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

ING Bank A.Ş. and Its Financial Subsidiaries

Publicly Announced Consolidated Financial Statements as of and for the Nine-Month Period Ended 30 September 2018 and Independent Auditors' Review Report Thereon

2 November 2018

This report consists 2 pages of "Independent Auditors' Review Report" and 99 pages of consolidated financial statements and related disclosures and footnotes.

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

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the consolidated statement of financial position of ING Bank A.Ş (the "Bank") and its financial subsidiaries (together the "Group") as at 30 September 2018 and the consolidated statements of income, profit or loss, profit or loss and other comprehensive income, changes in equity, cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month-period then ended. The Group Management is responsible for the preparation and fair presentation of consolidated interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority ("BRSA"), and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation (together referred as "BRSA Accounting and Reporting Legislation"). Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of ING Bank A.Ş. and its financial subsidiaries as at 30 September 2018 and its consolidated financial performance and its consolidated cash flows for the nine-month-period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

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

Funda Aslanoğlu, SMMM
Partner

2 November 2018
Istanbul, Turkey

Additional paragraph for convenience translation to English:

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

The consolidated financial report of ING Bank A.Ş. prepared as of and for the nine month period ended 30 September 2018

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.ingbank.com.tr**
E-mail	:	**disyazisma@ingbank.com.tr**

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

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

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

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

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

John T. Mc CARTHY Chairman of the Board	Pınar ABAY President and CEO	K. Atıl ÖZUS CFO	M. Gökçe ÇAKIT Financial Reporting and Tax Director

Adrianus J. A. KAS Chairman of the Audit Committee	M. Semra KURAN Audit Committee Member

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

Name-Surname/Title	:	Nurgül BİLGİÇER FİLİS / Vice President
Phone No	:	(212) 403 72 66
Fax No	:	(212) 286 61 00

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Section one

General information

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

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

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

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

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

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

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

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

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

The main shareholders and capital structure as of 30 September 2018 and 31 December 2017 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	3,486,267,792	100.00
Other shareholders total	4	-	5	-
Total	**3,486,267,797**	**100.00**	**3,486,267,797**	**100.00**

As of 30 September 2018, the Parent Bank's paid-in capital consists of 3,486,267,797 shares with a nominal value of TL 1 (Full TL) each.

The Parent Bank's paid-in capital is TL 3,486,268 as of 30 September 2018, and ING Bank N.V. has full control over the Parent Bank's capital.

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

One share amounting to TL 1 (full TL) belonging to the Board Member Can Erol, who resigned from his duty on 28 February 2018, was transferred to ING Bank N.V. on 28 February 2018.

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

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

As of 30 September 2018, the Parent Bank's Board of Directors (BOD), Members of Audit Committee and Chief Executive Officer and Executive Vice Presidents are as follows:

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

Alper İhsan Gökgöz has been appointed as Retail Banking Executive Vice President per the Board of Directors resolution No. 45/6 and dated 21 November 2017, after completion of the BRSA process, he started his duty as of 1 January 2018.

The Parent Bank Retail Banking Executive Vice President Barbaros Uygun has resigned from his duty as of 1 January 2018 and has been appointed as the CEO of ING Austria.

The Parent Bank Chief Legal Counsel Çiğdem Dayan has resigned from her duty as of 31 December 2017. Günce Çakır İldun has been appointed as Chief Legal Counsel per the Board of Directors resolution No. 49/2 and dated 20 December 2017, after completion of the BRSA process, she started her duty as of 22 January 2018.

The Parent Bank Internal Control Executive Vice President İbrahim Huyugüzel has resigned from his duty as of 22 January 2018 to take responsibility in ING Group. With the decision of the Board of Directors, the Internal Control unit will be reporting directly to the Audit Committee.

With the Board of Directors resolution, no. 10/1, dated 9 March 2018, Mürüvet Semra Kuran has been elected member of the Board of Directors to be effective as from 12 March 2018; substituting Mr. Can Erol who resigned from his duty on 28 February 2018; according to Article 363/1 of the Turkish Commercial Code.

The Parent Bank's Ordinary General Assembly meeting was held on 19 March 2018. The resolution, no. 12/1, dated 19 March 2018 was taken about division of duties. With the division of duties resolution, no. 12/1, dated 19 March 2018, Adrianus Johannes Antonius Kas was elected as Chairman and Mürüvet Semra Kuran was elected as member of the Audit Committee.

The SME Lending and Payment Systems Executive Vice President Erdoğan Yılmaz resigned from his duty effective from 15 April 2018. İhsan Çakır has been appointed as the SME and Mid Corporate Banking Executive Vice President starting from 1 August 2018.

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

IV. Information on the Parent Bank's qualified shareholders

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

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

The Parent Bank is principally engaged in all types of banking transactions, accepting deposits and all kinds of legal transactions, activities and operations within banking license within the scope provided by the Banking Law, and all existing and/or future laws, regulations and decree laws and related legislation. The Parent Bank carries out its operations with 249 domestic branches.

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

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

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

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

None.

Section two

Consolidated financial statements

I. Consolidated balance sheet (statement of financial position)
II. Consolidated statement of off-balance sheet items
III. Consolidated statement of profit or loss
IV. Consolidated statement of profit or loss and other comprehensive income
V. Consolidated statement of changes in equity
VI. Consolidated statement of cash flows

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position) as of 30 September 2018

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

					Reviewed
					Current period
	Assets (*)	Note (section five)			(30/09/2018)
			TL	FC	Total
I.	**Financial assets (net)**		**11,355,555**	**13,042,488**	**24,398,043**
1.1	**Cash and cash equivalents**		**2,486,782**	**12,493,250**	**14,980,032**
1.1.1	Cash and balances at Central Bank	(I-1)	709,772	10,100,228	10,810,000
1.1.2	Banks	(I-3)	85,476	2,393,022	2,478,498
1.1.3	Money market placements		1,691,534	-	1,691,534
1.2	**Financial assets at fair value through profit or loss**	**(I-2)**	**17,140**	**29,785**	**46,925**
1.2.1	Government securities		17,061	29,785	46,846
1.2.2	Equity instruments		35	-	35
1.2.3	Other financial assets		44	-	44
1.3	**Financial assets at fair value through other comprehensive income**	**(I-4)**	**566,865**	**240**	**567,105**
1.3.1	Government securities		558,787	-	558,787
1.3.2	Equity instruments		8,078	240	8,318
1.3.3	Other financial assets		-	-	-
1.4	**Financial assets measured at amortised cost**	**(I-6)**	**1,204,958**	**-**	**1,204,958**
1.4.1	Government securities		1,204,958	-	1,204,958
1.4.2	Other financial assets		-	-	-
1.5	**Derivative financial assets**		**7,088,318**	**519,213**	**7,607,531**
1.5.1	Derivative financial assets measured at fair value through profit or loss	(I-2)	2,307,456	519,213	2,826,669
1.5.2	Derivative financial assets measured at fair value through other comprehensive income	(I-11)	4,780,862	-	4,780,862
1.6	**Non-performing financial assets**		**-**	**-**	**-**
1.7	**Expected credit losses (-)**	**(I-5)**	**(8,508)**	**-**	**(8,508)**
II.	**Loans (net)**		**32,815,024**	**22,332,234**	**55,147,258**
2.1	**Loans**	**(I-5)**	**32,123,285**	**20,546,012**	**52,669,297**
2.1.1	Loans measured at amortised cost		32,123,285	20,546,012	52,669,297
2.1.2	Loans measured at fair value through profit or loss		-	-	-
2.1.3	Loans measured at fair value through other comprehensive income		-	-	-
2.2	**Receivables from leasing transactions**	**(I-10)**	**59,714**	**1,358,137**	**1,417,851**
2.2.1	Finance lease receivables		70,694	1,454,915	1,525,609
2.2.2	Operational lease receivables		-	-	-
2.2.3	Unearned income (-)		(10,980)	(96,778)	(107,758)
2.3	**Factoring receivables**		**485,141**	**428,085**	**913,226**
2.3.1	Factoring receivables measured at amortised cost		485,141	428,085	913,226
2.3.2	Factoring receivables measured at fair value through profit or loss		-	-	-
2.3.3	Factoring receivables measured at fair value through other comprehensive income		-	-	-
2.4	**Non-performing loans**		**2,006,652**	**-**	**2,006,652**
2.5	**Expected credit losses (-)**	**(I-5)**	**(1,859,768)**	**-**	**(1,859,768)**
2.5.1	12-month expected credit losses (Stage 1)		(154,786)	-	(154,786)
2.5.2	Lifetime expected credit losses significant increase in credit risk (Stage 2)		(355,234)	-	(355,234)
2.5.3	Lifetime expected credit losses impaired Credits (Stage 3)		(1,349,748)	-	(1,349,748)
III.	**Non-currents assets or disposal groups "held for sale" and "from discontınued operatıons (net)**	**(I-16)**	**660**	**-**	**660**
3.1	Assets Held for sale		660	-	660
3.2	Assets from discontinued operations		-	-	-
IV.	**Equity investments**		**-**	**-**	**-**
4.1	**Investments in associates (net)**	**(I-7)**	**-**	**-**	**-**
4.1.1	Associates consolidated by using equity method		-	-	-
4.1.2	Unconsolidated associates		-	-	-
4.2	**Investments in subsidiaries (net)**	**(I-8)**	**-**	**-**	**-**
4.2.1	Unconsolidated financial subsidiaries		-	-	-
4.2.2	Unconsolidated non-financial subsidiaries		-	-	-
4.3	**Jointly controlled partnerships (joint ventures) (net)**	**(I-9)**	**-**	**-**	**-**
4.3.1	Joint ventures consolidated by using equity method		-	-	-
4.3.2	Unconsolidated joint ventures		-	-	-
V.	**Tangible assets (net)**	**(I-12)**	**592,148**	**9**	**592,157**
VI.	**Intangible assets (net)**	**(I-13)**	**26,806**	**-**	**26,806**
6.1	Goodwill		-	-	-
6.2	Other		26,806	-	26,806
VII.	**Investment property (net)**	**(I-14)**	**-**	**-**	**-**
VIII.	**Current tax asset**	**(I-15)**	**73,134**	**-**	**73,134**
IX.	**Deferred tax asset**	**(II-9)**	**9,590**	**-**	**9,590**
X.	**Other assets**	**(I-17)**	**470,953**	**41,121**	**512,074**
	Total assets		**45,343,870**	**35,415,852**	**80,759,722**

(*) The prior period financial statements are not restated as permitted by TFRS 9 transition rules. Since 2017 and 2018 consolidated financial statements are prepared by using different accounting principles, 2017 consolidated financial statements are presented separately, not comparatively with the consolidated financial statements as of 30 September 2018.

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position) as of 30 September 2018

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

	Assets (*)	Note (section five)	Audited Prior period (31/12/2017) TL	FC	Total
I.	**Cash and balances with Central Bank**	**(I-1)**	**459,010**	**7,371,517**	**7,830,527**
II.	**Financial assets at fair value through profit or loss (net)**	**(I-2)**	**420,432**	**196,781**	**617,213**
2.1	Financial assets held for trading		420,432	196,781	617,213
2.1.1	Public sector debt securities		36,686	5,509	42,195
2.1.2	Equity securities		-	-	-
2.1.3	Derivative financial assets held for trading		383,701	191,272	574,973
2.1.4	Other marketable securities		45	-	45
2.2	Financial assets designated at fair value through profit and loss		-	-	-
2.2.1	Public sector debt securities		-	-	-
2.2.2	Equity securities		-	-	-
2.2.3	Loans		-	-	-
2.2.4	Other marketable securities		-	-	-
III.	**Banks**	**(I-3)**	**35,843**	**537,578**	**573,421**
IV.	**Money market placements**		**1,194,296**	**-**	**1,194,296**
4.1	Interbank money market placements		-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		146,401	-	146,401
4.3	Receivables from reverse repurchase agreements		1,047,895	-	1,047,895
V.	**Financial assets available for sale (net)**	**(I-4)**	**1,737,789**	**156**	**1,737,945**
5.1	Equity securities		7,904	156	8,060
5.2	Public sector debt securities		1,729,885	-	1,729,885
5.3	Other marketable securities		-	-	-
VI.	**Loans and receivables**	**(I-5)**	**29,773,032**	**15,094,656**	**44,867,688**
6.1	Loans and receivables		29,271,534	15,094,656	44,366,190
6.1.1	Loans to the Bank’s risk group		43	-	43
6.1.2	Government debt securities		-	-	-
6.1.3	Other		29,271,491	15,094,656	44,366,147
6.2	Loans under follow-up		1,705,141	-	1,705,141
6.3	Specific provisions (-)		(1,203,643)	-	(1,203,643)
VII.	**Factoring receivables**		**815,728**	**212,085**	**1,027,813**
VIII.	**Held-to maturity investments (net)**	**(I-6)**	**-**	**-**	**-**
8.1	Public sector debt securities		-	-	-
8.2	Other marketable securities		-	-	-
IX.	**Associates (net)**	**(I-7)**	**-**	**-**	**-**
9.1	Accounted for under equity method		-	-	-
9.2	Unconsolidated associates		-	-	-
9.2.1	Financial associates		-	-	-
9.2.2	Non-financial associates		-	-	-
X.	**Subsidiaries (net)**	**(I-8)**	**-**	**-**	**-**
10.1	Unconsolidated financial subsidiaries		-	-	-
10.2	Unconsolidated non-financial subsidiaries		-	-	-
XI.	**Joint ventures (net)**	**(I-9)**	**-**	**-**	**-**
11.1	Accounted for under equity method		-	-	-
11.2	Unconsolidated		-	-	-
11.2.1	Financial joint ventures		-	-	-
11.2.2	Non-financial joint ventures		-	-	-
XII.	**Financial lease receivables (net)**	**(I-10)**	**68,352**	**967,125**	**1,035,477**
12.1	Financial lease receivables		84,501	1,037,499	1,122,000
12.2	Operational lease receivables		-	-	-
12.3	Other		-	-	-
12.4	Unearned income (-)		(16,149)	(70,374)	(86,523)
XIII.	**Derivative financial assets held for hedging purposes**	**(I-11)**	**1,571,395**	**-**	**1,571,395**
13.1	Fair value hedge		-	-	-
13.2	Cash flow hedge		1,571,395	-	1,571,395
13.3	Hedge of net investment risks in foreign operations		-	-	-
XIV.	**Property and equipment (net)**	**(I-12)**	**502,518**	**3**	**502,521**
XV.	**Intangible assets (net)**	**(I-13)**	**40,055**	**-**	**40,055**
15.1	Goodwill		-	-	-
15.2	Other		40,055	-	40,055
XVI.	**Investment property (net)**	**(I-14)**	**-**	**-**	**-**
XVII.	**Tax asset**		**35,635**	**-**	**35,635**
17.1	Current tax asset		31,812	-	31,812
17.2	Deferred tax asset	(I-15)	3,823	-	3,823
XVIII.	**Property and equipment held for sale and related to discontinued operations (net)**	**(I-16)**	**660**	**-**	**660**
18.1	Held for sale		660	-	660
18.2	Related to discontinued operations		-	-	-
XIX.	**Other assets**	**(I-17)**	**473,429**	**15,850**	**489,279**
	Total assets		**37,128,174**	**24,395,751**	**61,523,925**

(*) The prior period financial statements are not restated as permitted by TFRS 9 transition rules. Since 2017 and 2018 consolidated financial statements are prepared by using different accounting principles, 2017 consolidated financial statements are presented separately, not comparatively with the consolidated financial statements as of 30 September 2018.

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position) as of 30 September 2018

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

	Liabilities (*)	Note (section five)	Reviewed Current period (30/09/2018) TL	FC	Total
I.	**Deposits**	**(II-1)**	**19,089,433**	**17,316,874**	**36,406,307**
II.	**Loans received**	**(II-3)**	**594,814**	**27,019,239**	**27,614,053**
III.	**Money market funds**		**1,886**	**23,433**	**25,319**
IV.	**Securities Issued (net)**	**(II-4)**	**101,090**	**-**	**101,090**
4.1	Bills		101,090	-	101,090
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**		**1,036,699**	**641,145**	**1,677,844**
7.1	Derivative financial liabilities at fair value through profit or loss	(II-2)	931,857	636,105	1,567,962
7.2	Derivative financial liabilities at fair value through other comprehensive income	(II-7)	104,842	5,040	109,882
VIII.	**Factoring payables**		**41**	**815**	**856**
IX.	**Lease payables**	**(II-6)**	**-**	**-**	**-**
9.1	Finance lease payables		-	-	-
9.2	Operating lease payables		-	-	-
9.3	Other		-	-	-
9.4	Deferred finance lease expenses (-)		-	-	-
X.	**Provisions**	**(II-8)**	**195,491**	**-**	**195,491**
10.1	Provision for restructuring		-	-	-
10.2	Reserves for employee benefits		47,956	-	47,956
10.3	Insurance technical reserves (net)		-	-	-
10.4	Other provisions		147,535	-	147,535
XI.	**Current tax liability**	**(II-9)**	**97,702**	**2,291**	**99,993**
XII.	**Deferred tax liability**	**(II-9)**	**831,365**	**-**	**831,365**
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)**	**211,455**	**4,385,198**	**4,596,653**
14.1	Loans		211,455	4,385,198	4,596,653
14.2	Other debt instruments		-	-	-
XV.	**Other liabilities**	**(II-5)**	**801,635**	**167,703**	**969,338**
XVI.	**Shareholders' equity**	**(II-11)**	**8,246,414**	**(5,001)**	**8,241,413**
16.1	Paid-in capital		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		139,271	-	139,271
16.4	Other comprehensive income/expense items to be recycled in Profit or Loss		1,357,653	(5,001)	1,352,652
16.5	Profit reserves		2,297,792	-	2,297,792
16.5.1	Legal reserves		201,819	-	201,819
16.5.2	Statutory reserves		-	-	-
16.5.3	Extraordinary reserves		2,095,973	-	2,095,973
16.5.4	Other profit reserves		-	-	-
16.6	Profit or (loss)		965,430	-	965,430
16.6.1	Prior years' profits or (loss)		-	-	-
16.6.2	Current period profit or (loss)		965,430	-	965,430
16.7	Minority interest		-	-	-
	Total liabilities and shareholders' equity		**31,208,025**	**49,551,697**	**80,759,722**

(*) The prior period financial statements are not restated as permitted by TFRS 9 transition rules. Since 2017 and 2018 consolidated financial statements are prepared by using different accounting principles, 2017 consolidated financial statements are presented separately, not comparatively with the consolidated financial statements as of 30 September 2018.

