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

ING Bank A.Ş.

Publicly Announced Unconsolidated Financial Statements as of and for the Six-Month Period Ended 30 June 2020 and Independent Auditors' Review Report

7 August 2020

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

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

REVIEW REPORT ON INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors of ING Bank Anonim Şirketi

Introduction

We have reviewed the statement of financial position of ING Bank Anonim Şirketi (the "Bank") as at 30 June 2020 and the unconsolidated statements of profit or loss and other comprehensive income, changes in equity, cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority ("BRSA"), and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation (together referred as "BRSA Accounting and Reporting Legislation"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not present fairly, in all material respects, the financial position of ING Bank Anonim Şirketi as at 30 June 2020 and its financial performance and its cash flows for the six-month-period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the accompanying interim activity report included in Section VII, is not consistent, in all material respects, with the reviewed unconsolidated interim financial statements and explanatory notes.

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

Esma Kabak, SMMM
Engagement Partner

7 August 2020
Istanbul, Turkey

Additional paragraph for convenience translation to English:

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

The unconsolidated financial report of ING Bank A.Ş. prepared as of and for the six month period ended 30 June 2020

Address of the Bank	:	**Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8 34467 Sarıyer / İstanbul**
Phone and fax numbers of the Bank	:	**(212) 335 10 00** **(212) 286 61 00**
Web-site of the Bank	:	www.ing.com.tr
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The six-month unconsolidated interim financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Disclosures and Footnotes that will be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency.

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

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

John T. Mc CARTHY Chairman of the Board	Alper İhsan GÖKGÖZ CEO	K. Atıl ÖZUS CFO	M. Gökçe ÇAKIT Financial Reporting and Tax Director

M. Semra KURAN Chairman of the Audit Committee	Martijn Bastiaan KAMPS Audit Committee Member

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

Name-Surname/Title	:	Nurgül BİLGİÇER FİLİS / Manager
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Section one

General information

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

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

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

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

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

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

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

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

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

The main shareholders and capital structure as of 30 June 2020 and 31 December 2019 are as follows:

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

As of 30 June 2020, the Bank's paid-in capital consists of 3,486,267,797 shares with a nominal value of TL 1 (Full TL) each.

The Bank's paid-in capital is TL 3,486,268 as of 30 June 2020 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 BoD A. Canan Ediboğlu, the members of the Board Martijn Bastiaan Kamps and Sali Salieski with a nominal value of TL 1 (Full TL) each.

One share amounting to TL 1 (full TL), belonging to the Vice Chairman of the BoD Adrianus J. A. Kas, who resigned from his duty, was transferred to Martijn Bastiaan Kamps on 26 June 2020.

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

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

As of 30 June 2020, the Bank's Board of Directors (BOD), Members of Audit Committee and Chief Executive Officer and Executive Vice Presidents are as follows:

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

As of 31 December 2019, Chief Executive Officer and BoD Member of the Bank, Pınar Abay, has resigned from her duty as of 1 January 2020 to be appointed as Global Executive Committee Member of ING Group. A. Canan Ediboğlu has been appointed as Deputy Chief Executive Officer per the Board of Directors resolution No. 82/1 and dated 24 December 2019, starting from 1 January 2020 and she continued this duty until 8 June 2020.

Alper İhsan Gökgöz, who has been working at the Bank since 2012, has been appointed on 8 June 2020, after completion of the BRSA process, as Chief Executive Officer per the Board of Directors resolution No. 39/1 and dated 20 April 2020.

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

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

Vice Chairman of the BoD and Audit Committee Member Adrianus J. A. Kas has resigned from his duty as of 8 June 2020. A. Canan Ediboğlu has been appointed as Vice Chairman of the BoD and Sali Salieski has been appointed as Audit Committee Member per the Board of Directors resolution No. 55/1 and dated 8 June 2020. As of 26 June 2020, Sali Salieski has resigned from membership of the Audit Committee, and instead Martijn Bastiaan Kamps has been appointed as Audit Committee member.

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

IV. Information on the Bank's qualified shareholders

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

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

The Bank is principally engaged in all types of banking transactions, accepting deposits and all kinds of legal transactions, activities and operations within banking license within the scope provided by the Banking Law, and all existing and/or future laws, regulations and decree laws and related legislation. The Bank carries out its operations with 207 domestic branches.

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

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

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

None.

Section two

Unconsolidated financial statements

I. Unconsolidated balance sheet (statement of financial position)
II. Unconsolidated statement of off-balance sheet items
III. Unconsolidated statement of profit or loss
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Unconsolidated balance sheet (statement of financial position) as of 30 June 2020

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

	Assets	Note (section five)	Reviewed Current period (30/06/2020) TL	FC	Total	Audited Prior period (31/12/2019) TL	FC	Total
I.	**Financial assets (net)**		**4,425,296**	**9,029,596**	**13,454,892**	**12,717,937**	**7,952,365**	**20,670,302**
1.1	**Cash and cash equivalents**		**849,404**	**8,685,261**	**9,534,665**	**8,844,512**	**7,672,848**	**16,517,360**
1.1.1	Cash and balances at Central Bank	(I-1)	609,147	6,861,947	7,471,094	650,206	6,777,345	7,427,551
1.1.2	Banks	(I-3)	1,628	1,823,314	1,824,942	242	895,503	895,745
1.1.3	Money market placements		240,052	-	240,052	8,202,551	-	8,202,551
1.1.4	Expected credit losses (-)	(I-5)	(1,423)	-	(1,423)	(8,487)	-	(8,487)
1.2	**Financial assets at fair value through profit or loss**	**(I-2)**	**29,748**	**97,760**	**127,508**	**32,731**	**89,993**	**122,724**
1.2.1	Government securities		29,713	97,760	127,473	32,696	89,993	122,689
1.2.2	Equity instruments		35	-	35	35	-	35
1.2.3	Other financial assets		-	-	-	-	-	-
1.3	**Financial assets at fair value through other comprehensive income**	**(I-4)**	**1,069,306**	**263**	**1,069,569**	**1,338,052**	**229**	**1,338,281**
1.3.1	Government securities		1,058,858	-	1,058,858	1,329,200	-	1,329,200
1.3.2	Equity instruments		10,448	263	10,711	8,852	229	9,081
1.3.3	Other financial assets		-	-	-	-	-	-
1.4	**Derivative financial assets**		**2,476,838**	**246,312**	**2,723,150**	**2,502,642**	**189,295**	**2,691,937**
1.4.1	Derivative financial assets measured at fair value through profit or loss	(I-2)	2,430,245	246,312	2,676,557	2,467,326	188,178	2,655,504
1.4.2	Derivative financial assets measured at fair value through other comprehensive income	(I-11)	46,593	-	46,593	35,316	1,117	36,433
II.	**Financial assets measured at amortised cost**		**29,799,404**	**12,401,730**	**42,201,134**	**23,846,373**	**11,083,848**	**34,930,221**
2.1	**Loans**	**(I-5)**	**25,852,286**	**12,401,730**	**38,254,016**	**23,623,201**	**11,083,848**	**34,707,049**
2.2	**Receivables from leasing transactions**	**(I-10)**	**-**	**-**	**-**	**-**	**-**	**-**
2.3	**Factoring receivables**		**-**	**-**	**-**	**-**	**-**	**-**
2.4	**Other financial assets measured at amortised cost**	**(I-6)**	**5,968,103**	**-**	**5,968,103**	**2,114,571**	**-**	**2,114,571**
2.4.1	Government securities		5,968,103	-	5,968,103	2,114,571	-	2,114,571
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	**Expected credit losses (-)**	**(I-5)**	**(2,020,985)**	**-**	**(2,020,985)**	**(1,891,399)**	**-**	**(1,891,399)**
III.	**Assets held for sale and assets of discontinued operations (net)**	**(I-16)**	**660**	**-**	**660**	**660**	**-**	**660**
3.1	Assets held for sale		660	-	660	660	-	660
3.2	Assets from discontinued operations		-	-	-	-	-	-
IV.	**Equity investments**		**100,672**	**334**	**101,006**	**83,265**	**334**	**83,599**
4.1	**Investments in associates (net)**	**(I-7)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1.1	Associates consolidated by using equity method		-	-	-	-	-	-
4.1.2	Unconsolidated associates		-	-	-	-	-	-
4.2	**Investments in subsidiaries (net)**	**(I-8)**	**100,672**	**334**	**101,006**	**83,265**	**334**	**83,599**
4.2.1	Unconsolidated financial subsidiaries		100,672	334	101,006	83,265	334	83,599
4.2.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
4.3	**Jointly Controlled Partnerships (Joint Ventures) (net)**	**(I-9)**	**-**	**-**	**-**	**-**	**-**	**-**
4.3.1	Joint ventures consolidated by using equity method		-	-	-	-	-	-
4.3.2	Unconsolidated joint ventures		-	-	-	-	-	-
V.	**Tangible assets (net)**	**(I-12)**	**906,285**	**-**	**906,285**	**946,477**	**-**	**946,477**
VI.	**Intangible assets (net)**	**(I-13)**	**45,551**	**-**	**45,551**	**54,262**	**-**	**54,262**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		45,551	-	45,551	54,262	-	54,262
VII.	**Investment property (net)**	**(I-14)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Current tax asset**	**(I-15)**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Deferred tax asset**		**-**	**-**	**-**	**-**	**-**	**-**
X.	**Other assets (net)**	**(I-17)**	**569,127**	**4,658**	**573,785**	**454,857**	**4,343**	**459,200**
	Total assets		**35,846,995**	**21,436,318**	**57,283,313**	**38,103,831**	**19,040,890**	**57,144,721**

ING Bank A.Ş.

Unconsolidated balance sheet (statement of financial position)
as of 30 June 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Reviewed			Audited
					Current period			Prior period
	Liabilities	Note			(30/06/2020)			(31/12/2019)
		(section five)	TL	FC	Total	TL	FC	Total
I.	**Deposits**	**(II-1)**	**21,012,274**	**17,075,198**	**38,087,472**	**23,512,236**	**15,695,771**	**39,208,007**
II.	**Loans received**	**(II-3)**	**351,182**	**2,933,301**	**3,284,483**	**189,364**	**2,543,888**	**2,733,252**
III.	**Money market funds**		**104,113**	**86,552**	**190,665**	**14,228**	**82,601**	**96,829**
IV.	**Securities Issued (net)**	**(II-4)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1	Bills		-	-	-	-	-	-
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	**Funds**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrower funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**Financial liabilities at fair value through profit or loss**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Derivative financial liabilities**		**742,305**	**159,327**	**901,632**	**819,686**	**163,048**	**982,734**
7.1	Derivative financial liabilities at fair value through profit or loss	(II-2)	381,630	153,203	534,833	470,966	156,390	627,356
7.2	Derivative financial liabilities at fair value through other comprehensive income	(II-7)	360,675	6,124	366,799	348,720	6,658	355,378
VIII.	**Factoring payables**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Lease payables (net)**	**(II-6)**	**298,052**	**-**	**298,052**	**298,719**	**-**	**298,719**
X.	**Provisions**	**(II-8)**	**306,457**	**-**	**306,457**	**275,590**	**-**	**275,590**
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		63,248	-	63,248	55,089	-	55,089
10.3	Insurance technical reserves (net)		-	-	-	-	-	-
10.4	Other provisions		243,209	-	243,209	220,501	-	220,501
XI.	**Current tax liability**	**(II-9)**	**155,320**	**-**	**155,320**	**127,771**	**-**	**127,771**
XII.	**Deferred tax liability**	**(II-9)**	**245,164**	**-**	**245,164**	**190,647**	**-**	**190,647**
XIII.	**Liabilities for assets held for sale and assets of discontinued operations (net)**	**(II-10)**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	**Subordinated debt**	**(II-11)**	**-**	**4,169,976**	**4,169,976**	**-**	**4,237,398**	**4,237,398**
14.1	Loans		-	4,169,976	4,169,976	-	4,237,398	4,237,398
14.2	Other debt instruments		-	-	-	-	-	-
XV.	**Other liabilities**	**(II-5)**	**699,120**	**123,877**	**822,997**	**654,019**	**109,248**	**763,267**
XVI.	**Shareholders' equity**	**(II-12)**	**8,826,919**	**(5,824)**	**8,821,095**	**8,236,954**	**(6,447)**	**8,230,507**
16.1	Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2	Capital reserves		-	-	-	-	-	-
16.2.1	Share premiums		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		-	-	-	-	-	-
16.3	Other comprehensive income/expense items not to be recycled to Profit or Loss		134,425	-	134,425	139,597	-	139,597
16.4	Other comprehensive income/expense items to be recycled in Profit or Loss		3,544	(5,824)	(2,280)	(72,920)	(6,447)	(79,367)
16.5	Profit reserves		4,708,096	-	4,708,096	3,207,698	-	3,207,698
16.5.1	Legal reserves		317,508	-	317,508	243,692	-	243,692
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary reserves		4,390,588	-	4,390,588	2,964,006	-	2,964,006
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or (loss)		494,586	-	494,586	1,476,311	-	1,476,311
16.6.1	Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2	Current period profit or (loss)		494,586	-	494,586	1,476,311	-	1,476,311
	Total liabilities and shareholders' equity		**32,740,906**	**24,542,407**	**57,283,313**	**34,319,214**	**22,825,507**	**57,144,721**

