operations	Minority interests	Total equity
2,523	139,621	-	(5,630)	24,773	-	165,767	-	-	4,536,732
-	-	-	-	-	-	-	-	-	-
-	-	-	70,504	-	-	-	-	-	70,504
-	-	-	-	-	-	(67,223)	-	-	(67,223)
-	-	-	-	-	-	(67,223)	-	-	(67,223)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
9,537	-	-	-	-	-	-	-	-	9,537
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1,111	-	-	-	-	-	-	-	-	1,111
-	591,906	-	-	-	-	-	-	-	591,906
115	(139,621)	-	-	1,871	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
115	(139,621)	-	-	1,871	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
13,286	591,906	-	64,874	26,644	-	98,544	-	-	5,142,567

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

ING Bank A.Ş. and its Financial Subsidiaries  
**Consolidated statement of cash flows**  
**for the year ended 31 December 2016**

(Currency - Thousands of TL)

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

Cash flow table	Note (section five)	Audited	
		Current period (01/01/2016 -31/12/2016)	Prior period (01/01/2015 -31/12/2015)
<b>A. Cash flows from banking operations</b>			
<b>1.1 Operating profit/(loss) before changes in operating assets and liabilities</b>		<b>1,453,817</b>	<b>(84,502)</b>
1.1.1 Interest received		4,433,764	3,736,500
1.1.2 Interest paid		(2,019,819)	(1,710,580)
1.1.3 Dividend received		556	778
1.1.4 Fees and commissions received		573,022	398,616
1.1.5 Other income	(VI-2)	97,992	36,217
1.1.6 Collections from previously written-off loans and other receivables		319,386	270,876
1.1.7 Payments to personnel and service suppliers		(375,883)	(582,864)
1.1.8 Taxes paid		(122,807)	(35,186)
1.1.9 Other	(VI-2)	(1,452,394)	(2,198,859)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(942,752)</b>	<b>987,205</b>
1.2.1 Net (increase)/decrease in trading securities		138,280	(132,647)
1.2.2 Net (increase)/decrease in financial assets at fair value through profit/(loss)		-	-
1.2.3 Net (increase)/decrease in due from banks and other financial institutions		(7,369)	(37,702)
1.2.4 Net (increase)/decrease in loans		(3,072,217)	(9,772,383)
1.2.5 Net (increase)/decrease in other assets	(VI-2)	(110,869)	(1,509,168)
1.2.6 Net increase/(decrease) in bank deposits		364,647	988,568
1.2.7 Net increase/(decrease) in other deposits		995,923	3,570,951
1.2.8 Net increase/(decrease) in funds borrowed		1,530,260	6,319,582
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities	(VI-2)	(781,407)	1,560,004
<b>I. Net cash provided from banking operations</b>		<b>511,065</b>	<b>902,703</b>
<b>B. Cash flow from investing activities</b>			
<b>II. Net cash provided from investing activities</b>		<b>362,463</b>	<b>(483,688)</b>
2.1 Cash paid for acquisition of subsidiaries, investments in associates and joint ventures		-	-
2.2 Cash obtained from disposal of subsidiaries, investments in associates and joint ventures		-	-
2.3 Purchases of property and equipment		(134,157)	(95,096)
2.4 Disposals of property and equipment		22,627	26,346
2.5 Cash paid for purchase of investments available-for-sale		(135,106)	(493,112)
2.6 Cash obtained from sale of investments available-for-sale		637,141	101,185
2.7 Cash paid for purchase of investment securities		(142)	(338)
2.8 Cash obtained from sale of investment securities		480	249
2.9 Other	(VI-2)	(28,380)	(22,922)
<b>C. Cash flows from financing activities</b>			
<b>III. Net cash provided from financing activities</b>		<b>7,650</b>	<b>592,307</b>
3.1 Cash obtained from funds borrowed and securities issued	(II-4)	250,000	1,140,380
3.2 Cash used for repayment of funds borrowed and securities issued	(II-4)	(242,350)	(1,248,073)
3.3 Issued equity instruments		-	700,000
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(VI-2)	<b>313,196</b>	<b>224,958</b>
<b>V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>		<b>1,194,374</b>	<b>1,236,280</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	(VI-1)	<b>3,386,606</b>	<b>2,150,326</b>
<b>VII. Cash and cash equivalents at the end of the period</b>	(VI-1)	<b>4,580,980</b>	<b>3,386,606</b>

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

ING Bank A.Ş. and its Financial Subsidiaries  
**Consolidated statement of profit distribution**  
**for the year ended 31 December 2016**

(Currency - Thousands of TL)

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

Profit distribution table	Audited	
	Current period (31/12/2016) <sup>(1)</sup>	Prior period (31/12/2015)
<b>I. Distribution of current year profit</b>		
1.1 Current year profit	716,611	167,588
1.2 Taxes and duties payable (-)	(145,450)	(53,054)
1.2.1 Corporate tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(145,450)	(53,054)
<b>A. Net profit for the year (1.1-1.2)</b>	<b>571,161</b>	<b>114,534</b>
1.3 Prior year losses (-)	-	-
1.4 First legal reserves (-)	-	(5,727)
1.5 Other statutory reserves (-)	-	-
<b>B. Net profit available for distribution (A-(1.3+1.4+1.5))</b>	<b>571,161</b>	<b>108,807</b>
1.6 First dividend to shareholders (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of preferred shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 Dividends to personnel (-)	-	-
1.8 Dividend to board of directors (-)	-	-
1.9 Second dividend to shareholders (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of preferred shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 Second legal reserves (-)	-	-
1.11 Statutory reserves (-)	-	-
1.12 Extraordinary reserves <sup>(**)</sup>	-	106,936
1.13 Other reserves	-	-
1.14 Special funds <sup>(***)</sup>	-	1,871
<b>II. Distribution of reserves</b>	<b>-</b>	<b>-</b>
2.1 Appropriated reserves	-	-
2.2 Second legal reserves (-)	-	-
2.3 Dividends to shareholders (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 Dividends to personnel (-)	-	-
2.5 Dividends to board of directors (-)	-	-
<b>III. Earnings per share</b>		
3.1 To owners of ordinary shares	0.16	0.03
3.2 To owners of ordinary shares (%)	16.38%	3.29%
3.3 To owners of privileged shares	-	-
3.4 To owners of privileged shares (%)	-	-
<b>IV. Dividend per share</b>		
4.1 To owners of ordinary shares	-	-
4.2 To owners of ordinary shares (%)	-	-
4.3 To owners of privileged shares	-	-
4.4 To owners of privileged shares (%)	-	-

<sup>(1)</sup> Profit distribution is realized in accordance with Parent Bank's General Meeting decision and as of the preparation date of these financial statements, annual ordinary general meeting has not been held yet.

<sup>(\*\*)</sup> According to Ordinary General Meeting dated 25 March 2016, among total distributable profit for the year 2015 amounting to TL 108,807, TL 106,936 has been classified as extraordinary reserves by excluding benefit of Corporate Tax exemption on real estate sales profit of TL 1,871 as noted below.

<sup>(\*\*\*)</sup> According to Ordinary General Meeting dated 25 March 2016, profit for the year 2015 amounting to TL 1,871 is composed of the benefit of Corporate Tax exemption on real estate sales profit and related amount is transferred to separate fund under equity in accordance with Corporate Tax Law 5520 article 5. and 1. paragraph (e) clause.

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

# ING Bank A.Ş. and its Financial Subsidiaries

## Notes to the consolidated financial statements

### for the year ended 31 December 2016

(Currency - Thousands of TL)

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

#### Section three

#### Accounting policies

##### I. Explanations on basis of presentation

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

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

The consolidated financial statements have been prepared at Turkish Lira on a historical cost basis, except for the financial assets designated at fair value through profit or loss, available-for sale financial assets, trading financial assets, derivative financial assets and liabilities held for trading and derivative financial assets and liabilities held for hedging.

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

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

###### b. Additional paragraph for convenience translation to English

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

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

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

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

###### ç. Preparation of consolidated financial statements according to the current purchasing power of money

Financial statements of Group were subjected to inflation adjustment according to "Turkish Accounting Standard for Financial Reporting in Hyperinflationary Economies" ("TAS 29") until 31 December 2004. With the, Banking Regulation and Supervision Agency Decree, No. 1623 dated 21 April 2005 and Circular, dated 28 April 2005, it was announced that the indicators requiring implementation of inflation accounting were obsolete and inflation accounting has no longer been used since 1 January 2005.

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

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

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

ING Bank A.Ş. and its Financial Subsidiaries  
Notes to the consolidated financial statements  
for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

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

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

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

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

Explanations on foreign currency transactions:

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

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

Profit and loss items of the foreign branch of the Parent Bank are converted to TL at the average rate. Foreign currency conversion differences are accounted in the period profit and loss in accordance with "Accounting Standard on the Effects of Changes in Foreign Exchange Rates" ("TAS 21").

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

**III. Explanation on consolidated subsidiaries**

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

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

ING European Financial Services Plc.

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

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

ING Portföy Yönetimi A.Ş. (ING Asset Management)

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

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



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### III. Explanation on consolidated subsidiaries (continued)

#### ING Faktoring A.Ş. (ING Factoring)

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

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

#### ING Finansal Kiralama A.Ş. (ING Leasing)

ING Leasing was established in 2008 for the purpose of operating in financial leasing activities and execute all kinds of transactions and contracts related to these activities. The company was granted operating licence with the BRSA Board Decision, No. 3564, dated 3 March 2010.

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

#### ING Menkul Değerler A.Ş. (ING Brokerage)

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

Capital Markets Board approved the Company's application for continuing its operations and performing margin trading, short selling and lending and borrowing transactions of capital market instruments under its trading brokerage licence as of 11 January 2013.

On 26 July 2013, the Capital Markets Board approved the Company's application for a licence to operate as an intermediary in trading derivatives for the purpose of operating in the futures and options market.

With the Capital Market Board letter, dated 19 November 2013, the application of ING Brokerage for the establishment of an agency was approved as from 15 November 2013.

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

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#### **IV. Explanations on forward and options contracts and derivative instruments**

The Group's derivative instruments consist of forward buy/sell, swaps, futures, and options contracts. The derivative instruments are accounted at their fair values as of the contract date and subsequently revalued at fair value in the following reporting periods. Fair value of derivative instruments are calculated by considering the fair values in the market or through discounted cash flow method.

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

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

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

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

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

#### **V. Explanations on interest income and expense**

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

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

#### **VI. Explanations on fee and commission income and expenses**

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

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## VII. Explanations on financial assets

### a. Financial assets at fair value through profit or loss

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

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

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

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

### b. Available for sale financial assets

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

### c. Held-to-maturity financial assets

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

### ç. Loans and receivables

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

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

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

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### VIII. Explanations on impairment of financial assets

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

#### a. Loans and receivables

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

If there is any indication that loans will not be collected, the Group classifies such loans in group III, IV and V loans and sets aside provisions for such amounts in accordance with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside" promulgated in the Official Gazette No. 26333, dated 1 November 2006. Interest income accruals for such loans are reversed through the income statement. The collections related to these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

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

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

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

The Group sets aside general provisions in accordance with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside" promulgated in the Official Gazette No. 26333, dated 1 November 2006.

#### b. Held-to-maturity financial assets

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

#### c. Available for sale financial assets

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

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

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**IX. Explanations on offsetting financial assets**

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

**X. Explanations on sales and repurchase agreements and securities lending transactions**

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

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

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

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

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

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

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

**XII. Explanations on goodwill and other intangible assets**

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

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

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

The intangible assets	7% - 33%
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The Group does not have goodwill.

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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%

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

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

#### b. Accounting of leasing operations as lessee

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

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

### XV. Explanations on provisions, contingent assets and liabilities

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

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

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

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**XVI. Explanations on obligations related to employee rights**

**a. Defined benefit plans**

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

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

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

**b. Defined contribution plans**

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

**c. Short-term employee benefits**

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

**XVII. Explanations on tax practices**

**a. Current tax**

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

In Turkey, the corporate tax rate is 20%. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. Pursuant to the tax legislation, an advance tax of 20% is calculated and paid based on earnings generated for each quarter. The amounts thus paid are deducted from the tax calculated over annual earning.

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

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

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

**b. Deferred tax**

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

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

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

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**XVII. Explanations on taxation (continued)**

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

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

**XVIII. Explanations on borrowings**

The Group recognizes its payables in accordance with the "Financial Instruments: Recognition and Measurement ("TAS 39")".

**XIX. Explanation on issuance of equity securities**

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

**XX. Explanations on letters of acceptances**

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

**XXI. Explanations on government grants**

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

**XXII. Explanations on segment reporting**

An operating segment is a component of an entity:

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

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

**XXIII. Explanations on other matters**

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

**Section four**

**Information related to unconsolidated financial position and risk management**

**I. Explanations on consolidated capital adequacy ratio**

**Information about consolidated capital items**

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

As of 31 December 2016 Group's total capital is TL 8,372,758 and the consolidated capital adequacy ratio is 17.08%. As of 31 December 2015, Group's total capital amounted to TL 7,340,271 and capital adequacy ratio was 15.37% calculated pursuant to former regulations.



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**I. Explanations on consolidated capital adequacy ratio (continued)**

**Information about consolidated capital items (continued)**

	Current period	Amount related to implementation before 01.01.2014 <sup>(*)</sup>
<b>COMMON EQUITY Tier 1 Capital</b>		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	872,711	
Other comprehensive income according to TAS	93,138	
Profit	591,906	
Net profit for the period	591,906	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Minority interest	-	
<b>Common equity tier 1 capital before deductions</b>	<b>5,044,023</b>	
<b>Deductions from common equity</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	-	
Leasehold improvements on operational leases (-)	25,042	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	27,142	45,237
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier 1 Capital	-	
Shares obtained contrary to the 4 <sup>th</sup> clause of the 56 <sup>th</sup> 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 (-)	-	

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**I. Explanations on consolidated capital adequacy ratio (continued)**

**Information about consolidated capital items (continued)**

	Current period	Amount related to implementation before 01.01.2014 <sup>(1)</sup>
Amounts exceeding 15% of the common equity as per the 2 <sup>nd</sup> 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 (-)	-	
<b>Total deductions from common equity tier 1 capital</b>	<b>52,184</b>	
<b>Total common equity tier 1 capital</b>	<b>4,991,839</b>	
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity tier 1 capital and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (in scope of Temporary Article 3)	-	
<b>Additional Tier 1 capital before deductions</b>	-	
<b>Deductions from additional Tier 1 capital</b>	-	
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 1 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 1 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 1 capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	18,095	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier 1 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 (-)	-	
<b>Total deductions from additional Tier I capital</b>	<b>-</b>	
<b>Total additional Tier I capital</b>	<b>-</b>	
<b>Total Tier I capital (Tier 1 Capital = Common Equity + Additional Tier 1 Capital)</b>	<b>4,973,744</b>	

<sup>(1)</sup> Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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**I. Explanations on consolidated capital adequacy ratio (continued)**

**Information about consolidated capital items (continued)**

	Current period	Amount related to implementation before 01.01.2014 <sup>(*)</sup>
<b>TIER II CAPITAL</b>		
Bank's borrowing instruments and issue premiums	2,403,321	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	450,000	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (in scope of Temporary Article 3)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	564,134	
<b>Tier II Capital Before Deductions</b>	<b>3,417,455</b>	
<b>Deductions From Tier II Capital</b>		
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 (-)	-	
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	
<b>Total Tier II Capital</b>	<b>3,417,455</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>8,391,199</b>	
<b>Total of Core Capital and Additional Capital (Total equities)</b>		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	586	
Other items to be defined by the BRSA (-)	17,855	
<b>Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period</b>		
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 (-)	-	
<b>TOTAL CAPITAL</b>		

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**I. Explanations on consolidated capital adequacy ratio (continued)**

**Information about consolidated capital items (continued)**

	Current period	Amount related to implementation before 01.01.2014 <sup>(1)</sup>
Total Capital	8,372,758	
Total risk weighted amounts	49,021,594	
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio 13,51%	10.18	
Tier 1 Capital Adequacy Ratio	10.15	
Capital Adequacy Ratio	17.08	
<b>BUFFERS</b>		
Total buffer requirement	5.130	
Capital protection buffer requirement	0.625	
Bank specific cyclical buffer requirement 0,01%	0.005	
The ratio of Additional Common Equity Tier 1 capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	4.183	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	32,936	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	625,669	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	564,134	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
<b>Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
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	-	

<sup>(1)</sup> Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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**I. Explanations on consolidated capital adequacy ratio (continued)**

**Information about consolidated capital items (continued)**

	Prior period <sup>(1)</sup>
<b>COMMON EQUITY TIER I CAPITAL</b>	
Paid-in capital to be entitled for compensation after all creditors	3,486,268
Share premium	-
Share cancellation profits	-
Reserves	725,424
Gains recognized in equity as per TAS	25,282
Profit	139,621
Current period profit	139,621
Prior period profit	-
Provisions for possible losses	-
Bonus shares from associates, subsidiaries and joint ventures that are not recognized in profit	-
Minority shares	-
<b>Common equity Tier I Capital before deductions</b>	<b>4,376,595</b>
<b>Deductions from common equity</b>	
Net loss for the prior year losses and uncovered portion of the total reserves and losses recognized under equity in accordance with TAS (-)	(5,630)
Leasehold improvements on operational leases (-)	(28,986)
Goodwill or other intangible assets and related deferred tax liability (-)	(12,039)
Net deferred tax asset/liability (-)	-
Shares obtained contrary to the 4 <sup>th</sup> paragraph of Article 56 of the law (-)	-
Direct and indirect investments of the Bank in its own common equity (-)	-
Portion of net long positions of investments made in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital, exceeding 10% of common equity of the Bank (-)	-
Portion of net long positions of investments made in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital, exceeding 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 (-)	-
Amount exceeding 15% of the common equity as per the 2nd paragraph of 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 unconsolidated banks and financial institutions 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 additional Tier I capital or Tier II capital is not available (-)	-
<b>Total deductions from common equity</b>	<b>(46,655)</b>
<b>Total common equity</b>	<b>4,329,940</b>

<sup>(1)</sup> Consolidated capital of the prior period has been calculated pursuant to former regulation.

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**I. Explanations on consolidated capital adequacy ratio (continued)**

Information about consolidated capital items (continued)

	Prior period (*)
<b>ADDITIONAL TIER I CAPITAL</b>	
Capital amount and related premiums corresponding to preference shares that are not included in common equity	-
Bank's borrowing instruments and related issuance premium (issued/obtained after 1.1.2014)	-
Bank's borrowing instruments and related issuance premium (issued before 1.1.2014)	-
Share of third parties in the Tier II Capital	-
<b>Additional Tier I capital before deductions</b>	-
<b>Deductions from additional Tier I capital</b>	
Direct and indirect investments of the Bank in Tier I capital (-)	-
Portion of the total of net long positions of investments made in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued common share capital, exceeding 10% of common equity of the Bank (-)	-
Portion of the total of net long positions of investments made in additional Tier I capital and Tier II capital items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued common share capital exceeding 10% of common equity of the Bank (-)	-
Other items to be defined by the BRSA (-)	-
Deductions to be made from common equity in case additional Tier I capital or Tier II is not available (-)	-
<b>Total deductions from additional Tier I capital</b>	-
<b>Total additional Tier I capital</b>	-
<b>Deductions from Tier I capital</b>	<b>(18,060)</b>
Portion of goodwill and other intangible assets and the related deferred tax liabilities not deducted from the common equity as per the 1 <sup>st</sup> paragraph of Provisional Article 2 of the Regulation on the Equity of Banks (-)	(18,060)
Portion of net deferred tax assets/liabilities not deducted from the common equity pursuant to the 1 <sup>st</sup> paragraph of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
<b>Total Tier I capital</b>	<b>4,311,880</b>
<b>TIER II CAPITAL</b>	
Debts and related issuance premium (issued/obtained after 1.1.2014)	2,032,010
Debts and related issuance premium (issued/obtained before 1.1.2014)	450,000
Pledged assets of shareholders used in capital increases of the Bank	-
General loan loss provisions	549,079
Third parties' share in the Tier II capital	-
<b>Tier II capital before deductions</b>	<b>3,031,089</b>
<b>Deductions from Tier II capital</b>	
Direct and indirect investments of the Bank in its own Tier II capital (-)	-
Portion of the total of net long positions of investments made in Common Equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued common share capital, exceeding 10% of common equity of the Bank (-)	-

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**I. Explanations on consolidated capital adequacy ratio (continued)**

Information about consolidated capital items (continued)

	Prior period <sup>(*)</sup>
Portion of the total of net long positions of investments made in additional Tier I and Tier II capital items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued common share capital exceeding 10% of common equity of the Bank (-)	-
Other items to be defined by the BRSA (-)	-
<b>Total deductions from Tier II capital</b>	<b>-</b>
<b>Total Tier II capital</b>	<b>3,031,089</b>
<b>I. Capital before deductions</b>	<b>7,342,969</b>
Loans granted contrary to Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	(426)
Loans granted to banks and financial institutions, including those established abroad, and to qualified shareholders and investments made in the borrowing instruments issued by them (-)	-
Loans granted to banks and financial institutions, including those established abroad, and to qualified shareholders of the Bank and investments made in the borrowing instruments issued by them (-)	-
Other items to be defined by the BRSA (-)	(2,272)
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 more 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 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 (-)	-
<b>TOTAL CAPITAL</b>	<b>7,340,271</b>
<b>Amounts below the excess limits as per the deduction principles</b>	
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	-
Amounts arising from mortgage servicing rights	-
Amounts arising from deferred tax assets based on temporary differences	29,704

<sup>(\*)</sup> Consolidated capital of the prior period has been calculated pursuant to former regulation.

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**I. Explanations on consolidated capital adequacy ratio (continued)**

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

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No	No	No	No
Eligible at stand-alone/consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	TL 250 million	TL 200 million	USD 102 million (TL 359 million) and EUR 90 million (TL 334 million)	USD 91 million (TL 320 million) and EUR 85 million (TL 315 million)	USD 62 million (TL 218 million) and EUR 231 million (TL 857 million)
Par value of instrument (Currency in million)	TL 250 million	TL 200 million	USD 102 million (TL 359 million) and EUR 90 million (TL 334 million)	USD 91 million (TL 320 million) and EUR 85 million (TL 315 million)	USD 62 million (TL 218 million) and EUR 231 million (TL 857 million)
Accounting classification	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Original date of issuance	21 December 2012	19 December 2013	11 March 2014	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	51 years	51 years	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year	5th year	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	After 5th year	After 5th year	After 5th year
Coupons/ dividends	-	-	-	-	-



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**I. Explanations on consolidated capital adequacy ratio (continued)**

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

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Fixed or floating dividend/ coupon	Floating	Floating	Floating	Floating	Floating
Coupon rate and any related index	USD/TL Swap rate+ 3.01%	USD/TL Swap rate+ 2.86%	Libor+2.775% and Euribor+2.29%	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%
Existence of a dividend stopper	-	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-	-
Existence of step up or other incentive to redeem	None	None	None	None	None
Noncumulative or cumulative	-	-	-	-	-
Convertible or non- convertible	None	None	None	None	None
If convertible, conversion trigger(s)	-	-	-	-	-
If convertible, fully or partially	-	-	-	-	-
If convertible, conversion rate	-	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-	-
Write-down feature	None	None	None	None	None
If write-down, write-down trigger(s)	-	-	-	-	-
If write-down, full or partial	-	-	-	-	-
If write-down, permanent or temporary	-	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-	-

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**I. Explanations on consolidated capital adequacy ratio (continued)**

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

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors primary subordinated loans and before the TIER 1 subdebt, same with TIER 2	After the senior creditors primary subordinated loans and before the TIER 1 subdebt, same with TIER 2	After the senior creditors primary subordinated loans and before the TIER 1 subdebt, same with TIER 2	After the senior creditors primary subordinated loans and before the TIER 1 subdebt, same with TIER 2	After the senior creditors primary subordinated loans and before the TIER 1 subdebt, same with TIER 2
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None	None	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-	-	-	-

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation <sup>(1)</sup>
Shareholders' equity	5,142,567	5,142,567
Gains from cash flow hedge transactions	98,544	(98,544)
Leasehold improvements on operational leases	25,042	(25,042)
Goodwill and intangible assets	45,237	(27,142)
General provision	625,669	564,134
Subordinated debt	2,881,199	2,853,321
Other deductions from shareholders' equity	36,536	(36,536)
<b>Capital</b>		<b>8,372,758</b>

<sup>(1)</sup> General provisions limited by 1.25% of risk weighted assets is taken into consideration regarding to capital calculation.

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## II. Explanations on consolidated credit risk

1. The Parent Bank's credit risk management strategy consists of limit settings within legal limitations, conservative credit allocation structure, proper documentation structure in line with the standards and strong monitoring and follow-up systems. Risk management strategy also includes sector-specific, currency and customer diversification. With the credit evaluations and monthly reporting to the top level management, loans having high exposures and factors that may cause deterioration in the loan quality are closely monitored, preventing the credit quality to decrease. Additionally, various analysis about concentration risks is made for monitoring portfolio risk as well as within the scope of Internal Capital Adequacy Assessment Process ("ICAAP") and these activities are supported by stress tests. The sectoral distributions of loans are reported monthly and can be limited according to the conjunctions. However, geographical limitation is not implemented. Documentation for risk management strategy is revised at least once a year under the supervision of the Audit Committee.