Consolidated balance sheet (statement of financial position) as of 30 September 2018

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

					Audited
					Prior period
	Liabilities (*)	**Note**			**(31/12/2017)**
		(section five)	**TL**	**FC**	**Total**
I.	**Deposits**	**(II-1)**	**18,400,415**	**9,197,297**	**27,597,712**
1.1	Deposits held by the Bank's risk group		10,283	1,213	11,496
1.2	Other		18,390,132	9,196,084	27,586,216
II.	**Derivative financial liabilities held for trading**	**(II-2)**	**278,407**	**189,342**	**467,749**
III.	**Funds borrowed**	**(II-3)**	**731,094**	**21,575,164**	**22,306,258**
IV.	**Money market balances**		**59,498**	**-**	**59,498**
4.1	Funds from interbank money market		-	-	-
4.2	Funds from Istanbul Stock Exchange money market		57,207	-	57,207
4.3	Funds provided under repurchase agreements		2,291	-	2,291
V.	**Marketable securities issued (net)**	**(II-4)**	**-**	**-**	**-**
5.1	Bills		-	-	-
5.2	Asset backed securities		-	-	-
5.3	Bonds		-	-	-
VI.	**Funds**		**-**	**-**	**-**
6.1	Borrower funds		-	-	-
6.2	Other		-	-	-
VII.	**Miscellaneous payables**		**526,732**	**50,327**	**577,059**
VIII.	**Other liabilities**	**(II-5)**	**199,766**	**39,125**	**238,891**
IX.	**Factoring payables**		**24**	**484**	**508**
X.	**Leasing transaction payables**	**(II-6)**	**-**	**-**	**-**
10.1	Financial lease payables		-	-	-
10.2	Operational lease payables		-	-	-
10.3	Other		-	-	-
10.4	Deferred financial lease expenses (-)		-	-	-
XI.	**Derivative financial liabilities held for hedging purposes**	**(II-7)**	**21,299**	**4,155**	**25,454**
11.1	Fair value hedge		-	-	-
11.2	Cash flow hedge		21,299	4,155	25,454
11.3	Hedge of net investment in foreign operations		-	-	-
XII.	**Provisions**	**(II-8)**	**877,732**	**-**	**877,732**
12.1	General loan loss provisions		688,786	-	688,786
12.2	Restructuring reserves		-	-	-
12.3	Reserve for employee benefits		42,344	-	42,344
12.4	Insurance technical provisions (net)		-	-	-
12.5	Other provisions		146,602	-	146,602
XIII.	**Tax liability**	**(II-9)**	**419,477**	**220**	**419,697**
13.1	Current tax liability		85,130	220	85,350
13.2	Deferred tax liability		334,347	-	334,347
XIV.	**Liabilities for property and equipment held for sale and related to discontinued operations (net)**	**(II-10)**	**-**	**-**	**-**
14.1	Held for sale		-	-	-
14.2	Related to discontinued operations		-	-	-
XV.	**Subordinated loans**	**(II-11)**	**222,644**	**2,816,323**	**3,038,967**
XVI.	**Shareholders' equity**	**(II-12)**	**5,918,640**	**(4,240)**	**5,914,400**
16.1	Paid-in capital		3,486,268	-	3,486,268
16.2	Capital reserves		285,016	(4,240)	280,776
16.2.1	Share premium		-	-	-
16.2.2	Share cancellation profits		-	-	-
16.2.3	Marketable securities valuation differences		(16,405)	-	(16,405)
16.2.4	Revaluation surplus on tangible assets		46,732	-	46,732
16.2.5	Revaluation surplus on intangible assets		-	-	-
16.2.6	Revaluation surplus on investment property		-	-	-
16.2.7	Bonus shares from investment in associates, subsidiaries and joint ventures		-	-	-
16.2.8	Hedging funds (effective portion)		254,528	(4,240)	250,288
16.2.9	Valuation differences on property and equipment held for sale and related to discontinued operations		-	-	-
16.2.10	Other capital reserves		161	-	161
16.3	Profit reserves		1,259,201	-	1,259,201
16.3.1	Legal reserves		157,288	-	157,288
16.3.2	Status reserves		-	-	-
16.3.3	Extraordinary reserves		1,075,575	-	1,075,575
16.3.4	Other profit reserves		26,338	-	26,338
16.4	Profit or (loss)		888,155	-	888,155
16.4.1	Prior periods' profit or (loss)		-	-	-
16.4.2	Current period profit or (loss)		888,155	-	888,155
16.5	Minority interest		-	-	-
	Total liabilities and shareholders' equity		**27,655,728**	**33,868,197**	**61,523,925**

(*) The prior period financial statements are not restated as permitted by TFRS 9 transition rules. Since 2017 and 2018 consolidated financial statements are prepared by using different accounting principles, 2017 consolidated financial statements are presented separately, not comparatively with the consolidated financial statements as of 30 September 2018.

Consolidated statement of off-balance sheet items
as of 30 September 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Off-balance sheet items	Note (section five)	Reviewed Current period (30/09/2018) TL	FC	Total	Audited Prior period (31/12/2017) TL	FC	Total
A.	**Off-balance sheet commitments (I+II+III)**		**57,585,282**	**85,376,346**	**142,961,628**	**55,634,775**	**56,722,770**	**112,357,545**
I.	**Guarantees and warranties**	(III-1)	**2,629,078**	**8,315,079**	**10,944,157**	**2,858,810**	**5,530,883**	**8,389,693**
1.1	Letters of guarantee		2,574,317	5,240,721	7,815,038	2,696,573	3,333,183	6,029,756
1.1.1	Guarantees subject to state tender law		20,806	-	20,806	28,438	-	28,438
1.1.2	Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3	Other letters of guarantee		2,553,511	5,240,721	7,794,232	2,668,135	3,333,183	6,001,318
1.2	Bank acceptances		-	80,759	80,759	-	80,948	80,948
1.2.1	Import letter of acceptance		-	80,759	80,759	-	80,948	80,948
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		813	2,174,587	2,175,400	910	1,648,799	1,649,709
1.3.1	Documentary letters of credit		813	2,174,587	2,175,400	910	1,648,799	1,649,709
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		50,622	393,325	443,947	160,826	110,632	271,458
1.8	Other guarantees		-	325,163	325,163	-	233,794	233,794
1.9	Other warranties		3,326	100,524	103,850	501	123,527	124,028
II.	**Commitments**	(III-1)	**5,367,208**	**2,672,912**	**8,040,120**	**7,496,227**	**2,404,441**	**9,900,668**
2.1	Irrevocable commitments		5,367,208	2,672,912	8,040,120	7,496,227	2,404,441	9,900,668
2.1.1	Forward asset purchase commitments		1,350,266	2,610,568	3,960,834	998,369	2,014,184	3,012,553
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		1,950,757	60,215	2,010,972	1,879,083	388,867	2,267,950
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		416,594	-	416,594	2,791,088	-	2,791,088
2.1.8	Tax and fund liabilities from export commitments		17,582	-	17,582	12,520	-	12,520
2.1.9	Commitments for credit card limits		1,625,007	-	1,625,007	1,808,002	-	1,808,002
2.1.10	Commitments for credit cards and banking services promotions		5,230	-	5,230	5,421	-	5,421
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		1,772	2,129	3,901	1,744	1,390	3,134
2.2	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	(III-2)	**49,588,996**	**74,388,355**	**123,977,351**	**45,279,738**	**48,787,446**	**94,067,184**
3.1	Derivative financial instruments for hedging purposes		25,185,200	5,995,541	31,180,741	23,751,333	4,750,227	28,501,560
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		25,185,200	5,995,541	31,180,741	23,751,333	4,750,227	28,501,560
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Derivative financial instruments for trading purposes		24,403,796	68,392,814	92,796,610	21,528,405	44,037,219	65,565,624
3.2.1	Forward foreign currency buy/sell transactions		3,708,141	14,949,436	18,657,577	3,064,560	10,453,676	13,518,236
3.2.1.1	Forward foreign currency transactions-buy		2,947,505	6,324,784	9,272,289	1,897,164	4,911,555	6,808,719
3.2.1.2	Forward foreign currency transactions-sell		760,636	8,624,652	9,385,288	1,167,396	5,542,121	6,709,517
3.2.2	Swap transactions related to foreign currency and interest rates		20,455,267	51,761,476	72,216,743	17,651,577	31,532,089	49,183,666
3.2.2.1	Foreign currency swap-buy		5,518,130	26,244,913	31,763,043	5,395,281	14,134,174	19,529,455
3.2.2.2	Foreign currency swap-sell		14,277,137	16,329,501	30,606,638	9,646,296	9,988,669	19,634,965
3.2.2.3	Interest rate swap-buy		330,000	4,593,531	4,923,531	1,305,000	3,704,623	5,009,623
3.2.2.4	Interest rate swap-sell		330,000	4,593,531	4,923,531	1,305,000	3,704,623	5,009,623
3.2.3	Foreign currency, interest rate and securities options		239,572	1,681,902	1,921,474	804,130	2,051,454	2,855,584
3.2.3.1	Foreign currency options-buy		119,786	840,951	960,737	402,065	1,025,727	1,427,792
3.2.3.2	Foreign currency options-sell		119,786	840,951	960,737	402,065	1,025,727	1,427,792
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		816	-	816	8,138	-	8,138
B.	**Custody and pledged items (IV+V+VI)**		**236,584,819**	**52,461,854**	**289,046,673**	**228,257,795**	**32,898,594**	**261,156,389**
IV.	**Items held in custody**		**867,873**	**2,302,118**	**3,169,991**	**1,112,596**	**1,488,331**	**2,600,927**
4.1	Customer fund and portfolio balances		504,776	-	504,776	792,222	-	792,222
4.2	Investment securities held in custody		90,730	338,242	428,972	74,144	204,151	278,295
4.3	Checks received for collection		73,859	509,386	583,245	84,343	387,308	471,651
4.4	Commercial notes received for collection		186,026	1,333,010	1,519,036	161,886	835,170	997,056
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		12,482	121,480	133,962	1	61,702	61,703
4.8	Custodians		-	-	-	-	-	-
V.	**Pledged received**		**37,306,539**	**10,795,283**	**48,101,822**	**38,447,841**	**7,191,265**	**45,639,106**
5.1	Marketable securities		223,731	10,318	234,049	224,505	6,551	231,056
5.2	Guarantee notes		7,329,548	2,231,661	9,561,209	7,738,243	1,459,527	9,197,770
5.3	Commodity		910	-	910	910	-	910
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		25,869,727	7,059,901	32,929,628	25,875,776	4,781,593	30,657,369
5.6	Other pledged items		3,882,623	1,493,403	5,376,026	4,608,407	943,594	5,552,001
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	**Accepted independent guarantees and warranties**		**198,410,407**	**39,364,453**	**237,774,860**	**188,697,358**	**24,218,998**	**212,916,356**
	Total off-balance sheet items (A+B)		**294,170,101**	**137,838,200**	**432,008,301**	**283,892,570**	**89,621,364**	**373,513,934**

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of profit or loss
for the nine-month period ended 30 September 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Income and expense items (*)	Note (section five)	Reviewed Current period (01/01/2018-30/09/2018)	Reviewed Current period (01/07/2018-30/09/2018)
I.	**Interest income**	**(IV-1)**	**5,164,363**	**2,025,463**
1.1	Interest on loans		4,591,010	1,787,201
1.2	Interest on reserve requirements		53,665	20,078
1.3	Interest on banks		58,199	34,087
1.4	Interest on money market transactions		142,966	56,708
1.5	Interest on marketable securities portfolio		190,363	72,569
1.5.1	Financial assets at fair value through profit or loss		31,439	10,536
1.5.2	Financial assets at fair value through other comprehensive income		47,452	21,789
1.5.3	Financial assets measured at amortised cost		111,472	40,244
1.6	Finance lease income		41,683	16,722
1.7	Other interest income		86,477	38,098
II.	**Interest expense (-)**	**(IV-2)**	**(2,437,370)**	**(982,934)**
2.1	Interest on deposits		(1,903,205)	(761,763)
2.2	Interest on funds borrowed		(498,224)	(210,624)
2.3	Interest on money market transactions		(10,230)	(3,295)
2.4	Interest on securities issued		(17,721)	(6,377)
2.5	Other interest expenses		(7,990)	(875)
III.	**Net interest income/expense (I - II)**		**2,726,993**	**1,042,529**
IV.	**Net fees and commissions income/expense**		**358,808**	**131,126**
4.1	Fees and commissions received		523,272	180,713
4.1.1	Non-cash loans		104,588	38,834
4.1.2	Other	(IV-12)	418,684	141,879
4.2	Fees and commissions paid (-)		(164,464)	(49,587)
4.2.1	Non-cash loans		(276)	(38)
4.2.2	Other	(IV-12)	(164,188)	(49,549)
V.	**Personnel expenses (-)**	**(IV-7)**	**(476,796)**	**(160,368)**
VI	**Dividend income**	**(IV-3)**	**2**	**-**
VII.	**Trading gain/(loss) (net)**	**(IV-4)**	**(206,156)**	**16,472**
7.1	Trading gain/(loss) on securities		(37,231)	(13,610)
7.2	Gain/(loss) on derivative financial transactions		4,941,496	3,534,895
7.3	Foreign exchange gain/(loss)		(5,110,421)	(3,504,813)
VIII.	**Other operating income**	**(IV-5)**	**605,410**	**23,750**
IX.	**Gross operating income (III+IV+V+VI+VII+VIII)**		**3,008,261**	**1,053,509**
X.	**Expected credit loss (-)**	**(IV-6)**	**(949,758)**	**(301,056)**
XI.	**Other operating expenses (-)**	**(IV-7)**	**(805,316)**	**(267,337)**
XII.	**Net operating profit/(loss) (IX-X-XI)**		**1,253,187**	**485,116**
XIII.	**Income resulted from mergers**		**-**	**-**
XIV.	**Income/loss from investments under equity accounting**		**-**	**-**
XV.	**Gain/loss on net monetary positıon**		**-**	**-**
XVI.	**Operating profit/loss before taxes (XII+...+XV)**	**(IV-8)**	**1,253,187**	**485,116**
XVII.	**Provision for taxes of continued operations (±)**	**(IV-9)**	**(287,757)**	**(114,645)**
17.1	Current tax provision		(14,575)	(10,007)
17.2	Expense effect of deferred tax (+)		(284,639)	(112,643)
17.3	Income effect of deferred tax (-)		11,457	8,005
XVIII.	**Net profit/(loss) from continuing operations (XVI±XVII)**	**(IV-10)**	**965,430**	**370,471**
XIX.	**Income from discontinued operations**		**-**	**-**
19.1	Income from non-current assets held for resale		-	-
19.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
19.3	Income from other discontinued operations		-	-
XX.	**Expenses for discontinued operations (-)**		**-**	**-**
20.1	Expenses for non-current assets held for resale		-	-
20.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
20.3	Loss from other discontinued operations		-	-
XXI.	**Profit/(loss) before tax from discontinued operations (XIX-XX)**		**-**	**-**
XXII.	**Tax provision for discontinued operations (±)**		**-**	**-**
22.1	Current tax provision		-	-
22.2	Expense effect of deferred tax (+)		-	-
22.3	Income effect of deferred tax (-)		-	-
XXIII.	**Net profit/(loss) from discontinued operations (XXI±XXII)**		**-**	**-**
XXIV.	**Net profit/(loss) (XVIII+XXIII)**	**(IV-11)**	**965,430**	**370,471**
24.1	Profit/(Loss) from the Group		965,430	370,471
24.2	Income/(Loss) from Minority Interest (-)		-	-
	Earnings per share		0.2769	0.1063

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ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of profit or loss
for the nine-month period ended 30 September 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Income and expense items (*)	Note (section five)	Reviewed Prior Period (01/01/2017-30/09/2017)	Reviewed Prior Period (01/07/2017-30/09/2017)
I.	**Interest income**	**(IV-1)**	**3,848,426**	**1,353,568**
1.1	Interest on loans		3,350,343	1,180,136
1.2	Interest on reserve requirements		30,856	12,041
1.3	Interest on banks		38,636	12,779
1.4	Interest on money market transactions		163,903	58,336
1.5	Interest on marketable securities portfolio		189,159	63,430
1.5.1	Financial assets held for trading		4,626	1,333
1.5.2	Financial assets at fair value through profit or loss		-	-
1.5.3	Financial assets available for sale		184,533	62,097
1.5.4	Investments held to maturity		-	-
1.6	Financial lease income		34,311	11,225
1.7	Other interest income		41,218	15,621
II.	**Interest expense**	**(IV-2)**	**(1,693,838)**	**(605,213)**
2.1	Interest on deposits		(1,294,229)	(474,141)
2.2	Interest on funds borrowed		(346,376)	(119,122)
2.3	Interest on money market transactions		(34,471)	(11,209)
2.4	Interest on securities issued		(9,934)	-
2.5	Other interest expenses		(8,828)	(741)
III.	**Net interest income (I – II)**		**2,154,588**	**748,355**
IV.	**Net fees and commissions income**		**344,179**	**112,238**
4.1	Fees and commissions received		507,846	174,704
4.1.1	Non-cash loans		85,579	27,855
4.1.2	Other	(IV-12)	422,267	146,849
4.2	Fees and commissions paid		(163,667)	(62,466)
4.2.1	Non-cash loans		(240)	(39)
4.2.2	Other	(IV-12)	(163,427)	(62,427)
V.	**Dividend income**	**(IV-3)**	**382**	**-**
VI.	**Trading gain/(loss) (net)**	**(IV-4)**	**(329,286)**	**(145,258)**
6.1	Trading gain/(loss) on securities		2,234	(426)
6.2	Gain/(loss) on derivative financial transactions		(438,614)	(142,997)
6.3	Foreign exchange gain/(loss)		107,094	(1,835)
VII.	**Other operating income**	**(IV-5)**	**339,723**	**172,056**
VIII.	**Total operating income (III+IV+V+VI+VII)**		**2,509,586**	**887,391**
IX.	**Provision for loan losses and other receivables (-)**	**(IV-6)**	**(476,899)**	**(146,444)**
X.	**Other operating expenses (-)**	**(IV-7)**	**(1,121,314)**	**(379,101)**
XI.	**Net operating profit/(loss) (VIII-IX-X)**		**911,373**	**361,846**
XII.	**Income resulted from mergers**		**-**	**-**
XIII.	**Profit/(loss) from investments under equity accounting**		**-**	**-**
XIV.	**Profit/(loss) on net monetary position**		**-**	**-**
XV.	**Profit/(loss) before tax from continuing operations (XI+XII+XIII+XIV)**	**(IV-8)**	**911,373**	**361,846**
XVI.	**Tax provisions for continuing operations (±)**	**(IV-9)**	**(173,337)**	**(52,504)**
16.1	Current tax provision		(288,079)	(121,090)
16.2	Deferred tax provision		114,742	68,586
XVII.	**Net profit/(loss) from continuing operations (XV±XVI)**	**(IV-10)**	**738,036**	**309,342**
XVIII.	**Income from discontinued operations**		**-**	**-**
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Income from other discontinued operations		-	-
XIX.	**Expenses for discontinued operations (-)**		**-**	**-**
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Loss from other discontinued operations		-	-
XX.	**Profit/(loss) before tax from discontinued operations (XVIII-XIX)**	**(IV-8)**	**-**	**-**
XXI.	**Tax provision for discontinued operations (±)**	**(IV-9)**	**-**	**-**
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	**Net profit/(loss) from discontinued operations (XX±XXI)**	**(IV-10)**	**-**	**-**
XXIII.	**Net profit/(loss)(XVII+XXII)**	**(IV-11)**	**738,036**	**309,342**
23.1	Profit/(Loss) from the Group		738,036	309,342
23.2	Income/(Loss) from Minority Interest (-)		-	-
	Earnings per share		0.21170	0.08873