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 30 June 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Reviewed			**Audited**
					Current period			**Prior period**
	Off-balance sheet items	**Note**			**(30/06/2020)**			**(31/12/2019)**
		(section five)	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
A.	**Off-balance sheet commitments (I+II+III)**		**26,813,895**	**64,477,800**	**91,291,695**	**34,463,153**	**80,441,539**	**114,904,692**
I.	**Guarantees and warranties**	**(III-1)**	**1,425,507**	**10,314,419**	**11,739,926**	**1,656,079**	**11,937,632**	**13,593,711**
1.1	Letters of guarantee		1,420,438	6,003,269	7,423,707	1,652,005	5,434,532	7,086,537
1.1.1	Guarantees subject to state tender law		3,883	-	3,883	4,075	-	4,075
1.1.2	Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3	Other letters of guarantee		1,416,555	6,003,269	7,419,824	1,647,930	5,434,532	7,082,462
1.2	Bank acceptances		-	5,867	5,867	-	4,008	4,008
1.2.1	Import letter of acceptance		-	5,867	5,867	-	4,008	4,008
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		708	1,031,729	1,032,437	445	1,125,301	1,125,746
1.3.1	Documentary letters of credit		708	1,031,729	1,032,437	445	1,125,301	1,125,746
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Pre-financing given as guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Purchase guarantees for securities issued		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		-	3,142,135	3,142,135	-	5,178,054	5,178,054
1.9	Other warranties		4,361	131,419	135,780	3,629	195,737	199,366
II.	**Commitments**	**(III-1)**	**3,527,123**	**1,003,748**	**4,530,871**	**3,703,566**	**3,993,491**	**7,697,057**
2.1	Irrevocable commitments		3,527,123	1,003,748	4,530,871	3,703,566	3,993,491	7,697,057
2.1.1	Forward asset purchase commitments		156,026	1,001,466	1,157,492	405,769	3,986,470	4,392,239
2.1.2	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		1,834,020	-	1,834,020	1,695,522	4,890	1,700,412
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		246,460	-	246,460	271,795	-	271,795
2.1.8	Tax and fund liabilities from export commitments		23,780	-	23,780	23,780	-	23,780
2.1.9	Commitments for credit card limits		1,261,487	-	1,261,487	1,300,968	-	1,300,968
2.1.10	Commitments for credit cards and banking services promotions		5,350	-	5,350	5,732	-	5,732
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		-	2,282	2,282	-	2,131	2,131
2.2	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	**(III-2)**	**21,861,265**	**53,159,633**	**75,020,898**	**29,103,508**	**64,510,416**	**93,613,924**
3.1	Derivative financial instruments for hedging purposes		4,890,000	1,151,415	6,041,415	5,080,000	2,205,819	7,285,819
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		4,890,000	1,151,415	6,041,415	5,080,000	2,205,819	7,285,819
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Derivative financial instruments for trading purposes		16,971,265	52,008,218	68,979,483	24,023,508	62,304,597	86,328,105
3.2.1	Forward foreign currency buy/sell transactions		1,886,484	9,528,682	11,415,166	1,887,129	6,750,727	8,637,856
3.2.1.1	Forward foreign currency transactions-buy		1,276,130	4,423,968	5,700,098	1,152,631	3,165,311	4,317,942
3.2.1.2	Forward foreign currency transactions-sell		610,354	5,104,714	5,715,068	734,498	3,585,416	4,319,914
3.2.2	Swap transactions related to foreign currency and interest rates		14,948,605	39,564,930	54,513,535	21,428,055	52,028,104	73,456,159
3.2.2.1	Foreign currency swap-buy		2,259,989	15,133,125	17,393,114	1,995,789	20,179,446	22,175,235
3.2.2.2	Foreign currency swap-sell		4,012,616	11,408,165	15,420,781	4,018,266	16,330,202	20,348,468
3.2.2.3	Interest rate swap-buy		4,338,000	6,511,820	10,849,820	7,707,000	7,759,228	15,466,228
3.2.2.4	Interest rate swap-sell		4,338,000	6,511,820	10,849,820	7,707,000	7,759,228	15,466,228
3.2.3	Foreign currency, interest rate and securities options		136,176	2,914,606	3,050,782	708,324	3,525,766	4,234,090
3.2.3.1	Foreign currency options-buy		68,088	1,457,303	1,525,391	354,162	1,762,883	2,117,045
3.2.3.2	Foreign currency options-sell		68,088	1,457,303	1,525,391	354,162	1,762,883	2,117,045
3.2.3.3	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	**Custody and pledged items (IV+V+VI)**		**193,185,186**	**37,748,078**	**230,933,264**	**191,814,960**	**32,697,106**	**224,512,066**
IV.	**Items held in custody**		**2,647,980**	**2,374,884**	**5,022,864**	**1,581,605**	**2,085,348**	**3,666,953**
4.1	Customer fund and portfolio balances		2,350,830	-	2,350,830	1,314,449	-	1,314,449
4.2	Investment securities held in custody		51,022	475,113	526,135	57,473	320,291	377,764
4.3	Checks received for collection		108,623	361,825	470,448	73,866	432,425	506,291
4.4	Commercial notes received for collection		137,504	1,474,774	1,612,278	135,816	1,279,406	1,415,222
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		1	63,172	63,173	1	53,226	53,227
4.8	Custodians		-	-	-	-	-	-
V.	**Pledged received**		**23,751,699**	**8,004,298**	**31,755,997**	**25,845,046**	**7,230,622**	**33,075,668**
5.1	Marketable securities		132,034	36,877	168,911	133,731	57,440	191,171
5.2	Guarantee notes		212,494	283,338	495,832	215,042	245,927	460,969
5.3	Commodity		910	-	910	910	-	910
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		20,469,671	5,971,788	26,441,459	22,542,362	6,200,939	28,743,301
5.6	Other pledged items		2,936,590	1,712,295	4,648,885	2,953,001	726,316	3,679,317
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	**Accepted independent guarantees and warranties**		**166,785,507**	**27,368,896**	**194,154,403**	**164,388,309**	**23,381,136**	**187,769,445**
	Total off-balance sheet items (A+B)		**219,999,081**	**102,225,878**	**322,224,959**	**226,278,113**	**113,138,645**	**339,416,758**

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

ING Bank A.Ş.

Unconsolidated statement of profit or loss
for the six-month period ended 30 June 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Income and expense items	Note (section five)	Reviewed Current period (01/01/2020-30/06/2020)	Reviewed Current period (01/04/2020-30/06/2020)	Reviewed Prior period (01/01/2019-30/06/2019)	Reviewed Prior period (01/04/2019-30/06/2019)
I.	**Interest income**	**(IV-1)**	**2,574,280**	**1,190,052**	**3,653,441**	**1,823,158**
1.1	Interest on loans		2,022,921	981,255	2,875,965	1,367,591
1.2	Interest on reserve requirements		-	-	45,559	23,533
1.3	Interest on banks		5,954	2,055	61,881	24,102
1.4	Interest on money market transactions		261,639	62,168	489,339	319,652
1.5	Interest on marketable securities portfolio		283,342	144,492	179,783	87,434
1.5.1	Financial assets at fair value through profit or loss		9,190	2,057	9,442	1,927
1.5.2	Financial assets at fair value through other comprehensive income		67,222	21,671	54,059	27,805
1.5.3	Financial assets measured at amortised cost		206,930	120,764	116,282	57,702
1.6	Finance lease income		-	-	-	-
1.7	Other interest income		424	82	914	846
II.	**Interest expense (-)**	**(IV-2)**	**(1,036,583)**	**(459,017)**	**(2,127,428)**	**(1,075,764)**
2.1	Interest on deposits		(888,976)	(381,913)	(1,906,226)	(970,666)
2.2	Interest on funds borrowed		(92,376)	(45,518)	(187,808)	(86,108)
2.3	Interest on money market transactions		(11,294)	(10,992)	(5,890)	(4,468)
2.4	Interest on securities issued		-	-	-	-
2.5	Finance lease expense		(21,869)	(9,021)	(25,072)	(13,494)
2.6	Other interest expenses		(22,068)	(11,573)	(2,432)	(1,028)
III.	**Net interest income/expense (I - II)**		**1,537,697**	**731,035**	**1,526,013**	**747,394**
IV.	**Net fees and commissions income/expense**		**249,725**	**132,741**	**303,799**	**164,999**
4.1	Fees and commissions received		343,407	178,829	391,805	210,423
4.1.1	Non-cash loans		105,597	58,029	123,311	73,028
4.1.2	Other	(IV-12)	237,810	120,800	268,494	137,395
4.2	Fees and commissions paid (-)		(93,682)	(46,088)	(88,006)	(45,424)
4.2.1	Non-cash loans		(516)	(320)	(193)	(123)
4.2.2	Other	(IV-12)	(93,166)	(45,768)	(87,813)	(45,301)
V	**Dividend income**	**(IV-3)**	**215**	**215**	**64,921**	**21,921**
VI.	**Trading gain/(loss) (net)**	**(IV-4)**	**105,581**	**31,999**	**453,135**	**189,702**
7.1	Trading gain/(loss) on securities		17,957	22,051	860	(3,670)
7.2	Gain/(loss) on derivative financial transactions		531,123	113,500	745,237	200,224
7.3	Foreign exchange gain/(loss)		(443,499)	(103,552)	(292,962)	(6,852)
VII.	**Other operating income**	**(IV-5)**	**341,923**	**78,840**	**324,269**	**141,419**
VIII.	**Gross operating income (III+IV+V+VI+VII)**		**2,235,141**	**974,830**	**2,672,137**	**1,265,435**
IX.	**Expected credit loss (-)**	**(IV-6)**	**(580,245)**	**(227,044)**	**(578,438)**	**(229,733)**
X.	**Other provision expenses (-)**		**(2,216)**	**(800)**	**(5,469)**	**(1,837)**
XI.	**Personnel expenses (-)**		**(353,399)**	**(180,667)**	**(349,325)**	**(177,639)**
XII	**Other operating expenses**	**(IV-7)**	**(642,181)**	**(309,250)**	**(576,323)**	**(306,346)**
XIII.	**Net operating profit/(loss) (VIII-IX-X-XI-XII)**		**657,100**	**257,069**	**1,162,582**	**549,880**
XIV.	**Income resulted from mergers**		**-**	**-**	**-**	**-**
XV.	**Income/loss from investments under equity accounting**		**-**	**-**	**-**	**-**
XVI.	**Gain/loss on net monetary position**		**-**	**-**	**-**	**-**
XVII.	**Operating profit/loss before taxes (XIII+...+XVI)**	**(IV-8)**	**657,100**	**257,069**	**1,162,582**	**549,880**
XVIII.	**Provision for taxes of continued operations (±)**	**(IV-9)**	**(162,514)**	**(69,480)**	**(232,276)**	**(110,625)**
18.1	Current tax provision		(127,530)	(94,458)	(175,544)	(142,971)
18.2	Expense effect of deferred tax (+)		(34,984)	24,978	(189,630)	(64,256)
18.3	Income effect of deferred tax (-)		-	-	132,898	96,602
XIX.	**Net profit/(loss) from continuing operations (XVII±XVIII)**	**(IV-10)**	**494,586**	**187,589**	**930,306**	**439,255**
XX.	**Income from discontinued operations**		**-**	**-**	**-**	**-**
20.1	Income from non-current assets held for resale		-	-	-	-
20.2	Profit from sales of associates, subsidiaries and joint ventures		-	-	-	-
20.3	Income from other discontinued operations		-	-	-	-
XXI.	**Expenses for discontinued operations (-)**		**-**	**-**	**-**	**-**
21.1	Expenses for non-current assets held for resale		-	-	-	-
21.2	Loss from sales of associates, subsidiaries and joint ventures		-	-	-	-
21.3	Loss from other discontinued operations		-	-	-	-
XXII.	**Profit/(loss) before tax from discontinued operations (XX-XXI)**		**-**	**-**	**-**	**-**
XXIII.	**Tax provision for discontinued operations (±)**		**-**	**-**	**-**	**-**
23.1	Current tax provision		-	-	-	-
23.2	Expense effect of deferred tax (+)		-	-	-	-
23.3	Income effect of deferred tax (-)		-	-	-	-
XXIV.	**Net profit/(loss) from discontinued operations (XXII±XXIII)**		**-**	**-**	**-**	**-**
XXV.	**Net profit/(loss) (XIX+XXIV)**	**(IV-11)**	**494,586**	**187,589**	**930,306**	**439,255**
	Earnings per share		0.1419	0.0538	0.2668	0.1260

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

ING Bank A.Ş.

Unconsolidated statement profit or loss and other comprehensive income for the six-month period ended 30 June 2020

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

	Profit or loss and other comprehensive income	Reviewed Current period (01/01/2020- 30/06/2020)	Reviewed Prior period (01/01/2019- 30/06/2019)
I.	**Current period profit/loss**	**494,586**	**930,306**
II.	**Other comprehensive income**	**96,002**	**(276,001)**
2.1	**Other income/expense items not to be recycled to profit or loss**	**18,915**	**(337)**
2.1.1	Gains/(losses) on revaluation of property, plant and equipment	-	-
2.1.2	Gains/(losses) on revaluation of intangible assets	-	-
2.1.3	Defined benefit plans' actuarial gains/(losses)	(111)	(425)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	19,003	-
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	23	88
2.2	**Other income/expense items to be recycled to profit or loss**	**77,087**	**(275,664)**
2.2.1	Translation differences	-	-
2.2.2	Income/(Expenses) from valuation and/or reclassification of financial assets measured at FVOCI	2,601	13,508
2.2.3	Gains/(losses) from cash flow hedges	94,042	(367,010)
2.2.4	Gains/(losses) on hedges of net investments in foreign operations	-	-
2.2.5	Other income/(expense) items to be recycled to profit or loss	-	-
2.2.6	Deferred taxes on other comprehensive income to be recycled to profit or loss	(19,556)	77,838
III.	**Total comprehensive income (I+II)**	**590,588**	**654,305**

ING Bank A.Ş.