As prescribed in the related legislation, the credit worthiness of the debtors is monitored regularly. The credit limits are determined by the Board of Directors, the Parent Bank's Credit Committee and other related credit departments. The account statements related to given loans are obtained and reviewed as prescribed in the legislation. The Bank receives sufficient collateral for the loans given and other receivables. The received collaterals comprise of personal and legal entity guarantees, pledge of vehicle, mortgages, cash blockage and customer checks.

Loans that have overdue principal, interest or both for less than 90 days after the maturity or due date are considered past due loans by the Parent Bank. Loans that have overdue principal, interest or both for more than 90 days after the maturity or due date or the debtors of which are deemed unworthy by the Parent Bank are considered impaired loans.

The Parent Bank calculates general loan loss provision for past due loans and special provision for impaired loans in accordance with the "Regulation on Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables".

The sum of risk exposures that are offset and for which credit risk mitigation is not applied are presented monthly to the Audit Committee per different risk categories and types and monthly, periodically and annual changes are monitored by the senior management.

Risk classifications	Current period <sup>(*)</sup>	Average
Claims on sovereigns and Central Banks	8,851,564	9,864,384
Claims on regional governments or local authorities	267,382	321,456
Claims on administrative bodies and other non-commercial undertakings	1	1
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	6,781,082	4,937,376
Claims on corporates	23,329,919	22,261,697
Claims included in the regulatory retail portfolios	16,697,570	14,411,672
Claims secured by residential property	5,384,500	5,609,124
Past due loans	107,876	127,439
Higher risk categories decided by the Board	336,859	1,728,642
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 investments	110,098	42,811
Other receivables	1,932,996	1,927,654
<b>Total</b>	<b>63,799,847</b>	<b>61,232,256</b>

<sup>(\*)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

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**II. Explanations on consolidated credit risk (continued)**

2. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.

3. Related to forward transactions, options and similar agreements, the bank operates the daily collateral management policies in accordance with ISDA agreements (CSA) and where needed the credit exposure is decreased by the usage of rights and performing of the acts.

4. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

When there is an issue or it is evaluated that the company might have an issue on repayments of the loan that are given in Corporate, Commercial, SME Banking segments, such companies have been transferred to Credits Restructuring and Recovery Group. The rating of all companies that were transferred to Credits Restructuring and Recovery Group have been reassessed. As a rule, the rating of the company has been decreased at the time of transfer, company's rescheduling decision has been reconsidered and after decision is made the monitoring methods in the legislation have been applied. Existing ratings of the companies that are in legal follow up and are not rescheduled have been decreased again. On the other hand, companies that have issues on their financial positions or business operations but not rescheduled, have been monitored closely in terms of company operations and cash flows.

The Group considers that long-term commitments are more exposed to credit risk than short-term commitments, and risk decomposition has been made according to that.

5. Transactions in foreign countries have been made with many corresponding banks in many countries. Counterparty limits for the possible risk of the transactions with other banks have been determined. Credit risks have been managed according to credit worthiness and limits of the counter party.

The Group does not have any material credit risk concentration as an active participant of international banking market when considered with financial operations of other financial institutions.

6. The proportion of the Group's top 100 and 200 cash loan balances in total cash loans is 30% and 37% respectively (31 December 2015: 25% and 32%).

The proportion of the Group's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 62% and 71% (31 December 2015: 54% and 64%).

The proportion of the Group's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans 36% and 42% (31 December 2015: 30% and 36%).

7. The Group provided a general loan loss provision amounting to TL 625,669 (31 December 2015: TL 577,322).

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## II. Explanations on consolidated credit risk (continued)

### 8. Amount of profile on significant risks in significant regions

#### Profile on significant risks in significant regions <sup>(1)</sup>

	Risk categories <sup>(2)</sup>						
	1	2	3	4	5	6	7
<b>Current period</b>							
Domestic	8,851,564	267,382	1	-	-	3,666,034	22,715,909
European Union Countries	-	-	-	-	-	2,589,066	407,559
OECD Countries <sup>(3)</sup>	-	-	-	-	-	32,009	-
Off- Shore banking regions	-	-	-	-	-	8,350	-
USA, Canada	-	-	-	-	-	362,576	-
Other Countries	-	-	-	-	-	123,047	-
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	206,451
Undistributed assets/ liabilities <sup>(4)</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>8,851,564</b>	<b>267,382</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>6,781,082</b>	<b>23,329,919</b>

	Risk categories <sup>(2)</sup>						
	1	2	3	4	5	6	7
<b>Prior period</b>							
Domestic	10,117,875	384,956	1	-	-	3,289,408	20,812,612
European Union Countries	-	-	-	-	-	1,627,614	152,049
OECD Countries <sup>(3)</sup>	-	-	-	-	-	328,922	-
Off- Shore banking regions	-	-	-	-	-	4,881	-
USA, Canada	-	-	-	-	-	295,478	-
Other Countries	7,117	-	-	-	-	79,244	350
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-
Undistributed assets/ liabilities <sup>(4)</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>10,124,992</b>	<b>384,956</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>5,625,547</b>	<b>20,965,011</b>

<sup>(1)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor

<sup>(2)</sup> Risk categories that are defined in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks"

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims on corporates
- 8- Claims included in the regulatory retail portfolios
- 9- Claims secured by residential property
- 10- Past due loans
- 11- Higher risk categories decided by the Board
- 12- Secured by mortgages
- 13- Securitization positions
- 14- Short-term claims and short-term corporate claims on banks and intermediary institutions
- 15- Undertakings for collective investments in mutual funds
- 16- Equity security transactions
- 17- Other receivables

<sup>(3)</sup> EU countries, OECD countries other than USA and Canada

<sup>(4)</sup> Assets and liabilities that are not distributed according to a consistent principle

<sup>(5)</sup> "Equity security transactions" has been added to the risk categories in the current period. Prior period balances are presented under "Other receivables"

Risk categories (**)										
8	9	10	11	12	13	14	15	16 (****)	17	Total
16,689,340	5,382,162	107,824	336,858	-	-	-	-	109,971	1,932,662	60,059,707
4,105	1,250	1	-	-	-	-	-	127	-	3,002,108
303	-	-	-	-	-	-	-	-	-	32,312
32	-	-	-	-	-	-	-	-	-	8,382
46	533	-	-	-	-	-	-	-	-	363,155
3,744	555	51	1	-	-	-	-	-	-	127,398
-	-	-	-	-	-	-	-	-	334	206,785
-	-	-	-	-	-	-	-	-	-	-
<b>16,697,570</b>	<b>5,384,500</b>	<b>107,876</b>	<b>336,859</b>	-	-	-	-	<b>110,098</b>	<b>1,932,996</b>	<b>63,799,847</b>

Risk categories (**)										
8	9	10	11	12	13	14	15	16 (****)	17	Total
11,626,423	5,488,927	157,506	4,834,004	-	-	-	-	-	1,670,277	58,381,989
3,537	797	7	3,278	-	-	-	-	-	109	1,787,391
66	196	-	-	-	-	-	-	-	-	329,184
25	-	-	28	-	-	-	-	-	-	4,934
64	125	-	-	-	-	-	-	-	32,762	328,429
6,959	295	230	5,234	-	-	-	-	-	-	99,429
-	164,683	-	-	-	-	-	-	-	-	164,683
-	-	-	-	-	-	-	-	-	-	-
<b>11,637,074</b>	<b>5,655,023</b>	<b>157,743</b>	<b>4,842,544</b>	-	-	-	-	-	<b>1,703,148</b>	<b>61,096,039</b>

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## II. Explanations on consolidated credit risk (continued)

### 9. Risk profile according to sectors and counterparties <sup>(\*)</sup>

Current period	Risk categories <sup>(**)</sup>							
	1	2	3	4	5	6	7	8
Agriculture	-	-	-	-	-	-	201,606	116,027
Farming and raising livestock	-	-	-	-	-	-	115,856	92,364
Forestry	-	-	-	-	-	-	24,310	16,776
Fishing	-	-	-	-	-	-	61,440	6,887
Manufacturing	-	-	-	-	-	-	11,605,129	1,991,856
Mining	-	-	-	-	-	-	1,676,584	82,105
Production	-	-	-	-	-	-	9,416,249	1,878,069
Electricity, gas, water	-	-	-	-	-	-	512,296	31,682
Construction	-	-	-	-	-	-	1,342,986	446,095
Services	6,224,608	-	1	-	-	6,771,988	10,023,141	3,661,533
Wholesale and retail trade	-	-	-	-	-	-	4,406,143	2,919,085
Hotel food, beverage services	-	-	-	-	-	-	663,573	116,847
Transportation and telecommunication	-	-	-	-	-	-	1,838,882	349,482
Financial Institutions	6,224,605	-	-	-	-	6,771,988	722,264	27,375
Real Estate and renting service	-	-	-	-	-	-	927,833	56,642
Self-employment service	3	-	-	-	-	-	1,022,528	126,933
Education services	-	-	-	-	-	-	87,881	17,919
Health and social services	-	-	1	-	-	-	354,037	47,250
Other	2,626,956	267,382	-	-	-	9,094	157,057	10,482,059
<b>Total</b>	<b>8,851,564</b>	<b>267,382</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>6,781,082</b>	<b>23,329,919</b>	<b>16,697,570</b>

<sup>(\*)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

<sup>(\*\*)</sup> Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims on corporates
- 8- Claims included in the regulatory retail portfolios
- 9- Claims secured by residential property
- 10- Past due loans
- 11- Higher risk categories decided by the Board
- 12- Secured by mortgages
- 13- Securitization positions
- 14- Short-term claims and short-term corporate claims on banks and intermediary institutions
- 15- Undertakings for collective investments in mutual funds
- 16- Equity security transactions
- 17- Other receivables

<sup>(\*\*\*)</sup> "Equity security transactions" has been added to the risk categories in the current period. Prior period balances are presented under "Other receivables"

Risk categories <sup>(*)</sup>												
	9	10	11	12	13	14	15	16 <sup>(**)</sup>	17	TL	FC	Total
	72,523	-	2,026	-	-	-	-	-	-	233,101	159,081	392,182
	64,064	-	1,100	-	-	-	-	-	-	180,537	92,847	273,384
	7,150	-	872	-	-	-	-	-	-	44,107	5,001	49,108
	1,309	-	54	-	-	-	-	-	-	8,457	61,233	69,690
	1,324,515	-	102,660	-	-	-	-	-	-	4,610,425	10,413,735	15,024,160
	103,488	-	11,253	-	-	-	-	-	-	167,005	1,706,425	1,873,430
	1,211,236	-	88,345	-	-	-	-	-	-	4,223,434	8,370,465	12,593,899
	9,791	-	3,062	-	-	-	-	-	-	219,986	336,845	556,831
	153,833	-	15,682	-	-	-	-	-	-	964,727	993,869	1,958,596
	2,368,921	-	201,287	-	-	-	-	7,597	-	13,800,948	15,458,128	29,259,076
	1,063,957	-	183,831	-	-	-	-	-	-	6,713,292	1,859,724	8,573,016
	1,040,221	-	4,077	-	-	-	-	-	-	508,975	1,315,743	1,824,718
	109,821	-	5,821	-	-	-	-	-	-	788,904	1,515,102	2,304,006
	10,104	-	1,498	-	-	-	-	7,597	-	4,892,305	8,873,126	13,765,431
	24,357	-	2,466	-	-	-	-	-	-	479,520	531,778	1,011,298
	40,862	-	1,745	-	-	-	-	-	-	259,220	932,851	1,192,071
	37,999	-	212	-	-	-	-	-	-	73,494	70,517	144,011
	41,600	-	1,637	-	-	-	-	-	-	85,238	359,287	444,525
	1,464,708	107,876	15,204	-	-	-	-	102,501	1,932,996	16,603,786	562,047	17,165,833
	<b>5,384,500</b>	<b>107,876</b>	<b>336,859</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,098</b>	<b>1,932,996</b>	<b>36,212,987</b>	<b>27,586,860</b>	<b>63,799,847</b>



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## II. Explanations on consolidated credit risk (continued)

### 10. Term distribution of risks with term structure <sup>(\*)</sup>

Risk categories	Time to maturity					Demand	Unallocated	Total
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year			
Conditional and unconditional receivables from central governments and Central Banks	6,224,604	-	-	1,012,703	1,532,982	81,275	-	8,851,564
Conditional and unconditional receivables from regional or local governments	-	-	-	-	267,382	-	-	267,382
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	1	-	1
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	2,221,039	671,080	419,273	939,205	2,341,166	189,319	-	6,781,082
Conditional and unconditional receivables from corporates	1,731,664	1,770,067	1,574,738	3,107,120	11,262,953	3,883,377	-	23,329,919
Conditional and unconditional receivables from retail portfolios	460,590	1,379,800	1,234,447	1,931,264	9,845,365	1,846,104	-	16,697,570
Conditional and unconditional receivables secured by mortgages	46,487	166,196	168,321	238,588	3,855,004	909,904	-	5,384,500
Past due receivables	-	-	-	-	-	-	107,876	107,876
Receivables defined under high risk category by BRSA	-	-	-	-	-	336,859	-	336,859
Securities collateralized by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	110,098	-	110,098
Other receivables	-	-	-	-	-	-	1,932,996	1,932,996
<b>Total</b>	<b>10,684,384</b>	<b>3,987,143</b>	<b>3,396,779</b>	<b>7,228,880</b>	<b>29,104,852</b>	<b>7,356,937</b>	<b>2,040,872</b>	<b>63,799,847</b>

<sup>(\*)</sup> The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

### 11. Explanations on risk categories as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks

In determining the risk weights of the risk classes mentioned in article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, the ratings provided by international credit rating firm Fitch is used in the Credit Risk Based Amount calculations as of 31 December 2016. Fitch ratings are used for banks asset class, limited with the receivables resident abroad. Furthermore, Fitch rates are used for foreign currency securities issued by Treasury and other foreign currency risks that are associated with Central governments.

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## II. Explanations on consolidated credit risk (continued)

### 11. Explanations on risk categories as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (continued)

Below is the table on the credit quality level matching of the ratings used in calculations stated in the Regulation on Measurement and Assessment of Capital Adequacy of Banks.

Credit quality level	1	2	3	4	5	6
Fitch rating note	AAA and AA-	A+ and A-	BBB+ and BBB-	BB+ and BB-	B+ and B-	CCC+ and below

#### Risk amounts based on risk weights

	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from equity
Amount before credit risk mitigation	3,808,298	-	2,442,961	-	10,886,517	19,416,502	27,115,401	130,168	-	-	-	70,625
Amount after credit risk mitigation	3,808,298	-	1,122,347	2,003,503	13,708,185	16,504,652	24,777,222	130,168	-	-	-	70,625

### 12. Miscellaneous information regarding important sectors or counterparty type

Loans that have overdue principal, interest or both for less than 90 days after the maturity or due date are considered past due loans by the Parent Bank. Loans that have overdue principal, interest or both for more than 90 days after the maturity or due date or the debtors of which are deemed unworthy by the Bank are considered impaired loans.

The Bank calculates general loan loss provision for past due loans and special provision for impaired loans in accordance with the "Regulation on Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables".

Important sectors	Loans		Value adjustments	Provisions
	Impaired	Past due		
Agriculture	12,164	1,535	40	10,139
Farming and raising livestock	9,162	1,431	37	8,063
Forestry	1,751	104	3	880
Fishing	1,251	-	-	1,196
Manufacturing	236,996	79,196	2,466	134,337
Mining	26,095	2,731	56	14,843
Production	205,287	74,964	2,359	116,942
Electricity, gas, water	5,614	1,501	51	2,552
Construction	63,729	15,542	347	48,047
Services	487,553	147,505	4,073	286,266
Wholesale and retail trade	428,253	105,309	2,946	244,420
Hotel food, beverage services	12,915	9,487	281	8,838
Transportation and telecommunication	25,077	22,348	604	19,257
Financial institutions	4,135	783	21	2,638
Real estate and lending service	5,533	1,903	37	3,067
Self-employment service	6,282	5,966	140	4,537
Education service	708	819	21	496
Health and social services	4,650	890	23	3,013
Other	609,837	1,119,534	47,487	486,754
<b>Total</b>	<b>1,410,279</b>	<b>1,363,312</b>	<b>54,413</b>	<b>965,543</b>

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## II. Explanations on consolidated credit risk (continued)

### 13. Information related to value adjustments and credit provisions

	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments <sup>(1)</sup>	Closing balance
Special provisions	677,081	526,084	(237,622)	-	965,543
General provisions	577,322	48,384	(37)	-	625,669

<sup>(1)</sup> Determined according to currency differences, merges, acquisitions and selling of subsidiaries.

### 14. Explanations about exposures subject to private sector

Country name	RWA calculations for private sector loans in banking book	RWA calculations for trading book
Turkey	39,832,193	242,068
United Kingdom	843,270	136,296
France	198,451	64,498
USA	136,799	18,532
Switzerland	111,759	-
Netherlands	71,951	23,457
Russian Federation	47,904	-
Belgium	34,009	-
Italy	19,628	-
Germany	18,834	64
Other	47,998	195

## III. Explanation on consolidated currency risk

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

The simple arithmetic average of USD and EUR buying rates of the Parent Bank for the thirty days before the balance sheet date are 3.5024 (Full TL) and 3.6882 (Full TL) respectively.

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

	1 USD	1 EURO
A. The Parent Bank's "foreign exchange buying rates" (31 December 2016)	3.5200	3.7087
Previous days;		
30 December 2016	3.5200	3.7087
29 December 2016	3.5315	3.6901
28 December 2016	3.5473	3.6864
27 December 2016	3.5253	3.6846
26 December 2016	3.5100	3.6711

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### III. Explanation on consolidated currency risk (continued)

Information related to consolidated currency risk:

	EURO	USD	Other FC	Total
<b>Current period</b>				
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	2,067,175	3,264,586	1,118,360	6,450,121
Banks	110,635	37,539	56,872	205,046
Financial assets at fair value through profit or loss (net)	3,990	4,031	-	8,021
Interbank money market placements	-	-	-	-
Available for sale financial assets (net)	128	102,067	-	102,195
Loans	13,592,214	4,834,458	133,355	18,560,027
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Held to maturity investments (net)	-	-	-	-
Hedging derivative financial assets	-	5	-	5
Tangible assets (net)	3	-	-	3
Intangible assets (net)	-	-	-	-
Other assets	1,069,547	218,483	4,988	1,293,018
<b>Total assets</b>	<b>16,843,692</b>	<b>8,461,169</b>	<b>1,313,575</b>	<b>26,618,436</b>
<b>Liabilities</b>				
Bank deposit	1,518,995	406,735	2,293	1,928,023
Foreign currency deposits	2,451,074	3,282,189	140,432	5,873,695
Funds from interbank money market	-	-	-	-
Borrowings	12,803,915	10,530,776	131,311	23,466,002
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	25,809	28,709	907	55,425
Hedging derivative financial liabilities	5,444	-	-	5,444
Other liabilities	33,885	24,065	1,637	59,587
<b>Total liabilities</b>	<b>16,839,122</b>	<b>14,272,474</b>	<b>276,580</b>	<b>31,388,176</b>
<b>Net on balance sheet position</b>	<b>4,570</b>	<b>(5,811,305)</b>	<b>1,036,995</b>	<b>(4,769,740)</b>
<b>Net off-balance sheet position</b>	<b>39,510</b>	<b>5,879,669</b>	<b>(1,036,949)</b>	<b>4,882,230</b>
Financial derivative assets	4,991,207	14,273,754	2,083,929	21,348,890
Financial derivative liabilities	4,951,697	8,394,085	3,120,878	16,466,660
<b>Non-cash loans</b>	<b>1,361,908</b>	<b>3,533,063</b>	<b>125,445</b>	<b>5,020,416</b>
<b>Prior period</b>				
<b>Total assets</b>	<b>13,360,145</b>	<b>8,736,279</b>	<b>912,648</b>	<b>23,009,072</b>
<b>Total liabilities</b>	<b>15,278,021</b>	<b>14,571,586</b>	<b>265,321</b>	<b>30,114,928</b>
<b>Net on-balance sheet position</b>	<b>(1,917,876)</b>	<b>(5,835,307)</b>	<b>647,327</b>	<b>(7,105,856)</b>
<b>Net off-balance sheet position</b>	<b>2,001,441</b>	<b>5,836,411</b>	<b>(649,341)</b>	<b>7,188,511</b>
Financial derivative assets	8,010,312	11,396,669	205,547	19,612,528
Financial derivative liabilities	6,008,871	5,560,258	854,888	12,424,017
<b>Non-cash loans</b>	<b>1,370,659</b>	<b>2,710,090</b>	<b>295,881</b>	<b>4,376,630</b>

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### III. Explanation on consolidated currency risk (continued)

In the foreign currency risk table:

The principal amount of TL 2,243,544 (31 December 2015: TL 2,182,452) and rediscount amount of TL 391,903 (31 December 2015: TL 226,352) of foreign currency indexed loans are shown under loans line.

FX indexed factoring receivables amounting to TL 273,348 (31 December 2015: TL 267,332) are presented under other assets line.

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 241,147 (31 December 2015: TL 95,829)

Prepaid expenses: TL 151 (31 December 2015: TL 1,625)

Held-for trading derivative financial liabilities: TL 192,797 (31 December 2015: TL 93,700)

Hedge funds (Effective Portion): TL 88,826 (31 December 2015: TL 27,673)

Interest rate swap (buy) transactions and options (buy): TL 2,623,749 (31 December 2015: TL 2,749,858)

Interest rate swap (sell) transactions and options (sell): TL 2,623,749 (31 December 2015: TL 2,749,858)

TL 43,856 (31 December 2015: TL 33,027) of foreign currency indexed factoring guarantees are stated in non-cash loans.

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

Forward foreign currency-buy transactions: TL 797,588 (31 December 2015: TL 251,383)

Forward foreign currency-sell transactions: TL 644,106 (31 December 2015: TL 197,442)

#### Sensitivity to currency risk

Table below shows the sensitivity of the Group to a 10% change in USD and EURO rates.

	Percentage change in exchange rates	Effect on profit/loss before tax		Effect on equity <sup>(1)</sup>	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
USD	10% increase	6,836	110	9,406	(6)
USD	10% decrease	(6,836)	(110)	(9,406)	6
EURO	10% increase	4,408	8,357	(523)	2,118
EURO	10% decrease	(4,408)	(8,357)	523	(2,118)

<sup>(1)</sup> Represents effect on equity excluding profit/loss before tax.