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ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement profit or loss and other comprehensive income for the nine-month period ended 30 September 2018

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

	Profit or loss and other comprehensive income (*)	Reviewed Current period (01/01/2018-30/09/2018)
I.	**Current period profit/loss**	**965,430**
II.	**Other comprehensive income**	**1,110,342**
2.1	**Other income/expense items not to be recycled to profit or loss**	**(1,555)**
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)	(1,981)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	15
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	411
2.2	**Other income/expense items to be recycled to profit or loss**	**1,111,897**
2.2.1	Translation differences	15,820
2.2.2	Income/(Expenses) from valuation and/or reclassification of financial assets measured at FVOCI	(55,983)
2.2.3	Gains/(losses) from cash flow hedges	1,447,856
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	(295,796)
III.	**Total comprehensive income (I+II)**	**2,075,772**

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Consolidated statement profit or loss and other comprehensive income for the nine-month period ended 30 September 2018

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

	Income and expense items recognized under shareholders' equity (*)	**Reviewed Prior period (01/01/2017-30/09/2017)**
I.	**Additions to marketable securities valuation differences from available for sale financial assets**	**(75,198)**
II.	**Property and equipment revaluation differences**	**-**
III.	**Intangible fixed assets revaluation differences**	**-**
IV.	**Foreign exchange differences from foreign currency transactions**	**10,647**
V.	**Profit/loss from derivative financial instruments for cash flow hedges (effective portion of fair value differences)**	**2,165**
VI.	**Profit/loss from derivative financial instruments for hedge of net investment in foreign operations (effective portion of fair value differences)**	**-**
VII.	**Effects of changes in accounting policies and corrections**	**-**
VIII.	**Other income/expense recognized under shareholders' equity in accordance with TAS**	**(1,205)**
IX.	**Deferred tax related to valuation differences**	**881**
X.	**Net income/expense directly recognized under shareholders' equity (I+II+…+IX)**	**(62,710)**
XI.	**Profit/loss for the period**	**738,036**
11.1	Net change in fair value of marketable securities (transfer to profit/loss)	94,029
11.2	Part of cash flow hedge derivative financial assets reclassified into statement of profit or loss	(2,225)
11.3	Part of foreign investment hedge derivative financial assets reclassified into statement of profit or loss	-
11.4	Other	646,232
XII.	**Total profit/loss recognized for the period (X±XI)**	**675,326**

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ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of changes in equity
for the nine-month period ended 30 September 2018
(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 equity except from minority interest**	**Minority interest**	**Total shareholders' equity**
	Current period (01/01/2018-30/09/2018)																	
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**46,732**	**161**	**143**	**26,338**	**(16,548)**	**250,288**	**1,232,863**	**-**	**888,155**	**5,914,400**	**-**	**5,914,400**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**(399)**	**-**	**11,951**	**-**	**408,439**	**-**	**-**	**419,991**	**-**	**419,991**
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	(XXV)	-	-	-	-	-	-	(399)	-	11,951	-	408,439	-	-	419,991	-	419,991
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**46,732**	**161**	**(256)**	**26,338**	**(4,597)**	**250,288**	**1,641,302**	**-**	**888,155**	**6,334,391**	**-**	**6,334,391**
IV.	Total comprehensive income		-	-	-	-	-	(1,570)	15	15,820	(43,718)	1,139,795	-	-	965,430	2,075,772	-	2,075,772
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		-	-	-	-	-	-	-	(31,274)	-	-	31,274	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	94,189	-	-	-	-	-	625,216	-	(888,155)	(168,750)	-	(168,750)
11.1	Dividends paid	(II-12)	-	-	-	-	-	-	-	-	-	-	(168,750)	-	-	(168,750)	-	(168,750)
11.2	Transfers to reserves	(II-12)	-	-	-	-	94,189	-	-	-	-	-	793,966	-	(888,155)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,409)**	**(241)**	**10,884**	**(48,315)**	**1,390,083**	**2,297,792**	**-**	**965,430**	**8,241,413**	**-**	**8,241,413**

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(1) Other (Shares of investments valued by equity method in other comprehensive income not to be recycled to profit or loss and other accumulated amounts of other comprehensive income items not to be recycled to other profit or loss)
(2) Other (Cash flow hedge gain/loss, shares of investments valued by equity method in other comprehensive income recycled to profit or loss and other accumulated amounts of other comprehensive income items recycled to other profit or loss)

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

Changes in equity (continued)

	Reviewed (*)	Note	Paid-in capital	Inflation adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserves	Other reserves	Current period net profit/(loss)	Prior period net profit/(loss)	Marketable securities valuation differences	Revaluation surplus on tangible and intangible assets	Bonus shares from associates	Hedging funds	Valuation difference on prop. and equip. held for sale and related to discont. operations	Minority interests	Total equity
	Prior period																		
	(01/01/2017-30/09/2017)																		
I.	**Prior period closing balance**		**3,486,268**	**-**	**-**	**-**	**106,883**	**-**	**754,162**	**13,286**	**591,906**	**-**	**64,874**	**26,644**	**-**	**98,544**	**-**	**-**	**5,142,567**
	Changes in the period																		-
II.	**Increase/decrease related to merger**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Marketable securities valuation differences**		-	-	-	-	-	-	-	-	-	-	(75,126)	-	-	-	-	-	(75,126)
IV.	**Hedging funds (effective portion)**		-	-	-	-	-	-	-	-	-	-	-	-	-	2,393	-	-	2,393
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	2,393	-	-	2,393
4.2	Hedge of net investments in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Property and equipment revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Intangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Bonus shares from investments in associates, subsidiaries and joint ventures**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Foreign exchange differences**		-	-	-	-	-	-	-	10,647	-	-	1,001	-	-	(661)	-	-	10,987
IX.	**Changes due to the disposal of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Changes due to the reclassification of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Effect of changes in equity of associates**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Capital increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**Share premium**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Share cancellation profits**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Inflation adjustment to paid-in capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Other**		-	-	-	-	-	-	-	(964)	-	-	-	-	-	-	-	-	(964)
XVII.	**Current year profit or (loss)**		-	-	-	-	-	-	-	-	738,036	-	-	-	-	-	-	-	738,036
XVIII.	**Profit distribution**		-	-	-	-	50,405	-	321,413	-	(591,906)	-	-	20,088	-	-	-	-	(200,000)
18.1	Dividends paid	(II-12)	-	-	-	-		-	(200,000)	-	-	-	-	-	-	-	-	-	(200,000)
18.2	Transfers to reserves		-	-	-	-	50,405	-	521,413	-	(591,906)	-	-	20,088	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (I+II+III+...+XVI+XVII+XVIII)		**3,486,268**	**-**	**-**	**-**	**157,288**	**-**	**1,075,575**	**22,969**	**738,036**	**-**	**(9,251)**	**46,732**	**-**	**100,276**	**-**	**-**	**5,617,893**

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ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of cash flows
for the nine-month period ended 30 September 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Statement of Cash flows (*)	Note	Reviewed Current period (01/01/2018-30/09/2018)
A.	**Cash flows from banking operations**		
1.1	**Operating profit/(loss) before changes in operating assets and liabilities**		**5,266,229**
1.1.1	Interest received		4,810,175
1.1.2	Interest paid		(2,413,295)
1.1.3	Dividend received		2
1.1.4	Fees and commissions received		525,605
1.1.5	Other income		64,162
1.1.6	Collections from previously written-off loans and other receivables		465,906
1.1.7	Payments to personnel and service suppliers		(1,049,856)
1.1.8	Taxes paid		(119,362)
1.1.9	Other		2,982,892
1.2	**Changes in operating assets and liabilities**		**(195,492)**
1.2.1	Net increase/decrease in financial assets at fair value through profit or loss		(4,804)
1.2.2	Net (increase) decrease in due from bank		(219,289)
1.2.3	Net (increase) decrease in loans		(2,432,892)
1.2.4	Net (increase) decrease in other assets		(3,476,127)
1.2.5	Net increase (decrease) in bank deposits		2,228,231
1.2.6	Net increase (decrease) in other deposits		816,852
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		(344,925)
1.2.9	Net increase / (decrease) in payables		-
1.2.10	Net increase / (decrease) in other liabilities		3,237,462
I.	**Net cash provided from banking operations**		**5,070,737**
B.	**Cash flow from investing activities**		
II.	**Net cash provided from investing activities**		**(181,896)**
2.1	Cash paid for acquisition of subsidiaries, investments in associates and joint ventures		-
2.2	Cash obtained from disposal of subsidiaries, investments in associates and joint ventures		-
2.3	Purchases of property and equipment		(191,619)
2.4	Disposals of property and equipment		90,151
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income		(218,817)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income		-
2.7	Cash paid for purchase of financial assets measured at amortised cost		-
2.8	Cash obtained from sale of financial assets measured at amortised cost		142,041
2.9	Other		(3,652)
C.	**Cash flows from financing activities**		
III.	**Net cash provided from financing activities**		**(64,750)**
3.1	Cash obtained from funds borrowed and securities issued	(II-4)	265,000
3.2	Cash used for repayment of funds borrowed and securities issued	(II-4)	(161,000)
3.3	Issued equity instruments		-
3.4	Dividends paid	(II-12)	(168,750)
3.5	Payments for finance leases		-
3.6	Other		-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**		**1,175,196**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**5,999,287**
VI.	**Cash and cash equivalents at beginning of the period**		**5,183,052**
VII.	**Cash and cash equivalents at the end of the period**		**11,182,339**

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ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of cash flows
for the nine-month period ended 30 September 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Statement of Cash flows (*)	Note	Reviewed Prior period (01/01/2017- 30/09/2017)
A.	**Cash flows from banking operations**		
1.1	**Operating profit/(loss) before changes in operating assets and liabilities**		**1,087,448**
1.1.1	Interest received		3,901,182
1.1.2	Interest paid		(1,674,851)
1.1.3	Dividend received		382
1.1.4	Fees and commissions received		531,604
1.1.5	Other income		213,427
1.1.6	Collections from previously written-off loans and other receivables		222,518
1.1.7	Payments to personnel and service suppliers		(919,715)
1.1.8	Taxes paid		(186,061)
1.1.9	Other		(1,001,038)
1.2	**Changes in operating assets and liabilities**		**(1,937,326)**
1.2.1	Net (increase)/decrease in trading securities		(103,196)
1.2.2	Net (increase)/decrease in financial assets at fair value through profit/(loss)		-
1.2.3	Net (increase)/decrease in due from banks and other financial institutions		(134,432)
1.2.4	Net (increase)/decrease in loans		(2,440,259)
1.2.5	Net (increase)/decrease in other assets		238,072
1.2.6	Net increase/(decrease) in bank deposits		(852,877)
1.2.7	Net increase/(decrease) in other deposits		1,468,302
1.2.8	Net increase/(decrease) in funds borrowed		(201,671)
1.2.9	Net increase/(decrease) in payables		-
1.2.10	Net increase/(decrease) in other liabilities		88,735
I.	**Net cash provided from banking operations**		**(849,878)**
B.	**Cash flow from investing activities**		
II.	**Net cash provided from investing activities**		**340,141**
2.1	Cash paid for acquisition of subsidiaries, investments in associates and joint ventures		-
2.2	Cash obtained from disposal of subsidiaries, investments in associates and joint ventures		-
2.3	Purchases of property and equipment		(93,589)
2.4	Disposals of property and equipment		74,656
2.5	Cash paid for purchase of investments available-for-sale		(166,576)
2.6	Cash obtained from sale of investments available-for-sale		529,513
2.7	Cash paid for purchase of investment securities		-
2.8	Cash obtained from sale of investment securities		-
2.9	Other		(3,863)
C.	**Cash flows from financing activities**		
III.	**Net cash provided from financing activities**		**(450,000)**
3.1	Cash obtained from funds borrowed and securities issued		257,445
3.2	Cash used for repayment of funds borrowed and securities issued		(507,445)
3.3	Issued equity instruments		-
3.4	Dividends paid		(200,000)
3.5	Payments for finance leases		-
3.6	Other		-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**		**152,961**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**(806,776)**
VI.	**Cash and cash equivalents at beginning of the period**		**4,580,980**
VII.	**Cash and cash equivalents at the end of the period**		**3,774,204**

(*) The prior period financial statements are not restated as permitted by TFRS 9 transition rules. Since 2017 and 2018 consolidated financial statements are prepared by using different accounting principles, 2017 consolidated financial statements are presented separately, not comparatively with the consolidated financial statements as of 30 September 2018.

Section three

Accounting policies

I. Explanations on basis of presentation

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

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

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

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

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 consolidated financial statements

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

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with the standards used in the previous year, except for as explained in Note I-d.

d. Changes in accounting policies and disclosures

The Group has started to apply TFRS 9 Financial Instruments ("TFRS 9") published by POA in the accompanying consolidated financial statements starting from 1 January 2018 for the first time based on the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with procedures and principals regarding classification of loans and allowances allocated for such loans which came into force starting from 1 January 2018. The effects of TFRS 9 on the financial statements of the Group are presented in footnote XXV.

TFRS 15 and other new Turkish Financial Reporting Standards ("TFRS") / Turkish Accounting Standards ("TAS") amendments in effect do not have significant impact on the Group's accounting policies, financial position and performance.

New and amended standards and interpretations

TFRS 16 Leases

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting stays almost the same. The standard will be effective from annual periods beginning on or after 1 January 2019 and the Group's adoption process regarding the mentioned amendments continues as of the reporting date.

I. Explanations on basis of presentation (continued)

Standards effective as of 1 January 2018

TFRS 9 Financial instruments

As of 1 January 2018, the Group has started to apply TFRS 9 standard which replaces TAS 39 Financial Instruments: Recognition and Measurement for the first time in the consolidated financial statements. TFRS 9 also includes new hedge accounting rules aiming alignment with risk management activities. TFRS 9 permits to defer application of TFRS 9 hedge accounting and continue to apply hedge accounting in accordance with TAS 39 as a policy choice. Accordingly, the Bank continued to apply hedge accounting in accordance with TAS 39 in this context.

The Group has not restated comparative information for 2017 for financial instruments in the scope of TFRS 9 and the total difference arising from the adoption of TFRS 9 has been recognised directly in "Profit reserves" as of 1 January 2018 in the current period statement of changes in shareholders' equity. In this context, the accompanying financial statements and the disclosures on these financial statements are not presented on a comparative basis due to the fact that the current and prior period financial statements are prepared by using different accounting principles.

The transition impact on the financial statements regarding the first time adoption of TFRS 9 as of 1 January 2018 is presented in Note XXV.

Accounting policies and valuation principles used in the preparation of financial statements are presented in Note II. and XXVI.

Changes regarding classification and measurement of financials assets

To determine their classification and measurement category, TFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on both the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The TAS 39 measurement categories of financial assets at fair value through profit/loss, available for sale and held-to-maturity have been replaced by: financial assets measured at fair value through profit/loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost, respectively, as a consequence of TFRS 9.

The accounting for financial liabilities is substantially the same as it was under TAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at fair value through profit/loss (in the case of not affecting accounting mismatch significantly).

The details regarding the Group's classification and measurement of its financial assets and liabilities is explained in Note VII.

In addition, the impact regarding adoption of TFRS 9 as of 1 January 2018 on the statement of financial position is explained in Note XXV.

Impairment

TFRS 9 has changed the accounting for loan loss impairments by replacing incurred loss approach of TAS 39 with an expected credit loss ("ECL") approach.

The Group formed an impairment model having 3 stages depending on the gradual increase in credit risk observed since their initial recognition. The approach of the Group regarding measurement of loan loss reserve is presented in Note VIII.

TFRS 15 Revenue from contracts with customers

TFRS 15 Revenue from Contracts with Customers standard provides single and comprehensive model and guidance regarding recognition of revenue and replaces TAS 18 Revenue standard. The standard is effective starting from 1 January 2018 and does not have significant impact on the financial statements.

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

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

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

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

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

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

Explanations on foreign currency transactions:

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

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

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

III. Explanation on consolidated subsidiaries

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

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

ING European Financial Services Plc.

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

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

ING Portföy Yönetimi A.Ş. (ING Asset Management)

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

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

III. Explanation on consolidated subsidiaries (continued)

ING Faktoring A.Ş. (ING Factoring)

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

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

ING Finansal Kiralama A.Ş. (ING Leasing)

ING Leasing was established in 2008 for the purpose of operating in financial leasing activities and execute all kinds of transactions and contracts related to these activities. The company was granted operating license with the BRSA Board Decision, No. 3564, dated 3 March 2010.