Unconsolidated statement of changes in equity
for the six-month period ended 30 June 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Changes in equity

	Statement of changes in shareholders' equity						Other comprehensive income/expense items not to be recycled to profit or loss			Other comprehensive income/expense items to be recycled to profit or loss						
	Reviewed	Note	Paid-in capital	Share premium	Share cancellation profits	Other capital reserves	Revaluation surplus on tangible and intangible assets	Defined benefit plans' actuarial gains/losses	Other (1)	Translation differences	Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI	Other (2)	Profit reserves	Prior period profit or (loss)	Current period profit or (loss)	Total shareholders' equity
	Prior period (01/01/2019-30/06/2019)															
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,122)**	**(241)**	**326**	**(14,629)**	**602,964**	**2,146,000**	**-**	**1,061,760**	**7,422,247**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,122)**	**(241)**	**326**	**(14,629)**	**602,964**	**2,146,000**	**-**	**1,061,760**	**7,422,247**
IV.	Total comprehensive income		-	-	-	-	-	(337)	-	-	11,942	(287,606)	-	-	930,306	654,305
V.	Capital increase by cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	977	-	-	-	-	-	1,060,783	-	(1,061,760)	-
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves		-	-	-	-	977	-	-	-	-	-	1,060,783	-	(1,061,760)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**141,898**	**(1,459)**	**(241)**	**326**	**(2,687)**	**315,358**	**3,206,783**	**-**	**930,306**	**8,076,552**
	Current period (01/01/2020-30/06/2020)															
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,060)**	**(241)**	**326**	**79,930**	**(159,623)**	**3,207,698**	**-**	**1,476,311**	**8,230,507**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,060)**	**(241)**	**326**	**79,930**	**(159,623)**	**3,207,698**	**-**	**1,476,311**	**8,230,507**
IV.	Total comprehensive income		-	-	-	-	-	(88)	19,003	-	2,319	74,768	-	-	494,586	590,588
V.	Capital increase by cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	(24,087)	-	-	-	-	-	1,500,398	-	(1,476,311)	-
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves	(II-12)	-	-	-	-	(24,087)	-	-	-	-	-	1,500,398	-	(1,476,311)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**117,811**	**(2,148)**	**18,762**	**326**	**82,249**	**(84,855)**	**4,708,096**	**-**	**494,586**	**8,821,095**

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

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

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

Unconsolidated statement of cash flows
for the six-month period ended 30 June 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Statement of cash flows	Note	Reviewed Current period (01/01/2020- 30/06/2020)	Reviewed Prior period (01/01/2019- 30/06/2019)
A.	**Cash flows from banking operations**			
1.1	**Operating profit/(loss) before changes in operating assets and liabilities**		**5,026,660**	**1,746,070**
1.1.1	Interest received		2,664,913	3,736,260
1.1.2	Interest paid		(1,064,232)	(2,143,210)
1.1.3	Dividend received		215	64,921
1.1.4	Fees and commissions received		334,752	383,228
1.1.5	Other income		33,337	44,266
1.1.6	Collections from previously written-off loans and other receivables		271,346	255,550
1.1.7	Payments to personnel and service suppliers		(751,087)	(710,923)
1.1.8	Taxes paid		(99,981)	(213,625)
1.1.9	Other		3,637,397	329,603
1.2	**Changes in operating assets and liabilities**		**(8,948,073)**	**2,017,901**
1.2.1	Net increase/decrease in financial assets at fair value through profit or loss		(4,454)	(37,136)
1.2.2	Net (increase) decrease in due from bank		81,639	125,175
1.2.3	Net (increase) decrease in loans		(4,947,237)	4,862,638
1.2.4	Net (increase) decrease in other assets		(282,848)	936,344
1.2.5	Net increase (decrease) in bank deposits		(513,189)	(88,487)
1.2.6	Net increase (decrease) in other deposits		(3,099,385)	3,187,008
1.2.7	Net increase/decrease in financial liabilities at fair value through profit or loss		-	-
1.2.8	Net increase / (decrease) in funds borrowed		(487,970)	(6,128,018)
1.2.9	Net increase / (decrease) in matured payables		-	-
1.2.10	Net increase / (decrease) in other liabilities		305,371	(839,623)
I.	**Net cash provided from banking operations**		**(3,921,413)**	**3,763,971**
B.	**Cash flow from investing activities**			
II.	**Net cash provided from investing activities**		**(3,570,258)**	**(43,305)**
2.1	Cash paid for acquisition of subsidiaries, investments in associates and joint ventures		-	-
2.2	Cash obtained from disposal of subsidiaries, investments in associates and joint ventures		-	15,318
2.3	Purchases of property and equipment		(144,067)	(125,308)
2.4	Disposals of property and equipment		146,308	148,988
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income		(544,915)	(77,742)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income		804,586	15,836
2.7	Cash paid for purchase of financial assets measured at amortised cost	(I-6)	(4,074,571)	-
2.8	Cash obtained from sale of financial assets measured at amortised cost	(I-6)	265,278	-
2.9	Other		(22,877)	(20,397)
C.	**Cash flows from financing activities**			
III.	**Net cash provided from financing activities**		**(52,119)**	**(51,881)**
3.1	Cash obtained from funds borrowed and securities issued	(II-4)	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	(II-4)	-	-
3.3	Issued equity instruments		-	-
3.4	Dividends paid	(II-12)	-	-
3.5	Payments for finance leases		(52,119)	(51,881)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**		**772,468**	**488,299**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**(6,771,322)**	**4,157,084**
VI.	**Cash and cash equivalents at beginning of the period**		**13,091,283**	**10,630,383**
VII.	**Cash and cash equivalents at the end of the period**		**6,319,961**	**14,787,467**

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

Section three

Accounting policies

I. Explanations on basis of presentation

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

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

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

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

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

While preparing the interim financial statements as of 30 June 2020, the Bank reflected the possible effects of the Covid-19 outbreak on the estimates and judgments used in the preparation of the financial statements. The estimates and assumptions used in the calculation of expected credit losses are explained in the explanations on impairment of financial assets section.

b. Additional paragraph for convenience translation to English

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

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

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

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

I. Explanations on basis of presentation (continued)

d. Changes in accounting policies and disclosures

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

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

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

Due to the risks management policy, 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.

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

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

Explanations on foreign currency transactions:

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

III. Presentation of information related to consolidated subsidiaries

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

IV. Explanations on forward and options contracts and derivative instruments

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

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

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in income statement at the date they incur. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the statement of profit or loss under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

As of 30 June 2020, the Bank started to use TLREF OIS ("Overnight Indexed Swap") curves in order to reflect fair valuation measurement of the CBRT swap transactions more accurately and made the necessary fair value measurement arrangements.

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

IV. Explanations on forward and options contracts and derivative instruments (continued)

Explanations on derivative financial instruments held for hedging purpose

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

The Bank applies cash flow hedge accounting using interest rate and cross currency swap transactions, in order to hedge its TL and FC floating rate deposits and revolving loans. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "accumulated other comprehensive income or expense to be reclassified to profit or loss" whereas the amount concerning ineffective parts is recognised in income statement. The changes recognized in shareholders' equity is removed and included in income statement in the same period when the hedged cash flows effect the income or loss.

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

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

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

V. Explanations on interest income and expenses

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

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

VI. Explanations on fee and commission income and expenses

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

VII. Explanations on financial instruments

Initial recognition of financial instruments

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

Initial measurement of financial instrument

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

Classification of financial instruments

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

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

Assessment of business model

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

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

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

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

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

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

VII. Explanations on financial instruments (continued)

Other business models:

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

Measurement categories of financial assets and liabilities

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

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

Financial assets measured at fair value through profit/loss:

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

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

Financial assets measured at fair value through other comprehensive income:

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

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

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

VII. Explanations on financial instruments (continued)

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

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

Financial assets measured at amortized cost:

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

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

Loans:

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

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

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

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

VIII. Explanations on impairment of financial assets

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

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

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

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

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

  Bank considers the following criteria.

VIII. Explanations on impairment of financial assets (continued)

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

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

- Having past due more than legal regulations
- Loans classified to watch list status according to the decision of the Group's management,
- Restructured loans in compliance with "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside ",
- Restructured loans according to an administrative judgement,
- Other consumer loans of individual clients whose one of the consumer loan transferred to non-performing loan portfolio.

- **Stage 3:** Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

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

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

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

As of 30 June 2020, the Bank has made its classifications in accordance with the related changes and reflected the effects in its consolidated financial statements.

Use of present, past, future information and macroeconomic predictions:

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

VIII. Explanations on impairment of financial assets (continued)

Expected credit loss measurement:

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

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

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

As of 30 June 2020, the Bank has used the updated macroeconomic data including the negative effects of the Covid-19 outbreak in the expected credit loss allowance calculation and reflected the related effects to the expected credit losses with the best estimation approach.

IX. Explanations on offsetting financial assets

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

X. Explanations on sales and repurchase agreements and securities lending transactions

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

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

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

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

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

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

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

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

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

XII. Explanations on goodwill and other intangible assets

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

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

The intangible assets	7% - 33%

The Bank does not have goodwill.

XIII. Explanations on property and equipment

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

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

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

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

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

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

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

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

There is no purchase commitment related to property and equipment.

XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

The Bank does not have any leasing operations as lessor.

b. Accounting of leasing operations as lessee

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

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

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

The Bank – as lessee:

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

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

(a) Lease liabilities in the balance sheet, initially measured at the present value,

(b) Remaining lease payment amount before or at the commencement date, after all lease incentives are eliminated,

(c) All initial direct costs beared by the Bank,

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

At the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the alternative borrowing interest rate in case of implicit interest rate cannot be defined easily.

XIV. Explanations on leasing transactions (continued)

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

(a) Remaining amount of fixed payments after elimination of any lease incentives receivable,

(b) Variable future lease payments resulting from a change in an index or a rate used to determine those payments’ initial measurement at the commencement date,

(c) Amounts expected to be payable under a residual value guarantee by the Bank,

(d) Purchasing option’s cost if the Bank is sure at a reasonable level that purchasing option will be used,

(e) Payment of the fine due to the termination of the lease if the lease period refers to an option for the termination of the lease.

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

(a) Measures the lease liability by increasing the carrying amount to reflect interest on the lease liability,

(b) Measures the lease liability by reducing the carrying amount to reflect the lease payments made,

(c) Remeasures the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease.

XV. Explanations on provisions, contingent assets and liabilities

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

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

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

XVI. Explanations on obligations related to employee rights

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

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

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

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

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

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

XVII. Explanations on taxation

a. Current tax

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

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

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

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

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

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

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

b. Deferred tax

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

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

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

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

XVII. Explanations on taxation (continued)

c. Transfer pricing

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

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

XVIII. Explanations on borrowings

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

XIX. Explanation on issuance of equity securities

There are no issuance of equity securities in 2020.

XX. Explanations on guarantees and acceptances

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

XXI. Explanations on government incentives

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

XXII. Explanations on segment reporting

An operating segment is a component of an entity:

a. That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

b. Whose operating results are regularly reviewed by the entity's authorised decision maker for the purpose of taking decisions about resources to be allocated to the segment and assessing its performance, and

c. For which discrete financial information is available.

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

XXIII. Profit reserves and distribution of profit

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

XXIV. Explanations on other disclosures

None.

Section four

Information on financial position and risk management of the Bank

I. Explanations on unconsolidated capital

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

Within the context of the measures that are announced by BRSA with the numbered 3397 and dated 23 March 2020, in capital adequacy ratio calculation until 31 December 2020;

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

In addition, it was decided to apply zero percent risk weight in the calculation of the value at credit risk of banks' receivables from the central government denominated in FX in accordance with BRSA Decision numbered 3984 and dated 17 April 2020.

The Bank does not take into consideration the related measures in regulatory capital adequacy ratio calculation as of 30 June 2020.

As of 30 June 2020, the Bank's total capital is TL 12,246,570 and the consolidated capital adequacy ratio is 25.45%. As of 31 December 2019, the Group's total capital amounted to TL 12,458,250 and capital adequacy ratio was 26.82%.

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

I. Explanations on unconsolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	4,708,096	
Other comprehensive income according to TAS	200,386	
Profit	494,586	
Net profit for the period	494,586	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	19,003	
Common equity Tier I capital before deductions	**8,908,339**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	2,389	
Leasehold improvements on operational leases	48,740	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	45,551	45,551
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the common equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the common equity	-	
Amounts exceeding 15% of the common equity as per the 2nd clause of the provisional article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity in case adequate additional Tier I capital or Tier II capital is not available	-	
Total deductions from common equity Tier I capital	**96,680**	
Total common equity Tier I capital	**8,811,659**	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I capital and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Additional Tier I capital before deductions	**-**	
Deductions from additional Tier I capital	**-**	
Bank's direct and indirect investments in its own Additional Tier I capital	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	-	
Total additional Tier I capital	**-**	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**8,811,659**	

(*) 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".

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

I. Explanations on unconsolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	2,938,813	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	511,091	
Tier II Capital Before Deductions	**3,449,904**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	**-**	
Total Tier II Capital	**3,449,904**	
Total capital (the sum of tier i capital and tier ii capital)	**12,261,563**	
Total of core capital and additional capital (total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	
Other items to be defined by the BRSA (-)	14,993	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	12,246,570	
Total risk weighted amounts	48,124,830	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	18.31	
Tier I Capital Adequacy Ratio (%)	18.31	
Capital Adequacy Ratio (%)	25.45	
BUFFERS		
Total buffer requirement	2.65	
Capital protection buffer requirement (%)	2.50	
Bank specific cyclical buffer requirement (%)	0.15	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	12.31	
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	178,389	
Limits related to provisions considered in Tier II calculation	-	
General provisions for standard based receivables (before ten thousand twenty five limitation)	511,545	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	511,091	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4		
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	
	-	

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

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

I. Explanations on unconsolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	3,207,698	
Other comprehensive income according to TAS	221,913	
Profit	1,476,311	
Net profit for the period	1,476,311	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Common equity Tier I capital before deductions	**8,392,190**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	2,060	
Leasehold improvements on operational leases	55,069	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	54,262	54,262
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the common equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the common equity	-	
Amounts exceeding 15% of the common equity as per the 2nd clause of the provisional article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity in case adequate additional Tier I capital or Tier II capital is not available	-	
Total deductions from common equity Tier I capital	**111,391**	
Total common equity Tier I capital	**8,280,799**	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I capital and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital	-	
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	-	
Total additional Tier I capital	-	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**8,280,799**	

(*) 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".

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

I. Explanations on unconsolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	3,767,469	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	415,377	
Tier II Capital Before Deductions	**4,182,846**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	**-**	
Total Tier II Capital	**4,182,846**	
Total capital (the sum of tier i capital and tier ii capital)	**12,463,645**	
Total of core capital and additional capital (total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	
Other items to be defined by the BRSA	5,395	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	12,458,250	
Total risk weighted amounts	46,444,698	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	17.83	
Tier I Capital Adequacy Ratio (%)	17.83	
Capital Adequacy Ratio (%)	26.82	
BUFFERS		
Total buffer requirement	2.75	
Capital protection buffer requirement (%)	2.50	
Bank specific cyclical buffer requirement (%)	0.25	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	11.83	
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	176,577	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	415,377	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	415,377	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4		
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4		

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

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

I. Explanations on unconsolidated capital (continued)

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

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible at stand-alone / consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	EUR 54 million (TL 415 million)	USD 55 million (TL 374 million) and EUR 51 million (TL 391 million)	USD 50 million (TL 340 million) and EUR 185 million (TL 1,418 million)
Par value of instrument (Currency in million)	EUR 90 million (TL 691 million)	USD 91 million (TL 624 million) and EUR 85 million (TL 652 million)	USD 62 million (TL 425 million) and EUR 231 million (TL 1,773 million)
Accounting classification	Subordinated Loans	Subordinated Loans	Subordinated Loans
Original date of issuance	11 March 2014	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	After 5th year
Coupons / dividends	-	-	-
Fixed or floating dividend/coupon	Floating	Floating	Floating
Coupon rate and any related index	Euribor+2.29%	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%
Existence of a dividend stopper	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-
Existence of step up or other incentive to redeem	None	None	None
Noncumulative or cumulative	-	-	-
Convertible or non-convertible	None	None	None
If convertible, conversion trigger(s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory or optional conversion	-	-	-
If convertible, specify instrument type convertible into	-	-	-
If convertible, specify issuer of instrument it converts into			
Write-down feature	None	None	None
If write-down, write-down trigger(s)	-	-	-
If write-down, full or partial	-	-	-
If write-down, permanent or temporary	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-	-

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

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

I. Explanations on unconsolidated capital (continued)

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders’ equity	8,821,095	8,821,095
Gains from cash flow hedge transactions	(84,855)	84,855
Leasehold improvements on operational leases	48,740	(48,740)
Goodwill and intangible assets	45,551	(45,551)
General provision	511,545	511,091
Subordinated debt (*)	4,169,976	2,938,813
Other deductions from shareholders’ equity	14,993	(14,993)
Capital		**12,246,570**

(*) In accordance with the 9th Clause of the 8th Article of the “Regulation on Equity of Banks”, subordinated loans of the Bank amounting to EUR 90 million, USD 91 million and EUR 85 million is amortised by 40% and then included in Tier II Capital as its remaining maturity is less than 4 years and USD 62 million and EUR 231 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than 5 years as of 30 June 2020.