### IV. Explanations on consolidated interest rate risk

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

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

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

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#### IV. Explanations on consolidated interest rate risk (continued)

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

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

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#### IV. Explanations on consolidated interest rate risk (continued)

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

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

	Up to 1 month	1-3 months	3-12 months	1-5 years	5 year and over	Non-interest bearing	Total
<b>Prior period</b>							
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey.	5,761,021	-	-	-	-	380,932	6,141,953
Due from other banks and financial institutions	1,069,322	7,871	-	-	-	83,508	1,160,701
Financial assets at fair value through profit and loss	192,003	149,116	80,061	17,885	8,368	3	447,436
Money market placements	735,012	-	-	-	-	-	735,012
Available-for-sale financial assets	621,988	693,962	1,727,428	-	-	39,722	3,083,100
Loans and receivables	8,924,931	3,723,800	9,013,290	12,779,230	4,096,784	397,899	38,935,934
Held-to-maturity investments	-	-	350	-	-	-	350
Other assets <sup>(*)</sup>	748,321	1,341,287	233,145	518,545	239,820	979,739	4,060,857
<b>Total assets</b>	<b>18,052,598</b>	<b>5,916,036</b>	<b>11,054,274</b>	<b>13,315,660</b>	<b>4,344,972</b>	<b>1,881,803</b>	<b>54,565,343</b>
<b>Liabilities</b>							
Bank deposits	32,009	2,003	-	-	-	1,539,355	1,573,367
Other deposits	17,511,801	1,586,491	142,578	74	-	2,732,605	21,973,549
Money market borrowings	1,355,925	-	-	-	-	-	1,355,925
Miscellaneous payables	-	-	-	-	-	442,433	442,433
Securities issued	15,941	183,910	37,701	-	-	-	237,552
Funds provided from other financial institutions	4,343,525	9,579,807	5,013,135	2,791,850	1,047,758	-	22,776,075
Other liabilities <sup>(**)</sup>	85,751	93,356	68,094	9,742	-	5,949,499	6,206,442
<b>Total liabilities</b>	<b>23,344,952</b>	<b>11,445,567</b>	<b>5,261,508</b>	<b>2,801,666</b>	<b>1,047,758</b>	<b>10,663,892</b>	<b>54,565,343</b>
Balance sheet long position	-	-	5,792,766	10,513,994	3,297,214	-	19,603,974
Balance sheet short position	(5,292,354)	(5,529,531)	-	-	-	(8,782,089)	(19,603,974)
Off-balance sheet long position	2,987,316	7,465,995	-	-	-	-	10,453,311
Off-balance sheet short position	-	-	(3,226,687)	(4,932,081)	(840,608)	-	(8,999,376)
<b>Total position</b>	<b>(2,305,038)</b>	<b>1,936,464</b>	<b>2,566,079</b>	<b>5,581,913</b>	<b>2,456,606</b>	<b>(8,782,089)</b>	<b>1,453,935</b>

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

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

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#### IV. Explanations on consolidated interest rate risk (continued)

##### 2. Average interest rates applied to monetary financial instruments by the Parent Bank

	EURO (%)	USD (%)	Yen (%)	TL (%)
<b>Current period</b>				
<b>Assets</b>				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	0.75	-	3.31
Due from other banks and financial institutions	1.45	-	-	11.02
Financial assets at fair value through profit and loss	5.32	5.90	-	6.38
Money market placements	-	-	-	10.89
Financial assets available-for-sale	-	-	-	9.14
Loans and receivables	2.64	3.74	-	13.34
Held-to-maturity investments	-	-	-	-
<b>Liabilities</b>				
Bank deposits	(0.69)	0.94	-	-
Other deposits	0.50	1.71	0.00	8.56
Money market borrowings	-	-	-	8.49
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	9.98
Funds provided from other financial institutions	0.52	1.88	-	11.39
	EURO (%)	USD (%)	Yen (%)	TL (%)
<b>Prior period</b>				
<b>Assets</b>				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	0.49	-	3.81
Due from other banks and financial institutions	0.10	0.48	-	10.99
Financial assets at fair value through profit and loss	5.36	6.94	-	8.71
Money market placements	-	-	-	10.74
Financial assets available-for-sale	-	-	-	9.74
Loans and receivables	2.68	3.23	-	13.01
Held-to-maturity investments	-	-	-	6.50
<b>Liabilities</b>				
Bank deposits	-	-	-	9.33
Other deposits	1.51	1.53	0.05	10.12
Money market borrowings	-	-	-	7.50
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	11.07
Funds provided from other financial institutions	0.71	1.37	-	11.20



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

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

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

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

Current period	Carrying value	Fair value <sup>(*)</sup>	Market value
<b>Quoted</b>	<b>50</b>	<b>14</b>	<b>14</b>
Stock investments	50	14	14
<b>Not quoted</b>	<b>110,048</b>	<b>93,759</b>	<b>93,759</b>
Stock investments	110,048	93,759	93,759
<b>Financials subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financials subsidiaries	-	-	-
<b>Prior period</b>	<b>Carrying value</b>	<b>Fair value <sup>(*)</sup></b>	<b>Market value</b>
<b>Quoted</b>	<b>44</b>	<b>15</b>	<b>15</b>
Stock investments	44	15	15
<b>Not quoted</b>	<b>39,678</b>	<b>32,762</b>	<b>32,762</b>
Stock investments	39,678	32,762	32,762
<b>Financials subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financials subsidiaries	-	-	-

<sup>(\*)</sup> 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**

	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses		
		Total	Including into the additional capital	Total	Including into the core capital	Including into the additional capital
<b>Current period</b>						
Private equity investments	-	-	-	-	-	-
Shares traded on a stock Exchange	-	5	-	5	5	-
Other stocks	35,238	62,309	-	63,370	63,370	-
<b>Total</b>	<b>35,238</b>	<b>62,314</b>	<b>-</b>	<b>63,375</b>	<b>63,375</b>	<b>-</b>
<b>Prior period</b>						
Private equity investments	-	-	-	-	-	-
Shares traded on a stock Exchange	-	(5)	-	-	-	-
Other stocks	-	32,762	-	-	-	-
<b>Total</b>	<b>-</b>	<b>32,757</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**V. Explanations on equity securities position risk derived from consolidated banking books (continued)**

**4. Capital requirement as per equity shares**

Current period	Carrying value	Total RWA	Minimum capital requirement <sup>(*)</sup>
Private sector investments	-	-	-
Shares traded on a stock exchange	50	50	4
Other equity shares	110,048	110,048	8,804
<hr/>			
Prior period	Carrying value	Total RWA	Minimum capital requirement <sup>(*)</sup>
Private sector investments	-	-	-
Shares traded on a stock exchange	44	44	4
Other equity shares	39,678	39,678	3,174

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

**VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio**

**1. Information on matters related to consolidated liquidity risk**

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

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

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

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

The liquidity risk is managed by the Asset and Liability Board in Parent Bank, but Subsidiaries of Parent Bank manage Liquidity risk themselves. On the other hand, in order to make a central funding strategy, a funding plan including subsidiaries is established every year. 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. Parent Bank's subsidiaries borrowing facilities are provided by the Parent Bank within the legal limits.

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

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

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

Almost all of the Bank's liabilities are in TL, USD or EURO, and TL funds comprise of mainly equity, deposits and short-term bond issuance. The Bank's liquidity in TL is managed with repurchase agreements and short-term money market transactions carried out at CBRT/BIST using high quality securities owned by the Bank. While the main purpose is using liabilities in TL in funding TL assets, when necessary money swap transactions and FX funds are used in creating assets in TL within the limits set by the Board of Directors. Foreign currency funds are obtained through foreign exchange deposit accounts, foreign based and foreign currency loans. Liquidity shortage/surplus values are calculated daily by Asset and Liability Management Group and these values are reported in ALCO. On the other hand, the TL and FX liquidity coverage ratio is calculated on a daily basis, and shared with all units and senior management, and reported separately to ALCO. The Parent Bank has TL/FX borrowing limits ready to use in Central Bank and other banks.

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

**d. Information on liquidity risk mitigation techniques**

The first measure towards the mitigation of the liquidity risk as part of the budget process is planning the reduction of funding diversity and maturity mismatch. Within this context, syndication, other foreign funding, sources provided by the shareholders and other domestic funding opportunities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, emergency funding plan risk measurement metrics and early warning signals are continuously monitored and reported on a monthly basis to ALCO. The pre-determination and prevention of the liquidity risk are ensured through the alarms indicating actions to be taken according to the trigger level and which are defined by these metrics, actual inflows and outflows of deposits, stress testing, liquidity buffer level, the loan/ deposit ratio, legal and structural liquidity ratios and other similar measurement techniques.

**e. Information on the use of stress tests**

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

**f. Overview on emergency and contingency liquidity situation plans**

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

**2. Liquidity coverage ratio**

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

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

	Minimum	Date	Maximum	Date
TL+FC	121.87	31 October 2016	146.11	31 December 2016
FC	78.09	31 October 2016	108.60	30 November 2016

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

Liquidity coverage ratio

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

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

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

Prior period	Total unweighted value <sup>(*)</sup>		Total weighted value <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>High quality liquid assets</b>				
High quality liquid assets			7,035,343	4,546,930
<b>Cash Outflows</b>				
Real person and retail deposits	18,443,237	5,133,722	1,513,581	460,801
Stable deposits	6,614,853	1,051,417	330,743	52,571
Less stable deposits	11,828,384	4,082,305	1,182,838	408,230
Unsecured funding other than real person and retail deposits	7,115,383	4,343,447	5,171,438	3,267,112
Operational deposits	249,611	1,390	62,403	347
Non-operational deposits	4,688,324	3,428,348	2,944,225	2,365,673
Other unsecured debt	2,177,448	913,709	2,164,810	901,092
Secured funding			-	-
Other cash outflows	17,889,886	7,849,502	8,068,697	4,335,114
Derivative exposures and collateral completion liabilities	6,851,960	3,590,857	6,851,960	3,590,857
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,037,926	4,258,645	1,216,737	744,257
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
<b>Total cash outflows</b>			<b>14,753,716</b>	<b>8,063,027</b>
<b>Cash inflows</b>				
Secured lending	410,000	-	-	-
Unsecured lending	4,390,501	1,093,106	2,956,718	823,614
Other cash inflows	6,947,539	3,207,023	6,414,743	3,204,545
<b>Total cash inflows</b>	<b>11,748,040</b>	<b>4,300,129</b>	<b>9,371,461</b>	<b>4,028,159</b>
			<b>Total adjusted value</b>	
Total high quality liquid assets stock			7,035,343	4,546,930
Total net cash outflows			5,382,255	4,034,868
<b>Liquidity coverage ratio (%)</b>			<b>130.71</b>	<b>112.69</b>

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

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

**3. Other explanations on consolidated liquidity coverage ratio**

Short term liquidity is managed within the legal limits in the Group, the liquid assets are managed by using "Liquidity Coverage Ratio" calculations to follow up the minimum liquidity limits and keep sufficient stock of high quality liquid assets to meet net cash outflows as of and for the year 2016. Liquidity coverage ratio is calculated as per the Regulation on Banks' Liquidity Coverage Ratio Calculation. The ratio is affected from Group's quality liquid asset value not used as guarantee that can be converted to cash any time and Group's possible cash inflows and outflows arising from net cash assets, liability and off balance sheet transactions.

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

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

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

Details of the Group's foreign currency balance sheet as of 31 December 2016 are summarized as follows:

Foreign currency borrowings constitute the majority of the foreign currency liabilities. 74% of the Group's total foreign currency liabilities consist of funds provided from other financial institutions and 25% is composed of deposits. Loans comprise 66% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency. The marketable securities in the investment or trading portfolio have the longest maturity although they have secondary market.

Details of the Group's Turkish Lira balance sheet as of 31 December 2016 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 66% of the Group's total Turkish Lira liabilities consists of deposits, while 5% consists of funds provided from other financial institutions. However, in case of necessity, the Group has borrowing opportunities from both domestic and foreign banks and Takasbank and ISE repo market. 75% of the assets in Turkish Lira balance sheet are loans granted and 8% are marketable securities.

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

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

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

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

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

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

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
<b>Current period</b>								
<b>Assets</b>								
Cash equivalents and Central Bank	641,499	6,218,315	5,833	-	-	-	-	6,865,647
Banks	187,424	40,293	9,805	4,000	-	-	-	241,522
Financial assets at fair value through profit or loss (Net)	32	96,531	119,430	197,339	116,777	3,887	-	533,996
Interbank money market placements	-	1,898,817	-	-	-	-	181	1,898,998
Available for sale financial assets (Net)	-	-	42,427	987,573	1,432,156	83,530	110,098	2,655,784
Loans and receivables	-	6,932,526	4,778,617	11,295,914	15,046,284	2,807,634	444,736	41,305,711
Held to maturity investments (Net)	-	-	-	-	-	-	-	-
Other assets <sup>(1)</sup>	13,727	254,746	204,660	932,249	1,608,248	414,333	1,057,602	4,485,565
<b>Total assets</b>	<b>842,682</b>	<b>15,441,228</b>	<b>5,160,772</b>	<b>13,417,075</b>	<b>18,203,465</b>	<b>3,309,384</b>	<b>1,612,617</b>	<b>57,987,223</b>
<b>Liabilities</b>								
Bank deposits	1,654,819	283,180	21	-	-	-	-	1,938,020
Other deposits	2,883,005	19,259,164	725,215	347,153	120	-	-	23,214,657
Borrowings	-	654,955	848,739	6,933,508	11,323,450	4,935,851	-	24,696,503
Funds from Interbank money market	-	126,507	60	-	-	-	-	126,567
Marketable securities issued (Net)	-	-	246,634	-	-	-	-	246,634
Miscellaneous payables	336,603	536	-	-	-	-	164,503	501,642
Other liabilities <sup>(2)</sup>	328,120	160,295	266,201	152,082	132,268	4,990	6,219,244	7,263,200
<b>Total liabilities</b>	<b>5,202,547</b>	<b>20,484,637</b>	<b>2,086,870</b>	<b>7,432,743</b>	<b>11,455,838</b>	<b>4,940,841</b>	<b>6,383,747</b>	<b>57,987,223</b>
<b>Liquidity deficit/surplus</b>	<b>(4,359,865)</b>	<b>(5,043,409)</b>	<b>3,073,902</b>	<b>5,984,332</b>	<b>6,747,627</b>	<b>(1,631,457)</b>	<b>(4,771,130)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>								
Derivative financial assets	-	21,666	(20,662)	707,116	813,308	181,001	-	1,702,429
Derivative financial liabilities	-	8,708,107	8,834,962	8,814,433	7,101,040	1,001,910	-	34,460,452
Derivative financial liabilities	-	8,686,441	8,855,624	8,107,317	6,287,732	820,909	-	32,758,023
<b>Net Off Balance Sheet Position</b>	<b>57,507</b>	<b>563,814</b>	<b>1,663,557</b>	<b>3,376,696</b>	<b>6,482,437</b>	<b>1,640,033</b>	<b>-</b>	<b>13,784,044</b>
<b>Prior period</b>								
Total assets	7,278,225	10,359,101	2,583,816	7,901,403	20,623,043	4,873,790	945,965	54,565,343
Total liabilities	4,558,840	20,365,650	3,345,239	5,744,023	12,367,706	2,514,623	5,669,262	54,565,343
<b>Liquidity deficit/surplus</b>	<b>2,719,385</b>	<b>(10,006,549)</b>	<b>(761,423)</b>	<b>2,157,380</b>	<b>8,255,337</b>	<b>2,359,167</b>	<b>(4,723,297)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>								
Derivative financial assets	-	4,540	129,672	508,300	684,936	126,403	-	1,453,851
Derivative financial assets	-	7,449,657	5,520,108	9,042,472	7,131,938	967,011	-	30,111,186
Derivative financial liabilities	-	7,445,117	5,390,436	8,534,172	6,447,002	840,608	-	28,657,335
<b>Net Off Balance Sheet Position</b>	<b>105,920</b>	<b>404,950</b>	<b>1,138,692</b>	<b>4,982,451</b>	<b>2,728,037</b>	<b>1,271,669</b>	<b>-</b>	<b>10,631,719</b>

<sup>(1)</sup> Unallocated column in other assets mainly consists of other assets that are necessary for banking activities and that cannot be liquidated in the short term as property and equipment, stationery, prepaid expenses, equity securities.

<sup>(2)</sup> Unallocated column in other liabilities mainly consists of provisions, unallocated part of tax payable and shareholders' equity.

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

**5. Breakdown of liabilities according to their remaining contractual maturities**

The remaining maturities of the contractual liabilities excluding derivative transactions are presented below. Interests on liabilities are included in the distribution. The "Adjustments" column presents probable cash flow on later periods. These amounts are included into the maturity analysis, but not included into the carrying value of liabilities in the balance sheet.

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total	Adjustments	Carrying value
<b>Liabilities</b>									
Deposits	4,537,824	19,369,195	920,410	356,650	177	-	25,184,256	(31,579)	25,152,677
Funds borrowed from other financial institutions	-	709,790	1,445,053	7,340,635	14,025,834	1,365,568	24,886,880	(190,377)	24,696,503
Funds from interbank money market	-	126,597	-	-	-	-	126,597	(30)	126,567
Bonds	-	-	250,000	-	-	-	250,000	(3,366)	246,634
Factoring payables	-	1,417	24	2	-	-	1,443	-	1,443
<b>Prior period</b>									
<b>Liabilities</b>									
Deposits	2,634,966	14,905,470	1,326,454	192,394	-	-	19,059,284	(73,159)	18,986,125
Funds borrowed from other financial institutions	-	620,343	3,128,283	3,315,420	6,653,707	963,025	14,680,778	692,359	15,373,137
Funds from interbank money market	-	898,411	-	-	-	-	898,411	(1,543)	896,868
Bonds	-	310,629	-	39,414	-	-	350,043	(10,988)	339,055
Factoring payables	-	932	118	-	-	-	1,050	-	1,050



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

**6. Breakdown of derivative instruments according to their remaining contractual maturities**

Current period	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 Years	5 years and over	Total
<b>Derivative financial instruments held for hedging</b>						
<b>Transactions for fair value hedge (I)</b>	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
<b>Transactions for cash flow hedge (II)</b>	970,835	1,179,024	4,345,908	10,824,725	1,925,646	19,246,138
Buying transactions	511,497	592,472	2,377,320	5,586,878	1,036,820	10,104,987
Selling transactions	459,338	586,552	1,968,588	5,237,847	888,826	9,141,151
<b>Transactions for foreign net investment hedge (III)</b>	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
<b>A. Total derivative financial instruments held for hedging (I+II+III)</b>	970,835	1,179,024	4,345,908	10,824,725	1,925,646	19,246,138
<b>Derivative transactions held for trading</b>						
<b>Trading transactions (I)</b>	19,632,611	9,487,444	13,283,605	1,622,899	2,136	44,028,695
Forward foreign currency transactions - buy	2,133,208	1,497,704	2,637,059	50,489	-	6,318,460
Forward foreign currency transactions - sell	2,123,576	1,508,986	2,658,619	56,314	-	6,347,495
Swap transactions- buy	7,331,177	2,881,697	3,799,906	758,196	236	14,771,212
Swap transactions - sell	6,285,281	2,951,231	3,728,596	757,900	1,900	13,724,908
Foreign currency options - buy	879,685	323,913	229,712	-	-	1,433,310
Foreign currency options - sell	879,684	323,913	229,713	-	-	1,433,310
Foreign currency futures - buy	-	-	-	-	-	-
Foreign currency futures - sell	-	-	-	-	-	-
<b>Interest rate derivatives (II)</b>	8,646	40,569	240,368	346,206	13,380	649,169
Interest rate swap - buy	4,525	29,522	115,781	168,193	-	318,021
Interest rate swap - sell	4,121	11,047	124,587	178,013	13,380	331,148
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
<b>Other trading derivative transactions (III)</b>	-	-	-	-	-	-
<b>B. Total trading derivative transactions (I+II+III)</b>	19,641,257	9,528,013	13,523,973	1,969,105	15,516	44,677,864
<b>Derivative transaction total (A+B)</b>	20,612,092	10,707,037	17,869,881	12,793,830	1,941,162	63,924,002

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

Prior period	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and over	Total
<b>Derivative financial instruments held for hedging</b>						
<b>Transactions for fair value hedge (I)</b>	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
<b>Transactions for cash flow hedge (II)</b>	<b>185,418</b>	<b>2,208,802</b>	<b>5,834,569</b>	<b>10,183,324</b>	<b>1,842,125</b>	<b>20,254,238</b>
Buying transactions	85,146	1,116,325	3,056,011	5,184,813	959,700	10,401,995
Selling transactions	100,272	1,092,477	2,778,558	4,998,511	882,425	9,852,243
<b>Transactions for foreign net investment hedge (III)</b>	-	-	-	-	-	-
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
<b>A. Total derivative financial instruments held for hedging (I+II+III)</b>	<b>185,418</b>	<b>2,208,802</b>	<b>5,834,569</b>	<b>10,183,324</b>	<b>1,842,125</b>	<b>20,254,238</b>
<b>Derivative transactions held for trading</b>						
<b>Trading transactions (I)</b>	<b>14,546,069</b>	<b>7,463,201</b>	<b>10,381,469</b>	<b>2,442,575</b>	-	<b>34,833,314</b>
Forward foreign currency transactions - buy	737,307	1,098,800	2,172,352	226,411	-	4,234,870
Forward foreign currency transactions - sell	743,835	1,112,421	2,210,736	229,683	-	4,296,675
Swap transactions- buy	6,355,926	2,578,522	2,889,096	1,021,762	-	12,845,306
Swap transactions - sell	6,352,989	2,552,816	2,850,713	964,719	-	12,721,237
Foreign currency options - buy	178,004	60,321	129,288	-	-	367,613
Foreign currency options - sell	178,008	60,321	129,284	-	-	367,613
Foreign currency futures - buy	-	-	-	-	-	-
Foreign currency futures - sell	-	-	-	-	-	-
<b>Interest rate derivatives (II)</b>	<b>1,779</b>	<b>25,534</b>	<b>40,080</b>	<b>11,726</b>	<b>24</b>	<b>79,143</b>
Interest rate swap - buy	962	12,313	17,952	4,865	12	36,104
Interest rate swap - sell	817	13,221	22,128	6,861	12	43,039
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
<b>Other trading derivative transactions (III)</b>	-	-	-	-	-	-
<b>B. Total derivative transactions held for trading (I+II+III)</b>	<b>14,547,848</b>	<b>7,488,735</b>	<b>10,421,549</b>	<b>2,454,301</b>	<b>24</b>	<b>34,912,457</b>
<b>Derivative transaction total (A+B)</b>	<b>14,733,266</b>	<b>9,697,537</b>	<b>16,256,118</b>	<b>12,637,625</b>	<b>1,842,149</b>	<b>55,166,695</b>

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#### VII. Explanations on consolidated leverage ratio

Leverage ratio table prepared in accordance with the communiqué "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette No 28812 dated 5 December 2013 is presented below. As of 31 December 2016, the Group's consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month is 6.72% (31 December 2015: 5.96%). Minimum ratio is identified 3% in the aforementioned regulation. Main reason for the variance compared to prior period is the decrease in the amount of exposure in the balance sheet items and increase in the amount of capital.

	Current period <sup>(*)</sup>	Prior period <sup>(*)</sup>
Total assets in the consolidated financial statements prepared in accordance with TAS <sup>(*)</sup>	95,053,242	88,263,236
The difference between total amount of asset in the consolidated financial statements prepared in accordance with TAS and the communiqué on preparation of consolidated financial statements of banks	(87,815)	(113,664)
The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the communiqué on preparation of consolidated financial statements of banks	(21,536,044)	(15,959,156)
The difference between total amount and total risk amount of risk investment securities or commodity collateral financing transactions in the communiqué on preparation of consolidated financial statements of banks	56,811	47,230
The difference between total amount and total risk amount of off-balance sheet transactions in the communiqué on preparation of consolidated financial statements of banks	-	-
The other differences between amount of assets and risk in the communiqué on preparation of consolidated financial statements of banks	(47,227)	(48,307)
<b>Total exposures</b>	<b>73,438,967</b>	<b>72,189,339</b>

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

<sup>(\*\*)</sup> The amounts in the table represents the average of three months.

#### Explanations on leverage ratio

	Current period <sup>(*)</sup>	Prior period <sup>(*)</sup>
<b>On-balance sheet items</b>		
On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)	54,969,343	52,671,731
Asset deducted from core capital	(47,227)	(48,307)
The total amount of risk on-balance sheet exposures	54,922,116	52,623,424
<b>Derivative financial instruments and credit derivative exposures</b>		
Replacement cost associated with derivative financial instruments and credit derivatives	2,044,627	1,913,998
The potential credit risk amount of derivative financial instruments and credit derivatives	512,489	505,083
The total risk amount of derivative financial instruments and credit derivatives	2,557,116	2,419,081
<b>Securities or commodity guaranteed financing transactions</b>		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	56,811	47,230
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	56,811	47,230
<b>Off-balance sheet items</b>		
Gross notional amount for off-balance sheet items	15,902,924	17,099,604
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	15,902,924	17,099,604
<b>Capital and total exposures</b>		
Core capital	4,935,140	4,297,972
Total exposures	73,438,967	72,189,339
<b>Leverage ratio</b>		
Leverage ratio	6.72	5.96

<sup>(\*)</sup> The amounts in the table represents the average of three months.

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### VIII. Explanations on presentation of financial assets and liabilities at their fair values

1. In the current and the prior period, the fair values of financial assets and liabilities are calculated as stated below.

The fair value of held-to-maturity and available for sale assets are determined based on market prices.

The fair value of the loans with fixed interest rates is determined by the discounted cash flows using the current market interest rates. For the loans with floating interest rates, the fair value is determined by discounted cash flows using the market interest rate, taking into account the reprising date of the loan.

The fair value of demand deposit represents the carrying value. The fair values of time deposits and funds are calculated by the discounted cash flows using the current market interest rates.

The fair value of funds borrowed from other financial institutions with fixed interest rates are determined by discounted cash flows using the current market interest rates. For funds with floating interest rates, it is determined by discounted cash flows using the market interest rate, taking into account the reprising date of the borrowing.

Carrying value of miscellaneous payables represents their fair value.

2. The following table summarizes the carrying values and fair values of financial assets and liabilities:

	Current period	Carrying value Prior period	Current period	Fair value Prior period
<b>Financial assets</b>	<b>47,734,155</b>	<b>45,432,344</b>	<b>48,827,944</b>	<b>46,002,894</b>
Money market placements	1,898,998	735,012	1,895,768	734,506
Due from banks	241,522	1,160,701	239,644	1,157,917
Available-for-sale financial assets	2,655,784	3,083,100	2,655,784	3,083,100
Held-to-maturity investments	-	350	-	350
Loans and receivables	41,305,711	38,935,934	42,336,273	39,458,516
Factoring receivables	746,048	756,853	748,616	751,693
Leasing receivables	886,092	760,394	951,859	816,812
<b>Financial liabilities</b>	<b>50,725,466</b>	<b>48,359,951</b>	<b>50,678,893</b>	<b>48,284,027</b>
Bank deposits	1,938,020	1,573,367	1,938,061	1,573,363
Other deposits	23,214,657	21,973,549	23,088,186	21,798,955
Funds borrowed	24,696,503	22,776,075	24,775,933	22,875,919
Money market borrowings	126,567	1,355,925	126,534	1,354,477
Securities issued	246,634	237,552	247,094	237,834
Miscellaneous payables	501,642	442,433	501,642	442,433
Factoring payables	1,443	1,050	1,443	1,046

3. Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities

Level 1: Quoted market prices (non-adjusted) for identical assets or liabilities

Level 2: Directly (by way of prices) or indirectly (drived from prices) data for the assets or liabilities, other than quoted prices in the Level 1

Level 3: Data not based on observable data regarding assets or liabilities

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**VIII. Explanations on presentation of financial assets and liabilities at their fair values (continued)**

Fair value hierarchy of the financial assets and liabilities of the Group carried at fair value in financial statements as of 31 December 2016 and 31 December 2015 is presented in the table below;

Current period	Level 1	Level 2	Level 3	Total
<b>Total assets</b>	<b>2,552,284</b>	<b>2,414,340</b>	<b>16,379</b>	<b>4,983,003</b>
	6,508	527,488	-	533,996
Financial assets at fair value through profit or loss	6,476	-	-	6,476
Government debt securities	-	527,488	-	527,488
Trading derivative financial assets	32	-	-	32
Other marketable securities	2,545,776	93,629	16,379	2,655,784
Available for sale financial assets	90	93,629	16,379	110,098
Equity securities	2,545,686	-	-	2,545,686
Government debt securities	-	1,793,223	-	1,793,223
Hedging derivative financial assets	-	1,793,223	-	1,793,223
Cash flow hedges				
<b>Total liabilities</b>	<b>-</b>	<b>613,545</b>	<b>-</b>	<b>613,545</b>
Trading derivative financial liabilities	-	575,047	-	575,047
Hedging derivative financial liabilities	-	38,498	-	38,498
Cash flow hedges	-	38,498	-	38,498
Prior period	Level 1	Level 2	Level 3	Total
<b>Total assets</b>	<b>3,189,578</b>	<b>1,850,473</b>	<b>39,038</b>	<b>5,079,089</b>
Financial assets at fair value through profit or loss	146,156	301,280	-	447,436
Government debt securities	146,153	-	-	146,153
Trading derivative financial assets	-	301,280	-	301,280
Other marketable securities	3	-	-	3
Available for sale financial assets	3,043,422	640	39,038	3,083,100
Equity securities	44	640	39,038	39,722
Government debt securities	3,043,378	-	-	3,043,378
Hedging derivative financial assets	-	1,548,553	-	1,548,553
Cash flow hedges	-	1,548,553	-	1,548,553
<b>Total liabilities</b>	<b>-</b>	<b>254,390</b>	<b>-</b>	<b>254,390</b>
Trading derivative financial liabilities	-	241,036	-	241,036
Hedging derivative financial liabilities	-	13,354	-	13,354
Cash flow hedges	-	13,354	-	13,354

There are no transfers between the 1st and the 2nd levels as of 31 December 2016 and 31 December 2015.