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

ING Menkul Değerler A.Ş. (ING Securities)

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

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

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

IV. Explanations on forward and options contracts and derivative instruments

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

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

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

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

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

V. Explanations on interest income and expense

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

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

VI. Explanations on fee and commission income and expenses

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

VII. Explanations on financial instruments

Initial recognition of financial instruments

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

Initial measurement of financial instrument

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

Classification of financial instruments

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

VII. Explanations on financial instruments (continued)

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

Assessment of business model

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

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

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

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

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

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

Other business models:

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

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).

VII. Explanations on financial instruments (continued)

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

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

Financial assets measured at fair value through other comprehensive income:

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

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

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

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

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.

VII. Explanations on financial instruments (continued)

Loans:

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

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

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

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

VIII. Explanations on impairment of financial assets

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

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

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

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

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

  Group considers the following criteria.

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

VIII. Explanations on impairment of financial assets (continued)

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

- Having past due more than 30 days,
- 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 90 days
- Problems in aspect of client’s creditworthiness
- Collaterals and/or debtor’s equities are insufficient for the timely payment of receivables
- Collection of receivables is considered to be delayed for more than 90 days due to macroeconomic, industry specific or customer specific reasons.

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

Expected credit loss measurement:

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

IX. Explanations on offsetting financial assets

Financial assets and liabilities are shown on the balance sheet at their net amounts when the Group has a legally enforceable right to offset the recognized amounts and 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 is reflected to the interest income on marketable securities and expenses paid in relation to repurchase agreements are recognized in “interest on money market borrowings” accounts.

X. Explanations on sales and repurchase agreements and securities lending transactions (continued)

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

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

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

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

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

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

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

XII. Explanations on goodwill and other intangible assets

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

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

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

The intangible assets	7% - 33%

The Group does not have goodwill.

XIII. Explanations on property and equipment

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

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

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

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

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

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

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

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

There is no purchase commitment related to property and equipment.

XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

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

b. Accounting of leasing operations as lessee

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

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

XV. Explanations on provisions, contingent assets and liabilities

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

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

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

XVI. Explanations on obligations related to employee rights

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

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

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

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

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

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

XVII. Explanations on taxation

a. Current tax

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

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

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

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

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

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

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

XVII. Explanations on taxation (continued)

b. Deferred tax

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

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.

Until 1 January 2018, the Group calculated deferred tax liability on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable, in accordance with TAS 12 and the changes stated in BRSA circular, No. BDDK.DZM.2/13/1-a-3, dated 8 December 2004. Beginning from 1 January 2018, the Bank has started to calculate deferred tax assets over temporary expected provision losses differences according to TFRS 9 articles.

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

c. Transfer Pricing

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

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

XVIII. Explanations on borrowings

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

XIX. Explanation on issuance of equity securities

There are no issuance of equity securities in 2018.

XX. Explanations on guarantees and acceptances

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

XXI. Explanations on government incentives

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

XXII. Explanations on segment reporting

An operating segment is a component of an entity:

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

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

c. For which discrete financial information is available.

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

XXIII. Profit reserves and distribution of profit

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

XXIV. Explanations on other disclosures

None.

XXV. Explanation on TFRS 9 financial instruments standard

2017 version of TFRS 9 standard was promulgated in the Official Gazette, numbered 29953, dated 19 January 2017 by POA to be effective for the accounting periods starting from 1 January 2018. TFRS 9 standard sets out the new requirements for recognition and measurement, impairment and hedge accounting of financial assets and liabilities. Furthermore, it is stated that banks may calculate provision for financial instruments in accordance with the TFRS 9 at the "Regulation on the Classification of Loans and Provisions to be Set Aside for Those Loans" published in the Official Gazette, numbered 29750, dated 22 June 2016.

Recognition and Measurement of Financial Instruments

In accordance with TFRS 9 Financial Instrument standard, classification and measurement of financial assets are determined on the basis of the business model within which they are held and their contractual cash flow characteristics whether the cash flows represent "solely payments of principal and interest".

Upon initial recognition, each financial asset is classified as either fair value through profit or loss ("FVTPL"), amortised cost or fair value through other comprehensive income ("FVOCI"). The classification and measurement of financial liabilities remain largely unchanged under TAS 39 current requirements.

Loans and receivables are held to collect contractual. According to TFRS 9 contractual cash flow characteristics of these financial assets are analysed and decided to classify as financial assets measured at amortised cost.

Some of the financial assets measured at fair value with changes in other comprehensive income are classified as amortised cost depending on the characteristics of their business models as they meet the requirement of contractual cash flows represent solely payments of principal and interest.

There is no change on the classification of the financial assets valued at fair value through profit or loss.

Hedge Accounting

During the selection of the accounting policies, TFRS 9 provides option of continuing with TAS 39 hedge accounting principles and deferring hedge accounting rules in accordance with TFRS 9. Accordingly, the Bank decided to continue with TAS 39 standard for hedge accounting.

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

XXV. Explanation on TFRS 9 financial instruments standard (continued)

Explanation of the effect of the Group's application of TFRS 9 are presented in below:

Assets	Not	31.12.2017	TFRS 9 Reclassification Effect	TFRS 9 Measurement Effect	01.01.2018
Financial assets (net)		**13,524,797**	**(58,148)**	**38,334**	**13,504,983**
Cash and Cash Equivalents		**9,598,244**	**-**	**-**	**9,598,244**
Cash and Balances with Central Bank		7,830,527	-	-	7,830,527
Banks		573,421	-	-	573,421
Money market placements		1,194,296	-	-	1,194,296
Financial assets at fair value through profit or loss	**(1)**	**42,240**	**49**	**-**	**42,289**
Financial assets at fair value through other comprehensive ıncome	**(2)**	**-**	**436,307**	**-**	**436,307**
Financial assets measured at amortised cost	**(2)**	**-**	**1,301,589**	**15,347**	**1,316,936**
Derivative financial assets		**2,146,368**	**-**	**-**	**2,146,368**
Derivative financial assets at fair value through profit or loss	(1)	-	574,973	-	574,973
Derivative financial assets at fair value through other comprehensive income	(1)	-	1,571,395	-	1,571,395
Derivative financial assets held for trading	**(1)**	574,973	(574,973)		-
Derivative financial assets held for hedging purposes	**(1)**	1,571,395	(1,571,395)		-
Available-for-sale financial assets (net)	**(2)**	**1,737,945**	**(1,737,945)**	**-**	**-**
Held-to-maturity financial assets (net)		**-**	**-**	**-**	**-**
Expected credit losses (-)	**(5)**	**-**	**(58,148)**	**22,987**	**(35,161)**
Loans (net)		**44,867,688**	**(616,524)**	**340,430**	**46,654,884**
Loans (measured at amortized cost)	**(3)**	**44,366,190**	**-**	**-**	**44,366,190**
Performing loans	**(3)**	42,896,661	(5,027,422)	-	37,869,239
Loans and receivables under close monitoring	**(3)**	1,469,529	5,027,422	-	6,496,951
Non-performing loans		**-**	**1,705,141**	**-**	**1,705,141**
Non-performing loans		1,705,141	(1,705,141)	-	-
Specific provisions (-)		(1,203,643)	1,203,643	-	-
Factoring receivables		**1,027,813**	**-**	**-**	**1,027,813**
Leasing receivables		**1,035,477**	**-**	**-**	**1,035,477**
Expected credit losses (-)	**(5)**	**-**	**(1,820,167)**	**340,430**	**(1,479,737)**
12-Month ECL (Stage 1)		-	(559,692)	401,545	(158,147)
Lifetime ECL significant increase in credit risk (Stage 2)		-	(56,832)	(117,001)	(173,833)
Lifetime ECL impaired credits (Stage 3)		-	(1,203,643)	55,886	(1,147,757)
Assets held for sale and assets of dıscontınued operatıons (net)		**660**	**-**	**-**	**660**
Equity investments (net)		**-**	**-**	**-**	**-**
Investments in Associates (net)		-	-	-	-
Investments in Subsidiaries (net)		-	-	-	-
Joint ventures (net)		-	-	-	-
Tangible assets (net)		**502,521**	**-**	**-**	**502,521**
Intangible assets (net)		**40,055**	**-**	**-**	**40,055**
Investment property (net)		**-**	**-**	**-**	**-**
Current tax asset		**31,812**	**-**	**-**	**31,812**
Deferred tax asset	**(7)**	**3,823**	**(77,316)**	**77,316**	**3,823**
Other assets		**489,279**	**-**	**-**	**489,279**
Total Assets		**61,523,925**	**(751,988)**	**456,080**	**61,228,017**

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

XXV. Explanation on TFRS 9 financial instruments standard (continued)

Liabilities	Not	31.12.2017	TFRS 9 Reclassification Effect	TFRS 9 Measurement Effect	01.01.2018
Deposits		**27,597,712**	**-**	**-**	**27,597,712**
Funds borrowed		**22,306,258**	**-**	**-**	**22,306,258**
Money market funds		**59,498**	**-**	**-**	**59,498**
Securities issued (net)		**-**	**-**	**-**	**-**
Financial liabilities at fair value through profit or loss		**-**	**-**	**-**	**-**
Derivative financial liabilities	**(4)**	**-**	**493,203**	**-**	**493,203**
Derivative financial liabilities at fair value through profit or loss	(4)	-	467,749	-	467,749
Derivative financial liabilities at fair value through other comprehensive income	(4)	-	25,454	-	25,454
Derivative financial liabilities held for trading	**(4)**	**467,749**	**(467,749)**	**-**	**-**
Derivative financial liabilities held for hedging purposes	**(4)**	**25,454**	**(25,454)**	**-**	**-**
Factoring payables		**508**	**-**	**-**	**508**
Lease payables		**-**	**-**	**-**	**-**
Provisions		**877,732**	**(674,672)**	**36,089**	**239,149**
General provision	(5)	688,786	(688,786)	-	-
Provision for restructuring		-	-	-	-
Reserve for employee benefits		42,344	-	-	42,344
Insurance technical provisions (net)		-	-	-	-
Other provisions	(5)	146,602	14,114	36,089	196,805
Current tax liability		**85,350**	**-**	**-**	**85,350**
Deferred tax liability	**(7)**	**334,347**	**(77,316)**		**257,031**
Liabilities for assets held for sale and assets of discontinued operations (net)		**-**	**-**	**-**	**-**
Subordinated debt		**3,038,967**	**-**	**-**	**3,038,967**
Other liabilities	**(6)**	**-**	**815,950**	**-**	**815,950**
Miscellaneous payables	**(6)**	**577,059**	**(577,059)**	**-**	**-**
Other external fundings payable	**(6)**	**238,891**	**(238,891)**	**-**	**-**
Shareholders' equity		**5,914,400**	**-**	**419,991**	**6,334,391**
Paid-in capital		**3,486,268**	**-**	**-**	**3,486,268**
Capital reserves		**280,776**	-	**11,552**	**292,328**
Share premiums		-	-	-	-
Share cancellation profits		-	-	-	-
Other capital reserves		161	-	-	161
Other comprehensive income items not to be recycled to Profit or Loss		-	(16,548)	11,951	(4,597)
Other comprehensive income items to be recycled to Profit or Loss		-	143	(399)	(256)
Marketable securities valuation differences		(16,405)	16,405		-
Revaluation surplus on tangible assets		46,732	-	-	46,732
Revaluation surplus on intangible assets		-	-	-	-
Revaluation surplus on investment property		-	-	-	-
Bonus shares from investment in associates, subsidiaries and joint ventures		-	-	-	-
Hedging funds (effective portion)		250,288	-	-	250,288
Valuation differences on property and equipment held for sale and related to discontinued operations		-	-	-	-
Profit reserves		**1,259,201**	**-**	**408,439**	**1,667,640**
Legal reserves		157,288	-	-	157,288
Status reserves		-	-	-	-
Extraordinary reserves		1,075,575	-	-	1,075,575
Other profit reserves		26,338	-	408,439	434,777
Profit or (loss)		**888,155**	**-**	**-**	**888,155**
Prior periods' profit or (loss)		-	-	-	-
Current period profit or loss		888,155	-	-	888,155
Total liabilities		**61,523,925**	**(751,988)**	**456,080**	**61,228,017**

XXV. Explanation on TFRS 9 financial instruments standard (continued)

(1) As of 1 January 2018, the Group classified "Derivative Financial Assets Held for Trading" and "Derivative Financial Assets Held for Hedging Purpose" in the prior year financial statements amounting to TL 574,973 and TL 1,571,395, respectively into "Derivative Financial Assets". In addition, the Group classified investment funds amounting to TL 49 from "Available for Sale Financial Assets" in the prior year financial statements into "Financial Assets at Fair Value through Profit or Loss" as of 1 January 2018.

(2) As of 1 January 2018, the Group classified debt securities previously classified as "Available for Sale Financial Assets" amounting to TL 1,301,589 into "Financial assets at amortized cost" due to the fact that they are assessed within the scope of a business model whose objective is achieved by both collecting contractual cash flows and the contractual terms of such financial assets 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. As a result, the impairment amounting to TL 15,347 and TL 3,396 deferred tax liability recognized under shareholders equity were cancelled. In addition, as of 1 January 2018, the Group classified debt securities previously classified as "Available for Sale Financial Assets" amounting to TL 436,307 into "Financial assets at fair value through other comprehensive income" due to the fact that they are assessed within the scope of a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual cash flow test covering solely the principal and the interest on the outstanding principal amount.

(3) As of 1 January 2018, the Group does not have any loan balance which does not 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. The Group classified a loan balance previously classified as "Performing Loans" amounting to TL 5,027,422 as "Loans and Receivables under close monitoring" due to having significant increase in credit risk as explained in the accounting policies section in details.

(4) As of 1 January 2018, the Group classified "Derivative Financial Liabilities Held for Trading" and "Derivative Financial Liabilities Held for Hedging Purpose" in the prior year financial statements amounting to TL 467,749 and TL 25,454, respectively into "Derivative Financial Liabilities".

(5) As of 1 January 2018, the Group classified expected losses calculated based on TFRS 9 into the relevant line items through reversing General Provision amount in the prior year financial statements. While the Group classifies expected losses calculated for financial assets and loans in the relevant expected losses line items under assets as per TFRS 9, expected losses calculated for non-cash loans are classified as "Other Provisions" under liabilities.

(6) As of 1 January 2018, the Group classified miscellaneous payables amounting to TL 577,059 and other external fundings amounting to TL 238,891 into "Other Liabilities".

(7) As of 1 January 2018, the Group made a net deferred tax asset of TL 77,316, with an increase of TL 8,366 from the classification of financial assets and a loss of TL 68,950 from the calculation of the expected losses in the shareholders equity item on the first time adoption of TFRS 9.

XXVI. Explanations on prior period accounting policies not valid for the current period

"TFRS 9 Financial Instruments" standard came into effect instead of "TAS 39 Financial Instruments: Recognition and Measurement" as of 1 January 2018. Accounting policies lost their validity with the transition of TFRS 9 are given below:

a. Financial assets at fair value through profit or loss

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

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

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

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

b. Available for sale financial assets

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

c. Held-to-maturity financial assets

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

ç. Loans and receivables

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

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

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

Section four

Information on financial position and risk management of the Group

I. Explanations on consolidated capital

Information about consolidated capital items

Consolidated total capital amount and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and out of the requirements of BRSA numbered 10513 dated 12 August 2018 and numbered 10578 dated 13 August 2018, the Bank implemented only the regulation numbered 10578 and dated 13 August 2018. Recent regulatory changes are as follows:

1) Regulation No: 10513, dated 12 August 2018: 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 12 August 2018.

2) Regulation No: 10578, dated 13 August 2018: In the calculation of credit risk amount, Banks do not have to use the current market rates for foreign currency risk weighted assets and may calculate their risk weighted assets by using the highest rate of the Bank's buying rates as at 30 June 2018 or the simple arithmetic average of Central Bank rates for the last 252 business days.

As of 30 September 2018, the Group's total capital is TL 11,926,032 and the consolidated capital adequacy ratio is 20.32%. As of 31 December 2017, the Group's total capital amounted to TL 9,132,828 and capital adequacy ratio was 19.15%.