II. Explanation on unconsolidated currency risk

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

The simple arithmetic average of USD and EUR buying rates of the Bank for the thirty one days before the balance sheet date are 6.8259 (Full TL) and 7.6840 (Full TL) respectively.

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

	1 USD	1 EUR
The Bank’s “foreign exchange buying rates” (30 June 2020)	6.8549	7.6761
Previous days;		
29 June 2020	6.8549	7.7351
26 June 2020	6.8550	7.6865
25 June 2020	6.8550	7.6776
24 June 2020	6.8548	7.7322
23 June 2020	6.8583	7.7622

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

II. Explanation on unconsolidated currency risk (continued)

Information related to currency risk

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	4,056,771	2,193,421	611,755	6,861,947
Banks	256,656	761,531	805,127	1,823,314
Financial assets at fair value through profit or loss	90,780	103,203	-	193,983
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	263	-	-	263
Loans	9,573,422	2,897,209	6,218	12,476,849
Investments in associates, subsidiaries and joint ventures	-	334	-	334
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets (net)	-	-	-	-
Intangible assets (net)	-	-	-	-
Other assets	2,729	1,846	83	4,658
Total assets	**13,980,621**	**5,957,544**	**1,423,183**	**21,361,348**
Liabilities				
Bank deposit	1,719,712	173,754	-	1,893,466
Foreign currency deposits	5,229,131	8,056,131	1,896,470	15,181,732
Funds from interbank money market	86,552	-	-	86,552
Borrowings	4,507,876	2,595,401	-	7,103,277
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	21,054	43,893	3	64,950
Hedging derivative financial liabilities	6,124	-	-	6,124
Other liabilities	30,441	43,648	427	74,516
Total liabilities	**11,600,890**	**10,912,827**	**1,896,900**	**24,410,617**
Net on balance sheet position	**2,379,731**	**(4,955,283)**	**(473,717)**	**(3,049,269)**
Net off-balance sheet position	**(2,384,727)**	**4,994,714**	**474,483**	**3,084,470**
Financial derivative assets	7,223,644	13,062,146	1,249,467	21,535,257
Financial derivative liabilities	9,608,371	8,067,432	774,984	18,450,787
Non-cash loans	**4,279,131**	**5,826,468**	**208,820**	**10,314,419**
Prior period				
Total assets	**14,060,909**	**3,484,485**	**1,510,515**	**19,055,909**
Total liabilities	**9,869,516**	**12,051,388**	**761,928**	**22,682,832**
Net on-balance sheet position	**4,191,393**	**(8,566,903)**	**748,587**	**(3,626,923)**
Net off-balance sheet position	**(4,187,714)**	**8,547,259**	**(746,180)**	**3,613,365**
Financial derivative assets	8,256,457	17,520,277	1,416,254	27,192,988
Financial derivative liabilities	12,444,171	8,973,018	2,162,434	23,579,623
Non-cash loans	**4,818,547**	**6,936,265**	**182,820**	**11,937,632**

In the foreign currency risk table:

The principal and accrual of TL 75,119 (31 December 2019: TL 130,287) of foreign currency indexed loans are shown under loans.

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

Held-for-trading derivative financial assets: TL 150,089 (31 December 2019: TL 115,268).
Held-for trading derivative financial liabilities: TL 137,614 (31 December 2019: TL 149,122).
Hedge funds: TL (5,824) (31 December 2019: TL (6,447)).
Interest rate swap (buy) transactions and options (buy): TL 7,087,528 (31 December 2019: TL 8,862,138).
Interest rate swap (sell) transactions and options (sell): TL 7,087,528 (31 December 2019: TL 8,862,138).

II. Explanation on unconsolidated currency risk (continued)

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

Forward foreign currency-buy transactions: TL 520,861 (31 December 2019: TL 2,085,348).
Forward foreign currency-sell transactions: TL 480,605 (31 December 2019: TL 1,901,122).

III. Explanations on unconsolidated interest rate risk

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

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

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

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

III. Explanations on unconsolidated interest rate risk (continued)

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

Current period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	6,156,127	-	-	-	-	1,314,967	7,471,094
Banks	972,643	-	-	-	-	852,299	1,824,942
Financial assets at fair value through profit and loss	618,908	1,670,087	351,704	154,723	8,608	35	2,804,065
Money market placements	240,052	-	-	-	-	-	240,052
Financial assets measured at fair value through other comprehensive income	183,875	82,783	274,882	563,911	-	10,711	1,116,162
Loans	5,188,000	4,085,429	14,247,930	11,108,308	780,612	823,539	36,233,818
Financial assets measured at amortised cost	924	307,151	4,719,844	939,397	-	-	5,967,316
Other assets (*)	-	-	-	-	-	1,625,864	1,625,864
Total assets	**13,360,529**	**6,145,450**	**19,594,360**	**12,766,339**	**789,220**	**4,627,415**	**57,283,313**
Liabilities							
Bank deposits	-	-	-	-	-	1,900,463	1,900,463
Other deposits	29,629,109	971,949	103,524	3,774	-	5,478,653	36,187,009
Money market borrowings	82,819	21,294	-	86,552	-	-	190,665
Miscellaneous payables	154,547	-	-	-	-	281,942	436,489
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	1,779,715	4,366,233	787,213	521,298	-	-	7,454,459
Other liabilities (**)	383,742	451,091	323,000	41,851	-	9,914,544	11,114,228
Total liabilities	**32,029,932**	**5,810,567**	**1,213,737**	**653,475**	**-**	**17,575,602**	**57,283,313**
Balance sheet long position	-	334,883	18,380,623	12,112,864	789,220	-	31,617,590
Balance sheet short position	(18,669,403)	-	-	-	-	(12,948,187)	(31,617,590)
Off-balance sheet long position	-	1,354,319	-	1,478,836	-	-	2,833,155
Off-balance sheet short position	(639,402)	-	(105,780)	-	(130,000)	-	(875,182)
Total position	**(19,308,805)**	**1,689,202**	**18,274,843**	**13,591,700**	**659,220**	**(12,948,187)**	**1,957,973**

(*) Non-interest bearing column in other assets line, tangible assets, intangible assets, assets held for sale, associates and subsidiaries expected loss provisions for non-credit financial assets and other assets.

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

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

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	6,173,942	-	-	-	-	1,253,609	7,427,551
Due from other banks and financial institutions	578,003	-	-	-	-	317,742	895,745
Financial assets at fair value through profit and loss	600,153	1,885,382	89,787	191,066	11,805	35	2,778,228
Money market placements	8,202,551	-	-	-	-	-	8,202,551
Available-for-sale financial assets	149,177	303,234	191,169	722,053	-	9,081	1,374,714
Loans and receivables	5,488,335	4,136,897	10,428,569	10,850,076	751,546	1,160,227	32,815,650
Held-to-maturity investments	39,629	1,202,325	381,325	491,292	-	-	2,114,571
Other assets (*)	-	-	-	-	-	1,535,711	1,535,711
Total assets	**21,231,790**	**7,527,838**	**11,090,850**	**12,254,487**	**763,351**	**4,276,405**	**57,144,721**
Liabilities							
Bank deposits	2,119,017	-	-	-	-	6,297	2,125,314
Other deposits	30,674,457	1,432,378	187,090	1,107	-	4,787,661	37,082,693
Money market borrowings	14,228	-	-	82,601	-	-	96,829
Miscellaneous payables	94,267	-	-	-	-	320,601	414,868
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	1,685,490	4,383,541	532,189	369,430	-	-	6,970,650
Other liabilities (**)	419,255	554,354	68,963	75,905	-	9,335,890	10,454,367
Total liabilities	**35,006,714**	**6,370,273**	**788,242**	**529,043**	**-**	**14,450,449**	**57,144,721**
Balance sheet long position	-	1,157,565	10,302,608	11,725,444	763,351	-	23,948,968
Balance sheet short position	(13,774,924)	-	-	-	-	(10,174,044)	(23,948,968)
Off-balance sheet long position	234,833	2,659,036	-	879,280	-	-	3,773,149
Off-balance sheet short position	-	-	(1,688,216)	-	(281,638)	-	(1,969,854)
Total position	**(13,540,091)**	**3,816,601**	**8,614,392**	**12,604,724**	**481,713**	**(10,174,044)**	**1,803,295**

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

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

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

III. Explanations on unconsolidated interest rate risk (continued)

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

Current period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	-
Banks	(0.43)	0.18	-	-
Financial assets at fair value through profit and loss	2.08	6.04	-	11.56
Money market placements	-	-	-	7.84
Financial assets measured at fair value through other comprehensive income	-	-	-	12.72
Loans	2.67	4.09	-	13.11
Financial assets measured at amortised cost	-	-	-	11.54
Liabilities				
Bank deposits	-	-	-	-
Other deposits	0.10	0.37	-	6.02
Money market borrowings	-	-	-	7.81
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	1.19	1.90	-	7.20

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

Prior period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	-
Due from other banks and financial institutions	(0.45)	1.25	-	-
Financial assets at fair value through profit and loss	2.04	6.46	-	14.31
Money market placements	-	-	-	11.36
Financial assets available-for-sale	-	-	-	16.07
Loans and receivables	3.40	6.17	-	17.00
Held-to-maturity investments	-	-	-	17.79
Liabilities				
Bank deposits	(0.46)	1.61	-	-
Other deposits	0.18	1.46	-	9.13
Money market borrowings	-	-	-	8.50
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	1.22	3.56	-	12.19

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

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

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

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

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

Current period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Stock investments	-	-	-
Not quoted	**10,711**	**887**	**887**
Stock investments	10,711	887	887
Financials subsidiaries	**101,006**	**-**	**-**
Financials subsidiaries	101,006	-	-

Prior period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Stock investments	-	-	-
Not quoted	**9,081**	**887**	**887**
Stock investments	9,081	887	887
Financials subsidiaries	**83,599**	**-**	**-**
Financials subsidiaries	83,599	-	-

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

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

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

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

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private sector investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	111,717	111,717	8,937

Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private sector investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	92,680	92,680	7,414

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

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

1. Information on matters related to liquidity risk

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

A policy ("Market Risk Management Policy") was established which includes measures to be taken and practices that might be applied in business as usual and stressed conditions for liquidity risk management and responsibilities of the senior management. This policy has been approved by the Asset Liability Committee and by the Board of Directors. Within the scope of this policy, the liquidity risk is managed by Asset Liability Committee where senior representatives of businesses are members of the Committee.

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

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

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

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

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

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

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

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

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

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

d. Information on liquidity risk mitigation techniques

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

e. Information on the use of stress tests

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

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

f. Overview on contingency funding plan

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

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

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

2. Liquidity coverage ratio

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

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

	Minimum	Date	Maximum	Date
TL+FC	176.84%	5 June 2020	232.08%	24 April 2020
FC	136.27%	5 June 2020	157.35%	22 May 2020

Liquidity coverage ratio

	Total unweighted value (*)		Total weighted value (*)	
Current period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets				
High quality liquid assets			16,066,798	7,541,202
Cash Outflows				
Real person and retail deposits	31,833,677	11,471,666	2,605,810	1,147,167
Stable deposits	11,551,164	-	577,558	-
Less stable deposits	20,282,513	11,471,666	2,028,252	1,147,167
Unsecured funding other than real person and retail deposits	8,477,997	5,734,323	5,547,934	3,716,743
Operational deposits	50,079	5,645	12,520	1,411
Non-operational deposits	7,110,053	5,560,346	4,284,510	3,547,997
Other unsecured debt	1,317,865	168,332	1,250,904	167,335
Secured funding			-	-
Other cash outflows	14,782,361	8,622,309	4,603,372	2,901,948
Derivative exposures and collateral completion liabilities	3,153,820	1,822,137	3,153,820	1,822,136
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,628,541	6,800,172	1,449,552	1,079,812
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**12,757,116**	**7,765,858**
Cash inflows				
Secured lending	2,790,896	-	-	-
Unsecured lending	4,021,108	1,610,366	2,486,195	1,275,942
Other cash inflows	2,698,285	1,366,288	2,481,707	1,361,202
Total cash inflows	**9,510,289**	**2,976,654**	**4,967,902**	**2,637,144**
				Total adjusted value
Total high quality liquid assets stock			16,066,798	7,541,202
Total net cash outflows			7,789,214	5,128,714
Liquidity coverage ratio (%)			**205.96**	**147.53**

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

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

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

	Total unweighted value (*)		Total weighted value (*)	
Prior period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets				
High quality liquid assets			20,846,646	8,930,383
Cash Outflows				
Real person and retail deposits	31,533,232	10,406,754	2,598,831	1,040,676
Stable deposits	11,089,843	-	554,492	-
Less stable deposits	20,443,389	10,406,754	2,044,339	1,040,676
Unsecured funding other than real person and retail deposits	8,602,704	5,999,351	5,907,763	4,338,580
Operational deposits	138,518	7,805	34,630	1,951
Non-operational deposits	7,298,489	5,537,495	4,778,854	3,882,578
Other unsecured debt	1,165,697	454,051	1,094,279	454,051
Secured funding			-	-
Other cash outflows	15,185,068	7,982,196	5,886,089	3,334,318
Derivative exposures and collateral completion liabilities	4,597,942	2,448,125	4,597,942	2,448,125
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	10,587,126	5,534,071	1,288,147	886,193
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**14,392,683**	**8,713,574**
Cash inflows				
Secured lending	8,085,924	-	-	-
Unsecured lending	3,580,757	1,177,446	2,317,797	881,563
Other cash inflows	4,157,475	2,083,243	3,923,689	2,080,863
Total cash inflows	**15,824,156**	**3,260,689**	**6,241,486**	**2,962,426**
				Total adjusted value
Total high quality liquid assets stock			20,846,646	8,930,383
Total net cash outflows			8,151,197	5,751,148
Liquidity coverage ratio (%)			**260.16**	**157.12**

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

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

3. Other explanations on unconsolidated liquidity coverage ratio

Short term liquidity is managed within the regulatory limits in the Bank, the liquid assets are managed by using “Liquidity Coverage Ratio” calculations to monitor the minimum liquidity limits and keep sufficient stock of high quality liquid assets to meet the net cash outflows. Liquidity coverage ratio is calculated as per the Regulation on Banks’ Liquidity Coverage Ratio Calculation. The ratio is affected from Bank’s unencumbered high quality liquid asset value that can be converted to cash any time and the possible cash inflows and outflows arising from assets, liability and off balance sheet items of the Bank.