The movement table of financial assets at Level 3 is presented below.

	Current period	Prior period
<b>Balance at the end of the prior period</b>	<b>39,038</b>	<b>5,751</b>
Purchases	8,038	509
Redemption/ sale	(26,784)	-
Valuation difference	(1,291)	32,778
Transfers	(2,622)	-
<b>Balance at the end of the current period</b>	<b>16,379</b>	<b>39,038</b>

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**IX. Explanations on the transactions carried out on behalf and account of other persons and fiduciary transactions**

The Group performs purchase, sale, storage, and fund management services on behalf of its customers, and information about these transactions are shown in the table of off-balance sheet.

The Group has no trust transactions.

**X. Explanations on consolidated risk management**

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

**1. General explanations on Parent Bank's risk management and risk weighted assets**

The Parent Bank's risk management strategy and activities have been formed under the responsibility of the Board of Directors. The risk management strategy applied in the Parent Bank is based on three lines of defence model.

**1. Line of defence**

Business units are the first line of defence and primarily responsible for performance, operation, compliance and control of the risks affecting the business line.

**2. Line of defence**

Risk Management, Financial Control and Asset Liability Management and Legal functions, which are the second line of defence, support the first line of defence for implementation, training, recommending, monitoring and reporting.

Risk Management is responsible for identifying, measuring, monitoring, controlling and reporting risks at corporate level. The Parent Bank's Risk Management consists of Financial Risk Management, Operational Risk Management and Information Risk Management departments and reports to the Audit Committee. Financial Risk Management includes Market Risk Management and Product Control, Credit Risk Management, Financial Risk Management and Technology and Validation departments.

**3. Line of defence**

Internal Audit Department is the third line of defence. Internal Audit Department carries out both risk based and general audits. In addition, Internal Audit Department is responsible for reviewing and ensuring the integrity of the whole governance structure including risk governance, and presence, effectiveness and implementation of policies and procedures.

According to this strategy, these lines of defence carry out their activities through certain decision making committees such as the Executive Committee, ALCO, Credit Committee and Non-Financial Risk Committee. External auditors and relevant Regulators and Regulating Entities are considered as third line of defence.

Senior Management and Board of Directors are notified on the market risks monthly or on a more frequent basis; and this notification consists of balance sheet developments, market developments, assessment of the risks incurred despite the determined risk appetite and other risk developments. Furthermore, credit risk reports focusing on development of performing and non-performing loan portfolios, rating distribution of portfolios, transitions and trends of ratings, concentration risks, business units and product based risk parameters and risk appetite indicators are closely followed.

In addition to measurement and assessment of the risks under normal market conditions, stress tests under the scope of ICAAP and for internal rating purposes are carried out for the purpose of evaluating possible risks under negative market conditions. In this stress test, all kinds of financial risks that can be faced by the Parent Bank are taken as a basis and evaluated under negative and extremely negative scenarios, and reverse stress test which cause the Parent Bank fall into legal limits is applied. The Parent Bank prepares semiannual stress test reports on a consolidated basis as per the Guide, numbered 6656, dated 14 January 2016 on the Stress Test to be Used in Banks' Capital and Liquidity Planning. The Stress Test provides a prospective perspective in possible negative incidents or negative situations.

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**X. Explanations on consolidated risk management (continued)**

In evaluating the consequences at Bank level, not only the simple sum of individual risk categories but also quantitative analyses and the correlation of these values are taken into account. For example, changes in the exchange rate effect both market risk weighted assets and credit risk weighted assets. These changes are calculated simultaneously and in relation with one another. The correlation between risk categories tend to increase during shocking. It is aimed that all important risks are defined and relations are established between them in order to perform sensitivity analyses in the most effective manner throughout the Bank. Accordingly, the Bank carries out the stress test together with all relevant units at a consolidated manner.

Detailed explanations on the Bank's risk appetite and credit risk can be found in section "Credit Risk", detailed explanations on market risk can be found in section "Market Risk" and detailed explanations on operational risk can be found in section "Operational Risk".

**Overview of risk weighted amounts**

	Risk weighted amount		Minimum capital requirement
	Current period	Previous period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	43,381,999	43,035,174	3,470,560
Standardized approach (SA)	43,381,999	43,035,174	3,470,560
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	1,748,753	891,123	139,900
Standardized approach for counterparty credit risk (SA-CCR)	1,748,753	891,123	139,900
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	533,600	861,625	42,688
Standardized approach (SA)	533,600	861,625	42,688
Internal model approaches (IMM)	-	-	-
Operational risk	3,357,242	2,968,380	268,579
Basic indicator approach	3,357,242	2,968,380	268,579
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
<b>Total</b>	<b>49,021,594</b>	<b>47,756,302</b>	<b>3,921,727</b>

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**X. Explanations on consolidated risk management (continued)**

**2. Linkages between financial statements and risk amounts**

Differences and linkage between scope of accounting consolidation and regulatory consolidation

	Revalued amount in accordance with TAS						
	Revalued amount in accordance with TAS as reported in published financial statements	Revalued amount in accordance with TAS under scope of regulatory consolidation	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>							
Cash and balances with Central Bank	6,865,647	6,865,647	6,865,647	-	-	-	-
Financial assets held for trading	533,996	533,996	-	527,488	-	533,996	-
Financial assets designated at fair value through profit and loss	-	-	-	-	-	-	-
Banks	241,522	241,522	241,522	-	-	-	-
Money market placements	1,898,998	1,898,998	578,203	1,320,795	-	-	-
Financial assets available for sale (net)	2,655,784	2,655,784	2,655,784	-	-	-	-
Loans and receivables	41,305,711	41,377,899	41,305,711	-	-	-	17,855
Factoring receivables	746,048	746,048	746,049	-	-	-	-
Held-to maturity investments (net)	-	-	-	-	-	-	-
Associates (net)	-	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-	-
Financial lease receivables (net)	886,092	886,092	886,093	-	-	-	-
Derivative financial assets held for hedging purposes	1,793,223	1,793,223	-	1,793,223	-	-	-
Property and equipment (net)	424,181	427,118	399,139	-	-	-	25,628
Intangible assets (net)	45,151	44,859	-	-	-	-	45,151
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	81,267	82,918	81,266	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	660	660	660	-	-	-	-
Other assets	508,943	508,972	508,943	-	-	-	-
<b>Total asset</b>	<b>57,987,223</b>	<b>58,063,736</b>	<b>54,269,017</b>	<b>3,641,506</b>	<b>-</b>	<b>533,996</b>	<b>88,634</b>
<b>Liabilities</b>							
Deposits	25,152,677	25,152,677	-	-	-	-	25,152,677
Derivative financial liabilities held for trading	575,047	575,047	-	-	-	-	575,047
Funds borrowed	21,815,304	21,815,304	-	-	-	-	21,815,304
Money market balances	126,567	126,567	-	1,508	-	-	125,059
Marketable securities issued (net)	246,634	246,634	-	-	-	-	246,634
Funds	-	-	-	-	-	-	-
Miscellaneous payables	501,642	501,642	-	-	-	-	501,642
Other liabilities	341,639	341,639	-	-	-	-	341,639
Factoring payables	1,443	1,443	-	-	-	-	1,443
Leasing transaction payables	-	-	-	-	-	-	-
Derivative financial liabilities held for hedging purposes	38,498	38,498	-	-	-	-	38,498
Provisions	768,372	136,220	27,829	-	-	-	740,543
Tax liability	395,634	412,511	-	-	-	-	395,634
Liabilities for property and equipment held for sale and related to discontinued operations (net)	-	-	-	-	-	-	-
Subordinated loans	2,881,199	2,881,199	-	-	-	-	2,881,199
Shareholders' equity	5,142,567	5,834,355	-	-	-	-	5,142,567
<b>Total liabilities</b>	<b>57,987,223</b>	<b>58,063,736</b>	<b>27,829</b>	<b>1,508</b>	<b>-</b>	<b>-</b>	<b>57,957,886</b>



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#### X. Explanations on consolidated risk management (continued)

Main differences between risk amounts and the amounts revalued in accordance with TAS financial statement

	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk <sup>(*)</sup>
Assets carrying value in accordance with TAS	58,444,519	54,269,017	-	3,641,506	533,996
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	29,337	27,829	-	1,508	-
<b>Total net amount under scope of regulatory consolidation</b>	<b>58,415,182</b>	<b>54,241,188</b>	<b>-</b>	<b>3,639,998</b>	<b>533,996</b>
Off-balance sheet amount	16,338,050	5,187,156	-	496,957	-
Differences due to risk mitigation	-	(462,476)	-	(1,223,265)	-
Credit valuation adjustment	-	-	-	174,999	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Parent Bank	-	-	-	(181)	(396)
<b>Exposure amounts</b>	<b>-</b>	<b>58,965,868</b>	<b>-</b>	<b>3,088,508</b>	<b>533,600</b>

<sup>(\*)</sup> The amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities:

There are no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

#### 3. Explanations about credit risk

The Parent Bank's Credit Risk Management reports to the Audit Committee. In order to carry out its functions and responsibilities more effectively, Credit Risk Management is structured as Credit Risk Control and Credit Risk Integration groups. Credit Risk Control team is responsible for developing, monitoring and sustaining the models to be used in Internal Ratings Based Method and TFRS 9 calculations. Credit Risk Integration team works for the integration of rating models in the bank systems, corporate risk management solution allowing bank based risk management, management of QRM system for credit portfolio, IRB calculations and reporting, forming ICAAP process and reports.

Risk appetite expresses the total risk level assumed by the Parent Bank in order to realise its strategies. To ensure that the Parent Bank's risk appetite is equal to or below risk capacity, generally there is a buffer between the risk capacity and risk appetite. The Parent Bank's risk appetite is compatible with the main shareholder's risk appetite, and the Parent Bank pays sufficient attention to protect the interests of all stakeholders such as deposit holders and legal regulators.

Risk appetite is determined according to the risk identification and assessment results, the risk capacity formed by the Parent Bank considering the legal qualitative and quantitative limits and similarly the Bank's risk management and control abilities. If it is possible to implement, risk appetite indicators are approved by the management units (committees) formed for the relevant risk type. Both the risk appetite structure and risk appetite indicators are revised by the Audit Committee and presented by the Audit Committee to the Board of Directors. The approval authority for risk appetite structure and indicators is the Board of Directors.

The Parent Bank's risk profile is regularly measured, monitored in comparison with the risk appetite and reported to the Board of Directors and certain senior committees. Under credit risk, general condition of the credit portfolio, non-performing loans, risk appetite indicators, firm and group concentrations, legal credit ratios, development of capital adequacy ratio, development and distribution of ratings based on business units, rating and risk transitions, Probability of Default ("PD"), loss given default ("LGD") and Exposure at Default ("EAD") parameters are followed. Reports prepared in scope of ICAAP study are presented to the senior management and Board of Directors before they are sent to the BRSA.

Many rating models and scorecards are used in different processes such as allocation, monitoring, collection, pricing etc. for the purpose of managing credit risk. With these models, internal data sources and external data sources (such as CB credit risk and limit report, Credit Bureau) are used and creditworthiness of new clients is measured; and development of the existing credit portfolio is closely monitored. Performance of models is regularly monitored by Validation team under Financial Risk Management in addition to the teams developing the models.

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#### X. Explanations on consolidated risk management (continued)

##### Assets credit quality

	Gross carrying values of (according to TAS)		Allowances/ amortization and impairment	Net values
	Defaulted	Non-defaulted		
Loans <sup>(*)</sup>	1,410,279	42,493,115	1,552,314	42,351,080
Debt securities	-	2,655,784	1,082	2,654,702
Off-balance sheet exposures	76,470	16,289,409	65,645	16,300,234
<b>Total</b>	<b>1,486,749</b>	<b>61,438,308</b>	<b>1,619,041</b>	<b>61,306,016</b>

<sup>(\*)</sup> Factoring and leasing receivables was included into "Loans".

##### Changes in stock of defaulted loans and debt securities

	Current period
Defaulted loans and debt securities at the end of the previous reporting period	1,070,236
Loans and debt securities defaulted since the last reporting period	833,966
Transferred to non-defaulted status	(18,890)
Amounts written off <sup>(*)</sup>	(155,647)
Other changes <sup>(**)</sup>	(319,386)
<b>Defaulted loans and debt securities at the end of the reporting period</b>	<b>1,410,279</b>

<sup>(\*)</sup> Undrawn non-cash loans which are monitored in "Liquidation of receivables to be" account are not included in the table.

<sup>(\*\*)</sup> In term collections have included "Other changes" account.

##### Additional explanations on the creditworthiness of assets

Definitions of overdue and provision set aside are presented in Section Four - II Explanations on Credit Risk footnote.

Portion of receivables whose collection is delayed (for more than 90 days) and for which no provision was set aside and reasons for this:

All loans and receivables exceeding the 90-day delay period at the end of the month are automatically taken under non-performing loan accounts and special provisions are set aside for them.

Definitions of the methods used in determining the provision amounts:

The methods used are presented in the footnote of Section Three VIII - explanations on impairment in financial assets.

Definitions of the restructured receivables:

The Parent Bank can restructure the first and second group loans and other receivables, as well as non-performing loans and receivables. All loan products are considered together and a single restructuring protocol is formed; according to the legislation and general economic situation, variable or fixed terms are provided to enhance customers' ability to repay the loan.

Breakdown of receivables according to geographical regions, sector and remaining maturity:

Breakdown of receivables according to geographical regions, sector and remaining maturity is presented in footnote in Section Four II - explanations on credit risk.

Receivable amounts for which provisions are set aside on geographical regions and sectors and amounts written off with the provisions.

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#### X. Explanations on consolidated risk management (continued)

##### Breakdown of receivables according to geographical regions

	Non-performing loans	Specific provision
Domestic	1,405,269	960,585
EU Countries	4,493	4,493
OECD Countries <sup>(1)</sup>	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other countries	517	465
<b>Total</b>	<b>1,410,279</b>	<b>965,543</b>

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada.

As of 31 December 2016, non-performing loans written-off is amounting to TL 155,647.

Sectoral receivables and related provisions are presented in Section Four - II. explanations on credit risk disclosure.

##### Aging of overdue exposures

	Current period
Due 31 - 60	299,128
Due 61 - 90	146,414
<b>Total</b>	<b>445,542</b>

##### Breakdown of restructured receivables by whether or not provisions are allocated

	Current period
Loans structured from standard loans and other receivables	132,018
Loans structured from closely monitored loans and other receivables	427,726
Loans restructured from non-performing loans	3,160

General provision is allocated for the loans restructured from standard loans and closely monitored loans, specific provision is allocated for the loans restructured from non-performing loans.

##### Credit risk mitigation techniques

The Parent Bank pays specific attention to the fact that the risk is completely covered by the collaterals and the easiness of collateral conversion into cash in case of default. In addition, the primary repayment source of loan is the cash flows from operations. Therefore, the financial status and retrospective and prospective cash flows of the firms to which credit proposal is made (the debtor) are analysed with due care during loan disbursement.

Collaterals in the Parent Bank are divided into two groups as financial collaterals and guarantees. Collaterals are considered as allowed by the related regulations.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Collaterals are entered in the main banking application Finsoft through branches. Collaterals are activated after the Credit Operation Centre ("KROM") teams' check and approval of the collateral entries.

The Parent Bank monitors up to date value of the collaterals by type. As a general principle, the Parent Bank revises all collaterals at least once a year. For the firms which still have a credit risk, the existing collaterals are not released unless the guarantees in the credit notification are fully ensured or risk amount is decreased.

The Parent Bank makes the assessment according to the latest expert value in the real estate guarantees taken as a real property. For the loans above TL 3 million in all segments, the real estate valuation is redone at least every three years. For commercial loans the real properties are revised at least once a year. In addition, Credit Allocation Managers require renewal of expert assessment when considered necessary.

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#### X. Explanations on consolidated risk management (continued)

The Parent Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Parent Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

#### Credit risk mitigation techniques

	Exposures unsecured carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collaterals	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans <sup>(*)</sup>	34,830,759	7,520,321	5,688,082	162,923	76,065	-	-
Debt securities <sup>(*)</sup>	2,654,702	-	-	-	-	-	-
<b>Total</b>	<b>37,485,461</b>	<b>7,520,321</b>	<b>5,688,082</b>	<b>162,923</b>	<b>76,065</b>	<b>-</b>	<b>-</b>
Of which defaulted	1,410,279	-	-	-	-	-	-

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

#### Qualitative disclosures on Banks' use of external credit ratings under the standardised approach for credit risk

Explanations are disclosed in Section Four II - explanations on credit risk disclosures.

#### Credit risk exposure and credit risk mitigation techniques

Risk 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	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount
Claims on sovereigns and Central Banks	8,851,557	33	8,851,557	7	3,033,147	34.27%
Claims on regional governments or local authorities	267,381	7	198,743	1	99,372	50.00%
Claims on administrative bodies and other non-commercial undertakings	-	7	-	1	1	100.00%
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	5,928,368	3,336,560	4,683,781	854,193	2,449,256	44.23%
Claims on corporates	19,899,618	6,448,049	19,675,564	3,413,548	23,009,731	99.66%
Claims on retails	15,806,051	4,944,223	15,633,555	871,098	12,378,489	75.00%
Claims secured by residential property	2,011,776	60,383	2,011,776	20,389	729,889	35.92%
Claims secured by commercial property	3,290,453	149,478	3,290,453	61,881	1,945,930	58.05%
Past due loans	107,876	-	107,876	-	114,738	106.36%
Higher risk categories decided by the Board	336,859	-	336,859	-	350,133	103.94%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	1,549,016	1,919,900	1,549,016	383,980	909,968	47.08%
Equity securities	110,098	-	110,098	-	110,098	100.00%
<b>Total</b>	<b>58,159,053</b>	<b>16,858,640</b>	<b>56,449,278</b>	<b>5,605,098</b>	<b>45,130,752</b>	<b>72.73%</b>

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**X. Explanations on consolidated risk management (continued)**

**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	2,785,270	-	-	-	6,066,294	-	-	-	-	-	8,851,564
Claims on regional governments or local authorities	-	-	-	-	198,744	-	-	-	-	-	198,744
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	1	-	-	-	1
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	1,090,179	-	4,440,447	-	50	7,298	-	-	5,537,974
Claims on corporates	-	-	32,168	-	107,292	-	22,949,652	-	-	-	23,089,112
Claims on retails	-	-	-	-	-	16,504,653	-	-	-	-	16,504,653
Claims secured by residential property	-	-	-	2,003,503	-	-	28,662	-	-	-	2,032,165
Claims secured by commercial property	-	-	-	-	2,812,809	-	539,525	-	-	-	3,352,334
Past due loans	-	-	-	-	2,115	-	89,923	15,838	-	-	107,876
Higher risk categories decided by the Board	-	-	-	-	80,484	-	149,343	107,032	-	-	336,859
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	1,023,028	-	-	-	-	-	909,968	-	-	-	1,932,996
Equity securities	-	-	-	-	-	-	110,098	-	-	-	110,098
<b>Total</b>	<b>3,808,298</b>	<b>-</b>	<b>1,122,347</b>	<b>2,003,503</b>	<b>13,708,185</b>	<b>16,504,653</b>	<b>24,777,222</b>	<b>130,168</b>	<b>-</b>	<b>-</b>	<b>62,054,376</b>

**Qualitative disclosure on counterparty credit risk**

According to Appendix 2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, promulgated in the Official Gazette, no. 29511, dated 23 October 2015, the counterparty credit risk arising from the transactions binding both parties such as derivatives and repo, is calculated. The sum of renewal cost for derivative transactions and potential credit risk amount is considered as the risk amount. Renewal cost is calculated with valuation of contracts at fair value and potential credit risk amount is calculated by multiplying the contract amounts with the credit transition ratios stated in the regulation appendix.

For the forward, option and similar contracts, collateral management is conducted daily according to the International Swap and Derivative Association ("ISDA") and Credit Support Annex ("CSA") agreements concluded with international counterparties, and when needed, short term total credit risk is decreased by usage of rights and performance of duties.

For the forward, option and similar derivative transactions which are done with local agreements and not according to ISDA agreement, the credit risk is controlled with "Pre-Settlement" limit monitoring. Pre-settlement limit is allocated for the firms and organisations according to analysis and allocation processes. The basic rule for the Bank is that client risks do not exceed such limits. Risks are monitored simultaneously with the market and developed models are used in calculation.

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**X. Explanations on consolidated risk management (continued)**

The maximum risk that the counterparty may incur due to futures, options and similar derivative transactions are limited monitored with daily and instant reports. Possible limit breaches are reported to the high level committees and senior management of the bank and related actions taken to close the risk.

**Counterparty credit risk (CCR) approach analysis**

	Replacement cost	Potential future exposure	EEPE <sup>(1)</sup>	Alpha used for computing regulatory EAD	Exposure after CRM	RWA
Standardised Approach - CCR (for derivatives)	2,320,711	496,957	-	1.4	2,817,668	1,632,774
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)	-	-	-	-	95,841	19,173
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	<b>1,651,947</b>

<sup>(1)</sup> Effective expected positive exposure

**Credit valuation adjustment (CVA) for 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	174,999	96,806
<b>Total subject to the CVA capital charge</b>	<b>174,999</b>	<b>96,806</b>

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#### X. Explanations on consolidated risk management (continued)

##### Analysis of counterparty credit risk (CCR) exposure

Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure <sup>(*)</sup>
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	-	-	207,982	2,334,631	-	-	-	-	2,542,613
Claims on corporates	-	-	10	5,116	-	526,820	-	-	531,946
Claims included in the regulatory retail portfolios	-	-	-	-	13,949	-	-	-	13,949
Claims secured by residential property	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets <sup>(**)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>207,992</b>	<b>2,339,747</b>	<b>13,949</b>	<b>526,820</b>	-	-	<b>3,088,508</b>

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

<sup>(\*\*)</sup> Other assets: Includes counterparty credit risk that does not reported in "central counterparty" table.

#### 4. 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

##### Credit derivatives

There is no credit derivative transaction.

##### Exposures to central counterparties (CCP)

There is no central counterparty risk.

#### 5. Securitisation

There is no securitisation transaction.

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**X. Explanations on consolidated risk management (continued)**

**6. Explanations on market risk**

The Parent Bank has reviewed activities of market risk management and has taken necessary precautions in order to be protected from market risk within the framework of financial risk management purposes according to the "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Valuation Process" and the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette No. 29057 and dated 11 July 2014.

Market risk is managed within the risk limits based on different product directions under banking and trading accounts and sensitivity based that is determined by Board of Directions in where related limits are monitored on a regular basis and measurement results are shared with top management and the Board of Directors. In addition, the impacts of change in balance sheet due to banking activities on risk appetite are simulated.

Audit Committee follows and interprets market risk closely. Recommendations are made to the Asset-Liability Committee and Board of Directors about the risk management.

Risk management strategies and policies are updated regarding to communiqué stated above and approved by Board of Director's. Legally, for the capital requirements, on consolidated and unconsolidated basis, standard method is used in measuring market risk. In addition to the standard method, for internal reporting purposes, value-at-risk (VaR) is used in daily calculation of amount subject to market risk and are reported to the top level management. Stress tests and scenario analyses are also applied within the scope of ICAAP to complement the risk analysis. In addition, ING Group's compliance with public policy related to market risk, especially for new international regulations (ILAAP - Internal Liquidity adequacy Assessment Process) was completed in parallel, carried out all these studies are reflected in the relevant written procedures and policies. Due to the increase of legislative regulations and the need for pursuing more sophisticated risk management in recent years, the setup project of a software is started to manage risks related to asset liability management more integrated. On the other hand, in parallel with changing risk policies of the Parent Bank, harmonization studies to measure and manage the risks of subsidiaries subject to consolidation in line with the volume, quality and complexity of operations of the relevant subsidiary have been completed.