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

I. Explanations on consolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	2,297,792	
Other comprehensive income according to TAS	150,396	
Profit	965,430	
Net profit for the period	965,430	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Minority interest		
Common equity tier I capital before deductions	**6,899,886**	
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	48,556	
Leasehold improvements on operational leases (-)	26,680	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	23,233	23,233
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	**98,469**	
Total common equity tier I capital	**6,801,417**	
ADDITIONAL TIER I CAPITAL		
Preferred stock not included in common equity tier I capital and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (in scope of Temporary Article 3)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital		
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period		
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	-	
Total additional Tier I capital	-	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**6,801,417**	

(*) 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 consolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	4,378,501	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	200,000	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (in scope of Temporary Article 3)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	554,772	
Tier II Capital Before Deductions	**5,133,273**	
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	**5,133,273**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**11,934,690**	
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 (-)	8,658	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	11,926,032	
Total risk weighted amounts	58,680,001	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	11.59	
Tier I Capital Adequacy Ratio (%)	11.59	
Capital Adequacy Ratio (%)	20.32	
BUFFERS		
Total buffer requirement	1.916	
Capital protection buffer requirement (%)	1.875	
Bank specific cyclical buffer requirement (%)	0.041	
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 (%)	5.591	
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	176,283	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	554,772	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
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 consolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	1,259,201	
Other comprehensive income according to TAS	46,893	
Profit	888,155	
Net profit for the period	888,155	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Minority interest		
Common equity tier I capital before deductions	**5,680,517**	
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	16,405	
Leasehold improvements on operational leases (-)	35,013	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	30,191	37,738
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	**81,609**	
Total common equity tier I capital	**5,598,908**	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not included in common equity tier i capital and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (in scope of Temporary Article 3)	-	
Additional Tier I capital before deductions	-	
Deductions from additional Tier I capital		
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period		
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	7,547	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	-	
Total additional Tier I capital	-	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**5,591,361**	

(*) 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 consolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank’s borrowing instruments and issue premiums	2,812,352	
Bank’s borrowing instruments and issue premiums (in scope of Temporary Article 4)	200,000	
Third parties’ share in the Tier II Capital	-	
Third parties’ share in the Tier II Capital (in scope of Temporary Article 3)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	542,573	
Tier II Capital Before Deductions	3,554,925	
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	**3,554,925**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**9,146,286**	
Total of Core Capital and Additional Capital (Total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	13,458	
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	9,132,828	
Total risk weighted amounts	47,688,687	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	11.74	
Tier I Capital Adequacy Ratio (%)	11.73	
Capital Adequacy Ratio (%)	19.15	
BUFFERS		
Total buffer requirement	5.772	
Capital protection buffer requirement (%)	1.250	
Bank specific cyclical buffer requirement (%)	0.022	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	
Amounts below the Excess Limits as per the Deduction Principles	5.741	
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	-	
Limits related to provisions considered in Tier II calculation	45,634	
General provisions for standard based receivables (before ten thousand twenty five limitation)		
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	688,786	
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	542,573	
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 consolidated capital (continued)

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

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at stand-alone / consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	TL 200 million	USD 102 million (TL 616 million) and EUR 90 million (TL 629 million)	USD 91 million (TL 549 million) and EUR 85 million (TL 595 million)	USD 62 million (TL 374 million) and EUR 231 million (TL 1,616 million)
Par value of instrument (Currency in million)	TL 200 million	USD 102 million (TL 616 million) and EUR 90 million (TL 629 million)	USD 91 million (TL 549 million) and EUR 85 million (TL 595 million)	USD 62 million (TL 374 million) and EUR 231 million (TL 1,616 million)
Accounting classification	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Original date of issuance	19 December 2013	11 March 2014	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	51 years	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	After 5th year	After 5th year
Coupons / dividends	-	-	-	-
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating
Coupon rate and any related index	USD/TL Swap rate+ 2.86%	Libor+2.775% and Euribor+2.29%	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence	None	None	None	None
Noncumulative or cumulative	-	-	-	-
Convertible or non-convertible	None	None	None	None
If convertible, conversion trigger(s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into				
Write-down feature	None	None	None	None
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	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	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-	-	-

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

I. Explanations on consolidated capital (continued)

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders' equity	8,241,413	8,241,413
Gains from cash flow hedge transactions	1,390,083	(1,390,083)
Leasehold improvements on operational leases	26,680	(26,680)
Goodwill and intangible assets	26,806	(23,233)
General provision	554,772	554,772
Subordinated debt	4,596,653	4,578,501
Other deductions from shareholders' equity	8,658	(8,658)
Capital		**11,926,032**

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

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

II. Explanation on consolidated currency risk

Management of foreign currency risk is differentiated on the basis of "Banking Book" and "Trading Book", where trading book is managed in accordance with foreign currency trading position limits as well as value at risk ("VaR") and banking book is managed 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. On the other hand, currency risk is also taken into account in the capital adequacy ratio calculation as part of the market risk under the standard method.

The simple arithmetic average of USD and EUR buying rates of the Parent Bank for the thirty days before the balance sheet date are 6.3116 (Full TL) and 7.3566 (Full TL) respectively.

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

	1 USD	1 EURO
The Parent Bank's "foreign exchange buying rates" (30 September 2018)	6.0347	6.9942
Previous days;		
28 September 2018	6.0347	6.9942
27 September 2018	5.9532	6.9617
26 September 2018	6.0904	7.1471
25 September 2018	6.2027	7.3099
24 September 2018	6.1411	7.2361

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

II. Explanation on consolidated currency risk (continued)

Information related to consolidated currency risk:

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	7,002,146	1,972,915	1,125,167	10,100,228
Banks	1,240,858	799,131	353,033	2,393,022
Financial assets at fair value through profit or loss	27,636	24,257	-	51,893
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	240	-	-	240
Loans	16,664,837	6,354,860	21,862	23,041,559
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets (net)	9	-	-	9
Intangible assets (net)	-	-	-	-
Other assets	31,982	6,238	65	38,285
Total assets	**24,967,708**	**9,157,401**	**1,500,127**	**35,625,236**
Liabilities				
Bank deposit	4,611,105	483,867	169	5,095,141
Foreign currency deposits	3,823,992	7,988,142	409,599	12,221,733
Funds from interbank money market	23,433	-	-	23,433
Borrowings	17,772,826	13,613,673	17,938	31,404,437
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	16,379	40,606	4,213	61,198
Hedging derivative financial liabilities	5,040	-	-	5,040
Other liabilities	65,454	60,084	7,369	132,907
Total liabilities	**26,318,229**	**22,186,372**	**439,288**	**48,943,889**
Net on balance sheet position	**(1,350,521)**	**(13,028,971)**	**1,060,839**	**(13,318,653)**
Net off-balance sheet position	**1,381,465**	**13,036,866**	**(1,059,562)**	**13,358,769**
Financial derivative assets	10,981,158	27,827,746	1,670,495	40,479,399
Financial derivative liabilities	9,599,693	14,790,880	2,730,057	27,120,630
Non-cash loans	**2,017,730**	**6,136,144**	**166,169**	**8,320,043**
Prior period				
Total assets	**16,812,930**	**7,538,271**	**1,244,112**	**25,595,313**
Total liabilities	**17,463,282**	**15,902,339**	**323,314**	**33,688,935**
Net on-balance sheet position	**(650,352)**	**(8,364,068)**	**920,798**	**(8,093,622)**
Net off-balance sheet position	**702,801**	**8,349,703**	**(919,681)**	**8,132,823**
Financial derivative assets	6,914,832	17,931,396	802,738	25,648,966
Financial derivative liabilities	6,212,031	9,581,693	1,722,419	17,516,143
Non-cash loans	**1,369,705**	**4,198,584**	**97,583**	**5,665,872**

In the foreign currency risk table:

The principal and accrual of TL 681,877 (31 December 2017: TL 955,383) of foreign currency indexed loans and foreign currency indexed factoring receivables amounting to TL 27,448 (31 December 2017: TL 429,826) are presented under other assets.

II. Explanation on consolidated currency risk (continued)

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

Held-for-trading derivative financial assets: TL 497,105 (31 December 2017: TL 184,960).
Prepaid expenses: TL 2,836 (31 December 2017: TL 687).
Held-for trading derivative financial liabilities: TL 612,820 (31 December 2017: TL 183,502).
Hedge funds (Effective Portion): TL (5,001) (31 December 2017: TL (4,240)).
Foreign currency indexed factoring liabilities: TL (11) (31 December 2017: None).
Marketable securities valuation differences: None (31 December 2017: None).
Interest rate swap (buy) transactions and options (buy): TL 4,698,444 (31 December 2017: TL 3,818,260).
Interest rate swap (sell) transactions and options (sell): TL 4,698,444 (31 December 2017: TL 3,818,260).

TL 4,694 (31 December 2017: TL 134,989) of foreign currency indexed factoring guarantees are stated in non-cash loans.

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

Forward foreign currency-buy transactions: TL 1,283,037 (31 December 2017: TL 1,054,558).
Forward foreign currency-sell transactions: TL 1,325,526 (31 December 2017: TL 959,626).

III. Explanations on consolidated interest rate risk

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

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

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

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

III. Explanations on consolidated interest rate risk (continued)

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

Current period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 year and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	8,550,749	20,078	-	-	-	2,239,173	10,810,000
Banks	1,591,863	2,392	-	-	-	884,243	2,478,498
Financial assets at fair value through profit and loss	794,110	1,462,229	560,115	57,061	-	79	2,873,594
Money market placements	1,691,534	-	-	-	-	-	1,691,534
Financial assets measured at fair value through other comprehensive income	-	1,571	245,125	312,091	-	8,318	567,105
Loans	9,337,943	11,763,780	13,852,518	17,686,852	2,359,282	146,883	55,147,258
Financial assets measured at amortised cost	89,941	880,002	235,015	-	-	-	1,204,958
Other assets (*)	1,334,754	3,446,104	-	-	-	1,205,917	5,986,775
Total assets	**23,390,894**	**17,576,156**	**14,892,773**	**18,056,004**	**2,359,282**	**4,484,613**	**80,759,722**
Liabilities							
Bank deposits	-	-	-	-	-	5,101,018	5,101,018
Other deposits	25,520,326	869,978	465,288	1,213	-	4,448,484	31,305,289
Money market borrowings	25,319	-	-	-	-	-	25,319
Miscellaneous payables	-	-	-	-	-	646,979	646,979
Securities issued	-	101,090	-	-	-	-	101,090
Funds provided from other financial institutions	4,826,493	18,706,454	5,250,960	3,223,885	202,914	-	32,210,706
Other liabilities (**)	386,646	663,529	569,898	55,713	-	9,693,535	11,369,321
Total liabilities	**30,758,784**	**20,341,051**	**6,286,146**	**3,280,811**	**202,914**	**19,890,016**	**80,759,722**
Balance sheet long position	-	-	8,606,627	14,775,193	2,156,368	-	25,538,188
Balance sheet short position	(7,367,890)	(2,764,895)	-	-	-	(15,405,403)	(25,538,188)
Off-balance sheet long position	5,892,783	12,761,898	-	-	-	-	18,654,681
Off-balance sheet short position	-	-	(5,131,589)	(8,738,907)	(532,982)	-	(14,403,478)
Total positions	**(1,475,107)**	**9,997,003**	**3,475,038**	**6,036,286**	**1,623,386**	**(15,405,403)**	**4,251,203**

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

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

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

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 year and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	5,546,209	13,778	-	-	-	2,270,540	7,830,527
Due from other banks and financial institutions	260,701	12,607	-	-	-	300,113	573,421
Financial assets at fair value through profit and loss	204,502	235,924	176,257	485	-	45	617,213
Money market placements	1,194,296	-	-	-	-	-	1,194,296
Available-for-sale financial assets	134,953	514,457	907,048	173,427	-	8,060	1,737,945
Loans and receivables	7,245,946	6,651,134	13,651,101	15,099,456	1,718,553	501,498	44,867,688
Held-to-maturity investments	-	-	-	-	-	-	-
Other assets (*)	564,968	1,489,806	437,368	985,688	154,832	1,070,173	4,702,835
Total assets	**15,151,575**	**8,917,706**	**15,171,774**	**16,259,056**	**1,873,385**	**4,150,429**	**61,523,925**
Liabilities							
Bank deposits	-	-	-	-	-	1,481,773	1,481,773
Other deposits	21,856,247	715,535	134,658	113,757	-	3,295,742	26,115,939
Money market borrowings	59,498	-	-	-	-	-	59,498
Miscellaneous payables	-	-	-	-	-	577,059	577,059
Securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	5,962,280	10,658,734	4,935,705	3,445,511	342,995	-	25,345,225
Other liabilities (**)	168,129	185,817	139,419	346	-	7,450,720	7,944,431
Total liabilities	**28,046,154**	**11,560,086**	**5,209,782**	**3,559,614**	**342,995**	**12,805,294**	**61,523,925**
Balance sheet long position	-	-	9,961,992	12,699,442	1,530,390	-	24,191,824
Balance sheet short position	(12,894,579)	(2,642,380)	-	-	-	(8,654,865)	(24,191,824)
Off-balance sheet long position	4,514,666	11,910,222	-	-	-	-	16,424,888
Off-balance sheet short position	-	-	(6,730,620)	(7,997,098)	(386,222)	-	(15,113,940)
Total position	**(8,379,913)**	**9,267,842**	**3,231,372**	**4,702,344**	**1,144,168**	**(8,654,865)**	**1,310,948**

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

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

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

III. Explanations on consolidated interest rate risk (continued)

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

Current period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	1.50	-	13.00
Banks	0.26	2.04	-	25.95
Financial assets at fair value through profit and loss	14.82	6.47	-	22.01
Money market placements	-	-	-	26.03
Financial assets measured at fair value through other comprehensive income	-	-	-	15.07
Loans	3.24	6.01	-	20.80
Financial assets measured at amortised cost	-	-	-	14.22
Liabilities				
Bank deposits	(0.37)	1.92	-	-
Other deposits	0.42	2.84	-	17.94
Money market borrowings	-	-	-	15.00
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	15.03
Funds provided from other financial institutions	0.67	3.46	-	16.30

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

Prior period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	1.50	-	4.00
Due from other banks and financial institutions	(0.46)	-	-	14.38
Financial assets at fair value through profit and loss	4.40	6.29	-	9.05
Money market placements	-	-	-	12.93
Financial assets available-for-sale	-	-	-	11.22
Loans and receivables	2.92	4.79	-	15.25
Held-to-maturity investments	-	-	-	-
Liabilities				
Bank deposits	-	-	-	-
Other deposits	0.37	2.57	-	10.54
Money market borrowings	-	-	-	11.43
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds provided from other financial institutions	0.60	2.67	-	12.39

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

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

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

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

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

Current period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Equity investments	-	-	-
Not quoted	**8,318**	**3,052**	**3,052**
Equity investments	8,318	3,052	3,052
Financials subsidiaries	**-**	**-**	**-**
Financials subsidiaries	-	-	-

Prior period	Carrying value	Fair value (*)	Market value
Quoted	**51**	**51**	**51**
Equity investments	51	51	51
Not quoted	**8,009**	**2,828**	**2,828**
Equity investments	8,009	2,828	2,828
Financials subsidiaries	**-**	**-**	**-**
Financials subsidiaries	-	-	-

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

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

Current period	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses		
		Total	Including into the additional capital	Total	Including into the core capital	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	-	16	-	16	16	-
Other stocks	126,380	111	-	(270)	(270)	-
Total	**126,380**	**127**	**-**	**(254)**	**(254)**	**-**

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	8,318	8,318	665

Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	51	51	4
Other equity shares	8,009	8,009	641

(*) 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 consolidated liquidity risk management and liquidity coverage ratio

1. Information on matters related to consolidated liquidity risk

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

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

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

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

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

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

The liquidity risk of the Parent Bank is managed by the Asset and Liability Management. Furthermore, subsidiaries manage their own liquidity risk by themselves. On the other hand, in order to make a central funding strategy, a funding plan including subsidiaries is established every year. In addition, information about the implementation and realization of the funding plan is made to the Asset Liability Management Committee. According to the limits determined by the Board of Directors, liquidity deficit and surplus are tracked and actions are taken in accordance with the price, interest rate and term structure.

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

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

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

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

Almost all of the Parent Bank's liabilities are in TL, USD or EURO, and TL funds comprise of mainly equity, deposits and short-term bond issuance. The Bank's liquidity in TL is managed with repurchase agreements and short-term money market transactions carried out at CBRT/BIST using high quality securities owned by the Parent Bank. While the main purpose is using liabilities in TL in funding TL assets, when necessary money swap transactions and FC funds are used in creating assets in TL within the limits set by the Board of Directors. Foreign currency funds are obtained through foreign exchange deposit accounts and including syndications, foreign based and foreign currency loans. Liquidity shortage/surplus values are calculated daily by Asset and Liability Management Group and these values are reported in Asset Liability Management Committee. On the other hand, the TL and FC liquidity coverage ratio is calculated on a daily basis, and shared with all units and senior management, and reported separately to Asset Liability Management Committee. The Parent Bank has TL/FC borrowing limits ready to use in Central Bank and other banks.

d. Information on liquidity risk mitigation techniques

The first measure towards the mitigation of the liquidity risk as part of the budget process is planning the reduction of funding diversity and maturity mismatch. Within this context, syndication, other foreign funding, sources provided by the shareholders and other domestic funding opportunities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, Emergency Funding Plan monitoring indicators are continuously monitored and reported on a monthly basis to Asset Liability Management Committee. With these indicators, intervals indicating the actions to be taken according to the triggering levels and measurement methods such as actual deposit inputs and outputs, stress test, liquidity buffer level, legal and structural liquidity ratios and so on are defined and these intervals support the decision making process. Moreover, in the crisis period, the Emergency Funding Plan has set some measures to bring the Bank's liquidity buffer back to reasonable levels. The important factors that will support the decision making mechanism, including the feasibility of these measures depending on the financial impact, implementation time and stress scenarios of the measures concerned, are explained.

e. Information on the use of stress tests

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

f. Overview on emergency and contingency liquidity situation plans

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

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

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

2. Liquidity coverage ratio

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

Per BRSA declaration numbered 7940 and dated 7 September 2018, margin calls obtained from derivative transactions are not considered in outflow calculations of liquidity coverage ratio starting from 31 July 2018 until 31 December 2018. As a result there is a notable increase in both FC and total liquidity coverage ratios of the Bank.

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	110.68	30 July 2018	196.44	29 September 2018
FC	114.70	30 July 2018	225.10	30 August 2018

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			12,059,695	9,000,778
Cash Outflows				
Real person and retail deposits	25,938,780	8,193,651	2,169,070	819,365
Stable deposits	8,496,171	-	424,809	-
Less stable deposits	17,442,609	8,193,651	1,744,261	819,365
Unsecured funding other than real person and retail deposits	8,800,148	5,708,214	6,191,298	4,125,567
Operational deposits	226,848	8,032	56,712	2,008
Non-operational deposits	5,245,902	3,776,894	2,870,761	2,201,097
Other unsecured debt	3,327,398	1,923,288	3,263,825	1,922,462
Secured funding			-	-
Other cash outflows	30,222,402	16,843,247	16,934,404	9,975,476
Derivative exposures and collateral completion liabilities	15,062,393	8,687,860	15,062,393	8,687,860
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	15,160,009	8,155,387	1,872,011	1,287,616
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**25,294,772**	**14,920,408**
Cash inflows				
Secured lending	570,284	-	-	-
Unsecured lending	7,696,780	2,842,810	5,218,669	2,383,940
Other cash inflows	12,960,200	7,465,110	12,653,489	7,451,068
Total cash inflows	**21,227,264**	**10,307,920**	**17,872,158**	**9,835,008**
			Total adjusted value	
Total high quality liquid assets stock			12,059,695	9,000,778
Total net cash outflows			7,650,925	5,245,463
Liquidity coverage ratio (%)			**165.78**	**187.46**

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

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

V. Explanations on consolidated 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			11,291,308	7,573,400
Cash Outflows				
Real person and retail deposits	22,268,949	5,425,054	1,812,118	542,505
Stable deposits	8,295,534	-	414,777	-
Less stable deposits	13,973,415	5,425,054	1,397,341	542,505
Unsecured funding other than real person and retail deposits	8,183,886	5,085,386	5,815,274	3,887,469
Operational deposits	441,320	3,465	110,330	866
Non-operational deposits	5,308,272	3,813,794	3,317,823	2,618,800
Other unsecured debt	2,434,294	1,268,127	2,387,121	1,267,803
Secured funding			-	-
Other cash outflows	24,115,320	11,826,797	13,224,871	7,438,667
Derivative exposures and collateral completion liabilities	11,800,564	6,584,486	11,800,564	6,584,487
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	12,314,756	5,242,311	1,424,307	854,180
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**20,852,263**	**11,868,641**
Cash inflows				
Secured lending	1,524,600	-	-	-
Unsecured lending	4,157,789	1,117,569	2,396,378	693,402
Other cash inflows	11,634,870	5,376,024	11,198,938	5,366,822
Total cash inflows	**17,317,259**	**6,493,593**	**13,595,316**	**6,060,224**
			Total adjusted value	
Total high quality liquid assets stock			11,291,308	7,573,400
Total net cash outflows			7,256,947	5,808,417
Liquidity coverage ratio (%)			**156.91**	**130.52**

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

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

3. Other explanations on consolidated liquidity coverage ratio

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

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

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

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

Details of the Group's foreign currency balance sheet as of 30 September 2018 are summarized as follows:

Foreign currency borrowings constitute the majority of the foreign currency liabilities. 63% of the Group's total foreign currency liabilities consist of funds provided from other financial institutions and subordinated loans and 35% is composed of deposits. Loans comprise 63%, cash and cash equivalents comprise 35% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency.