The Bank evaluates cash equivalents, time and demand deposit accounts held in Central Bank of Turkey, reserve requirements and the unencumbered securities issued by the Treasury as high quality liquid assets.

The primary sources to meet the liquidity needs of the Bank are funds from interbank money market or repurchasing agreements or direct sales of the HTC&S portfolio. Besides the borrowing from the parent company in the medium and long term, in order to manage concentration risk with respect to funding resources, the Bank aims to reduce maturity mismatch and mitigate the liquidity risk by taking actions aiming to increase diversification in funding resources. A strategy in targeting small ticket size on the deposits is implemented as another element of the strategy to mitigate the concentration risk.

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

Details of the Bank’s foreign currency balance sheet as of 30 June 2020 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 29% of the Bank’s foreign currency liabilities consist of funds obtained from other financial institutions and subordinated loans and 70% is composed of deposits. Cash and cash equivalents comprise 41% and loans comprise 58% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency.

Details of the Bank’s Turkish Lira balance sheet as of 30 June 2020 are summarized as follows:

The majority of Turkish Lira balance sheet’s liability consists of deposits. 64% of the Bank’s total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Bank has borrowing facilities both in domestic & foreign banks and Takasbank & BIST repo market. 66% of the assets in Turkish Lira balance sheet are loans and 20% are marketable securities.

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

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

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

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

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	3,342,303	4,128,791	-	-	-	-	-	7,471,094
Banks	1,170,297	654,645	-	-	-	-	-	1,824,942
Financial assets at fair value through profit or loss	-	97,184	215,263	650,949	1,827,171	13,463	35	2,804,065
Money market placements	-	240,052	-	-	-	-	-	240,052
Financial assets measured at fair value through other comprehensive income	-	171,603	68,037	262,922	596,189	6,700	10,711	1,116,162
Loans	51,994	4,400,409	2,980,425	14,553,743	12,687,590	788,112	771,545	36,233,818
Financial assets measured at amortised cost	-	924	307,150	3,530,766	2,128,476	-	-	5,967,316
Other assets (*)	-	-	-	-	-	-	1,625,864	1,625,864
Total assets	**4,564,594**	**9,693,608**	**3,570,875**	**18,998,380**	**17,239,426**	**808,275**	**2,408,155**	**57,283,313**
Liabilities								
Bank deposits	1,900,463	-	-	-	-	-	-	1,900,463
Other deposits	7,570,797	27,536,965	971,949	103,524	3,774	-	-	36,187,009
Borrowings	-	268,444	221,800	1,111,493	5,852,722	-	-	7,454,459
Funds from interbank money market	-	82,819	21,294	-	86,552	-	-	190,665
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	281,942	-	-	-	-	-	154,547	436,489
Other liabilities (**)	-	486,582	88,767	130,811	425,619	67,905	9,914,544	11,114,228
Total liabilities	**9,753,202**	**28,374,810**	**1,303,810**	**1,345,828**	**6,368,667**	**67,905**	**10,069,091**	**57,283,313**
Liquidity (deficit)/surplus	**(5,188,608)**	**(18,681,202)**	**2,267,065**	**17,652,552**	**10,870,759**	**740,370**	**(7,660,936)**	**-**
Net Off Balance Sheet Position	**-**	**3,345**	**104,630**	**425,891**	**1,423,497**	**-**	**-**	**1,957,363**
Derivative financial assets	-	12,035,625	5,583,728	11,061,068	9,438,710	370,000	-	38,489,131
Derivative financial liabilities	-	12,032,280	5,479,098	10,635,177	8,015,213	370,000	-	36,531,768
Net Off Balance Sheet Position	**100,777**	**601,376**	**761,301**	**6,210,385**	**2,840,450**	**1,225,637**	**-**	**11,739,926**
Prior period								
Total assets	3,884,878	17,604,287	4,445,262	13,224,886	14,605,170	782,194	2,598,044	57,144,721
Total liabilities	7,186,385	31,096,902	2,003,553	1,063,004	4,459,715	1,977,888	9,357,274	57,144,721
Liquidity (deficit)/surplus	**(3,301,507)**	**(13,492,615)**	**2,441,709**	**12,161,882**	**10,145,455**	**(1,195,694)**	**(6,759,230)**	**-**
Net Off Balance Sheet Position	**-**	**(48,911)**	**224,210**	**288,985**	**1,360,511**	**-**	**-**	**1,824,795**
Derivative financial assets	-	15,627,483	7,431,759	13,079,309	11,058,809	522,000	-	47,719,360
Derivative financial liabilities	-	15,676,394	7,207,549	12,790,324	9,698,298	522,000	-	45,894,565
Net Off Balance Sheet Position	**34,003**	**352,299**	**833,743**	**6,280,412**	**4,764,268**	**1,328,986**	**-**	**13,593,711**

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

(**) Unallocated column in other liabilities mainly consists of provisions, taxes payables, other foreign liabilities and shareholders’ equity.

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

VI. Explanations on unconsolidated leverage ratio

Leverage ratio table prepared in accordance with the communique "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette No.28812 dated 5 November 2013 is presented below. As of 30 June 2020, the Bank's leverage ratio is calculated by taking average of end of month leverage ratios for the last three months is 10.76% (31 December 2019: 9.70%). This ratio is higher than minimum ratio. While the capital increased by 6% mainly as a result of increase in net profits, total risk amount decreased by 5%.Therefore, the current period leverage ratio increased by 106 basis points compared to prior period.

Information on unconsolidated leverage ratio

	Current period (*)	Prior period (*)
On-balance sheet items		
On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)	*59,000,134*	*58,180,864*
Asset deducted from core capital	*(96,541)*	*(82,907)*
The total amount of risk on-balance sheet exposures	58,903,593	58,097,957
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	*2,835,036*	*2,678,007*
The potential credit risk amount of derivative financial instruments and credit derivatives	*465,719*	*538,988*
The total risk amount of derivative financial instruments and credit derivatives	3,300,755	3,216,995
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	*173,666*	*469,851*
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	173,666	469,851
Off-balance sheet items		
Gross notional amount for off-balance sheet items	*18,754,809*	*23,419,176*
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	18,754,809	23,419,176
Capital and total exposures		
Core capital	8,712,644	8,255,005
Total exposures	81,132,823	85,203,979
Leverage ratio		
Leverage ratio	10.76	9.70

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

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

VII. Explanations on unconsolidated risk management

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

1. Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	**Prior period**	**Current period**
Credit risk (excluding counterparty credit risk) (CCR)	**39,029,180**	**38,523,295**	**3,122,334**
Standardized approach (SA)	39,029,180	38,523,295	3,122,334
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	**1,858,086**	**1,928,264**	**148,647**
Standardized approach for counterparty credit risk (SA-CCR)	1,858,086	1,928,264	148,647
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	**170,963**	**156,025**	**13,677**
Standardized approach (SA)	170,963	156,025	13,677
Internal model approaches (IMM)	-	-	-
Operational risk	**7,066,601**	**5,837,114**	**565,328**
Basic indicator approach	7,066,601	5,837,114	565,328
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	**48,124,830**	**46,444,698**	**3,849,986**

2. Credit risk explanations

a. Credit quality of assets

	Gross carrying values of (according to TAS)			
	Defaulted	**Non-defaulted**	**Provisions / amortization and impairment**	**Defaulted**
Loans	2,791,743	35,462,273	2,020,198	36,233,818
Debt securities (*)	-	7,026,961	9,294	7,017,667
Off-balance sheet exposures	111,621	16,159,176	151,291	16,119,506
Total	**2,903,364**	**58,648,410**	**2,180,783**	**59,370,991**

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

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

VII. Explanations on unconsolidated risk management (continued)

b. Changes in stock of defaulted loans and debt securities

	Current period	Prior period
Defaulted loans and debt securities at the end of the previous reporting period	2,944,615	2,053,925
Loans and debt securities defaulted since the last reporting period	124,026	1,818,616
Transferred to non-defaulted status	-	-
Amounts written off (*)	(5,552)	(161,877)
Other changes (**)	(271,346)	(766,049)
Defaulted loans and debt securities at the end of the reporting period	**2,791,743**	**2,944,615**

(*) Specific provisions for undrawn non-cash loans are not included in the table
(**) Collections within the period have included "Other changes" account.

c. Credit risk mitigation techniques

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Loans (*)	29,815,989	6,417,829	5,143,961	1,809,974	1,567,199	-	-
Debt securities (*)	7,017,667	-	-	-	-	-	-
Total	**36,833,656**	**6,417,829**	**5,143,961**	**1,809,974**	**1,567,199**	**-**	**-**
Of which defaulted	2,791,743	-	-	-	-	-	-

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

ç. Credit risk exposure and credit risk mitigation effects

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
Claims on sovereigns and Central Banks	13,281,479	7,118	14,754,406	8,372	1,522,699	10.31%
Claims on regional governments or local authorities	1,021,436	-	944,363	-	530,872	56.21%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	5,585,592	3,260,519	5,259,007	1,431,847	2,117,154	31.64%
Claims on corporates	16,047,911	9,701,298	15,302,948	6,370,446	20,088,284	92.69%
Claims on retails	14,716,417	3,620,289	13,656,742	553,442	10,643,052	74.90%
Claims secured by residential property	1,381,241	11,204	1,381,241	3,718	487,162	35.18%
Claims secured by commercial property	1,606,187	62,542	1,606,187	25,557	930,803	57.04%
Past due loans	238,092	-	238,092	-	242,103	101.68%
Higher risk categories decided by the Board	917,019	-	917,019	-	917,019	100.00%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	2,748,111	24,611	2,748,111	4,922	1,438,315	52.25%
Stock investments	111,717	-	111,717	-	111,717	100.00%
Total	**57,655,202**	**16,687,581**	**56,919,833**	**8,398,304**	**39,029,180**	**59.75%**

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

VII. Explanations on unconsolidated risk management (continued)

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

Risk classes	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit exposures amount (post CCF and post-CRM)
Claims on sovereigns and Central Banks	13,240,079	-	-	-	-	-	1,522,699	-	-	-	14,762,778
Claims on regional governments or local authorities	-	-	-	-	826,982	-	117,381	-	-	-	944,363
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2,804,362	-	2,359,110	-	1,485,751	41,631	-	-	6,690,854
Claims on corporates	824,172	-	18	-	566,310	-	20,279,160	3,734	-	-	21,673,394
Claims on retails	-	-	-	-	-	14,207,785	1,733	666	-	-	14,210,184
Claims secured by residential property	-	-	-	1,381,226	-	-	3,733	-	-	-	1,384,959
Claims secured by commercial property	-	-	-	-	1,401,884	-	229,860	-	-	-	1,631,744
Past due loans	-	-	-	-	12,180	-	205,714	20,198	-	-	238,092
Higher risk categories decided by the Board	-	-	-	-	251,949	-	413,144	251,926	-	-	917,019
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	1,314,703	-	-	-	-	-	1,438,330	-	-	-	2,753,033
Stock investments	-	-	-	-	-	-	111,717	-	-	-	111,717
Total	**15,378,954**	**-**	**2,804,380**	**1,381,226**	**5,418,415**	**14,207,785**	**25,809,222**	**318,155**	**-**	**-**	**65,318,137**

3. Counterparty credit risk (CCR) approach analysis

	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
Standardised Approach - CCR (for derivatives)	2,723,150	447,578	-	1.40	3,170,728	1,664,330
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)	-	-	-	-	11,995	2,296
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						**1,666,626**

(*) Effective expected positive exposure

4. Credit valuation adjustment (CVA) capital charge

	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) VaR component (including the 3×multiplier)	-	-
(ii) Stressed VaR component (including the 3×multiplier)	-	-
All portfolios subject to the Standardised CVA capital charge	3,170,728	191,460
Total subject to the CVA capital charge	3,170,728	191,460

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

VII. Explanations on unconsolidated risk management (continued)

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

Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims on sovereigns and Central Banks	10,966	-	-	-	-	-	-	-	10,966
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	-	-	542,615	2,125,896	-	-	-	-	2,668,511
Claims on corporates	2,126	-	-	1,584	-	478,845	-	-	482,555
Claims included in the regulatory retail portfolios	-	-	-	-	20,691	-	-	-	20,691
Claims secured by residential property	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	**13,092**	**-**	**542,615**	**2,127,480**	**20,691**	**478,845**	**-**	**-**	**3,182,723**

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

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

6. Collaterals for counterparty credit risk (CCR)

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

7. Credit derivatives

There is no credit derivative transaction.

8. Exposures to central counterparties (CCP)

There is no exposure to central counterparties.

9. Explanations on securitisation

There is no secuitisation transaction.