	<b>RWA</b>
<b>Outright products</b>	<b>533,600</b>
Interest rate risk (general and specific)	236,150
Equity risk (general and specific)	-
Foreign exchange risk	297,450
Commodity risk	-
<b>Options</b>	<b>-</b>
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
<b>Total</b>	<b>533,600</b>



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#### X. Explanations on consolidated risk management (continued)

##### 7. Explanations on operational risk

The "Basic Indicator Method" that is stated in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2016 is calculated by using the gross income of the Bank in 2013, 2014 and 2015.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

Current period	2013 amount	2014 amount	2015 amount	Total/ Number of years of positive gross income	Ratio (%)	Total
Gross income	1,543,584	1,760,282	2,067,721	1,790,529	15	268,579
Amount subject to operational risk (Amount*12,5)						3,357,242

##### 8. Interest rate risk arising from banking book

Interest rate risk due to banking accounts is managed within the framework of sensitivity based risk limits which is internally determined by the Board of Directors with regarding VaR limits, and results are shared periodically with top management, Asset-Liability Committee, Audit Committee and Board of Directors. In addition, interest rate risk arising from banking book is calculated according to the interest structure profile of all interest sensitive assets and liabilities and the period remaining for their maturity or re-pricing dates under the Regulation on Measurement and Evaluation of the Interest Rate Risk Arising from Banking Book through Standard Shock Method published by the BRSA in the Official Gazette no: 28034 and dated 23 August 2011.

Under the regulation, core deposit is calculated only over demand deposits and separately for each currency. Maturity profile of demand deposit assumptions have been determined by taking into account the analyses conducted by the Parent Bank through using historical data for demand deposit portfolio and the maximum hypothetical maturity limit stated in the Regulation.

In addition, analysis being performed about asset and liability accounts comprising different customer behaviour characteristics such as internal interest sensitivity and optionality, and effects on balance sheet risk are evaluated within the framework of analysis results and business expectations.

Interest rate risk standard ratio arising from banking accounts is calculated at the end of months by measuring and evaluating the interest rate risk resulting from balance sheet and off-balance sheet positions in the Parent Bank's accounts through standard shock method. Gains/ losses refer to the gain/loss risk that might occur in the market value of financial assets and liabilities in the balance sheet as a result of applying upward/downward scenarios to the market interest rate.

Currency	Applied shock (+/-x basis points)	Gains/ (Losses)	Gains/Equity (Losses)/Equity
TL	(-) 400	573,091	6.94%
TL	(+) 500	(558,927)	(6.77)%
EURO	(-) 200	(5,209)	(0.06)%
EURO	(+) 200	(13,513)	(0.16)%
USD	(-) 200	(2,369)	(0.03)%
USD	(+) 200	1,659	0.02%
<b>Total (for negative shocks)</b>		<b>565,513</b>	<b>6.85%</b>
<b>Total (for positive shocks)</b>		<b>(570,781)</b>	<b>(6.91)%</b>

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### XI. Explanations on hedge transactions

#### Breakdown of the derivative transactions used in cash flow hedges

	Current period			Prior period		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate swaps	7,177,020	27,525	38,498	4,951,082	62,346	12,282
Cross currency swaps	9,824,312	1,765,698	-	13,239,854	1,486,207	1,072
<b>Total</b>	<b>17,001,332</b>	<b>1,793,223</b>	<b>38,498</b>	<b>18,190,936</b>	<b>1,548,553</b>	<b>13,354</b>

#### Explanations on derivative transactions used in cash flow hedges

Current period							
Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest rate swaps	TL/FCY customer deposits	Cash flow risk due to the changes in the interest rates of TL and FCY customer deposits	27,525	38,498	(12,141)	2,341	(1,061)
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	1,765,698	-	(71,888)	(1,260)	-
<b>Total</b>			<b>1,793,223</b>	<b>38,498</b>	<b>(84,029)</b>	<b>1,081</b>	<b>(1,061)</b>

Prior period							
Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest rate swaps	TL customer deposits	Cash flow risk due to the changes in the interest rates of customer deposits	62,346	12,282	61,038	(853)	(67)
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	1,486,207	1,072	201,079	1,246	1
<b>Total</b>			<b>1,548,553</b>	<b>13,354</b>	<b>262,117</b>	<b>393</b>	<b>(66)</b>

#### Contractual maturity analysis of the derivative transactions subject to cash flow hedges:

Maturity analysis of the derivative transactions subject to cash flow hedges is provided in the Note VI of Section Four.

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## XII. Explanations on operating segments

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

Current period - 31 December 2016	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	983,170	644,108	759,845	2,387,123
Net commissions and fees income and other operating income	267,330	456,402	(2,885)	720,847
Trading gain/loss	3,306	181	(212,728)	(209,241)
Dividend income	-	-	556	556
Provision for impairment of loans and other receivables	(303,166)	(276,572)	(33,957)	(613,695)
Segment results	950,640	824,119	510,831	2,285,590
Other operating expenses <sup>(1)</sup>	-	-	-	(1,536,293)
Income from continuing operations before tax	-	-	-	749,297
Tax provision <sup>(1)</sup>	-	-	-	(157,391)
<b>Net profit</b>	-	-	-	<b>591,906</b>

Prior period - 31 December 2015	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	731,671	572,403	823,406	2,127,480
Net commissions and fees income and other operating income	277,190	330,455	(20,940)	586,705
Trading gain/loss	2,850	1,714	(389,749)	(385,185)
Dividend income	-	-	778	778
Provision for impairment of loans and other receivables	(237,090)	(303,934)	(47,465)	(588,489)
Segment results	774,621	600,638	366,030	1,741,289
Other operating expenses <sup>(1)</sup>	-	-	-	(1,540,751)
Income from continuing operations before tax	-	-	-	200,538
Tax provision <sup>(1)</sup>	-	-	-	(60,917)
<b>Net profit</b>	-	-	-	<b>139,621</b>

<sup>(1)</sup> Other operational expenses and tax provision have been stated at total column due to inability to allocate among the sections.

Current period - 31 December 2016	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	31,519,398	12,365,468	14,102,357	57,987,223
Liability	14,690,776	16,777,136	21,376,744	52,844,656
Equity	-	-	5,142,567	5,142,567

Prior period - 31 December 2015	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	29,266,976	11,985,179	13,313,188	54,565,343
Liability	11,076,346	16,278,411	22,673,854	50,028,611
Equity	51,196	-	4,485,536	4,536,732

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

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## Section five

### Information and disclosures related to consolidated financial statements

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

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

###### 1.1. Information on cash equivalents

	Current period		Prior period	
	TL	FC	TL	FC
Cash in TL/ foreign currency	256,751	383,938	203,926	174,289
Balances with the Central Bank of Turkey	158,775	6,065,828	224,554	5,537,936
Other	-	355	-	1,248
<b>Total</b>	<b>415,526</b>	<b>6,450,121</b>	<b>428,480</b>	<b>5,713,473</b>

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	158,775	826,536	224,554	698,993
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	856,470	-	217,206
Restricted demand deposit	-	4,382,822	-	4,621,737
<b>Total</b>	<b>158,775</b>	<b>6,065,828</b>	<b>224,554</b>	<b>5,537,936</b>

As per the "Communiqué on Reserve Requirements" promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date in terms of TL, USD/ EURO and gold at a rate ranging between 4% and 10.5% for Turkish lira deposits and liabilities depending on their maturity and at a rate ranging between 4.5% and 24.5% for foreign currency deposits and foreign currency other liabilities depending on their maturity. In accordance with the relevant communiqué, the Central Bank pays interest for the reserve requirements which are presented in terms of TL and USD.

TL 158,319 (31 December 2015: TL 223,092) of the TL reserve deposits provided over the average balance and TL 826,536 (31 December 2015: TL 698,993) 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
Bank's portfolio	6,405	146,057
Repo transactions	-	-
Collateral/ blocked	103	99
<b>Total</b>	<b>6,508</b>	<b>146,156</b>

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**I. Explanations and notes related to assets of the consolidated 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	-	125,865	-	26,618
Swap transactions	282,831	110,118	203,659	68,403
Futures transactions	-	-	-	-
Options	97	8,577	28	2,572
Other	-	-	-	-
<b>Total</b>	<b>282,928</b>	<b>244,560</b>	<b>203,687</b>	<b>97,593</b>

**3. Information on banks and foreign banks accounts**

**3.1. Information on banks**

	Current period		Prior period	
	TL	FC	TL	FC
Banks	36,476	205,046	711,625	449,076
Domestic	36,475	16,488	706,765	368,354
Foreign	1	188,558	4,860	80,722
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>36,476</b>	<b>205,046</b>	<b>711,625</b>	<b>449,076</b>

**3.2. Information on foreign banks**

	Unrestricted amount		Restricted amount	
	Current period	Prior period	Current period	Prior period
EU countries	138,821	33,777	25,196	21,168
USA, Canada	13,253	7,284	1,641	1,404
OECD Countries (*)	5,609	10,751	-	-
Off-shore banking regions	-	23	-	-
Other	4,035	10,274	4	901
<b>Total</b>	<b>161,718</b>	<b>62,109</b>	<b>26,841</b>	<b>23,473</b>

(\*) OECD countries except EU countries, USA and Canada

As of 31 December 2016, restricted bank balance amounting to TL 26,841 (31 December 2015: TL 23,473) all of which is comprised of (31 December 2015: TL 22,572) collaterals that is held by counter banks under CSA contracts and is calculated based on related derivatives market price.

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

**4. Information on financial assets available-for-sale**

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

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

	Current period	Prior period
Bank's portfolio	1,981,210	851,926
Repo transactions	1,495	1,286,787
Collateral/ blocked <sup>(*)</sup>	673,079	944,387
<b>Total</b>	<b>2,655,784</b>	<b>3,083,100</b>

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

**4.2. Information on financial assets available-for-sale**

	Current period	Prior period
Debt securities	2,548,490	3,050,164
Quoted to stock exchange	2,548,490	3,050,164
Not quoted	-	-
Equity certificates	110,098	39,722
Quoted to stock exchange	49	43
Not quoted	110,049	39,679
Provision for impairment (-)	(2,804)	(6,786)
<b>Total</b>	<b>2,655,784</b>	<b>3,083,100</b>

**5. Information on loans**

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

	Current period		Prior period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders of the Parent Bank	91	624,919	49	273,432
Corporate shareholders	-	624,919	-	273,432
Real person shareholders	91	-	49	-
Indirect loans granted to shareholders of the Parent Bank	14	87,086	48	135,512
Loans granted to employees of the Parent Bank	27,818	-	24,670	-
<b>Total</b>	<b>27,923</b>	<b>712,005</b>	<b>24,767</b>	<b>408,944</b>

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

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

Cash loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	With revised contract terms		Loans and other receivables (Total)	With revised contract terms	
		Extension of payment plan	Other		Extension of payment plan	Other
Non-specialized loans	39,510,348	132,018	-	1,350,627	427,726	-
Business loans	21,073,416	11,788	-	734,282	269,656	-
Export loans	4,097,148	-	-	21,967	-	-
Import loans	368	-	-	-	-	-
Loans given to financial sector	1,877,291	-	-	-	-	-
Consumer loans	10,468,616	120,193	-	463,888	105,190	-
Credit cards	943,414	37	-	87,031	52,880	-
Other	1,050,095	-	-	43,459	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>39,510,348</b>	<b>132,018</b>	<b>-</b>	<b>1,350,627</b>	<b>427,726</b>	<b>-</b>

Number of extensions	Standard loans and other receivables	Loans and other receivables under close monitoring
	Extended by 1 or 2 times	132,018
Extended by 3, 4 or 5 times	-	-
Extended by 5 times and more	-	-
<b>Total</b>	<b>132,018</b>	<b>427,726</b>

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

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

Extended periods	Standard loans and other receivables	Loans and other receivables under close monitoring
Up to 6 months	878	271,364
6-12 months	4,547	13,512
1-2 years	16,941	47,093
2-5 years	80,225	69,617
More than 5 years	29,427	26,140
<b>Total</b>	<b>132,018</b>	<b>427,726</b>

**5.3. Loans according to their maturity structure**

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	With revised contract terms	Loans and other receivables	With revised contract terms
<b>Cash loans</b>				
Short-term loans and other receivables	11,666,308	2,538	262,466	65,431
Non-specialized loans	11,666,308	2,538	262,466	65,431
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	27,844,040	129,480	1,088,161	362,295
Non-specialized loans	27,844,040	129,480	1,088,161	362,295
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>39,510,348</b>	<b>132,018</b>	<b>1,350,627</b>	<b>427,726</b>



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

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

	Short term	Medium and long term	Total
Consumer loans - TL	320,547	10,378,853	10,699,400
Mortgage loans	571	4,968,659	4,969,230
Automotive loans	16,033	594,789	610,822
General purpose loans	303,943	4,815,405	5,119,348
Other	-	-	-
Consumer loans - indexed to FC	-	2,626	2,626
Mortgage loans	-	2,626	2,626
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans - FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards - TL	908,633	-	908,633
With installments	363,908	-	363,908
Without installments	544,725	-	544,725
Consumer credit cards - FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans - TL	2,936	15,491	18,427
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	2,936	15,491	18,427
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	9,482	-	9,482
With installments	3,485	-	3,485
Without installments	5,997	-	5,997
Personnel credit cards - FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts - TL (real person)	212,051	-	212,051
Overdraft accounts - FC (real person)	-	-	-
<b>Total</b>	<b>1,453,649</b>	<b>10,396,970</b>	<b>11,850,619</b>

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

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

	Short term	Medium and long term	Total
Commercial installment loans - TL	571,859	3,105,530	3,677,389
Real estate loans	176	92,719	92,895
Automotive loans	7,167	363,073	370,240
General purpose loans	-	-	-
Other	564,516	2,649,738	3,214,254
Commercial installment loans - indexed to FC	38,356	764,454	802,810
Real estate loans	-	11,531	11,531
Automotive loans	9,663	271,364	281,027
General purpose loans	-	-	-
Other	28,693	481,559	510,252
Commercial installment loans-FC	-	1,425	1,425
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	1,425	1,425
Corporate credit cards - TL	112,330	-	112,330
With installments	44,700	-	44,700
Without installments	67,630	-	67,630
Corporate credit cards - FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft loans - TL (legal entity)	411,937	-	411,937
Overdraft loans - FC (legal entity)	-	-	-
<b>Total</b>	<b>1,134,482</b>	<b>3,871,409</b>	<b>5,005,891</b>

**5.6. Loans according to borrowers**

	Current period	Prior period
Public	1,406,994	1,348,283
Private	39,453,981	37,194,496
<b>Total</b>	<b>40,860,975</b>	<b>38,542,779</b>

**5.7. Domestic and foreign loans**

	Current period	Prior period
Domestic loans	40,593,020	38,345,125
Foreign loans	267,955	197,654
<b>Total</b>	<b>40,860,975</b>	<b>38,542,779</b>

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

**5.8. Loans granted to subsidiaries and associates**

The loans granted to subsidiaries and associates are eliminated at the consolidated financial statements.

**5.9. Specific provisions set aside against loans**

	Current period	Prior period
Loans and receivables with limited collectability	32,999	32,505
Loans and receivables with doubtful collectability	141,256	142,728
Uncollectible loans and receivables	791,288	501,848
<b>Total</b>	<b>965,543</b>	<b>677,081</b>

**5.10. Information on non-performing loans (net)**

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current period</b>	<b>301</b>	<b>1,553</b>	<b>1,306</b>
(Gross amounts before specific provision)			
Restructured loans and other receivables	301	1,553	1,306
Rescheduled loans and other receivables	-	-	-
<b>Prior period</b>	<b>1,130</b>	<b>648</b>	<b>1,812</b>
(Gross amounts before specific provision)			
Restructured loans and other receivables	1,130	648	1,812
Rescheduled loans and other receivables	-	-	-

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

**5.10.2. Information on total non-performing loans**

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Prior period end balance</b>	<b>179,548</b>	<b>303,495</b>	<b>587,193</b>
Additions (+)	781,661	26,783	25,522
Transfers from other categories of non-performing loans (+)	17	645,248	567,923
Transfers to other categories of non-performing loans (-)	(645,926)	(567,255)	(7)
Transfers to standard loans (-)	(14,355)	(3,283)	(1,252)
Collections (-)	(116,887)	(66,529)	(135,970)
Write-offs (-) <sup>(*)</sup>	(362)	(410)	(154,875)
Corporate and commercial loans	(86)	(21)	(45,771)
Retail loans	(271)	(375)	(78,585)
Credit cards	(5)	(14)	(30,519)
Other	-	-	-
<b>Current period end balance</b>	<b>183,696</b>	<b>338,049</b>	<b>888,534</b>
Specific provisions (-)	(32,999)	(141,256)	(791,288)
<b>Net balance on balance sheet</b>	<b>150,697</b>	<b>196,793</b>	<b>97,246</b>

<sup>(\*)</sup> On 21 November 2016, the Parent Bank has sold non-performing loan portfolio amounting to TL 164,477 for an amount of TL 13,850 to domestic asset management companies.

**5.10.3 Information on specific provision movement**

Current period	Corporate/ Commercial	Consumer	Credit cards	Total
<b>Prior period balance</b>	<b>303,935</b>	<b>296,330</b>	<b>76,816</b>	<b>677,081</b>
Additions during the period (+)	310,255	251,108	54,978	616,341
Collections during the period (-)	(65,440)	(96,773)	(12,999)	(175,212)
Write-offs (-)	(43,938)	(78,124)	(30,605)	(152,667)
<b>Period end balance</b>	<b>504,812</b>	<b>372,541</b>	<b>88,190</b>	<b>965,543</b>

Prior period	Corporate/ Commercial	Consumer	Credit cards	Total
<b>Prior period balance</b>	<b>270,255</b>	<b>152,941</b>	<b>54,543</b>	<b>477,739</b>
Additions during the period (+)	231,632	270,516	51,421	553,569
Collections during the period (-)	(80,446)	(64,855)	(8,220)	(153,521)
Write-offs (-)	(117,506)	(62,272)	(20,928)	(200,706)
<b>Period end balance</b>	<b>303,935</b>	<b>296,330</b>	<b>76,816</b>	<b>677,081</b>

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

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

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

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Current period (net)</b>	<b>150,697</b>	<b>196,793</b>	<b>97,246</b>
Loans granted to corporate entities and real person (gross)	173,597	338,049	876,077
Specific provision amount (-)	(29,378)	(141,256)	(778,832)
Loans granted to corporate entities and real person (net)	144,219	196,793	97,245
Banks (gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	10,099	-	12,457
Specific provision amount (-)	(3,621)	-	(12,456)
Other loans and receivables (net)	6,478	-	1
<b>Prior period (net)</b>	<b>147,043</b>	<b>160,767</b>	<b>85,345</b>
Loans granted to corporate entities and real person (gross)	177,415	303,495	574,712
Specific provision amount (-)	(30,944)	(142,728)	(489,409)
Loans granted to corporate entities and real person (net)	146,471	160,767	85,303
Banks (gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	2,133	-	12,481
Specific provision amount (-)	(1,561)	-	(12,439)
Other loans and receivables (net)	572	-	42

**5.11. Liquidation policy for uncollectible loans and receivables**

In case there are collaterals in accordance with the Article 8 of "Regulation on Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and Provision for these Loans and other Receivables" the receivable shall be collected as soon as possible by either administrative or legal interferences by liquidating such collaterals.

In case there are no collaterals, even if the evidence of insolvency is provided, information gathered in various periods and legal procedures are followed to identify the assets acquired by the borrower after the insolvency.

Before and after the legal procedures, the Parent Bank attempts to collect its receivables by means of restructuring the loans and receivables from the companies showing an indication of operating on ongoing basis and having a productive contribution in the economic environment.

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

**5.12. Information on the write-off policy**

In order to collect loans and other receivables classified as "Uncollectible Loans and Receivables", the Parent Bank applies all legal procedures. At the end of the legal procedures, if the loans and receivables cannot be collected, the provisions provided for these receivables are reversed and the gross receivable amount is written down to 1 Kr (Trace cost) upon the receipt of the evidence of insolvency from the customers. The legal procedures start again for these loans and receivables carried at their trace costs if an improvement in the situation of the debtors or guarantors is identified.

The Parent Bank writes down the loans and receivables to nil before initiating a legal follow-up in case the expected amount of recovery is lower than the expected cost of the legal follow-up. The Board of Directors has authorized the senior management to make the necessary assessments within certain limits.

**6. Held-to-maturity investments (net)**

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

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

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

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

**6.3. Information on held-to-maturity investments**

	Current period	Prior period
Debt securities	-	350
Quoted to stock exchange	-	-
Not quoted	-	350
Impairment provision (-)	-	-
<b>Total</b>	<b>-</b>	<b>350</b>

**6.4. Movement of held-to-maturity investments**

	Current period	Prior period
Beginning balance	350	259
Foreign currency differences on monetary assets	-	-
Purchases during year	142	338
Disposals through sales and redemptions	(480)	(249)
Provision for impairment (-)	-	-
Change in redemption cost	(12)	2
<b>Period end balance</b>	<b>-</b>	<b>350</b>

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

#### 7. Information on associates (net)

##### 7.1. Explanations related to the associates

The Parent Bank does not have any associates.

#### 8. Information on subsidiaries (net)

##### 8.1. Information on equity of subsidiaries

As of 31 December 2016 information on the equities of subsidiaries is as follows.

	ING European Financial Services Plc.	ING Portfolio Management	ING Factoring	ING Leasing	ING Brokerage
Paid in capital and adjustment to paid-in capital	719	8,041	40,000	22,500	20,765
Profit reserves, capital reserves and prior year profit/ loss	-	3,906	23,457	28,699	(1,179)
Profit/ loss	38,622	3,500	10,414	20,707	353
Development cost of operating lease (-)	-	-	-	(6)	-
Intangible assets (-)	-	(44)	(374)	(210)	(50)
<b>Total core capital</b>	<b>39,341</b>	<b>15,403</b>	<b>73,497</b>	<b>71,690</b>	<b>19,889</b>
<b>Supplementary capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital</b>	<b>39,341</b>	<b>15,403</b>	<b>73,497</b>	<b>71,690</b>	<b>19,889</b>
<b>Net usable shareholder's equity</b>	<b>39,341</b>	<b>15,403</b>	<b>73,497</b>	<b>71,690</b>	<b>19,889</b>

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

##### 8.2. Information on consolidated subsidiaries

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

As of 31 December 2016 financial information on consolidated subsidiaries as follows:

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/ loss	Prior period profit/loss	Fair value
(1)	6,668,247	39,341	3	125,763	-	38,622	26,523	-
(2)	17,020	15,447	96	1,867	10	3,500	3,783	-
(3)	773,856	73,870	525	50,873	-	10,414	5,615	-
(4)	980,875	71,906	249	42,347	-	20,707	16,834	-
(5)	162,803	19,940	77	2,102	-	353	(154)	-

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**8.3. Information on consolidated subsidiaries**

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

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

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

**8.5. Subsidiaries quoted in a stock exchange**

There are no subsidiaries quoted on a stock exchange.

**9. Information on entities under common control (net)**

**9.1. Information on entities under common control (net)**

There are no entities under common control.



ING Bank A.Ş. and its Financial Subsidiaries  
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**I. Explanations and notes related to assets of the consolidated balance sheet (continued)**

**10. Information on finance lease receivables (net)**

**10.1 Investments made in finance lease as per their maturity**

	Current period	
	Gross	Net
Less than 1 year	36,896	36,060
1-5 years	678,027	626,652
More than 5 years	248,467	223,380
<b>Total</b>	<b>963,390</b>	<b>886,092</b>
	Prior period	
	Gross	Net
Less than 1 year	26,659	26,036
1-5 years	549,022	508,666
More than 5 years	252,598	225,692
<b>Total</b>	<b>828,279</b>	<b>760,394</b>

**10.2 Information of the net investments made in finance lease**

	Current period	Prior period
Gross financial lease investment	963,390	828,279
Unearned financial lease income (-)	(77,298)	(67,885)
Cancelled leases (-)	-	-
<b>Net financial lease investment</b>	<b>886,092</b>	<b>760,394</b>

**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	1,793,218	5	1,548,553	-
Net investment hedge	-	-	-	-
<b>Total</b>	<b>1,793,218</b>	<b>5</b>	<b>1,548,553</b>	<b>-</b>

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

**12. Information on property and equipment (net)**

Current period	Real estates	Leased tangible assets	Other fixed assets	Total
<b>Cost</b>				
Opening balance	235,756	58,936	510,719	805,411
Additions	18,452	3	115,702	134,157
Exchange rate differences	-	-	34	34
Disposals	-	(2,348)	(30,490)	(32,838)
Provisions for impairment	720	-	-	720
Closing balance	254,928	56,591	595,965	907,484
<b>Accumulated depreciation</b>				
Opening balance	(101,266)	(58,834)	(281,786)	(441,886)
Current year depreciation expense	(5,444)	(91)	(51,203)	(56,738)
Exchange rate differences	-	-	(48)	(48)
Disposals	-	2,353	13,016	15,369
Closing balance	(106,710)	(56,572)	(320,021)	(483,303)
<b>Net book value</b>	<b>148,218</b>	<b>19</b>	<b>275,944</b>	<b>424,181</b>
<b>Prior period</b>				
<b>Cost</b>				
Opening balance	225,321	63,485	454,226	743,032
Additions	9,191	15	85,890	95,096
Exchange rate differences	-	-	96	96
Disposals	(971)	(4,564)	(29,493)	(35,028)
Provisions for impairment	2,215	-	-	2,215
Closing balance	235,756	58,936	510,719	805,411
<b>Accumulated depreciation</b>				
Opening balance	(96,453)	(62,778)	(241,869)	(401,100)
Current year depreciation expense	(5,179)	(613)	(50,729)	(56,521)
Exchange rate differences	-	-	(89)	(89)
Disposals	366	4,557	10,901	15,824
Closing balance	(101,266)	(58,834)	(281,786)	(441,886)
<b>Net book value</b>	<b>134,490</b>	<b>102</b>	<b>228,933</b>	<b>363,525</b>

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

**13. Information on intangible assets (net)**

	Current period	Prior period
Cost		
Opening balance	141,451	118,466
Additions	33,227	23,248
Exchange rate differences	126	75
Disposals	(6,640)	(338)
Closing balance	168,164	141,451
Accumulated amortization		
Opening balance	(109,295)	(94,801)
Current year's amortization expense	(15,502)	(14,432)
Exchange rate differences	(9)	(74)
Disposals	1,793	12
Closing balance	(123,013)	(109,295)
<b>Net book value</b>	<b>45,151</b>	<b>32,156</b>

**14. Information on investment properties (net)**

The Group does not have investment properties.

