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

ING Bank A.Ş. and Its Financial Subsidiaries

Publicly Announced Consolidated Financial Statements as of and for the Three-Month Period Ended 31 March 2019 and Independent Auditors' Review Report

3 May 2019

This report consists 2 pages of "Independent Auditors' Review Report" and 83 pages of consolidated financial statements and its 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 General Assembly of ING Bank Anonim Şirketi

Introduction

We have reviewed the consolidated statement of financial position of ING Bank Anonim Şirketi (the "Bank") and its financial subsidiaries (together the "Group") as at 31 March 2019 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 three-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 Anonim Şirketi and its financial subsidiaries as at 31 March 2019 and its consolidated financial performance and its consolidated cash flows for the three-month-period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

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

Funda Aslanoğlu, SMMM
Partner

3 May 2019
Istanbul, Turkey

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note 3.1, differ from the accounting principles generally accepted in countries in which the accompanying 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 three-month period ended 31 March 2019

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 three-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 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 three-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

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

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

Name-Surname/Title	:	M. Gökçe ÇAKIT / Director
Phone No	:	(212) 335 11 58
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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 31 March 2019 and 31 December 2018 are as follows:

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

As of 31 March 2019, 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 31 March 2019, and ING Bank N.V. has full control over the Parent Bank's capital.

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

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

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

(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 31 March 2019, 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
Adrianus J. A. Kas	Vice Chairman of the BoD and Audit Committee Member	Legally declared
M. Semra Kuran	BoD Member and Chairman of the Audit Committee	Legally declared
A. Canan 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	Legal Executive Vice President	Legal Department
Ebru Sönmez Yanık	Executive Vice President	Corporate Customers Sales
İ. Bahadır Şamlı	Executive Vice President	Technology
İhsan Çakır	Executive Vice President	SME and Mid Corporate Banking
İlker Kayseri	Executive Vice President	Treasury
K. Atıl Özus	Chief Financial Officer	Financial Control and Treasury
Murat Tursun	Chief Audit Executive	Internal Audit
Nermin Güney	Executive Vice President	Financial Risk Management
N. Yücel Ölçer	Executive Vice President	Operation
Öcal Ağar	Executive Vice President	Business Lending and Risk Analytics

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

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

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

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 223 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 31 March 2019