10. Explanations on market risk

	RWA
Outright products	**170,963**
Interest rate risk (general and specific)	128,578
Equity risk (general and specific)	-
Foreign exchange risk	42,375
Commodity risk	-
Options	**-**
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
Total	**170,963**

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

VIII. Explanations on segment reporting

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

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

Current period – 30 June 2020	**Corporate, SME and Commercial Banking**	**Retail Banking**	**Other**	**Total**
Net interest income	432,087	808,120	297,490	1,537,697
Net fees and commissions income and other operating income	290,401	186,009	115,238	591,648
Trading gain/loss	52,794	31,814	20,973	105,581
Dividend income	-	-	215	215
Expected credit loss	(271,603)	(300,759)	(7,883)	(580,245)
Segment results	503,679	725,184	426,033	1,654,896
Other operating expenses (**)				(997,796)
Income from continuing operations before tax				657,100
Tax provision (*)				(162,514)
Net profit				**494,586**

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

(*) Other operational expenses and tax provision are presented at total column due to inability to allocate among the sections.
(**) Includes "Personnel Expenses" and "Other Provision Expenses" that presented in the statement of profit or loss as a different items.

Current period – 30 June 2020	**Corporate, SME and Commercial Banking**	**Retail Banking**	**Other**	**Total**
Asset	25,497,927	12,611,261	19,174,125	57,283,313
Liability	10,092,659	28,152,726	10,216,833	48,462,218
Equity	-	-	8,821,095	8,821,095

Prior period – 31 December 2019	**Corporate, SME and Commercial Banking**	**Retail Banking**	**Other**	**Total**
Asset	22,930,428	11,631,450	22,582,843	57,144,721
Liability	10,448,513	28,957,843	9,507,858	48,914,214
Equity	-	-	8,230,507	8,230,507

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

Section five

Information and disclosures related to unconsolidated financial statements

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

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

1.1. Information on cash equivalents

	Current period		Prior period	
	TL	FC	TL	FC
Cash in TL/foreign currency	274,003	1,040,690	305,784	947,584
Balances with the Central Bank of Turkey	335,144	5,821,257	344,422	5,829,761
Other	-	-	-	-
Total	**609,147**	**6,861,947**	**650,206**	**6,777,345**

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	335,144	1,692,466	344,422	1,465,328
Restricted time deposit	-	1,230,666	-	1,336,860
Reserve requirement	-	2,898,125	-	3,027,573
Total	**335,144**	**5,821,257**	**344,422**	**5,829,761**

As per the "Communiqué on Reserve Requirements" promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date in terms of TL, USD / EURO and gold at a rate ranging between 1% and 7% for Turkish lira deposits and liabilities depending on their maturity and at a rate ranging between 5% and 21% for foreign currency deposits and foreign currency other liabilities depending on their maturity. The CBRT has decided to increase FX reserve requirement ratios by 300 basis points in all liability types and maturity brackets valid for all banks, effective from 10 July 2020 Reserve Requirement period.

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

Temporary article which is "Provisional implementation in differentiation practice according to credit growth Reserve Requirement until 25 December 2020 period" has been added to CBRT's "Communiqué Amending the Communiqué on Required Reserves" promulgated in the Official Gazette, No. 31161, dated 20 June 2020.

TL 334,870 (31 December 2019: TL 344,181) of the TL reserve deposits provided over the average balance and TL 1,692,466 (31 December 2019: TL 1,465,328) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

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

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

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

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

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

	Current period	Prior period
Unrestricted portfolio	74,447	52,090
Collateral / blocked	53,061	70,634
Total	**127,508**	**122,724**

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	76,623	-	71,372
Swap transactions	2,430,219	168,334	2,467,192	114,566
Futures transactions	-	-	-	-
Options	26	1,355	134	2,240
Other	-	-	-	-
Total	**2,430,245**	**246,312**	**2,467,326**	**188,178**

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	1,628	1,823,314	242	895,503
Domestic	1,628	34	242	30
Foreign	-	1,823,280	-	895,473
Headquarters and branches abroad	-	-	-	-
Total	**1,628**	**1,823,314**	**242**	**895,503**

As of 30 June 2020, restricted bank balance amounting to TL 317,999 (31 December 2019: TL 406,816) all of which is comprised of (31 December 2019: All amount) collaterals that is held by counter banks under CSA contracts and is calculated based on related derivatives market price.

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

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

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

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

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

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Unrestricted portfolio	1,069,569	1,324,062
Repo transactions	-	14,219
Collateral / blocked	-	-
Total	**1,069,569**	**1,338,281**

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

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Debt securities	1,059,239	1,329,581
Quoted to stock exchange	1,059,239	1,329,581
Not quoted	-	-
Equity certificates	10,711	9,081
Quoted to stock exchange	-	-
Not quoted	10,711	9,081
Provision for impairment (-)	(381)	(381)
Total	**1,069,569**	**1,338,281**

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	7,843	726,783	120	569,874
Corporate shareholders	7,792	726,783	-	569,874
Real person shareholders	51	-	120	-
Indirect loans granted to shareholders of the Bank	6,594	256,503	39	201,879
Loans granted to employees of the Bank	37,192	-	32,606	-
Total	**51,629**	**983,286**	**32,765**	**771,753**

Notes to the unconsolidated financial statements as of and for the six-month period ended 30 June 2020 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	
			Revised contract terms	Refinance
Non-specialized loans	31,241,725	3,004,661	1,215,887	-
Business loans	10,941,087	1,508,562	755,871	-
Export loans	5,184,936	384,739	45,888	-
Import loans	-	-	-	-
Loans given to financial sector	2,258,508	241,543	-	-
Consumer loans	10,305,918	780,074	376,300	-
Credit cards	488,818	71,324	37,828	-
Other	2,062,458	18,419	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**31,241,725**	**3,004,661**	**1,215,887**	**-**

	Current period		Prior period	
	Standard loans	Loans and other receivables under close monitoring	Standard loans	Loans and other receivables under close monitoring
12 Month Expected Credit Losses	172,368	40	134,255	5
Loans	*164,927*	-	*120,823*	-
Other assets	*5,231*	40	*4,673*	5
Banks and money market placements	*1,423*	-	*8,487*	-
Marketable securities	*787*	-	*272*	-
Lifetime expected credit losses significant increase in credit risk	-	218,639	-	193,094
Loans	-	*218,639*	-	*193,094*
Total	**172,368**	**218,679**	**134,255**	**193,099**

5.3. Loans according to their maturity structure

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

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

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

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

	Short term	Medium and long term	Total
Consumer loans – TL	**315,803**	**10,956,698**	**11,272,501**
Mortgage loans	132	3,685,270	3,685,402
Automotive loans	7,066	262,102	269,168
General purpose loans	308,605	7,009,326	7,317,931
Other	-	-	-
Consumer loans – indexed to FC	**-**	**23**	**23**
Mortgage loans	-	23	23
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	**533,634**	**25,785**	**559,419**
With installments	177,324	25,785	203,109
Without installments	356,310	-	356,310
Consumer credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	**4,476**	**25,369**	**29,845**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	4,476	25,369	29,845
Other	-	-	-
Personnel loans – indexed to FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	**7,398**	**-**	**7,398**
With installments	2,620	-	2,620
Without installments	4,778	-	4,778
Personnel credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	**159,923**	**-**	**159,923**
Overdraft accounts – FC (real person)	**-**	**-**	**-**
Total	**1,021,234**	**11,007,875**	**12,029,109**

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

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

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

	Short term	Medium and long term	Total
Commercial installment loans - TL	**1,113,662**	**2,839,718**	**3,953,380**
Real estate loans	-	18,365	18,365
Automotive loans	1,477	129,433	130,910
General purpose loans	-	-	-
Other	1,112,185	2,691,920	3,804,105
Commercial installment loans – indexed to FC	**4**	**27,662**	**27,666**
Real estate loans	-	-	-
Automotive loans	-	425	425
General purpose loans	-	-	-
Other	4	27,237	27,241
Commercial installment loans - FC	**3,007**	**12,495**	**15,502**
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	3,007	12,495	15,502
Corporate credit cards – TL	**31,153**	**-**	**31,153**
With installments	10,472	-	10,472
Without installments	20,681	-	20,681
Corporate credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	**50,917**	**-**	**50,917**
Overdraft loans – FC (legal entity)	**-**	**-**	**-**
Total	**1,198,743**	**2,879,875**	**4,078,618**

5.6. Loans according to borrowers

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

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	35,441,662	31,420,640
Foreign loans	20,611	341,794
Total	**35,462,273**	**31,762,434**

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

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	820,752	342,373
Indirect loans granted to subsidiaries and associates	-	-
Total	**820,752**	**342,373**

5.9. Specific provisions set aside against loans

	Current period	Prior period
Loans and receivables with limited collectability	5,291	136,197
Loans and receivables with doubtful collectability	206,071	260,303
Uncollectible loans and receivables	1,425,270	1,180,710
Total	**1,636,632**	**1,577,210**

5.10. Information on non-performing loans (net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Gross amounts before specific provision	3	14,126	12,516
Restructured loans	3	14,126	12,516
Prior period			
Gross amounts before specific provision	12,870	2,100	9,016
Restructured loans	12,870	2,100	9,016

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

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

5.10.2. Information on total non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior period end balance	**415,051**	**617,099**	**1,912,465**
Additions (+)	107,568	6,164	10,294
Transfers to other categories of non-performing loans (+)	-	458,606	593,999
Transfers from other categories of non-performing loans (-)	(458,606)	(593,999)	-
Collections (-)	(47,918)	(51,276)	(172,152)
Write-offs (-)	(61)	(14)	(5,477)
Sold Portfolio	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	**16,034**	**436,580**	**2,339,129**
Provisions (-)	(5,291)	(206,071)	(1,425,270)
Net balance on balance sheet	**10,743**	**230,509**	**913,859**

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Balance at the end of the period	-	61,386	112,703
Provision (-)	-	(49,997)	(51,223)
Net balance on balance sheet	**-**	**11,389**	**61,480**
Prior period			
Balance at the end of the period	60,901	51,548	67,013
Provision (-)	(48,975)	(25,391)	(34,605)
Net balance on balance sheet	**11,926**	**26,157**	**32,408**

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

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

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)	**10,743**	**230,509**	**913,859**
Loans granted to corporate entities and real person (gross)	16,034	436,580	2,339,129
Provision amount(-)	(5,291)	(206,071)	(1,425,270)
Loans granted to corporate entities and real person (net)	10,743	230,509	913,859
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision amount (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)	**278,854**	**356,796**	**731,755**
Loans granted to corporate entities and real person (gross)	415,051	617,099	1,912,465
Provision amount (-)	(136,197)	(260,303)	(1,180,710)
Loans granted to corporate entities and real person (net)	278,854	356,796	731,755
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision amount (-)	-	-	-
Other loans (net)	-	-	-

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Current period (Net)	**2,360**	**12,971**	**37,910**
Interest accruals and valuation differences	3,972	21,006	70,637
Provision (-)	(1,612)	(8,035)	(32,727)
Prior period (Net)	**15,129**	**18,365**	**22,846**
Interest accruals and valuation differences	20,026	31,094	41,301
Provision (-)	(4,897)	(12,729)	(18,455)

5.11. Liquidation policy for uncollectible loans and receivables

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

5.12. Information on the write-off policy

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

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

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

6. Financial assets measured at amortised cost (net)

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

	Current period	Prior period
Investments subject to repurchase agreements	104,727	-
Collateralised / blocked investments (*)	642,525	350,729
Total	**747,252**	**350,729**

(*) 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.

6.2. Government securities measured at amortised cost

	Current period	Prior period
Government bonds	5,968,103	2,114,571
Treasury bills	-	-
Other government securities	-	-
Total	**5,968,103**	**2,114,571**

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	5,968,103	2,114,571
Quoted to stock exchange	5,968,103	2,114,571
Not quoted	-	-
Impairment provision (-)	-	-
Total	**5,968,103**	**2,114,571**

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	2,114,571	1,194,996
Foreign currency differences on monetary assets	-	-
Purchases during the period	4,074,571	912,878
Disposals through sales and redemptions	(265,278)	(36,299)
Provision for impairment (-)	-	-
Valuation effect	44,239	42,996
Period end balance	**5,968,103**	**2,114,571**

7. Information on associates (net)

7.1. Explanations related to the associates

The Bank does not have any associates.

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

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

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 30 June 2020 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Factoring	ING Leasing	ING Securities
Paid in capital and adjustment to paid-in capital	1,482	40,000	30,000	31,907
Profit reserves, capital reserves and prior year profit/loss	85,253	107,476	139,585	2,217
Profit/loss	32,167	6,686	15,002	8,759
Development cost of operating lease (-)	-	(2)	(2)	-
Intangible assets (-)	-	(499)	(352)	(9)
Total core capital	**118,902**	**153,661**	**184,233**	**42,874**
Supplementary capital	**-**	**-**	**-**	**-**
Capital	**118,902**	**153,661**	**184,233**	**42,874**
Net usable shareholder's equity	**118,902**	**153,661**	**184,233**	**42,874**

The Bank does not have any additional capital requirements due to the subsidiaries included in the 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 Factoring	İstanbul/Turkey	100%	100%
(3) ING Leasing	İstanbul/Turkey	100%	100%
(4) ING Securities	İstanbul/Turkey	100%	100%

As of 30 June 2020 financial information on consolidated subsidiaries as follows (*):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/ loss	Prior period profit/loss	Fair value
(1)	5,001,045	118,902	7	145,413	-	32,167	35,960	-
(2)	569,759	154,162	2,509	24,728	-	6,686	15,937	-
(3)	1,051,331	184,587	1,387	26,097	-	15,002	18,929	-
(4)	258,295	42,883	159	2,297	-	8,759	3,487	-

(*) The financial information of ING European Financial Services Plc., ING Factoring and ING Leasing are obtained from 30 June 2020 unreviewed financial statements, the financial information of and ING Securities are obtained from 30 June 2020 reviewed financial statements.

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

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

8.3. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	83,599	95,907
Movements during the period	17,407	(12,308)
Purchases	-	-
Bonus shares obtained	17,407	-
Dividends from current year income	-	-
Sales (*)	-	(12,308)
Revaluation increase	-	-
Provisions for impairment	-	-
Balance at the end of the period	101,006	83,599
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

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

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

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies	40,000	40,000
Leasing companies	30,000	22,500
Finance companies	-	-
Other financial subsidiaries	31,006	21,099

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

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	46,593	-	35,316	1,117
Net investment hedge	-	-	-	-
Total	**46,593**	**-**	**35,316**	**1,117**

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

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

12. Information on on tangible assets (net)

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

13. Information on intangible assets (net)

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

14. Information on investment properties (net)

The Bank does not have investment properties.

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

As of 30 June 2020 current tax asset and corporation tax payable are netted of and accounted as current tax liability in the unconsolidated balance sheet. The explanations about current tax asset / liability for the current and previous period are disclosed in Note II.9 of Section Five.