**15. Explanations on deferred tax asset**

**15.1. Explanations on current tax asset**

The Group has current tax relating to corporation tax by the amount of TL 77,222 (31 December 2015: TL 4,761) under the asset items.

**15.2. Explanations on deferred tax asset**

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

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

**16.1. Explanations on assets held for sale**

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

**16.2. Explanations on discontinued operations**

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

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

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

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

### 1. Information on deposits

#### 1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	569,875	-	11,563,245	2,715,734	104,727	41,574	7,954	-	15,003,109
Foreign currency deposits	1,370,366	-	1,270,297	2,804,858	134,679	62,280	186,264	-	5,828,744
Residents in Turkey	1,110,604	-	1,256,074	2,708,112	129,354	51,646	185,711	-	5,441,501
Residents abroad	259,762	-	14,223	96,746	5,325	10,634	553	-	387,243
Public sector deposits	212,318	-	-	-	-	-	-	-	212,318
Commercial deposits	665,165	-	877,654	524,232	8,453	7,125	-	-	2,082,629
Other institutions deposits	20,330	-	1,768	19,840	714	229	25	-	42,906
Precious metals deposits	44,951	-	-	-	-	-	-	-	44,951
Interbank deposits	1,654,819	-	283,201	-	-	-	-	-	1,938,020
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	170	-	283,201	-	-	-	-	-	283,371
Foreign banks	1,654,649	-	-	-	-	-	-	-	1,654,649
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,537,824</b>	<b>-</b>	<b>13,996,165</b>	<b>6,064,664</b>	<b>248,573</b>	<b>111,208</b>	<b>194,243</b>	<b>-</b>	<b>25,152,677</b>

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	524,628	-	8,952,575	3,215,916	118,849	23,998	25,089	-	12,861,055
Foreign currency deposits	1,372,086	-	946,100	4,468,702	112,811	35,953	39,515	-	6,975,167
Residents in Turkey	1,222,291	-	929,322	4,350,841	104,363	30,494	32,773	-	6,670,084
Residents abroad	149,795	-	16,778	117,861	8,448	5,459	6,742	-	305,083
Public sector deposits	191,490	-	-	58	-	-	-	-	191,548
Commercial deposits	608,929	-	804,576	442,487	17,016	8,312	748	-	1,882,068
Other institutions deposits	18,820	-	5,353	21,896	730	96	161	-	47,056
Precious metals deposits	16,655	-	-	-	-	-	-	-	16,655
Interbank deposits	1,539,355	7	31,851	2,154	-	-	-	-	1,573,367
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	410	-	31,849	2,152	-	-	-	-	34,411
Foreign banks	1,538,945	7	2	2	-	-	-	-	1,538,956
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,271,963</b>	<b>7</b>	<b>10,740,455</b>	<b>8,151,213</b>	<b>249,406</b>	<b>68,359</b>	<b>65,513</b>	<b>-</b>	<b>23,546,916</b>

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

### 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	
	Current period	Prior period	Current period	Prior period
Saving deposit	10,852,474	9,869,459	4,146,200	2,982,586
Foreign currency saving deposits	1,022,048	1,168,433	2,109,186	3,559,334
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	4,290	-	1,827
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

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

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

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

	Current period	Prior period
Deposits and other accounts in foreign branches	-	24
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	9,628	12,493
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	-	124,579	-	75,956
Swap transactions	375,351	66,442	139,425	23,055
Future transactions	-	-	-	-
Options	97	8,578	28	2,572
Other	-	-	-	-
<b>Total</b>	<b>375,448</b>	<b>199,599</b>	<b>139,453</b>	<b>101,583</b>

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

### 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	-	-	-	35,426
Funds borrowed from domestic banks and institutions	174,852	406,335	94,809	353,201
Funds borrowed from foreign banks, institutions and funds	580,849	20,653,268	738,959	19,067,653
<b>Total</b>	<b>755,701</b>	<b>21,059,603</b>	<b>833,768</b>	<b>19,456,280</b>

#### 3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	187,135	2,336,568	334,307	3,840,111
Medium and long term	568,566	18,723,035	499,461	15,616,169
<b>Total</b>	<b>755,701</b>	<b>21,059,603</b>	<b>833,768</b>	<b>19,456,280</b>

#### 3.3. Funding industry group where the Group liabilities are concentrated

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

#### 4. Explanations on securities issued (net)

	Current period		Prior period	
	TL	FC	TL	FC
Bank bills	246,634	-	237,552	-
Bonds	-	-	-	-
<b>Total</b>	<b>246,634</b>	<b>-</b>	<b>237,552</b>	<b>-</b>

The Parent Bank issued 107 days maturity bills with a nominal value of TL 250,000 with 9.65% simple interest rate on 7 November 2016 by the method of sales to qualified investors not involving any public offering.

Within the current year there is issuance in amount of TL 250,000 (31 December 2015: TL 1,140,380) and refunds and repurchases in amount of TL 242,350 (31 December 2015: TL 1,248,073).

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

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

#### 6. Explanations on lease payables (net)

The Group has no lease payables.

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

### 7. Information on derivative financial liabilities held for hedging

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

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	33,054	5,444	7,804	5,550
Net investment hedge	-	-	-	-
<b>Total</b>	<b>33,054</b>	<b>5,444</b>	<b>7,804</b>	<b>5,550</b>

### 8. Information on provisions

#### 8.1. Information on general provisions

	Current period	Prior period
General provisions	625,669	577,322
Provisions for group I. loans and receivables	499,983	467,429
<i>Additional provision for loans with extended payment period</i>	7,037	5,836
Provisions for group II. loans and receivables	58,007	51,159
<i>Additional provision for loans with extended payment period</i>	20,299	13,933
Provisions for non-cash loans	12,649	11,709
Other	55,030	47,025

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

As of 31 December 2016, provision for the foreign currency indexed loans' foreign exchange rate difference amounting to TL 241 (31 December 2015: TL 11,026) is netted off from loans under the assets on the balance sheet.

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

	Current period	Prior period
Specific provisions for undrawn non-cash loans	27,829	17,434

#### 8.4. Information on other provisions

##### 8.4.1. Information on provisions for possible losses

As of 31 December 2016 and 31 December 2015, the Group does not have any provision for possible losses.

The lawsuits against the Parent Bank were subject to the provisioning by considering legal assessments per each lawsuit. Provisions due to the lawsuits are followed under other provisions.

##### 8.4.2. Information on other provisions

	Current period	Prior period
Provision for credit card score promotion	2,209	3,142
Other provisions	72,382	55,600
<b>Total</b>	<b>74,591</b>	<b>58,742</b>

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

As of 31 December 2016, TL 72,382 (31 December 2015: TL 55,600) was set aside as other provisions as a result of the legal assessment for the lawsuits that are likely to result against the Parent Bank and as a result of the public authorities' inspections.

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

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

On the other hand, the administrative resolution no. 2013/36, dated 31 January 2013 by the Fund Board, that constitutes a basis for these legal actions of the SDIF, was annulled by Istanbul 3<sup>rd</sup> Administrative Court Decision, numbered E.2013/467 as a result of the lawsuit filed by the Bank; SDIF appealed to the Council of State (Administrative High Court) against the said decision. The Council of State has reversed the judgement of the Court of First Instance and the Bank has made an application for correction of the Council of State's decision.

Following these developments, SDIF has initiated a second legal enforcement proceeding against the Bank for an approximate amount of TL 22 million (Full TL), which has been initiated separately from the first legal enforcement proceeding and based on the payments made to different depositors but relied on the same legal grounds. The Bank has further objected to this enforcement proceeding. SDIF has filed a lawsuit for cancellation of the objection made by the Bank against the second legal enforcement proceedings.

A third execution proceeding was initiated by the SDIF against the Bank for TL 98 million (Full TL), which is independent from the first and second execution proceedings; however, due to the same legal rationales concerning the payments made to different depositors, and the Bank has objected to this proceeding as well. SDIF has filed a lawsuit for cancellation of the objection made by the Bank against the third legal enforcement proceedings.

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

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

#### 8.5. Information on employee benefits

As of 31 December 2016, TL 40,283 (31 December 2015: TL 39,250) of TL 23,008 (31 December 2015: TL 21,815) provisions for employee benefits is the unused vacation provision. Full provision is provided for the unused vacation liability.

As of 31 December 2016, TL 17,275 (31 December 2015: TL 17,435) of the provisions for employee benefits is the termination benefit provision. In accordance with the labour law, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 4,297.21 (Full TL) at 31 December 2016 and TL 3,828.37 (Full TL) at 31 December 2015 per year of employment at the rate of pay applicable at the date of retirement or termination.



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

### 8.5. Information on employee benefits (continued)

In the consolidated financial statements dated 31 December 2016 and 31 December 2015, the Group operating in Turkey has calculated severance pay by taking into account their experience in personnel service completion or termination, and by discounting it via using the forecasted annual inflation and interest rates. The inflation and interest rates used, including the probability of severance are as follows:

	Current period	Prior period
Inflation rate	6.0%	6.0%
Interest rate	11.4%	10.5%
Probability of severance	43.6%	38.9%

Movement of the provision for termination benefit:

	Current period	Prior period
Balance at the beginning of the period	17,435	16,947
Change during the year	18,348	16,666
Actuarial gain	(1,360)	(636)
Benefits paid during the year	(17,148)	(15,542)
<b>Balance at the end of the period</b>	<b>17,275</b>	<b>17,435</b>

### 9. Explanations on tax liability

#### 9.1. Explanations on current tax liability

##### 9.1.1. Explanations on tax provision

The Group has current corporate tax liability of TL 2,731 (31 December 2015: TL 1,608) under the liability items.

##### 9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	2,731	1,608
Taxation of securities	20,836	24,305
Property tax	1,090	1,090
Banking insurance transaction tax ("BITT")	26,802	21,144
Foreign exchange transaction tax	-	-
Value added tax payable	5,957	6,649
Other	9,604	9,469
<b>Total</b>	<b>67,020</b>	<b>64,265</b>

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

### 9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	4,088	3,623
Social security premiums-employer	6,011	5,324
Bank social aid pension fund premium-employee	-	-
Bank social aid pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	2
Pension fund membership fees and provisions-employer	-	3
Unemployment insurance-employee	297	237
Unemployment insurance-employer	572	529
Other	-	-
<b>Total</b>	<b>10,968</b>	<b>9,718</b>

### 9.2. Explanations on deferred tax liabilities

As of 31 December 2016, deferred tax asset and deferred tax liability of the Group amounts to TL 4,045 and TL 317,646, respectively (31 December 2015: deferred tax asset is TL 3,542 and deferred tax liability is TL 188,855) which is calculated based on the deductible temporary differences except general loan reserves.

Timing differences constituting the basis for deferred tax	Current period		Prior period	
	Accumulated temporary differences	Deferred tax asset/ (liability)	Accumulated temporary differences	Deferred tax asset/ (liability)
Base differences for tangible assets	(3,825)	(765)	(3,670)	(734)
Provisions	101,520	20,304	101,245	20,249
Fair value differences for financial assets and liabilities	(1,671,970)	(334,394)	(1,409,810)	(281,962)
Other	6,270	1,254	385,670	77,134
<b>Total deferred tax assets/ (liabilities) net</b>		<b>(313,601)</b>		<b>(185,313)</b>

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

Deferred tax assets/ (liabilities) net	Current period	Prior period
Opening balance	(185,313)	(80,321)
Deferred tax assets/ (liabilities) net	(144,898)	(54,898)
Deferred tax recognized under equity	16,610	(50,094)
Balance at the end of the period	(313,601)	(185,313)

### 10. Information on liabilities regarding assets held for sale

As of 31 December 2016 and 31 December 2015, there are no liabilities regarding assets held for sale.

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

### 11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic associates	-	-	-	-
From foreign banks	474,800	2,406,399	451,337	2,034,690
From other foreign associates	-	-	-	-
<b>Total</b>	<b>474,800</b>	<b>2,406,399</b>	<b>451,337</b>	<b>2,034,690</b>

### 12. Information on shareholders' equity

#### 12.1. Paid-in capital

	Current period	Prior period
Common stock <sup>(1)</sup>	3,486,268	3,486,268
Preferred stock	-	-

<sup>(1)</sup> The amount represents nominal capital.

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

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

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

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

#### 12.4. Information on share capital increases from capital reserves

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

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

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

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

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

#### 12.7. Information on preferred shares

There are no preferred shares.

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

### 12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	(29,155)	94,029	(31,840)	26,210
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(29,155)</b>	<b>94,029</b>	<b>(31,840)</b>	<b>26,210</b>

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

	Current period	Prior period
<b>As of 1 January</b>	<b>160,137</b>	<b>(39,737)</b>
Value increases/ (decreases) of available for sale investments not recognized in the income statement	70,422	(12,276)
Net income/(loss) transferred from the shareholders' equity to (profit)/ loss caused by disposal of investments classified as available for sale investments	-	-
Tax impact on gains from available for sale investments	82	2,457
Cash flow hedge transaction gains/ (losses)	(85,110)	261,724
Cash flow hedge transaction (gains)/ losses classified in income statement	1,081	393
Tax effect on gains from cash flow hedge	16,806	(52,424)
<b>As of 31 December</b>	<b>163,418</b>	<b>160,137</b>

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

### 1. Explanations on off-balance sheet commitments

#### 1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	2,090,473	655,570
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	2,267,799	2,357,612
Commitments for check books	2,603,213	2,541,873
Commitments for credit card limits	1,838,983	1,863,316
Commitments for credit cards and banking services promotions	4,753	4,653
Other irrevocable commitments	17,348	11,519
<b>Total</b>	<b>8,822,569</b>	<b>7,434,543</b>

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

**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	604,519	650,644
Bank acceptance loans	109,750	168,633
Letter of credits	1,244,131	1,290,299
<b>Total</b>	<b>1,958,400</b>	<b>2,109,576</b>

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

	Current period	Prior period
Irrevocable letters of guarantees	3,849,221	3,236,479
Cash loans letters of guarantees	1,124,230	1,107,762
Advance letters of guarantees	336,914	255,597
Temporary letters of guarantees	181,717	288,984
Other	92,828	118,366
<b>Total</b>	<b>5,584,910</b>	<b>5,007,188</b>

**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	588,990	544,392
With original maturity of 1 year or less than 1 year	405,637	37,437
With original maturity of more than 1 year	183,353	506,955
Other non-cash loans	6,954,320	6,572,372
<b>Total</b>	<b>7,543,310</b>	<b>7,116,764</b>

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

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

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	14,873	0.59	13,547	0.27	25,098	0.90	4,342	0.10
Farming and raising	8,943	0.35	13,007	0.26	16,938	0.61	3,651	0.08
Forestry	5,796	0.23	540	0.01	7,599	0.27	691	0.02
Fishing	134	0.01	-	-	561	0.02	-	-
Manufacturing	321,779	12.54	3,414,726	68.62	420,446	15.16	2,223,890	51.21
Mining	18,264	0.71	1,327,536	26.68	22,753	0.82	144,448	3.33
Production	270,753	10.55	1,883,197	37.84	338,143	12.19	2,057,458	47.37
Electric, gas and water	32,762	1.28	203,993	4.10	59,550	2.15	21,984	0.51
Construction	564,838	22.01	399,315	8.01	621,605	22.42	546,462	12.57
Services	1,604,640	62.52	1,139,029	22.88	1,646,382	59.37	1,544,621	35.56
Wholesale and retail trade	1,084,257	42.24	346,754	6.97	1,234,747	44.52	362,019	8.33
Hotel, food and beverage	16,646	0.65	5,952	0.12	20,826	0.75	5,182	0.12
Transportation and telecommunication	92,976	3.62	45,644	0.92	95,778	3.45	69,120	1.59
Financial institutions	207,698	8.09	713,836	14.34	161,919	5.84	958,181	22.06
Real estate and renting services	59,962	2.34	8,702	0.17	5,793	0.21	6,747	0.16
Self-employment services	121,900	4.75	18,135	0.36	110,279	3.98	143,367	3.30
Education services	3,025	0.12	6	-	4,855	0.18	5	-
Health and social services	18,176	0.71	-	-	12,185	0.44	-	-
Other	60,620	2.34	9,943	0.22	59,630	2.15	24,288	0.56
<b>Total</b>	<b>2,566,750</b>	<b>100.00</b>	<b>4,976,560</b>	<b>100.00</b>	<b>2,773,161</b>	<b>100.00</b>	<b>4,343,603</b>	<b>100.00</b>

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

	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans	2,503,004	4,960,265	37,236	10,688
Letter of guarantees	2,441,225	3,068,515	37,232	7,152
Bank acceptances	-	109,750	-	-
Letter of credits	-	1,240,595	-	3,536
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	60,931	83,414	4	-
Other	848	457,991	-	-

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

#### 2. Information on derivative transactions

	Current period	Prior period
<b>Types of hedging transactions</b>		
<b>Fair value hedges (I)</b>	-	-
Purchase transactions	-	-
Sale transactions	-	-
<b>Cash flow hedges (II)</b>	<b>17,001,332</b>	<b>18,190,936</b>
Purchase transactions	9,366,035	9,785,612
Sale transactions	7,635,297	8,405,324
<b>Net investment hedges (III)</b>	-	-
Purchase transactions	-	-
Sale transactions	-	-
<b>A. Total derivatives held for hedging (I+II+III)</b>	<b>17,001,332</b>	<b>18,190,936</b>
<b>Derivative transactions held for trading</b>		
<b>Trading transactions (I)</b>	<b>44,139,384</b>	<b>34,706,729</b>
Forward foreign currency transactions - buy	6,318,460	4,234,870
Forward foreign currency transactions - sell	6,347,495	4,296,675
Swap transactions- buy	14,417,972	12,806,988
Swap transactions - sell	14,413,861	12,671,616
Foreign currency options - buy	1,320,798	348,290
Foreign currency options - sell	1,320,798	348,290
Foreign currency futures - buy	-	-
Foreign currency futures - sell	-	-
<b>Interest rate derivatives (II)</b>	<b>6,073,316</b>	<b>5,870,856</b>
Interest rate swap - buy	3,036,658	2,935,428
Interest rate swap - sell	3,036,658	2,935,428
Interest rate options - buy	-	-
Interest rate options - sell	-	-
Securities options - buy	-	-
Securities options - sell	-	-
Interest futures - buy	-	-
Interest futures - sell	-	-
<b>Other trading derivative transactions (III)</b>	<b>4,442</b>	-
<b>B. Total derivative transactions held for trading (I+II+III)</b>	<b>50,217,142</b>	<b>40,577,585</b>
<b>Total derivative transactions (A+B)</b>	<b>67,218,474</b>	<b>58,768,521</b>

#### 3. Information on credit swaps and related risks

As of 31 December 2016 and 31 December 2015, there are no credit derivative transactions.

#### 4. Information on contingent liabilities and assets

As of 31 December 2016, provision of TL 72,382 (31 December 2015: TL 55,600) is set aside by considering legal assessment for the lawsuits with a high probability of losing by the Parent Bank.

#### 5. Information on the services provided on behalf of others

Related information is provided in note IX of Section Four.

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#### IV. Explanations and notes related to consolidated income statement

##### 1. Information on interest income

##### 1.1. Information on interest income from loans

	Current period		Prior period	
	TL	FC	TL	FC
Interest on loans <sup>(*)</sup>	3,451,775	461,295	3,083,813	369,643
Short term loans	1,427,312	60,353	1,207,248	67,044
Medium and long term loans	1,995,044	400,942	1,853,518	302,599
Interest on loans under follow-up	29,419	-	23,047	-
Premiums received from resource utilization support fund	-	-	-	-

<sup>(\*)</sup> 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	-	1,080	-	154
From domestic banks	24,496	1,486	21,980	935
From foreign banks	195	4,617	203	2,440
From branches abroad	-	-	-	-
<b>Total</b>	<b>24,691</b>	<b>7,183</b>	<b>22,183</b>	<b>3,529</b>

##### 1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Trading securities	9,035	1,188	10,114	1,057
Financial assets at fair value through profit and loss	-	-	-	-
Available for sale securities	316,066	-	257,036	-
Held to maturity securities	-	-	20	-
<b>Total</b>	<b>325,101</b>	<b>1,188</b>	<b>267,170</b>	<b>1,057</b>

##### 1.4 Information on interest income received from associates and subsidiaries

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



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

##### 2. Information on interest expenses

##### 2.1. Information on interest on funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Banks <sup>(*)</sup>	139,401	245,935	104,388	230,324
Central Bank of Turkey	69	-	32	-
Domestic banks	6,276	3,366	8,037	4,154
Foreign banks	133,056	242,569	96,319	226,170
Branches and offices abroad	-	-	-	-
Other institutions <sup>(*)</sup>	-	4,454	-	4,270
<b>Total</b>	<b>139,401</b>	<b>250,389</b>	<b>104,388</b>	<b>234,594</b>

<sup>(\*)</sup> Commissions and fees paid for cash funds borrowed are included.

##### 2.2. Information on interest expenses paid to associates and subsidiaries

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

##### 2.3. Information on interest on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Interest on securities issued	8,128	-	42,269	-

##### 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	-	3,345	-	-	-	-	-	3,345
Saving deposits	-	989,084	315,904	11,013	2,853	2,448	-	1,321,302
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	86,741	50,540	1,250	836	5	-	139,372
Other deposits	-	371	2,263	62	6	10	-	2,712
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,079,541</b>	<b>368,707</b>	<b>12,325</b>	<b>3,695</b>	<b>2,463</b>	<b>-</b>	<b>1,466,731</b>
Foreign currency								
Foreign currency deposits	-	8,421	51,114	1,115	293	3,175	-	64,118
Banks deposits	-	2,469	-	-	-	-	-	2,469
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>10,890</b>	<b>51,114</b>	<b>1,115</b>	<b>293</b>	<b>3,175</b>	<b>-</b>	<b>66,587</b>
<b>Grand total</b>	<b>-</b>	<b>1,090,431</b>	<b>419,821</b>	<b>13,440</b>	<b>3,988</b>	<b>5,638</b>	<b>-</b>	<b>1,533,318</b>

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

**3. Information on dividend income**

	Current period	Prior period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available for sale	555	778
Other	1	-
<b>Total</b>	<b>556</b>	<b>778</b>

**4. Information on trading income/loss (net)**

	Current period	Prior period
<b>Income</b>	<b>14,080,261</b>	<b>18,988,137</b>
Gains on capital market transactions	13,798	13,358
Gains on derivative financial instruments	5,636,850	7,134,814
Foreign exchange gains	8,429,613	11,839,965
<b>Loss (-)</b>	<b>(14,289,502)</b>	<b>(19,373,322)</b>
Loss on capital market transactions	(14,602)	(18,908)
Loss on derivative financial instruments	(4,780,673)	(5,920,206)
Foreign exchange loss	(9,494,227)	(13,434,208)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 1,173,275 (31 December 2015: TL 1,661,641 net profit).

**5. Information on other operating income**

	Current period	Prior period
Banking services income	6,605	5,530
Income from reversal of prior years' provisions	250,972	255,385
Income arising from sale of assets	42,389	8,773
Other non-interest income	52,835	42,993
<b>Total</b>	<b>352,801</b>	<b>312,681</b>

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

**6. Provision expenses for loan losses and other receivables**

	Current period	Prior period
Specific provisions for loans and other receivables	526,084	439,334
III. group loans and receivables	32,120	32,649
IV. group loans and receivables	147,175	142,661
V. group loans and receivables	346,789	264,024
General provision expenses	48,384	126,154
Provision expenses for possible losses	-	-
Marketable securities impairment losses	535	17
Financial assets at fair value through profit and loss	154	17
Available for sale securities	381	-
Impairment related to associates, subsidiaries and investment securities held to maturity	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other	38,692	22,984
<b>Total</b>	<b>613,695</b>	<b>588,489</b>

**7. Information on other operating expenses**

	Current period	Prior period
Personnel expenses	598,863	589,180
Reserves for termination benefits	1,200	1,124
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	-
Depreciation expenses of tangible assets	54,939	55,665
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Depreciation expenses of intangible assets	15,502	14,432
Impairment expense of equity participations for which equity method is applied	-	-
Impairment expense for securities that to be disposed	-	-
Depreciation expenses of securities that to be disposed	1,799	856
Impairment expense of held for sale tangible assets and discontinued operations	-	-
Other operating expenses	519,704	487,381
Operating lease expenses	108,927	112,490
Repair and maintenance expenses	21,613	22,814
Advertisement expenses	53,141	48,157
Other expenses	336,023	303,920
Loss on sales of assets	151,220	174,280
Other	193,066	217,833
<b>Total</b>	<b>1,536,293</b>	<b>1,540,751</b>

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

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

As of 31 December 2016, the income before taxes is TL 749,297 (31 December 2015: TL 200,538).