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

					Reviewed			Audited
					Current period			Prior period
	Assets	Note			(31/03/2019)			(31/12/2018)
		(section five)	TL	FC	Total	TL	FC	Total
I.	Financial assets (net)		8,062,728	14,851,081	22,913,809	8,999,453	9,624,383	18,623,836
1.1	Cash and cash equivalents		4,051,129	14,599,134	18,650,263	5,132,989	9,278,715	14,411,704
1.1.1	Cash and balances at Central Bank	(I-1)	700,958	8,706,077	9,407,035	698,875	8,211,362	8,910,237
1.1.2	Banks	(I-3)	21,481	5,893,057	5,914,538	81,826	1,067,353	1,149,179
1.1.3	Money market placements		3,331,537	-	3,331,537	4,360,089	-	4,360,089
1.1.4	Expected credit losses (-)	(I-5)	(2,847)	-	(2,847)	(7,801)	-	(7,801)
1.2	Financial assets at fair value through profit or loss	(I-2)	42,124	32,922	75,046	1,962	26,814	28,776
1.2.1	Government securities		42,068	32,922	74,990	1,914	26,814	28,728
1.2.2	Equity instruments		35	-	35	35	-	35
1.2.3	Other financial assets		21	-	21	13	-	13
1.3	Financial assets at fair value through other comprehensive income	(I-4)	582,245	217	582,462	647,875	208	648,083
1.3.1	Government securities		574,023	-	574,023	639,797	-	639,797
1.3.2	Equity instruments		8,222	217	8,439	8,078	208	8,286
1.3.3	Other financial assets		-	-	-	-	-	-
1.4	Derivative financial assets		3,387,230	218,808	3,606,038	3,216,627	318,646	3,535,273
1.4.1	Derivative financial assets measured at fair value through profit or loss	(I-2)	905,143	218,506	1,123,649	247,716	318,646	566,362
1.4.2	Derivative financial assets measured at fair value through other comprehensive income	(I-11)	2,482,087	302	2,482,389	2,968,911	-	2,968,911
II.	Financial assets measured at amortised cost		26,490,202	18,942,820	45,433,022	30,376,699	18,050,360	48,427,059
2.1	Loans	(I-5)	26,552,152	17,764,857	44,317,009	30,182,121	16,794,475	46,976,596
2.2	Receivables from leasing transactions	(I-10)	38,433	1,006,837	1,045,270	46,502	1,068,105	1,114,607
2.3	Factoring receivables		442,004	171,126	613,130	567,736	187,780	755,516
2.4	Other financial assets measured at amortised cost	(I-6)	1,231,955	-	1,231,955	1,194,996	-	1,194,996
2.4.1	Government securities		1,231,955	-	1,231,955	1,194,996	-	1,194,996
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	Expected credit losses (-)	(I-5)	(1,774,342)	-	(1,774,342)	(1,614,656)	-	(1,614,656)
III.	Non-currents assets or disposal groups "held for sale" and "from discontinued operations (net)	(I-16)	660	-	660	660	-	660
3.1	Assets held for sale		660	-	660	660	-	660
3.2	Assets from discontinued operations		-	-	-	-	-	-
IV.	Equity investments		-	-	-	-	-	-
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)	1,020,394	7	1,020,401	684,290	7	684,297
VI.	Intangible assets (net)	(I-13)	54,102	-	54,102	40,788	-	40,788
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		54,102	-	54,102	40,788	-	40,788
VII.	Investment property (net)	(I-14)	-	-	-	-	-	-
VIII.	Current tax asset	(I-15)	-	-	-	-	-	-
IX.	Deferred tax asset		9,841	-	9,841	11,293	-	11,293
X.	Other assets (net)	(I-17)	432,115	105,603	537,718	602,285	21,864	624,149
	Total assets		36,070,042	33,899,511	69,969,553	40,715,468	27,696,614	68,412,082

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

Consolidated balance sheet (statement of financial position) as of 31 March 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Reviewed			Audited
					Current period			Prior period
	Liabilities	Note			(31/03/2019)			(31/12/2018)
		(section five)	TL	FC	Total	TL	FC	Total
I.	**Deposits**	**(II-1)**	**19,999,861**	**15,397,433**	**35,397,294**	**19,969,274**	**12,308,163**	**32,277,437**
II.	**Loans received**	**(II-3)**	**788,682**	**18,715,770**	**19,504,452**	**467,942**	**20,899,432**	**21,367,374**
III.	**Money market funds**		**3,777**	**28,904**	**32,681**	**2,166**	**20,450**	**22,616**
IV.	**Securities Issued (net)**	**(II-4)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1	Bills		-	-	-	-	-	-
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	**Funds**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrower funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**Financial liabilities at fair value through profit or loss**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Derivative financial liabilities**		**573,943**	**154,555**	**728,498**	**911,803**	**199,959**	**1,111,762**
7.1	Derivative financial liabilities at fair value through profit or loss	(II-2)	347,409	148,106	495,515	652,925	195,431	848,356
7.2	Derivative financial liabilities at fair value through other comprehensive income	(II-7)	226,534	6,449	232,983	258,878	4,528	263,406
VIII.	**Factoring payables**		**23**	**1,395**	**1,418**	**26**	**620**	**646**
IX.	**Lease payables (net)**	**(II-6)**	**288,969**	**7,322**	**296,291**	**-**	**-**	**-**
X.	**Provisions**	**(II-8)**	**219,877**	**-**	**219,877**	**271,080**	**-**	**271,080**
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		54,287	-	54,287	53,664	-	53,664
10.3	Insurance technical reserves (net)		-	-	-	-	-	-
10.4	Other provisions		165,590	-	165,590	217,416	-	217,416
XI.	**Current tax liability**	**(II-9)**	**130,887**	**3,385**	**134,272**	**250,939**	**797**	**251,736**
XII.	**Deferred tax liability**	**(II-9)**	**549,171**	**-**	**549,171**	**430,595**	**-**	**430,595**
XIII.	**Liabilities for assets held for sale and assets of discontinued operations (net)**	**(II-10)**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	**Subordinated debt**	**(II-11)**	**-**	**4,019,734**	**4,019,734**	**-**	**3,813,522**	**3,813,522**
14.1	Loans		-	4,019,734	4,019,734	-	3,813,522	3,813,522
14.2	Other debt instruments		-	-	-	-	-	-
XV.	**Other liabilities**	**(II-5)**	**724,527**	**143,608**	**868,135**	**1,058,514**	**149,188**	**1,207,702**
XVI.	**Shareholders' equity**	**(II-12)**	**8,223,829**	**(6,099)**	**8,217,730**	**7,662,094**	**(4,482)**	**7,657,612**
16.1	Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2	Capital reserves		-	-	-	-	-	-
16.2.1	Share premiums		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		-	-	-	-	-	-
16.3	Other comprehensive income/expense items not to be recycled to Profit or Loss		139,254	-	139,254	139,276	-	139,276
16.4	Other comprehensive income/expense items to be recycled in Profit or Loss		659,101	(6,099)	653,002	598,124	(4,482)	593,642
16.5	Profit reserves		3,444,670	-	3,444,670	2,297,792	-	2,297,792
16.5.1	Legal reserves		256,871	-	256,871	201,819	-	201,819
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary reserves		3,187,799	-	3,187,799	2,095,973	-	2,095,973
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or (loss)		494,536	-	494,536	1,140,634	-	1,140,634
16.6.1	Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2	Current period profit or (loss)		494,536	-	494,536	1,140,634	-	1,140,634
16.7	Minority interest		-	-	-	-	-	-
	Total liabilities and shareholders' equity		**31,503,546**	**38,466,007**	**69,969,553**	**31,024,433**	**37,387,649**	**68,412,082**