15.2. Explanations on deferred tax asset

Deferred tax asset and liability are netted and shown in liabilities of unconsolidated balance sheet as deferred tax liability, and explanations about deferred tax asset / liability for the current and prior period are disclosed in Note II 9 of Section Five.

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

16.1. Explanations on assets held for sale

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

16.2. Explanations on discontinued operations

The 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.

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

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	1,213,287	-	15,022,013	2,613,059	62,942	27,151	15,608	-	18,954,060
Foreign currency deposits	4,119,284	-	6,454,544	3,139,017	122,247	81,562	22,638	-	13,939,292
Residents in Turkey	3,903,808	-	6,385,426	3,038,906	115,062	73,803	21,026	-	13,538,031
Residents abroad	215,476	-	69,118	100,111	7,185	7,759	1,612	-	401,261
Public sector deposits	216,761	-	-	11,964	84	-	-	-	228,809
Commercial deposits	819,336	-	939,765	40,767	1,721	138	-	-	1,801,727
Other institutions deposits	12,021	-	972	7,548	55	34	51	-	20,681
Precious metals deposits	1,190,108	-	52,332	-	-	-	-	-	1,242,440
Interbank deposits	1,900,463	-	-	-	-	-	-	-	1,900,463
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	2	-	-	-	-	-	-	-	2
Foreign banks	1,900,461	-	-	-	-	-	-	-	1,900,461
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**9,471,260**	**-**	**22,469,626**	**5,812,355**	**187,049**	**108,885**	**38,297**	**-**	**38,087,472**

Prior period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	831,751	-	16,240,073	4,026,182	99,910	44,510	24,430	-	21,266,856
Foreign currency deposits	2,889,150	-	6,374,771	3,655,967	182,604	69,118	21,210	-	13,192,820
Residents in Turkey	2,676,347	-	6,296,101	3,523,314	154,601	60,151	19,799	-	12,730,313
Residents abroad	212,803	-	78,670	132,653	28,003	8,967	1,411	-	462,507
Public sector deposits	227,064	-	-	11,718	82	-	-	-	238,864
Commercial deposits	607,211	-	1,152,694	206,515	2,704	2,877	-	-	1,972,001
Other institutions deposits	11,704	-	914	15,328	90	132	95	-	28,263
Precious metals deposits	383,889	-	-	-	-	-	-	-	383,889
Interbank deposits	2,005,107	-	119,046	-	-	-	1,161	-	2,125,314
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	2	-	119,046	-	-	-	-	-	119,048
Foreign banks	2,005,105	-	-	-	-	-	1,161	-	2,006,266
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**6,955,876**	**-**	**23,887,498**	**7,915,710**	**285,390**	**116,637**	**46,896**	**-**	**39,208,007**

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	13,862,808	15,320,004	5,084,102	5,935,983
Foreign currency saving deposits	4,529,902	4,343,663	6,359,839	5,705,258
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

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

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

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

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

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

	Current period	Prior period
Deposits and other accounts in foreign branches	-	-
Saving deposits and other accounts of controlling shareholders and their mothers, fathers, spouses, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, general manager and vice presidents, and their mothers, fathers, spouses and children in care	19,485	18,655
Saving deposits and other accounts in scope of the property holdings derived from crime defined in Article 282 of Turkish Criminal Law No: 5237, dated 26 September 2004	-	-
Saving deposits in deposit bank established in Turkey in order to engage solely in off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	76,101	-	39,986
Swap transactions	381,552	75,261	470,639	113,360
Future transactions	-	-	-	-
Options	78	1,841	327	3,044
Other	-	-	-	-
Total	**381,630**	**153,203**	**470,966**	**156,390**

3. Banks and other financial institutions

3.1. Information on banks and other financial institutions

	Current period		Prior period	
	TL	FC	TL	FC
Funds borrowed from Central Bank of Turkey	-	-	-	-
Funds borrowed from domestic banks and institutions	155,852	6,872	184,763	18,842
Funds borrowed from foreign banks, institutions and funds	195,330	2,926,429	4,601	2,525,046
Total	**351,182**	**2,933,301**	**189,364**	**2,543,888**

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

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

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	351,182	110,712	189,364	15,849
Medium and long term	-	2,822,589	-	2,528,039
Total	**351,182**	**2,933,301**	**189,364**	**2,543,888**

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

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

4. Explanations on securities issued (net)

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

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

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

6. Explanations on lease liabilities (net)

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	2,823	2,589	850	806
Between 1-4 years	116,458	95,690	117,963	97,473
More than 4 year	317,723	199,773	322,533	200,440
Total	**437,004**	**298,052**	**441,346**	**298,719**

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	360,675	6,124	348,720	6,658
Net investment hedge	-	-	-	-
Total	**360,675**	**6,124**	**348,720**	**6,658**

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

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

8. Information on provisions

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

None (31 December 2019: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans	30,793	32,363
Provision for credit card score promotion	1,548	1,373
Other provisions	210,868	186,765
Allowance for expected credit losses (Stage 1 and Stage 2) (*)	*120,498*	*88,023*
Other	*90,370*	*98,742*
Total	**243,209**	**220,501**

(*) Non-cash loan provisions are included.

Amount to TL 68,161 (31 December 2019: TL 69,225) of the other provisions consist of provisions set aside as a result of the legal assessment for the lawsuits that are likely to result against the Bank.

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

SDIF, however, does not fully indemnify the Bank and pays these amounts subject to legal reservation against the STA provisions. SDIF initiated eight enforcement proceedings to claim the amount it had indemnified, a total of approximately TL 478 million (Full TL). Upon the Bank's objection to legal grounds of the enforcement proceedings initiated by SDIF against the Bank, SDIF initiated cancellation of objection lawsuits against the Bank. Currently, there are seven of such lawsuits: (i) the first case relates to the first enforcement proceeding of approximately TL 21.9 million (Full TL) (the "First Case"), (ii) the second case relates to the second enforcement proceeding of approximately TL 21.8 million (Full TL) (the "Second Case"), (iii) the third case relates to the third and fifth enforcement proceedings of a total of approximately TL 97.7 million (Full TL) (the "Third Case") and (iv) the fourth case relates to the fourth enforcement proceeding of approximately TL 109.5 million (Full TL) (the "Fourth Case"). SDIF has not yet initiated a case in connection with the sixth enforcement proceeding of approximately TL 126 million (Full TL) against which the Bank objected and SDIF filed a lawsuit (the "Sixth Case") for the cancellation of objection lawsuit. Furthermore, SDIF initiated the seventh enforcement procedure for approximately TL 52 million and the Bank objected to this payment request and the case was filed by the SDIF. The case is going on the first instance court. SDIF initiated the eighth enforcement procedure for approximately TL 49 million (Full TL) and the Bank objected to this payment request. The mediation meeting was taken in 9 July 2020 between parties (mediation before mandatory proceedings) and a minute was drawn up in order not to agree between the bank and the SDIF. At this stage, the SDIF is expected to filed lawsuit to Bank.

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

In the First Case, the first instance court ruled in favor of the Bank, which has been later reversed by the Supreme Court of Appeals (Yargıtay). The First Case has been returned to the first instance court following the appellate decision, where the court of first instance decided to obtain an expert opinion in accordance with the Supreme Court of Appeals' decision. Following the court appointed expert's examination of the case, the expert report has been completed and it was in favor of the Bank. The first instance court decided in favor of the Bank however SDIF appealed against the decision and the appeal of the SDIF has been rejected in favor of the Bank. Against this decision, the Court of Cassation, the way of correction of the decision was clear. Currently the SDIF made a decision correction, the decision is expected to be finalized in favor of the Bank in the year of 2020. The first instance court held the trial of the Second Case, Third Case and Fourth Case together due to the first instance court's earlier decision to merge these cases. However, the first instance court only ruled on the merits of the Second Case in favor of ING Bank A.Ş. and rejected SDIF's claims and decided to demerge each of the Third Case and the Fourth Case from the Second Case. In the proceedings held after the court's demerger decision, the court decided in favor of the Bank for each case.

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

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

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

8.3. Information on provisions for employee benefits

As of 30 June 2020, TL 36,674 (31 December 2019: 29,879 TL) of TL 63,248 (31 December 2019: TL 55,089) provisions for employee benefits is the unused vacation provision. Full provision is provided for the unused vacation liability.

TL 26,574 (31 December 2019: TL 25,210) of the provisions for employee benefits is the termination benefit provision. In accordance with the labor law, the Bank is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 6,730.15 (Full TL) at 30 June 2020 and TL 6,379.86 (Full TL) at 31 December 2019 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the unconsolidated financial statements dated 30 June 2020 and 31 December 2019, the Bank operating in Turkey has calculated severance pay by taking into account their experience in personnel service completion or termination, and by discounting it via using the forecasted annual inflation and interest rates**.**

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

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

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

The Bank has current corporate tax liability as of 30 June 2020 amounting to TL 81,912 (31 December 2019: TL 37,900).

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	81,912	37,900
Taxation of securities	20,015	35,451
Banking insurance transaction tax ("BITT")	17,167	21,682
Foreign exchange transaction tax	6,540	2,312
Value added tax payable	4,611	5,840
Property tax	966	839
Other	9,790	10,682
Total	**141,001**	**114,706**

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	5,312	4,850
Social security premiums-employer	7,882	7,187
Bank social aid pension fund premium-employee	-	-
Bank social aid pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	374	342
Unemployment insurance-employer	751	686
Other	-	-
Total	**14,319**	**13,065**

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

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

9.2. Explanations on deferred tax liabilities

As of 30 June 2020, the net deferred tax liabilities of the Bank amounts to TL 245,164 (31 December 2019: TL 190,647) which is calculated based on the deductible temporary differences.

	Current period		Prior period	
Timing differences constituting the basis for deferred tax	**Accumulated temporary differences**	**Deferred tax asset / (liability)**	**Accumulated temporary differences**	**Deferred tax asset / (liability)**
Provisions (*)	114,287	24,750	142,710	31,023
Fair value differences for financial assets and liabilities	67,492	13,856	67,935	14,095
Derivative valuation differences	(1,953,913)	(396,110)	(1,657,516)	(339,656)
Expected credit losses of Stage I and II	511,545	102,820	415,377	83,491
Other	52,170	9,520	103,232	20,400
Total deferred tax assets / (liabilities) net		**(245,164)**		**(190,647)**

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

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

Deferred tax assets / (liabilities)	Current period (1 January – 30 June 2020)	Prior period (1 January – 30 June 2019)
Opening balance	**(190,647)**	**(430,595)**
Deferred tax income / (expense) net	(34,984)	(56,732)
Deferred tax recognized under equity	(19,533)	77,926
Balance at the end of the period	**(245,164)**	**(409,401)**

10. Information on liabilities regarding assets held for sale

As of 30 June 2020 and 31 December 2019, there are no liabilities regarding assets held for sale.

11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
To be included in the calculation of additional capital borrowing instruments	**-**	**-**	**-**	**-**
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	**-**	**4,169,976**	**-**	**4,237,398**
Subordinated loans (*)	-	4,169,976	-	4,237,398
Subordinated debt instruments	-	-	-	-
Total	**-**	**4,169,976**	**-**	**4,237,398**

(*) In accordance with the 9th Clause of the 8th Article of the “Regulation on Equity of Banks”, subordinated loans of the Bank amounting to EUR 90 million, USD 91 million and EUR 85 million is amortised by 40% and then included in Tier II Capital as its remaining maturity is less than 4 years and USD 62 million and EUR 231 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than 5 years as of 30 June 2020.

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

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

12. Information on shareholders' equity

12.1. Paid-in capital

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

(*) The amount represents nominal capital.

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

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

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

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

12.4. Information on share capital increases from capital reserves

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

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

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

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

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

12.7. Information on preferred shares

There are no preferred shares.

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	82,008	-	79,689	-
Foreign exchange difference	-	-	-	-
Total	**82,008**	**-**	**79,689**	**-**

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

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

12.9. Profit reserves and profit distribution

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

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

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

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

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

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	1,157,492	4,392,239
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	1,834,020	1,700,412
Commitments for cheque payments	246,460	271,795
Commitments for credit card limits	1,261,487	1,300,968
Commitments for credit cards and banking services promotions	5,350	5,732
Other irrevocable commitments	26,062	25,911
Total	**4,530,871**	**7,697,057**

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	3,277,915	5,377,420
Letter of credits	1,032,437	1,125,746
Bank acceptance loans	5,867	4,008
Total	**4,316,219**	**6,507,174**

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

	Current period	Prior period
Irrevocable letters of guarantees	5,816,314	5,199,241
Cash loans letters of guarantees	932,903	1,301,515
Advance letters of guarantees	527,124	473,458
Temporary letters of guarantees	68,062	27,687
Other	79,304	84,636
Total	**7,423,707**	**7,086,537**

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	4,075,038	6,479,567
With original maturity of 1 year or less than 1 year	256,649	334,422
With original maturity of more than 1 year	3,818,389	6,145,145
Other non-cash loans	7,664,888	7,114,144
Total	**11,739,926**	**13,593,711**

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

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

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

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

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

2. Information on derivative transactions

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

3. Information on credit swaps and related risks

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

4. Information on contingent liabilities and assets

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

5. Information on the services provided on behalf of others

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

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

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

1. Information on interest income

1.1. Information on interest income from loans

	Current period		Prior period	
	TL	FC	TL	FC
Interest on loans (*)	1,802,337	220,584	2,623,551	252,414
Short term loans	372,296	52,374	866,389	49,475
Medium and long term loans	1,301,693	168,210	1,654,052	202,939
Interest on loans under follow-up	128,348	-	103,110	-
Premiums received from resource utilization support fund	-	-	-	-

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

1.2. Information on interest income received from banks

	Current period		Prior period	
	TL	FC	TL	FC
From Central Bank of Turkey	-	-	-	-
From domestic banks	778	91	26,911	646
From foreign banks	126	4,959	207	34,117
From branches abroad	-	-	-	-
Total	**904**	**5,050**	**27,118**	**34,763**

1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	8,309	881	9,176	266
Financial assets measured at fair value through other comprehensive income	67,222	-	54,059	-
Financial assets measured at amortised cost	206,930	-	116,282	-
Total	**282,461**	**881**	**179,517**	**266**

1.4 Information on interest income received from associates and subsidiaries

	Current period	Prior period
Interest income from associates and subsidiaries	2,293	3,484

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

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

2. Information on interest expenses

2.1. Information on interest on funds borrowed

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
Banks (*)	16,871	74,174	22,237	162,939
Central Bank of Turkey	-	-	-	-
Domestic banks	9,782	213	7,225	718
Foreign banks	7,089	73,961	15,012	162,221
Branches and offices abroad	-	-	-	-
Other institutions (*)	-	1,331	-	2,632
Total	**16,871**	**75,505**	**22,237**	**165,571**

(*) 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	5,282	11,690

2.3. Information on interest on securities issued

There is no interest on securities issued on current period.