##### 9. Information on tax provision for continued and discontinued operations

As of 31 December 2016, the corporate tax provision expense for the period is TL 12,493 (31 December 2015: TL 6,019), and the deferred tax expense is TL 144,898 (31 December 2015: TL 54,898 deferred tax expense).

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

As of 31 December 2016, the net operating income after taxes is TL 591,906 (31 December 2015: TL 139,621).

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

Interest income from regular banking transactions is TL 4,424,567 (31 December 2015: TL 3,864,395), while the interest expense is TL 2,037,444 (31 December 2015: TL 1,736,915).

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

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

Other fees and commissions received amounting to TL 468,426 (31 December 2015: TL 348,143) has included TL 129,158 (31 December 2015: TL 110,701) the credit card fees and commissions, TL 147,731 (31 December 2015: TL 80,311) service fees and commissions from contracted merchants and TL 92,819 insurance commissions (31 December 2015: TL 59,372).

Other fees and commissions paid amounting to TL 178,738 (31 December 2015: TL 116,494) has included TL 145,453 (31 December 2015: TL 89,892) credit card exchange commissions.

#### V. Explanations and notes related to consolidated statement of changes in shareholders' equity

As of the balance sheet date, consolidated legal reserves amount to TL 106,883 (31 December 2015: TL 99,679), and TL 7,204 (31 December 2015: TL 9,703) of this amount consists of the amount transferred from the previous year profit within the current period.

As of the balance sheet date, consolidated extraordinary reserves amount to TL 754,162.

#### VI. Explanations and notes related to the consolidated statement of cash flows

##### 1. Information on cash flow statements

Components of cash and cash equivalents are cash, cash in foreign currency, money in transit, cheques purchased, demand deposits including unrestricted deposits in the Central Bank of Turkey and time deposits in banks with original maturities less than three months.

##### 1.1. Cash and cash equivalents at the beginning of the period

	Current period	Prior period
Cash	379,463	300,234
Cash in vault	203,925	161,119
Cash in foreign currency	175,538	139,115
Cash equivalents	3,007,143	1,850,092
Central Bank of Turkey	1,136,084	315,870
Banks	1,136,238	1,040,013
Interbank money market	734,821	494,209
<b>Total</b>	<b>3,386,606</b>	<b>2,150,326</b>

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**VI. Explanations and notes related to the consolidated statement of cash flows (continued)**

**1.2. Cash and cash equivalents at the end of period:**

	Current period	Prior period
Cash	641,044	379,463
Cash in vault	256,751	203,925
Cash in foreign currency	384,293	175,538
Cash equivalents	3,939,936	3,007,143
Central Bank of Turkey	1,835,950	1,136,084
Banks	208,858	1,136,238
Interbank money market	1,895,128	734,821
<b>Total</b>	<b>4,580,980</b>	<b>3,386,606</b>

**2. Explanation about other line items included in the cash flow and about the effect of changes in foreign exchange rates on cash and cash equivalents line item included in the cash flow statement:**

The "Other income" item under "Operating profit before changes in operating assets and liabilities" amounting to TL 97,992 (31 December 2015: TL 36,217) consists of other operational incomes.

The "Other" item under "Operating profit before changes in operating assets and liabilities" amounting to TL (1,453,394) (31 December 2015: TL (2,198,859)) consists of profit/ loss from capital market transactions, profit/loss from derivative transactions and other operational expenses.

The "Net increase in other assets" item under "Changes in operating assets and liabilities" amounting to TL 110,869 increase (31 December 2015: TL 1,509,168 increase) consists of mainly changes in prepaid expenses and changes in exchange accounts under other assets.

The "Net increase in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL (781,407) decrease (31 December 2015: TL 1,560,004 increase) consists of mainly changes in fees and commissions obtained in advance and changes in exchange account under other liabilities.

The 'Other' item under 'Net cash flow from investment operations' amounting to TL 28,390 increase (31 December 2015: TL 22,922 increase) consists of additional amounts about mainly intangible fixed assets.

The effect of changes in the foreign currency rates on the cash and cash equivalents has been determined by the sum of exchange rate differences of translation into TL of cash and cash equivalents denominated in foreign currency in the beginning and the end of the period quarterly and as approximately TL 313,196 (31 December 2015: TL 224,958).

ING Bank A.Ş. and its Financial Subsidiaries  
Notes to the consolidated financial statements  
for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

## VII. Explanations and notes related to risk group of the Group

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

#### 1.1. Current period

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	-	-	49	273,432	48	135,512
End of the period	-	-	91	624,919	14	87,086
Interest and commission income	-	-	6	382	-	164

#### 1.2. Prior period

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	-	-	21	51,833	593	48,822
End of the period	-	-	49	273,432	48	135,512
Interest and commission income	-	-	-	535	7	256

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

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposit						
Beginning of the period	-	-	3,745	863	38,620	58,741
End of the period	-	-	1,064	3,745	3,628	38,620
Interest expense on deposits	-	-	186	32	194	1,529

ING Bank A.Ş. and its Financial Subsidiaries  
**Notes to the consolidated financial statements**  
**for the year ended 31 December 2016 (continued)**

(Currency - Thousands of TL)

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

**VII. Explanations and notes related to the risk group of the Group (continued)**

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

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at fair value through profit and loss						
Beginning of the period	-	-	3,514,533	2,287,047	-	-
End of period	-	-	7,620,055	3,514,533	98,715	-
Total profit/loss	-	-	217,914	49,715	(6,651)	885
Transactions with hedging purposes						
Beginning of the period	-	-	-	-	-	-
End of period	-	-	-	-	-	-
Total profit/loss	-	-	-	-	-	-

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

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect Shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Banks						
Beginning of the period	-	-	46	29	12,981	7,366
End of period	-	-	1,342	46	85,241	12,981
Interest income received	-	-	309	2	17	32

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

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect Shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans						
Beginning of the period	-	-	15,468,136	9,432,196	15,329	10,483
End of period	-	-	17,786,543	15,468,136	4,201	15,329
Interest and commission paid	-	-	180,275	103,713	339	224

The Group also has subordinated loan amounting to TL 2,881,199 from main shareholder ING Bank NV as of 31 December 2016 (31 December 2015: TL 2,486,027).

ING Bank A.Ş. and its Financial Subsidiaries  
Notes to the consolidated financial statements  
for the year ended 31 December 2016 (continued)

(Currency - Thousands of TL)

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

**VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Parent Bank**

	Number	Number of employees		
Domestic branches	268	5,284		
			Country	
Foreign representative offices	-	-	-	
				Total assets
Foreign branches	-	-		-
Off-shore banking region branches	-	-		Capital
				-

**Section six**

**Other Explanations**

**I. Other explanations on the Parent Bank's operations**

None.

**II. Explanations and notes related to subsequent events**

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

Parent Bank Human Resources Executive Vice President Seçil Refik has resigned from her duty as of 2 February 2017.

According to the Board of Directors resolution No. 6/1 and dated 9 February 2017, it has been decided to apply to BRSA in order to appoint Bahar Şansal as the Executive Vice President of Human Resources.

The Parent Bank obtained written permission from BRSA with the letter dated 8 February 2017 to distribute cash dividend of TL 200,000 from the distributable profit related to 2015 and prior years. Dividend distribution decision will be authorized at 2016 Ordinary General Assembly of the Parent Bank.

The Parent Bank issued 84 days maturity bills with a nominal value of TL 257,445 with 11.40% simple interest rate on 22 February 2017 by the method of sales to qualified investors not involving any public offering.

**Section seven**

**Independent auditors' report**

**I. Explanations on the independent auditors' report**

The consolidated financial statements of the Parent Bank and its financial subsidiaries as of 31 December 2016, have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and their independent audit report dated 23 February 2017 is presented at the beginning of this report.

**III. Explanations and notes prepared by independent auditors**

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



## Current Communication Information

HEADQUARTERS	SWITCHBOARD NO	ADDRESS	PROVINCE
Headquarters	(212) 335 10 00	Reşitpaşa Mah. Eski Büyükdere Cad. No: 8 34467 Sarıyer <a href="http://www.ingbank.com.tr">www.ingbank.com.tr</a>	İSTANBUL
BRANCH NAME	SWITCHBOARD NO	ADDRESS	PROVINCE
Adana Özel Bankacılık Merkez	(322) 429 10 99	Çınarlı Mah. Fatih Terim Sokak Bulvar İş Merkezi No: 17/7 Seyhan	ADANA
Adana Ticari Şubesi	(322) 363 20 17	Çınarlı Mah. Fatih Terim Sokak Bulvar İş Merkezi No: 17/23 Seyhan	ADANA
Gazipaşa	(322) 458 97 10	Gazipaşa Bulvarı No: 43 Seyhan	ADANA
Küçüksaat	(322) 363 06 06	Kuruköprü Mah. Ziyapaşa Bulvarı No: 110/A Seyhan	ADANA
Seyhan	(322) 999 17 18	Kurtuluş Mah. Atatürk Cad. No: 63/B Seyhan	ADANA
Turgut Özal Bulvarı	(322) 232 99 49	Karalarbucağı Mah. T. Özal Bul. No: 105 Seyhan	ADANA
Afyonkarahisar	(272) 214 03 52	Dumlupınar Mah. S. Gönçer Cad. Diler İş Merkezi No: 31/B Merkez	AFYONKARAHİSAR
Aksaray	(382) 213 22 75	Minarecik Mah. Ankara Cad. SSK İş Merk. No: 10/B 68100 Merkez	AKSARAY
Amasya	(358) 218 22 66	M.K.P. Cad. No: 27/A 05100 Merkez	AMASYA
Ankara Kurumsal	(312) 458 18 00	Mustafa Kemal Mah. Kentpark Alışveriş Merk. 3-04A Kat: 3 Çankaya	ANKARA
Ankara Optimum	(312) 281 30 66	Optimum Outlet Center No: 93 Zemin Kat 11/D Eryaman Ayaş Yolu Etimesgut	ANKARA
Ankara Özel Bankacılık Merkez	(312) 442 67 01	Çankaya Mah. Çankaya Cad. No: 8 D: 7/8 Çankaya	ANKARA
Ankara Ticari	(312) 447 33 00	Remzi Oğuz Arık Mah. Atatürk Bulvarı No: 193 Kat: 4 Çankaya	ANKARA
Bahçelievler	(312) 212 08 45	7. Cadde No: 4 06500 Bahçelievler-Çankaya	ANKARA
Cebeci	(312) 319 48 40	Fakülteler Mah. Cemal Gürsel Cad. No: 73/B Çankaya	ANKARA
Çetin Emeç	(312) 285 54 74	Balgat Mah. Ceyhun Atfı Kansu Cad. No: 94/13 06520 Çankaya	ANKARA
Dikmen	(312) 483 34 00	İlkadım Mah. Dikmen Cad. No: 191/A 06450 Dikmen-Çankaya	ANKARA
Etimesgut	(312) 999 16 79	Kazım Karabekir Mah. İstasyon Cad. No: 45A Etimesgut	ANKARA
Kazım Karabekir	(312) 342 23 00	Yeni Turan Mah. Kazım Karabekir Cad. Efeler İş Merkezi No: 89/21-22 Altındağ	ANKARA
Keçiören	(312) 360 39 38	Şevkat Mah. Kızılarpınarı Cad. No: 74/14-15 Keçiören	ANKARA
Kızılay	(312) 999 66 75	Ziya Gökalp Cad. No: 17/A 06420 Kızılay-Çankaya	ANKARA
Kızılay Metro	(312) 417 31 85	Metro İstasyonu Altı 06440 Kızılay-Çankaya	ANKARA
Küçükesat	(312) 447 75 02	Küçükesat Mah. Esat Cad. No: 119/B Çankaya	ANKARA
Ostim	(312) 385 39 14	100. Yıl Bulvarı Mah. No: 14 Yenimahalle	ANKARA
Polatlı	(312) 623 49 54	Cumhuriyet Mah. Eti Cad. No: 19/A Polatlı	ANKARA
Pursaklar	(312) 999 00 66	Merkez Mah. Sun Sok. No: 33/A,B,C,D Pursaklar	ANKARA
Sincan	(312) 276 61 66	Gökyem Mevkii Atatürk Mah. Onur Sok. No: 13/A Sincan	ANKARA
Siteler	(312) 350 91 90	Demirhendere Cad. No: 62 06310 Siteler-Altındağ	ANKARA
Şaşmaz	(312) 278 24 10	Bahçekapı Mah. Şaşmaz Oto Sanayi Sitesi Girişi 6. Cadde No: 12 Etimesgut	ANKARA
Tunalı Hilmi	(312) 419 28 15	Barbaros Mah. Buğday Sok. No: 2A 06700 Kavaklıdere	ANKARA
Turan Güneş	(312) 440 99 27	Turan Güneş Bulvarı No: 64/B 06450 Yıldız-Çankaya	ANKARA
Ulus	(312) 310 62 00	Anafartalar Mah. Şehit Teğmen Kalmaz Cad. No: 16B Altındağ	ANKARA
Ümitköy	(312) 235 02 97	Osmanağa Konakları 8. Cad. 43519 - 43520 Adalararası Sok. No: 9 06800 Ümitköy-Yenimahalle	ANKARA
Yenimahalle	(312) 343 36 00	Çarşı Mah. Ragıp Tüzün Cad. No: 153/B-C Yenimahalle	ANKARA
Yenişehir	(312) 416 74 00	Atatürk Bulvarı No: 70 06100 Kızılay-Çankaya	ANKARA
Alanya	(242) 513 90 91	Atatürk. Cad. No: 80/A-B Alanya	ANTALYA
Antalya	(242) 246 53 00	Adnan Menderes Bulv. No: 11 07040 Merkez	ANTALYA

## Current Communication Information (continued)

<b>Antalya Akdeniz</b>	(242) 246 54 00	İsmetpaşa Cad. No: 3/A 07040 Muratpaşa	ANTALYA
<b>Antalya Özel Bankacılık Merkez Şubesi</b>	(242) 324 86 26	Çağlayan Mah. Fener Cad. Erdoğan İş Merkezi No: 12/C 07025 Muratpaşa	ANTALYA
<b>Antalya Ticari</b>	(242) 322 96 34	Çallı, Güvenlik Mah. Vatan Bulvarı 282 Sokak No: 2/1 Merkez	ANTALYA
<b>Çallı</b>	(242) 334 30 03	Çallı, Güvenlik Mah. Vatan Bulvarı 282 Sokak No: 2/1 Merkez	ANTALYA
<b>Konyaaltı</b>	(242) 229 58 89	Altinkum Mah. Atatürk Bulv. Begüm Apt. No: 237/1 Merkez	ANTALYA
<b>Lara</b>	(242) 316 25 45	Şirinyalı Mah. İsmet Gökşen Cad. Çakır Bey İş Merkezi, C2 Blok No: 12/E Muratpaşa	ANTALYA
<b>Manavgat</b>	(242) 746 75 17	Yukarı Hisar Mah. Antalya Cad. No: 34 Manavgat	ANTALYA
<b>Aydın</b>	(256)225 16 15	Ramazan Paşa Mah. İstiklal Cad. No. 7/A 09100 Merkez	AYDIN
<b>Kuşadası</b>	(256) 612 44 34	Cumhuriyet Mah. Demiroğlu Sok. Talay Apt. No: 5A Kuşadası (Bina Kodu: 33311606-Bağımsız bölüm A)	AYDIN
<b>Nazilli</b>	(256) 313 20 00	Altıntaş Mah. İstasyon Bulv. No: 21 09800 Nazilli	AYDIN
<b>Söke</b>	(256) 512 13 51	Yenicami Mah. İstasyon Cad. No: 76 Söke	AYDIN
<b>Ayvalık</b>	(266) 312 17 54	Fevzipaşa Mah. Atatürk Bulv. No: 5-7 Ayvalık	BALIKESİR
<b>Balikesir</b>	(266) 245 96 11	Hisariçi Mah. Örucüler Cad. No: 26/A Merkez	BALIKESİR
<b>Bandırma</b>	(266) 714 36 20	İnönü Cad. No: 31 10200 Bandırma	BALIKESİR
<b>Bartın</b>	(378) 227 01 11	Hükümet Cad. No: 32 Merkez	BARTIN
<b>Batman</b>	(488) 212 47 01	GAP Mah. Turgut Özal Bulv. Safir Plaza No: 298C/D 72050 Merkez	BATMAN
<b>Bolu</b>	(374) 215 94 94	Tabaklar Mah. İzzet Baysal Cad. No: 78	BOLU
<b>Burdur</b>	(248) 232 20 20	Özgür Mah. Halkpazarı Cad. No: 12 Merkez	BURDUR
<b>Beşevler Sanayi</b>	(224) 441 87 23	Üçevler Mah. Ersan Sok. No: 7D Nilüfer	BURSA
<b>Bursa</b>	(224) 275 48 00	Fevzi Çakmak Cad. No: 69/3 16050 Merkez	BURSA
<b>Bursa Çalı Yolu</b>	(224) 999 10 09	Üçevler Mah. Ahıska Cad. No: 28 Nilüfer	BURSA
<b>Bursa Kestel OSB</b>	(224) 999 10 07	Ahmet Vefikpaşa Mah. Kestel Organize Sanayi Bölgesi, Bursa Cad. No: 75/A 1-2	BURSA
<b>Bursa Ticari</b>	(224) 999 11 85	23 Nisan Mah. 242. Sok. Kapı No: 2 (İç Kapı No: 37, 38, 39, 40 no.lu ofisler) Nilüfer	BURSA
<b>Demirtaş Organize Sanayi</b>	(224) 211 28 19	Panayır Mah. Yeni Yalova Yolu Cad. No: 455/B Osmangazi	BURSA
<b>Gemlik</b>	(224) 513 96 00	Hamidiye Mah. Orhangazi Cad. No: 7/A Gemlik	BURSA
<b>Heykel</b>	(224) 224 03 53	Nalbantoğlu Mah. Taşkapı Cad. Acar Han No: 14/25-26 Osmangazi	BURSA
<b>İnegöl</b>	(224) 712 09 80	Turgutalp Mah. İstiklal Cad. No: 5/7A İnegöl	BURSA
<b>Nilüfer</b>	(224) 249 37 89	İhsaniye Mah. Fatih Sultan Mehmet Bulv. No: 54 Nilüfer	BURSA
<b>Özlüce</b>	(224) 999 13 30	Ertuğrul Mah. Uğur Mumcu Bulv. No: 76 G Blok B.B. No: 2 Nilüfer	BURSA
<b>Yıldırım</b>	(224) 362 60 66	Dua Çınarı Mah. Ankara Yolu Cad. No: 141/1 Yıldırım	BURSA
<b>Çanakkale</b>	(286) 213 90 51	Kemalpaşa Mah. Değirmenlik Sok. No: 53/A Merkez	ÇANAKKALE
<b>Çorum</b>	(364) 225 36 25	Çepni Mah. İnönü Cad. No: 27 19200 Merkez	ÇORUM
<b>Bayramyeri</b>	(258) 265 64 99	Saraylar Mah. Saltak Cad. 4/A	DENİZLİ
<b>Denizli</b>	(258) 295 47 00	Saraylar Mah. 460 Sok. No: 2 Merkez	DENİZLİ
<b>Diclekent</b>	(412) 251 59 59	Mevlana Halit Mah. Urfa Bulv. Serin 1 Apt. No: 57-B Bağlar	DİYARBAKIR
<b>Diyarbakır</b>	(412) 224 86 91	Ekinciler Cad. No: 42/C 21100 Merkez	DİYARBAKIR
<b>Kayapınar</b>	(412) 999 17 90	Peyas Mah. Urfa Cad. B Blok No: 126/A 21070 Kayapınar	DİYARBAKIR
<b>Düzce</b>	(380) 523 16 00	Camikebir Mah. Şen Sok. No: 1/A Merkez	DÜZCE
<b>Edirne</b>	(284) 212 32 37	Sabuni Mah. Darüleytam Sok. No: 10 Merkez	EDİRNE
<b>Keşan</b>	(284) 712 41 42	B. Cami Mah. Ekin Pazarı Cad. No: 57 Keşan	EDİRNE
<b>Elazığ</b>	(424) 238 70 50	İzzetpaşa Mah. Gazi Cad. No: 8/C	ELAZIĞ

## Current Communication Information (continued)

Erzincan	(446) 223 70 36	Atatürk Mah. Nerim Tombul Cad. No: 10 Merkez	ERZİNCAN
Erzurum	(442) 233 57 58	Topçuoğlu Mah. Orhan Şerifsoy Cad. No: 52 Yakutiye	ERZURUM
Eskişehir	(222) 211 53 00	Cumhuriyet Mah. Sakarya-1 Cad. No: 7/B Tepebaşı	ESKİŞEHİR
Eskişehir Organize Sanayi	(222) 236 20 92	Organize Sanayi Bölgesi İş ve Ticaret Merkezi Binaları B Blok No: 8 Merkez	ESKİŞEHİR
Köprübaşı	(222) 999 11 07	İstiklal Mah. Şair Fuzuli Cad. No: 36A Odunpazarı	ESKİŞEHİR
Gatem	(342) 238 44 02	Gatem Töptancılar Sitesi Kırmızı Ada 2. Blok No: 8 Şehitkamil	GAZİANTEP
Gaziantep	(342) 215 43 50	İncilipınar Mah. Muammer Aksoy Bulv. Osmanlı İş Merkezi No: 30/G-H 27100 Şehitkamil	GAZİANTEP
Gaziantep Ticari	(342) 999 11 49	İncilipınar Mah. Muammer Aksoy Bulv. Osmanlı İş Merkezi No: 30/G-H 27100 Şehitkamil	GAZİANTEP
Suburcu	(342) 220 02 07	Karagöz Mah. Suburcu Cad. No: 8 Şahinbey	GAZİANTEP
Şirehan	(342) 232 86 68	İsmetpaşa Mah. İnönü Cad. No: 217 Şahinbey	GAZİANTEP
Giresun	(454) 216 24 50	Hacımiktat Mah. Alpaslan Cad. No: 33/B 28100 Merkez	GİRESUN
Antakya	(326) 225 32 04	Haraparası Mah. Yavuz Sultan Selim Cad. No: 23/C Antakya	HATAY
İskenderun	(326) 629 20 00	Savaş Mah. Şehit Pamir Cad. No: 6 İskenderun	HATAY
Isparta	(246) 232 50 16	Pirimehmet Mah. 113. Cadde No: 77/B 32100	ISPARTA
4. Levent	(212) 325 35 55	Sanayi Mah. Silahataroğlu Sok. 11 Eş Bina No: 29/A 4. Levent-Kağıthane	İSTANBUL
Acıbadem	(216) 545 27 55	Bulgurlu Mah. Acıbadem Cad. No: 156 34660 Üsküdar	İSTANBUL
Aksaray İstanbul	(212) 633 49 99	Aksaray Mah. Teceddüt Sok. No: 15 Fatih	İSTANBUL
Alemdağ Cad.	(216) 340 33 55	İstiklal Mah. Alemdağ Cad. No: 262A Ümraniye	İSTANBUL
Anadolu Yakası Kurumsal	(216) 468 19 00	Saray Mah. Dr. Adnan Büyükdenez Cad. Cessas Plaza No: 4 Ümraniye	İSTANBUL
Arnavutköy	(212) 999 88 89	Arnavutköy Merkez Mah. Fatih Cad. No: 27 Arnavutköy	İSTANBUL
Ataşehir	(216) 456 77 50	Ataşehir, Sedef Cad. 36. Ada Revaklı Çarşı Ata 2/5 Bl. No: 6-7-8 34750 Kadıköy	İSTANBUL
Atatürk Cad.	(216) 302 95 07	Sahrayıcedit, Atatürk Cad. No: 33 34734 Erenköy-Kadıköy	İSTANBUL
Avcılar Çarşı	(212) 662 31 21	Merkez Mah. Reşitpaşa Cad. No: 52/B Avcılar	İSTANBUL
Bağcılar	(212) 634 50 01	Çınar Mah. İstanbul Cad. 6. Sokağı No: 27-29 A-B 34200 Bağcılar	İSTANBUL
Bağdat Caddesi Özel Bankacılık Merkez	(216) 362 82 02	Caddebostan Mah. Bağdat Cad. No: 302/1 Kat: 2 B.B. No: 8-9 Kadıköy	İSTANBUL
Bahçekapı	(212) 402 25 00	Hobyar Mah. Büyük Postane Cad. Ananyadı Han No: 39 34112 Eminönü-Fatih	İSTANBUL
Bahçelievler İstanbul	(212) 504 55 15	İzzettin Çalışlar Cad. Oğul Apt. No: 34 Bahçelievler	İSTANBUL
Bahçeşehir	(212) 669 89 23	Bahçeşehir 1. Kısım, Kemal Sunal Cad. Defne 03 Villa 6 Başakşehir	İSTANBUL
Bakırköy	(212) 414 38 00	Cevizlik Mah. İstanbul Cad. No: 17 Bakırköy	İSTANBUL
Bakırköy İncirli	(212) 543 46 86	Kartaltepe Mah. Ülkü Sok. No: 2 Bakırköy	İSTANBUL
Bayrampaşa	(212) 674 78 50	Yenidoğan Mah. Abdi İpekçi Cad. No: 18/A Bayrampaşa	İSTANBUL
Bayrampaşa Hal	(212) 640 67 73	İstanbul Büyükşehir Belediyesi Bayrampaşa Hal Müdürlüğü Bayrampaşa Sebze ve Meyve Hali Genel Müdürlük Binası B 2 Blok Bayrampaşa	İSTANBUL
Bebek Özel Bankacılık	(212) 287 73 77	Cevdetpaşa Cad. No: 43/E Bebek 34342 Beşiktaş	İSTANBUL
Beşiktaş	(212) 259 88 03	Sinanpaşa Mah. Şehit Asım Cad. No: 23/1 34340 Beşiktaş	İSTANBUL
Beşyüzevler	(212) 477 44 50	Hürriyet Mah. Eski Edirne Asfaltı No: 198 Gaziosmanpaşa	İSTANBUL
Beyazıt	(212) 458 42 00	Beyazıt, Tavşan Taşı Mah. Mithatpaşa Cad. No: 14/16 Eminönü	İSTANBUL
Beykent	(212) 999 55 00	Pınarstepe Mah. Yavuz Sultan Selim Bulvarı No: 6 B.B. No: 4-5 Büyükçekmece	İSTANBUL
Beylikdüzü	(212) 879 03 55	Beylikdüzü, Yakuplu Mah. Açelya Cad. Saatli Bina İş Merk. 4-B 34524 Büyükçekmece	İSTANBUL
Beylikdüzü Ticari	(212) 590 39 29	Yakuplu Mah. Haramidere Cad. Dış Kapı No: 8A İç Kapı No: 6 Beylikdüzü	İSTANBUL