Details of the Group's Turkish Lira balance sheet as of 30 September 2018 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 61% of the Group's total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Group has borrowing opportunities from both domestic and foreign banks and Takasbank and BIST repo market. 72% of the assets in Turkish Lira balance sheet are loans granted and 4% are marketable securities.

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

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

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

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

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

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	2,239,173	8,550,749	20,078	-	-	-	-	10,810,000
Banks	884,243	1,591,863	2,392	-	-	-	-	2,478,498
Financial assets at fair value through profit or loss	79	777,111	1,417,847	543,409	126,970	8,178	-	2,873,594
Money market placements	-	1,691,534	-	-	-	-	-	1,691,534
Financial assets measured at fair value through other comprehensive income	8,318	-	-	-	558,787	-	-	567,105
Loans	-	8,301,347	5,551,620	13,286,689	25,214,554	2,646,165	146,883	55,147,258
Financial assets measured at amortised cost	-	-	-	-	1,204,958	-	-	1,204,958
Other assets (*)	28,589	149,947	199,635	1,130,638	3,213,795	87,578	1,176,593	5,986,775
Total assets	**3,160,402**	**21,062,551**	**7,191,572**	**14,960,736**	**30,319,064**	**2,741,921**	**1,323,476**	**80,759,722**
Liabilities								
Bank deposits	5,101,018	-	-	-	-	-	-	5,101,018
Other deposits	4,448,484	25,520,326	869,978	465,288	1,213	-	-	31,305,289
Borrowings	-	798,642	916,566	8,907,945	15,597,459	5,990,094	-	32,210,706
Funds from interbank money market	-	25,319	-	-	-	-	-	25,319
Securities issued	-	-	101,090	-	-	-	-	101,090
Miscellaneous payables	646,979	-	-	-	-	-	-	646,979
Other liabilities (**)	315,953	376,754	637,750	539,227	129,522	26,741	9,343,374	11,369,321
Total liabilities	**10,512,434**	**26,721,041**	**2,525,384**	**9,912,460**	**15,728,194**	**6,016,835**	**9,343,374**	**80,759,722**
Liquidity deficit/surplus	**(7,352,032)**	**(5,658,490)**	**4,666,188**	**5,048,276**	**14,590,870**	**(3,274,914)**	**(8,019,898)**	**-**
Net Off Balance Sheet Position	**-**	**531,106**	**871,459**	**791,334**	**2,054,838**	**-**	**-**	**4,248,737**
Derivative financial assets	-	11,175,658	21,768,064	16,419,413	14,216,926	532,983	-	64,113,044
Derivative financial liabilities	-	10,644,552	20,896,605	15,628,079	12,162,088	532,983	-	59,864,307
Net Off Balance Sheet Position	**408,963**	**630,288**	**1,323,012**	**6,303,714**	**1,251,736**	**1,026,444**	**-**	**10,944,157**
Prior period								
Total assets	2,591,909	13,896,750	5,189,829	12,069,055	23,349,606	2,868,690	1,558,086	61,523,925
Total liabilities	5,420,331	23,269,880	2,644,307	6,676,358	11,702,180	4,455,195	7,355,674	61,523,925
Liquidity deficit/surplus	**(2,828,422)**	**(9,373,130)**	**2,545,522**	**5,392,697**	**11,647,426**	**(1,586,505)**	**(5,797,588)**	**-**
Net Off Balance Sheet Position	**-**	**53,290**	**109,457**	**195,672**	**910,039**	**44,348**	**-**	**1,312,806**
Derivative financial assets	-	10,601,669	10,337,817	15,332,327	10,987,612	430,570	-	47,689,995
Derivative financial liabilities	-	10,548,379	10,228,360	15,136,655	10,077,573	386,222	-	46,377,189
Net Off Balance Sheet Position	**322,130**	**450,968**	**1,576,737**	**3,319,395**	**1,873,907**	**846,556**	**-**	**8,389,693**

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

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

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

VI. Explanations on consolidated leverage ratio

Leverage ratio table prepared in accordance with the communique "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette No.28812 dated 5 November 2013 is presented below. As of 30 September 2018, the Group's consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month is 6.63% (31 December 2017: 6.78%). Minimum ratio is identified 3% in the aforementioned regulation. While the capital increased by 20% mainly as a result of increase in net profits, total risk amount increased by 24%. Therefore, the current period leverage ratio decreased by 15 basis points compared to prior period.

	Current period (**)	Prior period (**)
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	146,510,175	104,739,458
The difference between total amount of asset in the consolidated financial statements prepared in accordance with TAS and the communiqué on preparation of consolidated financial statements of banks	(137,569)	27,459
The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the communiqué on preparation of consolidated financial statements of banks	(44,955,581)	(22,820,959)
The difference between total amount and total risk amount of risk investment securities or commodity collateral financing transactions in the communiqué on preparation of consolidated financial statements of banks	42,885	65,633
The difference between total amount and total risk amount of off-balance sheet transactions in the communiqué on preparation of consolidated financial statements of banks	-	-
The other differences between amount of assets and risk in the communiqué on preparation of consolidated financial statements of banks	(53,280)	(57,760)
Total exposures	**101,406,630**	**81,953,831**

(*) Consolidated financial statements are prepared based on Article No 5 of Clause No 6 in the Communiqué on Preparation of Consolidated Financial Statements of Banks.
(**) The amounts in the table represents the average of last three months.

Explanations on leverage ratio

	Current period (*)	Prior period (*)
On-balance sheet items		
On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)	*73,584,899*	*60,539,134*
Asset deducted from core capital	*(53,280)*	*(57,760)*
The total amount of risk on-balance sheet exposures	73,531,619	60,481,374
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	*7,900,464*	*2,528,810*
The potential credit risk amount of derivative financial instruments and credit derivatives	*765,194*	*567,755*
The total risk amount of derivative financial instruments and credit derivatives	8,665,658	3,096,565
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	*42,886*	*65,633*
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	42,886	65,633
Off-balance sheet items		
Gross notional amount for off-balance sheet items	*19,166,467*	*18,310,259*
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	19,166,467	18,310,259
Capital and total exposures		
Core capital	6,686,087	5,560,065
Total exposures	101,406,630	81,953,831
Leverage ratio		
Leverage ratio	6.63	6.78

(*) 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 consolidated risk management

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

1. Overview of risk weighted amounts

		Risk weighted amount	Minimum capital requirement
	Current period	Previous period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	**47,011,530**	**40,571,840**	**3,760,922**
Standardized approach (SA)	47,011,530	40,571,840	3,760,922
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	**6,594,850**	**2,834,018**	**527,588**
Standardized approach for counterparty credit risk (SA-CCR)	6,594,850	2,834,018	527,588
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	**280,925**	**262,050**	**22,474**
Standardized approach (SA)	280,925	262,050	22,474
Internal model approaches (IMM)	-	-	-
Operational risk	**4,792,696**	**4,020,779**	**383,416**
Basic indicator approach	4,792,696	4,020,779	383,416
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	**58,680,001**	**47,688,687**	**4,694,400**

VII. Explanations on consolidated risk management (continued)

2. Credit risk explanations

a. Credit quality of assets

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

b. Changes in stock of defaulted loans and debt securities

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

c. Credit risk mitigation techniques

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

ç. Credit risk exposure and credit risk mitigation effects

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

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

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

3. Counterparty credit risk (CCR) approach analysis

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

4. Credit valuation adjustment (CVA) capital charge

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

5. Analysis of counterparty credit risk (CCR) exposure

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

6. Collaterals for counterparty credit risk (CCR)

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

7. Credit derivatives

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

8. Exposures to central counterparties (CCP)

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

9. Explanations on securitization

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

10. Explanations on market risk

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

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

VIII. Explanations on segment reporting

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

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

Current period – 30 September 2018	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	904,678	847,484	974,831	2,726,993
Net commissions and fees income and other operating income	391,960	330,546	241,712	964,218
Trading gain/loss	363,587	40,728	(610,471)	(206,156)
Dividend income	-	-	2	2
Provision for impairment of loans and other receivables	(674,163)	(248,137)	(27,458)	(949,758)
Segment results	986,062	970,621	578,616	2,535,299
Other operating expenses (**)				(1,282,112)
Income from continuing operations before tax				1,253,187
Tax provision (*)				(287,757)
Net profit				**965,430**

Prior period – 30 September 2017	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	756,353	562,155	836,080	2,154,588
Net commissions and fees income and other operating income	267,215	373,343	43,344	683,902
Trading gain/loss	215,601	20,369	(565,256)	(329,286)
Dividend income	-	-	382	382
Provision for impairment of loans and other receivables	(271,320)	(169,455)	(36,124)	(476,899)
Segment results	967,849	786,412	278,426	2,032,687
Other operating expenses (*)				(1,121,314)
Income from continuing operations before tax				911,373
Tax provision (*)				(173,337)
Net profit				**738,036**

(*) Other operational expenses and tax provision have been stated at total column due to inability to allocate among the sections.
(**) Includes "Personnel Expenses" that not exist in the statement of profit or loss "Other Operating Expenses" line.

Current period – 30 September 2018	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	46,735,490	12,544,691	21,479,541	80,759,722
Liability	25,138,816	23,448,728	23,930,765	72,518,309
Equity	-	-	8,241,413	8,241,413

Prior period – 31 December 2017	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	35,043,541	13,193,750	13,286,634	61,523,925
Liability	15,326,740	19,571,693	20,711,092	55,609,525
Equity	-	-	5,914,400	5,914,400

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

Section five

Information and disclosures related to consolidated financial statements

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

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

1.1. Information on cash equivalents

	Current period		Prior period	
	TL	FC	TL	FC
Cash in TL / foreign currency	293,967	1,934,468	299,402	1,967,400
Balances with the CB of Turkey	415,805	8,161,930	159,608	5,401,475
Other	-	3,830	-	2,642
Total	**709,772**	**10,100,228**	**459,010**	**7,371,517**

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	415,805	2,001,180	159,608	414,592
Restricted time deposit	-	2,636,820	-	618,187
Reserve requirement	-	3,523,930	-	4,368,696
Total	**415,805**	**8,161,930**	**159,608**	**5,401,475**

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 1.5% and 8% for Turkish lira deposits and liabilities depending on their maturity and at a rate ranging between 4% and 20% for foreign currency deposits and foreign currency other liabilities depending on their maturity. In accordance with the relevant communiqué, the Central Bank pays interest for the reserve requirements which are presented in terms of TL and USD.

TL 408,896 (31 December 2017: TL 158,512) of the TL reserve deposits provided over the average balance and TL 2,001,180 (31 December 2017: TL 414,592) 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 consolidated balance sheet (continued)

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

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

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

	Current period	Prior period
Bank's portfolio	42,598	42,138
Collateral / blocked	4,327	102
Total	**46,925**	**42,240**

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	232,525	-	143,252
Swap transactions	2,306,992	285,374	382,998	45,495
Futures transactions	-	-	-	-
Options	464	1,314	703	2,525
Other	-	-	-	-
Total	**2,307,456**	**519,213**	**383,701**	**191,272**

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	85,476	2,393,022	35,843	537,578
Domestic	85,476	413,485	35,843	438
Foreign	-	1,979,537	-	537,140
Headquarters and branches abroad	-	-	-	-
Total	**85,476**	**2,393,022**	**35,843**	**537,578**

As of 30 September 2018, restricted bank balance amounting to TL 248,263 (31 December 2017: TL 91,388) all of which is comprised of (31 December 2017: 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 consolidated balance sheet (continued)

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

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

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

Financial assets measured at fair value through other comprehensive income:

	Current period
Bank's portfolio	565,224
Repo transactions	1,881
Collateral / blocked (*)	-
Total	**567,105**

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

Information on financial assets available-for-sale:

	Prior period
Bank's portfolio	1,197,976
Repo transactions	2,313
Collateral / blocked (*)	537,656
Total	**1,737,945**

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

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

Financial assets measured at fair value through other comprehensive income:

	Current period
Debt securities	610,916
Quoted to stock exchange	610,916
Not quoted	-
Equity certificates	8,318
Quoted to stock exchange	-
Not quoted	8,318
Provision for impairment (-)	(52,129)
Total	**567,105**

Information on financial assets available-for-sale:

	Prior period
Debt securities	1,732,028
Quoted to stock exchange	1,732,028
Not quoted	-
Equity certificates	8,060
Quoted to stock exchange	51
Not quoted	8,009
Provision for impairment (-)	(2,143)
Total	**1,737,945**

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

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

5. Information on loans

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

	Current period		Prior period	
	Cash	**Non-cash**	**Cash**	**Non-cash**
Direct loans granted to shareholders of the Parent Bank	105	754,351	30	438,513
Corporate shareholders	-	754,351	-	438,513
Real person shareholders	105	-	30	-
Indirect loans granted to shareholders of the Parent Bank	-	320,365	-	197,080
Loans granted to employees of the Parent Bank	29,486	-	30,111	-
Total	**29,591**	**1,074,716**	**30,141**	**635,593**

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

		Loans and other receivables under close monitoring		
			Restructured loans and receivables	
Cash loans	**Standard loans**	**Loans and receivables not subject to restructuring**	**Loans and receivables with contract terms**	**Refinance**
Non-specialized loans	42,953,760	9,137,689	577,848	-
Business loans	24,835,415	5,265,492	288,685	-
Export loans	5,634,769	937,432	27,341	-
Import loans	-	-	-	-
Loans given to financial sector	1,572,046	-	-	-
Consumer loans	8,024,592	2,667,723	217,246	-
Credit cards	815,952	157,580	44,576	-
Other	2,070,986	109,462	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**42,953,760**	**9,137,689**	**577,848**	**-**

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

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

	Standard loans	Loans and other receivables under close monitoring
12 Month Expected Credit Losses	163,294	-
Loans	*144,796*	-
Other assets	*9,990*	-
Banks and Money market placements	*8,355*	-
Marketable securities	*153*	-
Lifetime expected credit losses significant increase in credit risk	-	355,234
Loans	-	*355,234*
Total	**163,294**	**355,234**

Number of extensions	Standard loans	Loans and other receivables under close monitoring
Extended by 1 or 2 times	484,960	534,138
Extended by 3, 4 or 5 times	105,751	21,169
Extended by 5 times and more	159	22,541
Total	**590,870**	**577,848**

Extended periods	Standard loans and other receivables	Loans and other receivables under close monitoring
Up to 6 months	388,614	378,226
6-12 months	49,579	47,039
1-2 years	2,208	36,585
2-5 years	150,469	70,788
More than 5 years	-	45,210
Total	**590,870**	**577,848**

5.3. Loans according to their maturity structure

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.)

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

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

	Short term	Medium and long term	Total
Consumer loans – TL	**658,004**	**10,018,633**	**10,676,637**
Mortgage loans	279	3,676,968	3,677,247
Automotive loans	29,363	557,605	586,968
General purpose loans	628,362	5,784,060	6,412,422
Other	-	-	-
Consumer loans – indexed to FC	**11**	**1,331**	**1,342**
Mortgage loans	11	1,331	1,342
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	**882,119**	**27,187**	**909,306**
With installments	295,319	27,187	322,506
Without installments	586,800	-	586,800
Consumer credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	**2,730**	**16,628**	**19,358**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	2,730	16,628	19,358
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	**10,233**	**-**	**10,233**
With installments	3,500	-	3,500
Without installments	6,733	-	6,733
Personnel credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	**212,224**	**-**	**212,224**
Overdraft accounts – FC (real person)	**-**	**-**	**-**
Total	**1,765,321**	**10,063,779**	**11,829,100**

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

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

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

	Short term	Medium and long term	Total
Commercial installment loans - TL	**530,531**	**7,892,229**	**8,422,760**
Real estate loans	-	57,418	57,418
Automotive loans	8,783	233,894	242,677
General purpose loans	-	-	-
Other	521,748	7,600,917	8,122,665
Commercial installment loans – indexed to FC	**519**	**371,293**	**371,812**
Real estate loans	-	4,878	4,878
Automotive loans	-	139,803	139,803
General purpose loans	-	-	-
Other	519	226,612	227,131
Commercial installment loans-FC	**-**	**1,860**	**1,860**
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	1,860	1,860
Corporate credit cards – TL	**98,569**	**-**	**98,569**
With installments	27,295	-	27,295
Without installments	71,274	-	71,274
Corporate credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	**436,308**	**-**	**436,308**
Overdraft loans – FC (legal entity)	**-**	**-**	**-**
Total	**1,065,927**	**8,265,382**	**9,331,309**

5.6. Loans according to borrowers

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

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	52,189,513	44,218,204
Foreign loans	479,784	147,986
Total	**52,669,297**	**44,366,190**

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

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

5.8. Loans granted to subsidiaries and associates

The loans granted to subsidiaries and associates are eliminated at the consolidated financial statements.