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

		Time deposit						
Account name	**Demand deposit**	**Up to 1 month**	**Up to 3 months**	**Up to 6 months**	**Up to 1 year**	**More than 1 year**	**Accumulated deposits**	**Total**
Turkish lira								
Bank deposits	-	640	-	-	-	-	-	640
Saving deposits	-	627,183	170,098	2,921	1,269	2,539	-	804,010
Public sector deposits	-	-	331	2	-	-	-	333
Commercial deposits	-	38,941	7,442	97	5	42	-	46,527
Other deposits	-	94	276	2	1	3	-	376
7 days call accounts	-	-	-	-	-	-	-	-
Total	**-**	**666,858**	**178,147**	**3,022**	**1,275**	**2,584**	**-**	**851,886**
Foreign currency								
Foreign currency deposits	-	13,617	19,034	1,009	451	306	-	34,417
Banks deposits	-	2,673	-	-	-	-	-	2,673
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	**-**	**16,290**	**19,034**	**1,009**	**451**	**306**	**-**	**37,090**
Grand total	**-**	**683,148**	**197,181**	**4,031**	**1,726**	**2,890**	**-**	**888,976**

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

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

3. Information on dividend income

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

4. Information on trading income/loss (net)

	Current period	Prior period
Income	**37,900,828**	**14,956,794**
Gains on capital market transactions	48,400	42,373
Gains on derivative financial instruments	8,557,397	8,631,022
Foreign exchange gains	29,295,031	6,283,399
Loss (-)	**(37,795,247)**	**(14,503,659)**
Loss on capital market transactions	(30,443)	(41,513)
Loss on derivative financial instruments	(8,026,274)	(7,885,785)
Foreign exchange loss	(29,738,530)	(6,576,361)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 621,314 (30 June 2019: TL 64,182 net loss).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	308,717	281,491
Income arising from sale of assets	3,942	5,766
Banking services income	917	1,533
Other non-interest income	28,347	35,479
Total	**341,923**	**324,269**

6. Allowance for expected credit losses

	Current period	Prior period
Expected credit losses	580,138	578,434
12-Month expected credit loss (Stage 1)	60,927	45,014
Expected credit loss significant increase in credit risk (Stage 2)	119,226	52,633
Expected credit loss impaired credits (Stage 3)	399,985	480,787
Impairment losses on securities	107	4
Financial assets measured at fair value through profit/loss	99	3
Financial assets measured at fair value through other comprehensive income	8	1
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	-	-
Total	**580,245**	**578,438**

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

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

7. Information on other operating expenses

	Current period	Prior period
Reserves for employee termination benefits	1,253	1,324
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	5,000
Depreciation expense of tangible assets	68,250	64,252
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	14,165	14,448
Impairment expense of equity participations for which equity method is applied	-	-
Impairment expense for securities that to be disposed	-	-
Depreciation expense of securities that to be disposed	-	-
Impairment expense of held for sale tangible assets and discontinued operations	-	-
Other operating expenses	397,692	361,597
Operating lease expenses related with TFRS 16 exception	8,047	7,473
Repair and maintenance expenses	14,207	16,023
Advertisement expenses	48,111	54,652
Other expenses	327,327	283,449
Loss on sales of assets	2,983	11,320
Other (*)	157,838	118,382
Total	**642,181**	**576,323**

(*) Includes saving-deposits-insurance-fund related expenses of TL 66,926 (30 June 2019: TL 45,997)

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

As of 30 June 2020, the income before taxes is TL 657,100 (30 June 2019: TL 1,162,582).

9. Information on tax provision for continued and discontinued operations

As of 30 June 2020, the corporate tax provision expense for the period is TL 127,530 (30 June 2019: TL 175,544), and the deferred tax income is TL 34,984 (30 June 2019: TL 56,732 deferred tax expense).

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

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

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

Interest income from regular banking transactions is TL 2,574,280 (30 June 2019: TL 3,653,441), while the interest expense is TL 1,036,583 (30 June 2019: TL 2,127,428).

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

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

Other fees and commissions received amounting to TL 237,810 (30 June 2019: TL 268,494) has included TL 53,332 (30 June 2019: TL 99,629) resulting from the credit card fees and commissions, TL 15,569 (30 June 2019: TL 53,279) resulting from service fees and commissions from contracted merchants and TL 93,625 (30 June 2019: TL 63,732) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 93,166 (30 June 2019: TL 87,813) has included TL 33,955 (30 June 2019: TL 61,663) resulting from credit card exchange commissions.

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

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

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

1.1. Current period

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	342,373	2,441	120	569,874	39	201,879
End of the period	820,752	2,588	7,843	726,783	6,594	256,503
Interest and commission income	2,293	39,017	13	1,107	-	222

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	535,713	23,051	71	570,374	47	200,958
End of the period	342,373	2,441	120	569,874	39	201,879
Interest and commission income	3,484	48,811	1	603	-	140

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	238,282	61,826	102,613	25,152	29,018	2,400
End of the period	53,731	238,282	85,772	102,613	66,368	29,018
Interest expense on deposits	5,282	11,141	126	413	1,164	392

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	36,724	-	23,135,735	11,502,875	27,994	20,039
End of the period	386,843	36,724	14,303,829	23,135,735	-	27,994
Total profit/loss	544	6,549	(19,386)	(23,064)	41,697	19,285
Transactions with hedging purposes						
Beginning of the period	-	-	2,005,290	-	-	-
End of the period	-	-	921,132	2,005,290	-	-
Total profit/loss	-	-	(53)	(24,994)	-	-

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

V. Explanations and notes related to 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	-	-	20,051	13,735	8,121	4,087
End of the period	-	-	41,867	20,051	15,944	8,121
Interest income received	-	-	127	470	27	66

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	-	-	1,563,448	5,309,702	3,901	7,702
End of the period	-	-	2,315,313	1,563,448	2,800	3,901
Interest and commission paid	-	549	25,485	62,610	168	801

The Bank also has subordinated loan amounting to TL 4,169,976 from its shareholder ING Bank NV as of 30 June 2020 (31 December 2019: TL 4,237,398).

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

Benefits paid to key management personnel for the period ended as of 30 June 2020 is amounting to TL 14,467 (30 June 2019: TL 18,942).

VI. Explanations and notes related to subsequent events

None.

Section six

Interim review report

I. Explanations on the auditors' review report

The unconsolidated financial statements of the Bank as of 30 June 2020, have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and the review report dated 7 August 2020 is presented at the beginning of this report.

II. Explanations and notes prepared by independent auditors

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

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

Section seven

Interim activity report

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

1. Overview

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

Summary financial information on the unconsolidated financial statements of the Bank for the period 30 June 2020 and 31 December 2019 is as follows.

Main balance sheet items

Million TL	Current period	Prior period
Net loans	36,234	32,816
Deposits	38,087	39,208
Equity	8,821	8,231
Total assets	57,283	57,145

Main financial ratios

	Current period	Prior period
Capital adequacy ratio	25.45%	26.82%
Loans / Total assets	63.25%	57.43%
Deposits / Total assets	66.49%	68.61%
Non-performing loans / Total loans	7.30%	8.48%
Income / Average capital (*)	11.59%	23.62%
Income / Average assets (*)	1.73%	3.04%
Expense / Income ratio (**)	51.61%	38.04%

(*) Items related to statement of profit or loss are included in the ratio calculation after annualization process.
(**) Prior period profit/loss amounts are for the six month period ended 30 June 2019.

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

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

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

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

The early measures implemented worldwide to combat the Covid-19 pandemic started to be eased in May before being lifted to a significant extent in June. Signs of a rapid upturn in global economic activity started to emerge in the most recent quarter. However, Covid-19 is once again spreading rapidly in various regions across the world and in some countries that had seemed to successfully contain the outbreak initially. As a result, the pandemic remains the most significant threat to the world economic outlook. The growing momentum of new Covid-19 cases and negative indicators related to the US labor market also demonstrate that uncertainty surrounds the pace of the economic recovery. In Europe, while recent data point to a rapid rebound from the sharp drop in economic activity, most forecasts concur that it is still too early to talk about a lasting and rapid recovery.

Turkey has also started to gradually lift its pandemic precautions since May. Data indicating that the pandemic had peaked coupled with declining patient hospitalization numbers have accelerated loosening of these measures since June. This gradual easing process aimed to limit the adverse economic impact of the pandemic. Taking these steps had a positive effect on domestic supply and demand; economic data pointed to a rapid upswing. In an environment where economic policies have been significantly supportive in terms of limiting the downside risks to growth, the banking industry has registered rapid credit growth. In addition, Turkey's Central Bank kept its policy interest rate unchanged at its June meeting after a series of interest rate reductions underway since mid-2019.

At ING Turkey, we have taken all possible precautionary measures to keep our employees and customers healthy and safe during this recent quarter. We have also remained committed to adopting practices that support and boost the economic decisions taken in our country.

During this challenging and uncertain period, in line with our belief in the national economy, ING Turkey plans to invest further in technology and digitalization, develop products and services in parallel with our next generation banking approach, while providing support to the Turkish economy and our customers. I would like to take this opportunity to thank all our stakeholders, and business partners, customers, employees and main shareholder in particular, for their ongoing support and contributions.

John T. Mc Carthy
Board Chairman

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

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

Supported by the global developments, the government and regulatory authorities, Turkish economy made a positive start to 2020. However, Covid-19 put us through an entirely different experience that we had never witnessed before neither as a country nor as the world. The uncertainties imposed upon us by this period, which has changed our habits and living practices both as individuals and as a community, forced each and every one of us to take extensive measures while bringing us closer than ever.

At ING in Turkey, our priority during this period has been to take all necessary steps to keep our employees, customers, and stakeholders safe and healthy. Accordingly, we launched in March the remote work practice for all employees whose jobs allowed it, which we continued into the second quarter as well. During this period, we witnessed extraordinary performances by our colleagues, some at our branches, some at our Head Office and some at our Maraş Operations Center. Wherever there is an ING employee has become an ING Turkey office. This wonderful synergy that we created independent of spaces and physical distances empowered us to overcome this pandemic period as well. As an institution that has always prioritized employee satisfaction, we have accelerated our efforts with a view to translating into our human resources practices new working models that are in line with the spirit of remote and flexible work.

And we tried to economically support our consumer loan customers by providing them with a three-month deferment option while providing our corporate customers with similar facilities as well. We created loan packages with favorable conditions aimed at contributing in the budgets of consumers, businesses and the national economy. Additionally, we further strengthened the products and services that made the life of our customers easier in line with our digital banking strategy.

Furthermore, we were pleased to see that the steps we had taken to fulfill our responsibility towards the community started to touch those in need. In addition to the TL 5 million we donated in the National Solidarity Campaign, the TL 1.7 million donation we made to the Community Volunteers Foundation also started to reach the families in need. What's more, we joined as ING in Turkey the Covid-19 donation campaign started by the ING Group in collaboration with UNICEF.

Despite the pandemic conditions, we had a financially strong first half. According to our unconsolidated financial data for the first half of the year, our Bank's total assets were TL 57.3 billion and our shareholder's equity TL 8.8 billion. Our profit before tax were TL 657 million and our capital adequacy ratio was 25.45%. Our bank's total loans were TL 36.2 billion while our deposit volume grew to TL 38.1 billion.

I would like to extend my heartfelt thanks both on my and the ING in Turkey management team's behalf to our entire team and our business partners who made it possible to rapidly put in place all these steps in this challenging period and performed successfully in the first half of the year.

Alper İhsan Gökgöz

CEO

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

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

The Bank continues its services and operations with 3,673 employees and 207 domestic branches, as of 30 June 2020.

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

1.6 Information on research and development about new services and activities

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

2. Assessments about financial position and risk management

2.1 Information on Audit Committee's operations in accounting period

The Bank's Ordinary General Assembly meeting was held on 26 March 2020. With the division of duties resolution, no. 29/1, dated 26 March 2020, M. Semra Kuran was elected as Chairman of the Audit Committee. Vice Chairman of the BoD and Audit Committee Member Adrianus J. A. Kas has resigned from his duty as of 8 June 2020. A. Canan Ediboğlu has been appointed as Vice Chairman of the BoD and Sali Salieski has been appointed as Audit Committee Member per the Board of Directors resolution No. 55/1 and dated 8 June 2020. As of 26 June 2020, Sali Salieski has resigned from membership of the Audit Committee, and instead Martijn Bastiaan Kamps has been appointed as Audit Committee member.

2.2 An assessment on financial status, profitability and solvency

According to the unconsolidated financial statements as of 30 June 2020, the asset size of the Bank is TL 57.3 billion and profit before tax is TL 657 million. As of 30 June 2020, credits constitute 63% of total assets with TL 36.2 billion.

Deposits which is the primary funding source of the Bank, constitutes 66% of the balance sheet with TL 38.1 billion as of 30 June 2020. Even though the large base deposit structure covering small investments represents a short term source in the sector, it remains within the Bank for much longer compared to the original term.

As of 30 June 2020, unconsolidated capital adequacy ratio of the Bank has reached 25.45%. In addition, the Bank has received subordinated loans from its main shareholder amounting to TL 4.2 billion. As of 30 June 2020, total equities of the Bank has reached TL 8.8 billion.

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

2.3 Information on the risk management policies applied by risk types

There has been no change in the accounting period.

2.4 Information on whether ratings are determined by rating agencies

International credit rating agency Fitch Ratings Ltd. has confirmed the Bank's credit ratings as of 20 May 2020 as follows:

Long-term Foreign Currency Rating: B+ (Outlook: Negative)
Long-Term Local Currency: BB- (Outlook: Stable)
Short-term Foreign Currency Rating: B
Short Term Local Currency: B
Support Rating: 4
National Long-Term Notes: AA (tur) (Outlook: Stable)
Viability Rating: b+ (Confirmed as of 14 February 2020)

According to the Bank's request, the Bank's agreement with Moody's has been terminated as of 30 June 2020 and the Bank does not have any credit ratings evaluated by Moody's.