## Current Communication Information (continued)

Büyüçekmece	(212) 881 68 55	İnönü Cad. No: 31 34900 Büyüçekmece	İSTANBUL
Caddebostan	(216) 368 24 92	Bağdat Cad. Hulusi Bey Apt. No: 253/A 34730 Kadıköy	İSTANBUL
Çağlayan	(212) 373 60 00	Vatan Cad. No: 30 Çağlayan 34403 Kağıthane	İSTANBUL
Çekmeköy	(216) 642 31 22	Mehmet Akif Mah. Şahinbey Cad. No: 3 Çekmeköy	İSTANBUL
Dudullu	(216) 526 58 12	Ihlamurkuyu (A. Dudullu) Mah. Alemdağ Cad. No: 596/A Ümraniye	İSTANBUL
Esenler	(212) 999 55 10	Menderes Mah. Atışalanı Cad. No: 11 Esenler	İSTANBUL
Esenyurt	(212) 999 29 95	İnönü Mah. Doğan Araslı Bulvarı No: 94 Esenyurt	İSTANBUL
Fatih	(212) 453 19 00	Fevzi Paşa Cad. No: 66 34260 Fatih	İSTANBUL
Florya	(212) 662 13 64	Florya Asfaltı No: 70/2 34810 Florya	İSTANBUL
Gaziosmanpaşa	(212) 417 61 20	Merkez Mah. Cumhuriyet Meydanı No: 27/B Gaziosmanpaşa	İSTANBUL
Göktürk	(212) 322 27 10	Göktürk Merkez Mah. İstanbul Cad. No: 30-32 Country Life Residence J-K No.lu Dükkanlar Eyüp	İSTANBUL
Göztepe İstanbul	(216) 363 49 39	Merdivenköy Mah. Fahrettin Kerim Gökay Cad. No: 227/B Göztepe-Kadıköy	İSTANBUL
Gültepe	(212) 999 55 02	Telsiz Mah. Talatpaşa Cad. No: 106 Gültepe-Kağıthane	İSTANBUL
Güneşli	(212) 655 72 10	Bağlar Mah. Atatürk Cad. No: 10/B Bağcılar	İSTANBUL
Hadımköy Yolu Caddesi	(212) 886 76 35	Akçaburgaz Mah. Hadımköy Yolu Cad. No: 172/B Esenyurt	İSTANBUL
Halkalı	(212) 924 31 34	Atatürk Mah. İkitelli Cad. No: 166 A/2 Küçükçekmece	İSTANBUL
İkitelli	(212) 671 40 01	Ziya Gökalp Mah. Atatürk Bulv. No: 72F Başakşehir	İSTANBUL
İmes	(216) 379 95 79	Dudullu Mah. İmes Sanayi Sitesi C Blok No: 7 34775 Ümraniye	İSTANBUL
İmes Ticari	(216) 365 78 60	Dudullu Mah. İmes Sanayi Sitesi C Blok No: 7 34775 Ümraniye	İSTANBUL
İstanbul Anadolu Ticari	(216) 474 11 87	Saray Mah. Dr. Adnan Büyükdenez Cad. Akkom Ofispark 2 Blok 4 Ces-sas Plaza 34768 Ümraniye	İSTANBUL
İstanbul Atatürk Havalimanı Serbest Bölge	(212) 465 03 19	İstanbul Atatürk Havalimanı Serbest Bölge E1-B1 Blok Yeşilköy 34149 Bakırköy	İSTANBUL
İstanbul Avrupa Ticari	(212) 234 55 93	Papirus Plaza Sitesi No: 37/119 Kağıthane	İSTANBUL
İstoç	(212) 659 72 50	Mahmutbey Mah. İstoç Ticaret Merk. 3. Ada No: 89/91 34217 Bağcılar	İSTANBUL
Kadıköy İskele	(216) 347 32 00	Caferağa Mah. Albay Faik Sözdener Sok. No: 13 34710 Kadıköy	İSTANBUL
Kalamış	(216) 405 20 00	Fenerbahçe Mah. Erguvan Sok. No: 9/A Kadıköy	İSTANBUL
Kartal	(216) 387 56 76	Kordonboyu Mah. Ankara Cad. No: 98 34860 Kartal	İSTANBUL
Kavacık	(216) 425 97 20	Kavacık Mah. Mihrabad Cad. Funda Sok. No: 2/B 34810 Beykoz	İSTANBUL
Kazasker	(216) 410 60 40	Kozyatağı Mah. Şemsettin Günaltay Cad. No: 152 Kadıköy	İSTANBUL
Kurtköy	(216) 595 02 99	Şeyhli Mah. Eski Ankara Cad. No: 217 34906 Pendik	İSTANBUL
Küçükkalköy	(216) 577 48 91	Küçükkalköy Mah. Fevzi Paşa Sok. No: 67/A Ataşehir	İSTANBUL
Küçükyalı	(216) 417 44 15	Küçükyalı Mah. Bağdat Cad. Yalın Apt. No: 115/A Maltepe	İSTANBUL
Levent	(212) 270 05 65	Levent Mah. Çarşı Cad. No: 18 Beşiktaş	İSTANBUL
Maltepe	(216) 383 47 13	Bağlarbaşı Mah. Bağdat Sok. Gedik İş Merk. Sit. B Blok Apt. No: 414/1A Maltepe	İSTANBUL
Maslak	(212) 335 80 00	Ayazağa Mah. Büyükdere Cad. No: 257 Maslak-Sarıyer	İSTANBUL
Maslak Özel Bankacılık Merkez	(212) 335 15 15	Reşitpaşa Mah. Eski Büyükdere Cad. No: 8 34467 Sarıyer	İSTANBUL
Maslak Ticari	(212) 693 77 33	Reşitpaşa Mah. Eski Büyükdere Cad. No: 8 Sarıyer	İSTANBUL
Mecidiyeköy	(212) 213 24 35	Büyükdere Cad. Akabe Ticaret Merk. No: 78 Mecidiyeköy 34394 Şişli	İSTANBUL
Mega Center	(212) 640 86 11	Kocatepe Mah. Mega Center Gıda Merk. C-14 Blok No: 115 34045 Bayrampaşa	İSTANBUL
Merkez	(212) 335 80 50	Reşitpaşa Mah. Eski Büyükdere Cad. No: 8 Sarıyer	İSTANBUL
Merter	(212) 639 94 20	Keresteciler Sitesi Fatih Cad. Aksoy İş Merkezi No: 11/B Merter 34010 Güngören	İSTANBUL

## Current Communication Information (continued)

Nişantaşı	(212) 296 10 23	Valikonağı Cad. Uğur Apt. No: 14/1 34367 Nişantaşı-Şişli	İSTANBUL
Özel Hizmetler	(212) 367 74 24	Reşitpaşa Mah. Eski Büyükdere Cad. No: 8 Sarıyer	İSTANBUL
Pendik	(216) 491 87 04	Gazipaşa Cad. Pazar Sok. No: 5 34891 Pendik	İSTANBUL
Sancaktepe	(216) 266 36 60	Meclis Mah. Ankara Cad. No: 32 A 34785 Sancaktepe	İSTANBUL
Sarıyer	(212) 271 68 88	Merkez Mah. Yenimahalle Cad. No: 20/C Sarıyer	İSTANBUL
Sefaköy	(212) 426 49 39	Ahmet Kocabıyık Sok. No: 25/3-4-5 34295 Küçükçekmece	İSTANBUL
Silivri	(212) 727 22 58	Pirimehmetpaşa Mah. Hacıpervene Cad. No: 24/3 34570 Silivri	İSTANBUL
Soğanlık	(216) 671 06 99	Soğanlık, Orta Mah. Atatürk Cad. No: 106/A Kartal	İSTANBUL
Sultanbeyli	(216) 419 12 22	Abdurrahman Gazi Mah. Sezgin Sok. No: 1A-1B Sultanbeyli	İSTANBUL
Sultangazi	(212) 999 3128	Cebeci Mah. Eski Edirne Asfaltı Cad. No: 720/C Sultangazi	İSTANBUL
Şişli	(212) 373 10 00	Merkez Mah. Halaskargazi Cad. No: 197 Şişli	İSTANBUL
Taksim	(212) 251 69 00	Gümüşsuyu Mah. Sıraselviler Cad. No: 11/A Beyoğlu	İSTANBUL
Topçular	(212) 613 62 30	Eyüp Ramî Topçular Mah. Ramî Kışla Cad. Tikveşli Sok. No: 1 Tikveşli Köyü-Eyüp	İSTANBUL
Topkapı Ticari	(212) 506 45 46	Keresteciler Sitesi Fatih Cad. Aksoy İş Merkezi No: 11/B Merter 34010 Güngören	İSTANBUL
Tuzla İcmeler	(216) 999 36 32	Aydintepe Mah. Dr. Sadık Ahmet Cad. No: 59 Tuzla	İSTANBUL
Tümsan Sanayi Sitesi	(212) 485 94 88	İkitelli OSB Mah. Tümsan 1.Kısım 3.Blok Sok. Tümsan 1.Kısım Sitesi 3.Blok Dış Kapı No: 19 İç Kapı No: 2A Başakşehir	İSTANBUL
Ümraniye	(216) 521 20 60	Atatürk Mah. Alemdağ Cad. No: 132A Ümraniye	İSTANBUL
Üsküdar	(216) 334 10 68	Hakimiyeti Milliye Cad. No: 158/156 Kadri Vedat Kançal İşhanı 34660 Üsküdar	İSTANBUL
Yenibosna Ticari	(212) 474 88 66	Bağlar Mah. Yavuz Sultan Selim Cad. No: 15/81-86-85 Canel Plaza Kat: 8 (B.B. No: 47-48-49) Yenibosna-Bağcılar	İSTANBUL
Zeytinburnu	(212) 679 26 60	Gökalp Mah. 58. Bulvar Cad. No: 15/1 34760 Zeytinburnu	İSTANBUL
Alaçatı	(232) 716 65 12	Tokoğlu Mah. Kemalpaşa Cad. No: 45/A Alaçatı-Çeşme	İZMİR
Aliağa	(232) 616 35 77	Kültür Mah. Demokrasi Meydanı No: 2/1 (A-B) 35800 Aliağa	İZMİR
Atatürk Organize Sanayi/İzmir	(232) 328 07 00	10020 Sok. No: 3 Küçük Parseller Sosyal Tesisleri A.O.S.B. 35620 Çiğli	İZMİR
Bergama	(232) 632 94 40	Turabey Mah. Bankalar Cad. No: 50 35700 Bergama	İZMİR
Bornova	(232) 397 40 00	Ergene Mah. Mustafa Kemal Cad. No: 38/1 Bornova	İZMİR
Bostanlı	(232) 362 40 05	1807/1 Sok. Bostanlı Meydanı No: 4/A 35540 Karşıyaka	İZMİR
Çamdibi	(232) 462 30 81	Mersinli Mah. Fatih Cad. No: 82 Konak	İZMİR
Çeşme	(232) 712 66 29	Cumhuriyet Bulvarı No: 2 Çeşme	İZMİR
Gaziemir	(232) 251 16 47	Atıfbey Mah. Akçay Cad. No: 246 35410 Gaziemir	İZMİR
Gıda Çarşısı	(232) 433 58 00	Halkapınar Mah. 1202/6 Sok. No: 14 Gıda Çarşısı-Yenişehir	İZMİR
Hatay/İzmir	(232) 243 55 55	İnönü Cad. No: 338/B 35360 Konak	İZMİR
İzmir	(232) 455 69 00	Cumhuriyet Bulv. No: 67 Pasaport 35210 Konak	İZMİR
İzmir Özel Bankacılık Merkez	(232) 464 42 60	Cumhuriyet Bulv. No: 67 Pasaport 35210 Konak	İZMİR
İzmir Ticari	(232) 457 14 41	Cumhuriyet Bulv. No: 67 Kat: 6 Pasaport-Konak	İZMİR
Karabağlar	(232) 237 28 28	İzmir Karabağlar İlçesi, Aşık Veysel Mah. Yeşillik Cad. No: 431-435C Karabağlar	İZMİR
Karşıyaka	(232) 368 11 70	Tuna Mah. Kemalpaşa Cad. No: 16 Karşıyaka	İZMİR
Karşıyaka Çarşı	(232) 368 38 98	1721 Sok. No: 12/A 35530 Karşıyaka	İZMİR
Kemalpaşa	(232) 878 40 60	Aşağı Mah. Atatürk Bulv. No: 10/A Kemalpaşa	İZMİR
Ödemiş	(232) 544 48 46	Bengisu Mah. Gazi Cad. No: 19 35750 Ödemiş	İZMİR
Pınarbaşı	(232) 478 34 04	Kemalpaşa Mah. Kemalpaşa Cad. No: 290-292 D Pınarbaşı-Bornova	İZMİR
Şirinyer	(232) 448 68 58	Kızılçulu Mah. Menderes Cad. No: 274/B 35140 Şirinyer-Buca	İZMİR

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Urla	(232) 754 16 40	Hacı İsa Mah. 75. Yıl Cumhuriyet Cad. No: 1/B Urla	İZMİR
Üçkuyular	(232) 279 00 49	Mithatpaşa Cad. No: 1177/B 35350 Üçkuyular	İZMİR
Yenigün	(232) 489 20 02	Fevzi Paşa Bulv. No: 122 35250 Çankaya	İZMİR
Kahramanmaraş	(344) 225 71 82	Trabzon Cad. No: 35/A, B 46060 Merkez	KAHRAMANMARAŞ
Karabük	(370) 412 45 45	Bayır Mah. Fevzi Fırat Cad. No: 84 78100 Merkez	KARABÜK
Karaman	(338) 212 59 46	İsmetpaşa Cad. No: 2 70100 Karaman	KARAMAN
Kars	(474) 223 27 81	Yusufpaşa Mah. Kazım Paşa Cad. No: 130 Merkez	KARS
Kastamonu	(366) 214 40 83	Aktekke Mah. Yalçın Cad. No: 8-B Merkez	KASTAMONU
Kayseri	(352) 222 39 63	Nazmi Toker Cad. No: 5/A 38040 Melikgazi	KAYSERİ
Kayseri Sivas Caddesi	(352) 223 50 12	Alpaslan Mah. Sivas Cad. Kandil Sok. Bezciler Sitesi 1. Blok No: 2/A Melikgazi	KAYSERİ
Yeni Sanayi	(352) 336 00 40	Osman Kavuncu Mah. Osman Kavuncu Bulv. No: 197/C Melikgazi	KAYSERİ
Kırıkkale	(318) 224 51 26	Yeni Doğan Mah. Cumhuriyet Cad. No: 30 71100 Merkez	KIRIKKALE
Kırklareli	(288) 212 74 55	Cumhuriyet Cad. No: 16 39020 Merkez	KIRKLARELİ
Lüleburgaz	(288) 417 45 48	Özerler Mah. Fatih Cad. No: 9 Lüleburgaz	KIRKLARELİ
Kırşehir	(386) 214 05 15	Kuşdili Mah. Terme Cad. No: 30 Merkez	KIRŞEHİR
Gebze	(262) 676 74 00	Hacıhalil Mah. Atatürk Cad. Marmara Apt. No: 36/B Gebze	KOCAELİ
Gebze Ticari	(262) 427 28 68	GOSB Meydan Binası 1600. Sok. No: 1601/613 Çayıröva	KOCAELİ
Gölcük	(262) 414 83 50	Merkez Mah. Amiral Sağlam Cad. No: 13 Gölcük	KOCAELİ
İbrahimağa Cad.	(262) 999 1140	Mustafapaşa Mah. İbrahimağa Cad. No: 59/5 Gebze	KOCAELİ
İzmit	(262) 317 16 00	Karabaş Mah. Leyla Atakan Cad. No: 20A İzmit	KOCAELİ
İzmit Hürriyet Caddesi	(262) 323 52 20	Kemalpaşa Mah. Hürriyet Cad. No: 29 İzmit	KOCAELİ
Kocaeli	(262) 317 15 00	Körfez Mah. Ankara Karayolu No: 127 İzmit	KOCAELİ
Konya	(332) 237 22 47	Musalla Bağları Mah. Ahmet Hilmi Nalçacı Cad. Erol Sitesi Kapı No: 90 İçkapı No: A Selçuklu	KONYA
Konya Büsan Sanayi	(332) 237 90 50	Fevzi Çakmak Mah. Kosgeb Cad. Kapı No: 3 İç Kapı No: B Karatay	KONYA
Konya Ticari	(332) 342 60 83	Fevzi Çakmak Mah. Kosgeb Cad. Kapı No: 3 İç Kapı No: B Karatay	KONYA
Kütahya	(274) 224 97 06	Cumhuriyet Cad. No: 68 43100 Merkez	KÜTAHYA
Tavşanlı	(274) 614 49 50	Yeni Mahalle Ada Cad. Tarhan Apt. No: 11/1 Tavşanlı	KÜTAHYA
Malatya	(422) 326 42 06	Kavaklıbağ Mah. İnönü Cad. No: 49/A Merkez	MALATYA
Malatya Çevreyolu	(422) 999 10 05	İsmetiye Mah. Buhara Cad. Yiğitcan İş Merkezi 2. Blok 175/A-2	MALATYA
Akhisar	(236) 413 59 55	Tahir Ün Cad. No: 49 45200 Akhisar	MANİSA
Manisa	(236) 231 57 81	Yarhasanlar Mah. Doğu Cad. 8 Eylül İş Merkezi No: 14 45020	MANİSA
Manisa Sanayi	(236) 233 52 72	75. Yıl Mah. Bahri Sarıtepe Cad. No: 55/A Merkez	MANİSA
Salihli	(236) 714 14 14	Mithat Paşa Cad. No: 158 45300 Salihli	MANİSA
Soma	(236) 613 14 00	Atatürk Cad. No: 13/B 45500 Soma	MANİSA
Turgutlu	(236) 314 00 01	Turan Mah. Atatürk Bulv. No: 184 Turgutlu	MANİSA
Mardin	(482) 213 38 20	13 Mart Mah. Vali Ozan Cad. Özkan Apt. No: 82/A Yenişehir-Merkez	MARDİN
Mersin	(324) 237 10 50	İsmet İnönü Bulv. Nail Göksu İş Hanı No: 58 33060 Akdeniz	MERSİN
Metropol	(324) 336 11 00	İhsaniye Mah. K. Milliye Cad. 109/A Akdeniz	MERSİN
Mezitli	(324) 359 89 34	Merkez Mah. Gazi Mustafa Kemal Bulv. No: 762A 33200 Mezitli-Merkez	MERSİN
Pozcu	(324) 326 78 00	Güvenevler Mah. Gazi Mustafa Kemal Bulv. No: 368/B 33140 Pozcu	MERSİN
Tarsus	(324) 614 08 30	Caminur Mah. Mersin Cad. No: 21/B Tarsus	MERSİN
Bodrum	(252) 317 04 33	Yeniköy Mah. Kıbrıs Şehitleri Cad. Devocioğlu İş Merkezi No: 218 Bodrum	MUĞLA



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Fethiye	(252) 612 34 80	Cumhuriyet Mah. Çarşı Cad. No: 29 Fethiye	MUĞLA
Marmaris	(252) 412 50 28	Kemeraltı Mah. Atatürk Cad. No: 10/C 48700 Marmaris	MUĞLA
Muğla	(252) 214 10 68	Şeyh Mah. İsmet İnönü Cad. No: 21/A1 Menteşe	MUĞLA
Nevşehir	(384) 213 14 68	Atatürk Bulvarı No: 36 50200 Merkez	NEVŞEHİR
Niğde	(388) 232 34 76	Esenbey Mah. Bankalar Cad. No: 10 Merkez	NİĞDE
Ordu	(452) 223 16 92	Düz Mah. Hükümet Cad. No: 8 Merkez	ORDU
Osmaniye	(328) 814 29 19	Alibeyli Mah. Atatürk Cad. No: 242/B Merkez	OSMANİYE
Rize	(464) 213 00 23	Yeniköy Mah. Cumhuriyet Cad. No: 184/C Merkez	RİZE
Adapazarı	(264) 279 89 10	Tıgçılar Mah. Atatürk Bulv. No: 73 Adapazarı	SAKARYA
Atakum	(362) 999 29 94	Mimar Sinan Mah. Atatürk Bulv. No: 271 Atakum	SAMSUN
Çiftlik	(362) 230 00 98	Hürriyet Mah. İstiklal Cad. No: 72 İlkadım	SAMSUN
Gülsan	(362) 999 10 09	Yeni Mah. Ali Rıza Bey Bulv. No: 17/1 Canik	SAMSUN
Samsun	(362) 431 51 96	Kale Mah. Kazım Paşa Cad. No: 40 İlkadım	SAMSUN
Siirt	(484) 224 11 71	B. Evler Güreş Cad. Peker Apt. No: 65/A Merkez	SİİRT
Sivas	(346) 221 40 13	Sularbaşı Mah. Belediye Sok. No: 6 Merkez	SİVAS
Şanlıurfa	(414) 315 65 86	Atatürk Mah. Atatürk Bulv. No: 64/B Merkez	ŞANLIURFA
Cizre	(486) 617 14 06	Dicle Mah. Doğan Sok. No: 10/B Cizre	ŞIRNAK
Çerkezköy	(282) 726 73 07	G.O.Paşa Mah. Atatürk Cad. Belediye Karşısı No: 47 Çerkezköy	TEKİRDAĞ
Çorlu	(282) 653 39 66	Şeyhsinan Mah. Şehit Teğmen Yavuzer Cad. No: 6A Çorlu	TEKİRDAĞ
Tekirdağ	(282) 263 89 89	Hükümet Cad. No: 118/A 59200	TEKİRDAĞ
Tokat	(356) 214 99 07	Kabe-i Mescid Mah. Gazi Osman Paşa Bulv. No: 174/A	TOKAT
Trabzon	(462) 326 55 78	Kemer kaya Mah. Kahramanmaraş Cad. No: 17 61030 Merkez	TRABZON
Trabzon Değirmendere	(462) 325 93 88	Sanayi Mah. Devlet Kara Yol Cad. No: 85 Merkez	TRABZON
Uşak	(276) 223 39 40	Kurtuluş Mah. İsmet Paşa Cad. No: 70/A Merkez	UŞAK
Van	(432) 215 59 06	Bahçivan Mah. Cumhuriyet Cad. No: 116 A/B	VAN
Yalova	(226) 811 61 15	Süleymanbey Mah. Yalı Cad. No: 9 Merkez	YALOVA
Karadeniz Ereğli	(372) 323 92 97	Müftü Mah. Yukarı Sok. No: 16 Karadeniz Ereğli	ZONGULDAK
Zonguldak	(372) 251 75 78	Gazipaşa Cad. No: 17 67100 Merkez	ZONGULDAK

AFFILIATED COMPANIES	SWITCHBOARD NO	ADDRESS	PROVINCE
ING Faktoring A.Ş. Genel Müdürlük	(216) 939 74 00	Saray Mah. Dr. Adnan Büyükdeniz Cad. Akkom Ofispark 2 Blok 4 Cessas Plaza Kat: 4 Ümraniye <a href="http://www.ingfactoring.com.tr">www.ingfactoring.com.tr</a>	İSTANBUL
ING Finansal Kiralama A.Ş. Genel Müdürlük	(216) 266 52 00	Saray Mah. Dr. Adnan Büyükdeniz Cad. Akkom Ofispark 2 Blok 34768 Ümraniye <a href="http://www.ingleasing.com.tr">www.ingleasing.com.tr</a>	İSTANBUL
ING Menkul Değerler A.Ş. Genel Müdürlük	(212) 367 70 00	Reşitpaşa Mah. Eski Büyükdere Cad. No: 8 Kat: 11 34467 Sarıyer <a href="http://www.ingmenkul.com.tr">www.ingmenkul.com.tr</a>	İSTANBUL
ING Portföy Yönetimi A.Ş. Genel Müdürlük	(212) 365 46 00	Reşitpaşa Mah. Eski Büyükdere Cad. No: 8 Kat: 9 34467 Sarıyer <a href="http://www.ingportfoy.com.tr">www.ingportfoy.com.tr</a>	İSTANBUL
ING European Financial Services Plc	00 353 16 384 082	ING European Financial Services Plc Block 4, Dundrum Town Centre Sandyford Road Dundrum Dublin 16 <a href="http://www.ingeuropefs.com">www.ingeuropefs.com</a>	İRLANDA





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