5.9. Specific provisions set aside against loans

	Current period
Loans and receivables with limited collectability	88,023
Loans and receivables with doubtful collectability	114,892
Uncollectible loans and receivables	1,146,833
Total	**1,349,748**

	Prior period
Loans and receivables with limited collectability	31,078
Loans and receivables with doubtful collectability	121,699
Uncollectible loans and receivables	1,050,866
Total	**1,203,643**

5.10. Information on non-performing loans (net)

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Gross amounts before specific provision	109	853	4,834
Rescheduled Loans	109	853	4,834
Prior period			
Gross amounts before specific provision	819	6,187	581
Rescheduled Loans	819	6,187	581

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

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

5.10.2. Information on total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior period end balance	**209,051**	**305,878**	**1,190,212**
Additions (+)	714,121	14,665	55,279
Transfers from other categories of non-performing loans (+)	-	427,572	383,389
Transfers to other categories of non-performing loans (-)	(427,572)	(383,389)	-
Collections (-)	(186,143)	(126,519)	(153,244)
Write-offs (-)	(352)	(282)	(7,385)
Sold Portfolio	-	-	(8,629)
Corporate and commercial loans	-	-	(8,629)
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	**309,105**	**237,925**	**1,459,622**
Provisions (-)	(88,023)	(114,892)	(1,146,833)
Net balance on balance sheet	**221,082**	**123,033**	**312,789**

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

	III. Group	IV. Group	V. Group
	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	3,015	-	76,655
Provision (-)	1,031	-	61,313
Net Balance on Balance Sheet	**1,984**	**-**	**15,342**
Prior period			
Balance at the End of the Period	37,454	30,503	50,082
Provision (-)	2,030	12,283	26,105
Net Balance on Balance Sheet	**35,424**	**18,220**	**23,977**

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

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

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)	**221,082**	**123,033**	**312,789**
Loans granted to corporate entities and real person (gross)	293,692	237,925	1,452,281
Provision amount(-)	(85,947)	(114,892)	(1,139,492)
Loans granted to corporate entities and real person (net)	207,745	123,033	312,789
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	15,413	-	7,341
Provision amount (-)	(2,076)	-	(7,341)
Other loans (net)	13,337	-	-
Prior period (net)	**177,973**	**184,179**	**139,346**
Loans granted to corporate entities and real person (gross)	201,743	305,878	1,176,037
Provision amount (-)	(27,862)	(121,699)	(1,036,691)
Loans granted to corporate entities and real person (net)	173,881	184,179	139,346
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	7,308	-	14,175
Provision amount (-)	(3,216)	-	(14,175)
Other loans (net)	4,092	-	-

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

None.

5.11. Liquidation policy for uncollectible loans and receivables

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

5.12. Information on the write-off policy

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

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

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

6. 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	-	-
Collateralized/blocked investments	549,384	-
Total	**549,384**	**-**

6.2. Government securities measured at amortised cost

	Current period	Prior period
Government bonds	1,204,958	-
Treasury bills	-	-
Other government securities	-	-
Total	**1,204,958**	**-**

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	1,204,958	-
Quoted to stock exchange	1,204,958	-
Not quoted	-	-
Impairment provision (-)	-	-
Total	**1,204,958**	**-**

6.4. Movement of financial assets measured at amortised cost

	Current period
Balances at beginning of period (1 January 2018) (*)	1,316,936
Foreign currency differences on monetary assets	-
Purchases during the period	-
Disposals through sales/redemptions	(142,041)
Provision for impairment (-)	-
Change in redemption cost	30,063
Period end balance	**1,204,958**

(*)The Bank has reassessed its management model for securities in accordance with TFRS 9 standard and has reviewed the securities previously classified as "Available for Sale Financial Assets" amounting to TL 1,301,589 into "Financial assets measured at amortized cost" due to the fact that they are assessed within the scope of a business model whose objective is achieved by both collecting contractual cash flows and the contractual terms of such financial assets 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. As a result, the impairment amounting to TL 15,347 which was accounted in the previous period was canceled.

7. Information on associates (net)

7.1. Explanations related to the associates

The Parent 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 consolidated balance sheet (continued)

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 30 September 2018 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Portfolio Management	ING Factoring	ING Leasing	ING Brokerage
Paid in capital and adjustment to paid-in capital	1,347	8,041	40,000	22,500	20,765
Profit reserves, capital reserves and prior year profit / loss	-	4,650	46,960	76,231	341
Profit / loss	48,653	1,855	20,473	25,870	3,519
Development cost of operating lease (-)	-	-	(4)	(4)	-
Intangible assets (-)	-	(19)	(615)	(265)	(30)
Total core capital	**50,000**	**14,527**	**106,814**	**124,332**	**24,595**
Supplementary capital	**-**	**-**	**-**	**-**	**-**
Capital	**50,000**	**14,527**	**106,814**	**124,332**	**24,595**
Net usable shareholder's equity	**50,000**	**14,527**	**106,814**	**124,332**	**24,595**

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

8.2. Information on consolidated subsidiaries

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

As of 30 September 2018 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)	10,177,645	50,000	9	234,607	-	48,653	16,337	-
(2)	16,346	14,546	238	2,249	8	1,855	1,020	-
(3)	921,452	107,433	853	86,444	-	20,473	2,836	-
(4)	1,584,128	124,601	443	46,874	-	25,870	6,903	-
(5)	261,533	24,625	267	3,044	-	3,519	364	-

(*) The financial information of are obtained from 30 September 2018 unreviewed financial statements.

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

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

8.3. Information on consolidated subsidiaries

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

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

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

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

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

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

10. Information on finance lease receivables (net)

10.1 Investments made in finance lease as per their maturity

	Current period	
	Gross	**Net**
Less than 1 year	79,682	77,691
1-5 years	1,246,431	1,159,235
More than 5 years	199,496	180,925
Total	**1,525,609**	**1,417,851**

	Prior period	
	Gross	**Net**
Less than 1 year	42,408	41,591
1-5 years	901,313	836,792
More than 5 years	178,279	157,094
Total	**1,122,000**	**1,035,477**

10.2 Information of the net investments made in finance lease

	Current period	Prior period
Gross financial lease investment	1,525,609	1,122,000
Unearned financial lease income (-)	(107,758)	(86,523)
Cancelled leases (-)	-	-
Net financial lease investment	**1,417,851**	**1,035,477**

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	4,780,862	-	1,571,395	-
Net investment hedge	-	-	-	-
Total	**4,780,862**	**-**	**1,571,395**	**-**

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

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

12. Information on property and equipment (net)

Not prepared 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 Group does not have investment properties.

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

The Group has current tax relating to corporation tax by the amount of TL 73,134 (31 December 2017: TL 31,812) under the asset items.

15.2. Explanations on deferred tax asset

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

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

16.1. Explanations on assets held for sale

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

16.2. Explanations on discontinued operations

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

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

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

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

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

1. Information on deposits

1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	624,640	-	13,244,468	3,079,934	124,160	45,690	17,314	-	17,136,206
Foreign currency deposits	2,763,179	-	5,302,247	3,449,445	164,373	135,840	228,704	-	12,043,788
Residents in Turkey	1,988,753	-	5,229,969	3,314,552	159,036	126,654	227,625	-	11,046,589
Residents abroad	774,426	-	72,278	134,893	5,337	9,186	1,079	-	997,199
Public sector deposits	271,407	-	-	8,485	684	-	-	-	280,576
Commercial deposits	595,064	-	675,618	303,148	8,294	19,419	26,801	-	1,628,344
Other institutions deposits	16,249	-	2,076	12,335	522	7,173	75	-	38,430
Precious metals deposits	177,945	-	-	-	-	-	-	-	177,945
Interbank deposits	5,101,018	-	-	-	-	-	-	-	5,101,018
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	833	-	-	-	-	-	-	-	833
Foreign banks	5,100,185	-	-	-	-	-	-	-	5,100,185
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**9,549,502**	**-**	**19,224,409**	**6,853,347**	**298,033**	**208,122**	**272,894**	**-**	**36,406,307**

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	627,269	-	12,608,060	2,512,221	88,650	32,922	9,660	-	15,878,782
Foreign currency deposits	1,495,454	-	3,137,318	2,741,029	103,199	63,082	118,671	-	7,658,753
Residents in Turkey	1,266,095	-	3,088,489	2,646,729	99,361	55,164	118,157	-	7,273,995
Residents abroad	229,359	-	48,829	94,300	3,838	7,918	514	-	384,758
Public sector deposits	259,284	-	-	7,681	621	-	-	-	267,586
Commercial deposits	816,474	-	958,353	375,647	14,154	11,199	22,555	-	2,198,382
Other institutions deposits	19,753	-	3,044	11,675	201	231	24	-	34,928
Precious metals deposits	77,508	-	-	-	-	-	-	-	77,508
Interbank deposits	1,481,773	-	-	-	-	-	-	-	1,481,773
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	397	-	-	-	-	-	-	-	397
Foreign banks	1,481,376	-	-	-	-	-	-	-	1,481,376
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**4,777,515**	**-**	**16,706,775**	**5,648,253**	**206,825**	**107,434**	**150,910**	**-**	**27,597,712**

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

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit	
Saving deposits	**Current period**	**Prior period**	**Current period**	**Prior period**
Saving deposit	11,959,940	11,545,698	5,170,464	4,329,020
Foreign currency saving deposits	2,903,624	1,947,203	5,632,483	3,465,749
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 consolidated balance sheet (continued)

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

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

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

	Current period	Prior period
Deposits and other accounts in foreign branches	-	-
Saving deposits and other accounts of controlling shareholders and their mothers, fathers, spouses, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, general manager and vice presidents, and their mothers, fathers, spouses and children in care	15,502	13,887
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	-	413,983	-	43,848
Swap transactions	931,358	220,669	277,702	142,969
Future transactions	-	-	-	-
Options	499	1,453	705	2,525
Other	-	-	-	-
Total	**931,857**	**636,105**	**278,407**	**189,342**

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	252,296	280,502	241,951	310,488
Funds borrowed from foreign banks, institutions and funds	342,518	26,738,737	489,143	21,264,676
Total	**594,814**	**27,019,239**	**731,094**	**21,575,164**

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

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

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	217,942	2,801,603	389,006	2,813,751
Medium and long term	376,872	24,217,636	342,088	18,761,413
Total	**594,814**	**27,019,239**	**731,094**	**21,575,164**

3.3. Funding industry group where the Group liabilities are concentrated

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

4. Explanations on securities issued (net)

	Current period		Prior period	
	TL	FC	TL	FC
Bank bills	101,090	-	-	-
Bonds	-	-	-	-
Total	**101,090**	**-**	**-**	**-**

The Group issued bond with 175 days maturity and nominal value of TL 160,000 with 14.50% simple interest rate on 23 February 2018 and issued bond with 270 days maturity and nominal value of TL 105,000 with 14.75% simple interest rate on 19 March 2018 by the method of sales to qualified investors not involving any public offering. The bond issued by the Group with the nominal value of TL 160,000 has matured on 17 August 2018 (31 December 2017: The Group does not have any securities issued end of the reporting period).

Within the current period the Group made repurchase in amount of TL 1,000 (31 December 2017: 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 payables (net)

The Group has no lease payables.

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

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

7. Information on derivative financial liabilities held for hedging

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

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	104,842	5,040	21,299	4,155
Net investment hedge	-	-	-	-
Total	**104,842**	**5,040**	**21,299**	**4,155**

8. Information on provisions

8.1. Information on general provisions

The Group calculates the expected loss provision according to TFRS 9 as of 30 September 2018 (I-5).

	Prior period
General provisions	688,786
Provisions for group I. loans and receivables	559,692
Additional provision for loans with extended payment period	*6,854*
Provisions for group II. loans and receivables	56,832
Additional provision for loans with extended payment period	*9,886*
Provisions for non-cash loans	14,114
Other	58,148

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

None (31 December 2017: TL 1,067).

8.3. Information on other provisions

8.3.1. Information on provisions for possible losses

As of 30 September 2018 and 31 December 2017, the Bank does not have any provision for possible losses.

8.3.2. Information on other provisions

	Current period
Specific provisions for undrawn non-cash loans	27,001
Provision for credit card score promotion	1,866
Other provisions	118,668
Allowance for expected credit losses (Stage 1 and Stage 2) (*)	*36,244*
Other	*82,424*
Total	**147,535**

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

	Prior period
Specific provisions for undrawn non-cash loans	29,293
Provision for credit card score promotion	1,922
Other provisions	115,387
Total	**146,602**

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

Amount to TL 74,327 of the other provisions consist of provisions set aside as a result of the legal assessment for the lawsuits that are likely to result against the Parent Bank.

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

SDIF, however, does not fully indemnify the Parent Bank and pays these amounts subject to legal reservation against the STA provisions. SDIF initiated six enforcement proceedings to claim the amount it had indemnified, a total of approximately TL 377 million. Upon the Parent Bank's objection to legal grounds of the enforcement proceedings initiated by SDIF against the Parent Bank, SDIF initiated cancellation of objection lawsuits against the Parent Bank. Currently, there are four of such lawsuits: (i) the first case relates to the first enforcement proceeding of approximately TL 21.8 million (Full TL) (the "First Case"), (ii) the second case relates to the second enforcement proceeding of approximately TL 21.8 million (Full TL) (the "Second Case"), (iii) the third case relates to the third and fifth enforcement proceedings of a total of approximately TL 98.7 million (Full TL) (the "Third Case") and (iv) the fourth case relates to the fourth enforcement proceeding of approximately TL 109,5 million (Full TL) (the "Fourth Case"). SDIF has not yet initiated a case in connection with the sixth enforcement proceeding of approximately TL 126 million (Full TL) against which the Parent Bank objected and SDIF filed a lawsuit (the "Sixth Case") for the cancellation of objection lawsuit. Furthermore, SDIF initiated the seventh enforcement procedure for approximately TL 52 million (Full TL) for payments made by SDIF in 2017 and the Parent Bank objected to this payment request SDIF has not filed a lawsuit for this objection yet.

The law suits related to the first, second, third and fourth cases have occurred on 16 November 2017. In the First Case, the first instance court ruled in favor of the Bank, which was later reversed by the Supreme Court of Appeals. Currently, the First Case is before the first instance court following the appellate decision, where the court of first instance decided to obtain an expert opinion in accordance with the Supreme Court of Appeals' decision. Following the court appointed expert's examination of the case, the expert report is completed and it is in favor of the Bank. The first instance court decided in favor of the Bank however SDIF is entitled to appeal against the decision. 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. The court's decision in the Second Case and in the other cases are subject to a two-tiered appeal, i.e., appeal before the regional appellate court and the Supreme Court of Appeals.

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

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

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

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

8.4. Information on employee benefits

As of 30 September 2018, TL 26,348 (31 December 2017: TL 24,100) of TL 47,956 (31 December 2017: TL 42,344) provisions for employee benefits is the unused vacation provisions. Full provision is provided for the unused vacation liability.

TL 21,608 (31 December 2017: TL 18,244) of the provisions for employee benefits is the termination benefit provision. In accordance with the labor law, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 5,434.42 (Full TL) at 30 September 2018 and TL 4,732.48 (Full TL) at 31 December 2017 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements dated 30 September 2018 and 31 December 2017, the Group operating in Turkey has calculated severance pay by taking into account their experience in personnel service completion or termination, and by discounting it via using the forecasted annual inflation and interest rates.

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

The Group has current corporate tax liability as of 30 September 2018 amounting to TL 9,239 (31 December 2017: TL 1,910).

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	9,239	1,910
Taxation of securities	23,696	25,445
Property tax	1,083	1,168
Banking insurance transaction tax ("BITT")	35,032	27,168
Foreign exchange transaction tax	-	-
Value added tax payable	2,097	7,211
Other	9,586	10,531
Total	**80,733**	**73,433**

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	7,173	4,452
Social security premiums-employer	10,562	6,518
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	519	326
Unemployment insurance-employer	1,006	621
Other	-	-
Total	**19,260**	**11,917**

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

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

9.2. Explanations on deferred tax liabilities

As of 30 September 2018, deferred tax asset and deferred tax liability of the Group amounts to TL 9,590 and TL 831,365, respectively (31 December 2017: deferred tax asset is TL 3,823 and deferred tax liability is TL 334,347) which is calculated based on the deductible temporary differences except general loan reserves.

		Current period
Timing differences constituting the basis for deferred tax	**Accumulated temporary differences**	**Deferred tax asset / (liability)**
Base differences for tangible assets	9,144	1,829
Provisions (*)	161,455	33,033
Fair value differences for financial assets and liabilities	78,419	18,299
Derivative valuation differences	(6,351,473)	(1,356,842)
Financial loss	1,770,908	359,919
Expected credit losses of Stage I. and II.	524,621	115,417
Other	32,828	6,570
Total deferred tax assets / (liabilities) net		**(821,775)**

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

		Prior period
Timing differences constituting the basis for deferred tax	**Accumulated temporary differences**	**Deferred tax asset / (liability)**
Base differences for tangible assets	(2,371)	(474)
Provisions	142,449	28,862
Fair value differences for financial assets and liabilities	(1,428,039)	(305,045)
Derivative valuation differences	(318,506)	(68,218)
Other	66,027	14,351
Total deferred tax assets / (liabilities) net		**(330,524)**

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

Deferred tax assets / (liabilities) net	**Current period (1 January – 30 September 2018)**
Prior period beginning balance	**(330,524)**
TFRS 9 effect	77,316
Opening balance	**(253,208)**
Deferred tax income / (expense) net	(273,182)
Deferred tax recognized under equity	(295,385)
Balance at the end of the period	**(821,775)**

Deferred tax assets / (liabilities) net	**Prior period (1 January – 30 September 2017)**
Opening balance	**(313,601)**
Deferred tax income / (expense) net	114,742
Deferred tax recognized under equity	881
Balance at the end of the period	**(197,978)**

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

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

10. Information on liabilities regarding assets held for sale

As of 30 September 2018 and 31 December 2017, 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	**211,455**	**4,385,198**	**222,644**	**2,816,323**
Subordinated loans	211,455	4,385,198	222,644	2,816,323
Subordinated debt instruments	-	-	-	-
Total	**211,455**	**4,385,198**	**222,644**	**2,816,323**

12. Information on shareholders' equity

12.1. Paid-in capital

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

(*) The amount represents nominal capital.

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

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

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

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

12.4. Information on share capital increases from capital reserves

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

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

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

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

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

12.7. Information on preferred shares

There are no preferred shares.

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

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

12.8. Information on marketable securities revaluation reserve

	Current period	
	TL	**FC**
From associates, subsidiaries, and entities under common control	-	-
Valuation difference	(48,556)	-
Foreign exchange difference	-	-
Total	**(48,556)**	**-**

	Prior period	
	TL	**FC**
From associates, subsidiaries, and entities under common control	-	-
Valuation difference	(16,405)	-
Foreign exchange difference	-	-
Total	**(16,405)**	**-**

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 19 March 2018, the distribution of the net profit of the year 2017, is as follows. Dividend distribution was made on 29 March 2018.

Profit distribution table of 2017	
2017 net profit	**843,752**
A – I. Legal Reserve (TCC 519/A) 5%	(42,188)
B – The First Dividend for Shareholders	(168,750)
C – Extraordinary Reserves	(538,625)
D – Special funds	(94,189)

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

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

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	3,960,834	3,012,553
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	2,010,972	2,267,950
Commitments for cheque payments	416,594	2,791,088
Commitments for credit card limits	1,625,007	1,808,002
Commitments for credit cards and banking services promotions	5,230	5,421
Other irrevocable commitments	21,483	15,654
Total	**8,040,120**	**9,900,668**

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

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

	Current period	Prior period
Letter of credits	2,175,400	1,649,709
Commitments and contingencies	872,960	629,280
Bank acceptance loans	80,759	80,948
Total	**3,129,119**	**2,359,937**

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

	Current period	Prior period
Irrevocable letters of guarantees	5,620,271	4,197,447
Cash loans letters of guarantees	1,092,038	931,793
Advance letters of guarantees	827,472	606,675
Temporary letters of guarantees	186,421	224,974
Other	88,836	68,867
Total	**7,815,038**	**6,029,756**

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	682,810	778,548
With original maturity of 1 year or less than 1 year	61,957	40,253
With original maturity of more than 1 year	620,853	738,295
Other non-cash loans	10,261,347	7,611,145
Total	**10,944,157**	**8,389,693**

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

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

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

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

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

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.)

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

1. Information on interest income

1.1. Information on interest income from loans

	Current period	
	TL	FC
Interest on loans (*)	4,038,681	552,329
Short term loans	1,543,360	46,013
Medium and long term loans	2,428,404	506,316
Interest on loans under follow-up	66,917	-
Premiums received from resource utilization support fund	-	-

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

	Prior period	
	TL	FC
Interest on loans (*)	2,949,713	400,630
Short term loans	974,187	38,509
Medium and long term loans	1,955,327	362,121
Interest on loans under follow-up	20,199	-
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	
	TL	FC
From Central Bank of Turkey	-	-
From domestic banks	35,309	2,382
From foreign banks	9,322	11,186
From branches abroad	-	-
Total	**44,631**	**13,568**

	Prior period	
	TL	FC
From Central Bank of Turkey	-	338
From domestic banks	30,945	1,665
From foreign banks	225	5,463
From branches abroad	-	-
Total	**31,170**	**7,466**

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

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

1.3. Information on interest income received from marketable securities portfolio

	Current period	
	TL	FC
Financial Assets Measured at Fair Value through Profit or Loss	30,741	698
Financial Assets Measured at Fair Value through Other Comprehensive Income	47,452	-
Financial Assets Measured at Amortised Cost	111,472	-
Total	**189,665**	**698**

	Prior period	
	TL	FC
Trading securities	3,423	1,203
Financial assets at fair value through profit and loss	-	-
Available for sale securities	184,533	-
Held to maturity securities	-	-
Total	**187,956**	**1,203**

1.4 Information on interest income received from associates and subsidiaries

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

2. Information on interest expenses

2.1. Information on interest on funds borrowed

	Current period	
	TL	FC
Banks (*)	104,001	387,657
Central Bank of Turkey	-	-
Domestic banks	12,314	4,687
Foreign banks	91,687	382,970
Branches and offices abroad	-	-
Other institutions (*)	-	6,566
Total	**104,001**	**394,223**

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

	Prior period	
	TL	FC
Banks (*)	95,816	245,752
Central Bank of Turkey	-	-
Domestic banks	7,052	2,048
Foreign banks	88,764	243,704
Branches and offices abroad	-	-
Other institutions (*)	-	4,808
Total	**95,816**	**250,560**

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

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

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

2.2. Information on interest expenses paid to associates and subsidiaries

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

2.3. Information on interest on securities issued

	Current period	
	TL	FC
Interest on securities issued	17,721	-

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

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	-	1,695	-	-	-	-	-	1,695
Saving deposits	-	1,312,801	272,515	8,601	2,065	2,245	-	1,598,227
Public sector deposits	-	-	845	77	-	-	-	922
Commercial deposits	-	102,735	38,469	3,325	1,755	2,572	-	148,856
Other deposits	-	178	1,722	629	440	11	-	2,980
7 days call accounts	-	-	-	-	-	-	-	-
Total	**-**	**1,417,409**	**313,551**	**12,632**	**4,260**	**4,828**	**-**	**1,752,680**
Foreign currency								
Foreign currency deposits	-	68,287	67,252	2,076	778	3,274	-	141,667
Banks deposits	-	8,858	-	-	-	-	-	8,858
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	**-**	**77,145**	**67,252**	**2,076**	**778**	**3,274**	**-**	**150,525**
Grand total	**-**	**1,494,554**	**380,803**	**14,708**	**5,038**	**8,102**	**-**	**1,903,205**

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.

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

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

4. Information on trading income/loss (net)

	Current period
Income	**38,951,939**
Gains on capital market transactions	27,320
Gains on derivative financial instruments	19,504,451
Foreign exchange gains	19,420,168
Loss (-)	**(39,158,095)**
Loss on capital market transactions	(64,551)
Loss on derivative financial instruments	(14,562,955)
Foreign exchange loss	(24,530,589)

	Prior period
Income	**13,764,861**
Gains on capital market transactions	13,792
Gains on derivative financial instruments	5,295,165
Foreign exchange gains	8,455,904
Loss (-)	**(14,094,147)**
Loss on capital market transactions	(11,558)
Loss on derivative financial instruments	(5,733,779)
Foreign exchange loss	(8,348,810)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 3,302,481 (30 September 2017: TL 290,003 net loss).

5. Information on other operating income

	Current period
Income from reversal of prior years' provisions	541,248
Income arising from sale of assets	13,856
Banking services income	3,730
Other non-interest income	46,576
Total	**605,410**

	Prior period
Income arising from sale of assets	162,832
Income from reversal of prior years' provisions	126,539
Banking services income	5,968
Other non-interest income	44,384
Total	**339,723**

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

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

6. Provision expenses for loan losses and other receivables

Allowance for expected credit losses

	Current period
Expected credit losses	902,034
12-Month expected credit loss (Stage 1)	104,910
Expected credit loss significant increase in credit risk (Stage 2)	220,792
Expected credit loss impaired credits (Stage 3)	576,332
Impairment losses on securities	406
Financial assets measured at fair value through profit/loss	386
Financial assets measured at fair value through other comprehensive income	20
Impairment losses on associates, subsidiaries and joint-ventures	-
Associates	-
Subsidiaries	-
Joint ventures	-
Other	47,318
Total	**949,758**

Provision for loan losses and other receivables

	Prior period
Specific provisions for loans and other receivables	396,243
III. group loans and receivables	31,182
IV. group loans and receivables	108,739
V. group loans and receivables	256,322
General provision expenses	34,706
Provision expenses for possible losses	-
Marketable securities impairment losses	40
Financial assets at fair value through profit and loss	40
Available for sale securities	-
Impairment related to associates, subsidiaries and investment securities held to maturity	-
Associates	-
Subsidiaries	-
Joint ventures	-
Held to maturity investments	-
Other	45,910
Total	**476,899**

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

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

7. Information on other operating expenses

	Current period
Personnel expenses (*)	476,796
Reserves for termination benefits	1,397
Bank social aid fund deficit provision	-
Tangible assets impairment expense	-
Depreciation expense of tangible assets	41,540
Intangible assets impairment expense	-
Goodwill impairment expense	-
Amortisation expense of intangible assets	17,191
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	573,060
Operating lease expenses	88,176
Repair and maintenance expenses	22,697
Advertisement expenses	60,203
Other expenses	401,984
Loss on sales of assets	514
Other	171,614
Total	**1,282,112**

(*) Includes "Personnel Expenses" that is presented separately in the statement of profit or loss.

	Prior period
Personnel expenses	467,242
Reserves for termination benefits	2,204
Bank social aid fund deficit provision	-
Tangible assets impairment expense	-
Depreciation expense of tangible assets	41,584
Intangible assets impairment expense	-
Goodwill impairment expense	-
Amortisation expense of intangible assets	16,199
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	452,473
Operating lease expenses	83,254
Repair and maintenance expenses	17,010
Advertisement expenses	58,185
Other expenses	294,024
Loss on sales of assets	296
Other	141,316
Total	**1,121,314**

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

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

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

9. Information on tax provision for continued and discontinued operations

As of 30 September 2018, the corporate tax provision expense for the period is TL 14,575 (30 September 2017: TL 288,079), and the deferred tax expense is TL 273,182 (30 September 2017: TL 114,742 deferred tax income).

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 5,164,363 (30 September 2017: TL 3,848,426), while the interest expense is TL 2,437,370 (30 September 2017: TL 1,693,838).

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 418,684 (30 September 2017: TL 422,267) has included TL 121,413 (30 September 2017: TL 110,316) the credit card fees and commissions, TL 98,782 (30 September 2017: TL 122,307) service fees and commissions from contracted merchants and TL 89,388 (30 September 2017: TL 99,315) insurance commissions.

Other fees and commissions paid amounting to TL 164,188 (30 September 2017: TL 163,427) has included TL 117,113 (30 September 2017: TL 124,956) 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 Parent Bank

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

1.1. Current period

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	-	-	30	438,513	13	197,080
End of the period	-	-	105	754,351	6	320,365
Interest and commission income	-	-	79	465	-	257

1.2. Prior period

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	-	-	91	624,919	14	87,086
End of the period	-	-	30	438,513	13	197,080
Interest and commission income	-	-	289	394	-	201

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

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposit						
Beginning of the period	-	-	8,426	1,064	3,070	3,628
End of the period	-	-	49,772	8,426	3,479	3,070
Interest expense on deposits	-	-	419	88	201	88

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

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at fair value through profit and loss						
Beginning of the period	-	-	9,971,955	7,620,055	33,080	98,715
End of period	-	-	11,438,289	9,971,955	-	33,080
Total profit/loss	-	-	(131,610)	(65,809)	94,762	(50,839)
Transactions with hedging purposes						
Beginning of the period	-	-	-	-	-	-
End of period	-	-	-	-	-	-
Total profit/loss	-	-	-	-	-	-

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

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

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

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect Shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Banks						
Beginning of the period	-	-	63,734	1,342	90,087	85,241
End of period	-	-	163,472	63,734	10,402	90,087
Interest income received	-	-	9,864	770	170	7

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

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect Shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans						
Beginning of the period	-	-	15,505,498	17,786,543	8,403	4,201
End of period	-	-	18,897,901	15,505,498	1,602	8,403
Interest and commission paid	-	-	207,009	160,899	541	289

The Group also has subordinated loan amounting to TL 4,596,653 from main shareholder ING Bank NV as of 30 September 2018 (31 December 2017: TL 3,038,967).

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

Benefits paid to key management personnel for the nine-month period ended is amounting to TL 24,863 (30 September 2017: TL 23,225).

VI. Explanations and notes related to subsequent events

The Parent Bank sold non-performing loan portfolio amounting to TL 533,027 for an amount of TL 10,100 to three different domestic asset management companies; Arsan Varlık Yönetim A.Ş., Armada Varlık Yönetim A.Ş. and İstanbul Varlık Yönetim A.Ş. on 17 October 2018.

Section six

Interim review report

I. Explanations on the independent review report

The consolidated financial statements of the Parent Bank and its financial subsidiaries as of 30 September 2018, have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and the review report dated 2 November 2018 is presented at the beginning of this report.

II. Explanations and notes prepared by independent auditors

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

Section seven

Interim activity report

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

1. Overview

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

Summary financial information on the consolidated financial statements of the Bank and the consolidated financial subsidiaries (Group) for the period 30 September 2018 and 31 December 2017 is as follows.

Main balance sheet items

Million TL	Current period	Prior period
Net loans	55,147	46,931
Deposits	36,406	27,598
Equity	8,241	5,914
Total assets	80,760	61,524

Main financial ratios

	Current period	Prior period
Capital adequacy ratio	20.32%	19.15%
Loans / Total assets	68.29%	76.28%
Deposits / Total assets	45.08%	44.86%
Non-performing loans / Total loans	3.52%	3.51%
Income / Average capital (*)	18.41%	17.47%
Income / Average assets (*)	1.87%	1.69%
Expense / Income ratio (**)	43.03%	44.69%

(*) 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 nine month period ended 30 September 2017.

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

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

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

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

In third quarter 2018, a stronger US dollar and rising USD borrowing costs afflicted developing markets across the world. This situation coupled with Turkey’s risk perception to increase the volatility within domestic markets significantly. In response to these developments, policymakers sent a strong signal of an interest rate hike in September in order to maintain financial stability. The Central Bank’s move underscored that its top priority is bringing inflation under control. To find a solution to various economic challenges facing the country Turkish policymakers announced New Economic Program (NEP). The NEP targets moderate economic growth, inflation closer to market expectations and strong fiscal discipline.

With domestic and international financial conditions becoming less supportive in recent months, course of leading growth indicators was in line with the anticipated economic slowdown in Turkey.

Against this backdrop, ING Bank continues to believe in the strength and resilience of the Turkish economy. As a result, the Bank is investing in technology and digitalization to develop products and services in parallel with its next generation banking approach. Aiming to lead the way in banking of the future, ING Bank will continue to develop innovative products and services and invest steadily in line with its confidence in Turkey. I would like to thank all our stakeholders – in particular our business partners, customers, employees and main shareholder – for their unwavering support and valuable contributions.

John T. Mc Carthy

Board Chairman

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

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

ING Bank, operating with the vision to provide customers with easy banking services anytime and anywhere, continues its services and investments without stopping its strong and sustainable growth strategy. Defining itself as a "tech company with a banking licence", our Bank focuses on mobile and digital channels, closely follows the developments within and outside Turkey, and pursues its target to ensure its customers are a step ahead.

Our Bank has successfully performed in the first nine months of 2018. According to the consolidated financial results, as of 30 September 2018, assets have reached to TL 80.8 billion and profit before tax to TL 1.3 billion. While our equity volume has increased to TL 8 billion, our capital adequacy has reached 20.32%. Total loans and deposits increased to TL 55.1 billion and TL 36.4 billion, respectively.

I would like to thank to our team and business partners contributing to the successful performance of our Bank in the first nine months of the year on behalf of myself and ING Bank management. As ING Bank, we will continue our business believing in the sustainable development of Turkey in the future, and we will continue growing together with our firms especially SMEs, our customers and Turkey.

Pınar Abay

CEO

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

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

The Parent Bank continues its services and operations with 4,501 employees and 249 domestic branches, as of 30 September 2018.

Sector information on September 2018 has not been published yet. According to the sector information disclosed as of the end of June 2018, Parent Bank is the 8th biggest private bank in terms of assets, loans and deposits.

1.6 Information on research and development about new services and activities

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

2. Assessments about financial position and risk management

2.1 Information on Audit Committee's operations in accounting period

With the Board of Directors resolution, no. 10/1, dated 9 March 2018, Mürüvet Semra Kuran has been elected member of the Audit Committee substituting Mehmet Sırrı Erkan.

2.2 An assessment on financial status, profitability and solvency

According to the consolidated financial statements as of 30 September 2018, the asset size of the Group is TL 80.8 billion, and income before tax is TL 1.3 billion. As of 30 September 2018, credits constitute 68% of total assets with TL 55.1 billion.

According to consolidated financial statements, in the third quarter of 2018, cash credits have been TL 55.1 billion and the most significant growth in cash credits has been in corporate business line. Deposits which is the primary funding source of the Parent Bank, constitutes 45% of the balance sheet with TL 36.4 billion as of 30 September 2018. Even though the large base deposit structure covering small investments represents a short term source in the sector, it remains within the Parent Bank for much longer compared to the original term.

As of 30 September 2018, capital adequacy ratio of ING Bank has reached 20.32%. In addition, the Parent Bank has received subordinated loans from its main shareholder amounting to TL 4.6 billion. As of 30 September 2018, total equities of the Group has reached over TL 8 billion. The Parent Bank distributed dividend amounting to TL 169 million after the BRSA approval and decision of the General Assembly dated 19 March 2018.

Both macroeconomic and increasing competition continued to affect the sustainable profitability of banks. Despite this outlook and the limitations of the sector, with its sound equities and strong asset quality, ING Bank has grown steadily in the third quarter of 2018. In parallel to the developments in economy and Parent Bank's balance sheet, in the third quarter of 2018, compared to the same period of the previous year, group net profit increased by 31% and reached TL 965 million.

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

2.3 Information on the risk management policies applied by risk types

There has been no change in the accounting period.

2.4 Information on whether ratings are determined by rating agencies

International credit rating agency Fitch Ratings Ltd. has confirmed the Bank's credit ratings as of 1 October 2018 as follows:

Long-term Foreign Currency Rating: BB- (Outlook: Negative)
Long-Term Local Currency: BB (Outlook: Negative)
Short-term Foreign Currency Rating: B
Short Term Local Currency: B
Support Rating: 3
National Long-Term Notes: AA (tur) (Outlook: Stable)
Viability Rating: b+

International credit rating agency Moody's has confirmed the credit rating of the Parent Bank as of 26 September 2018 as follows:

Turkish Lira Long Term Deposit Rating: Ba3 (Outlook: Negative)
Short-term Turkish Lira Deposit Notes: Not-Prime
Long-term Foreign Currency Deposit Rating: B2 (Outlook: Negative)
Short-term Foreign Currency Deposit Rating: Not-Prime
Baseline Credit Assessment – (BCA): b3
National Scale Note Aa1.tr/TR-1