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of off-balance sheet items
as of 31 March 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Reviewed			Audited
					Current period			Prior period
	Off-balance sheet items	**Note (section five)**			**(31/03/2019)**			**(31/12/2018)**
			TL	**FC**	**Total**	**TL**	**FC**	**Total**
A.	**Off-balance sheet commitments (I+II+III)**		**42,928,183**	**62,344,100**	**105,272,283**	**46,655,305**	**63,802,736**	**110,458,041**
I.	**Guarantees and warranties**	**(III-1)**	**2,262,578**	**6,656,508**	**8,919,086**	**2,163,251**	**6,724,218**	**8,887,469**
1.1	Letters of guarantee		2,229,557	4,719,964	6,949,521	2,135,210	4,474,703	6,609,913
1.1.1	Guarantees subject to state tender law		9,637	-	9,637	14,570	-	14,570
1.1.2	Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3	Other letters of guarantee		2,219,920	4,719,964	6,939,884	2,120,640	4,474,703	6,595,343
1.2	Bank acceptances		-	39,308	39,308	-	39,370	39,370
1.2.1	Import letter of acceptance		-	39,308	39,308	-	39,370	39,370
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		396	1,337,785	1,338,181	396	1,763,942	1,764,338
1.3.1	Documentary letters of credit		396	1,337,785	1,338,181	396	1,763,942	1,764,338
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Pre-financing given as guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Purchase guarantees for securities issued		-	-	-	-	-	-
1.7	Factoring guarantees		29,111	113,585	142,696	25,318	99,940	125,258
1.8	Other guarantees		-	261,980	261,980	-	247,879	247,879
1.9	Other warranties		3,514	183,886	187,400	2,327	98,384	100,711
II.	**Commitments**	**(III-1)**	**4,365,910**	**1,759,120**	**6,125,030**	**4,144,632**	**913,196**	**5,057,828**
2.1	Irrevocable commitments		4,365,910	1,759,120	6,125,030	4,144,632	913,196	5,057,828
2.1.1	Forward asset purchase commitments		721,282	1,727,661	2,448,943	403,269	895,834	1,299,103
2.1.2	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		1,751,580	29,461	1,781,041	1,807,625	15,526	1,823,151
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		383,476	-	383,476	352,249	-	352,249
2.1.8	Tax and fund liabilities from export commitments		23,780	-	23,780	20,545	-	20,545
2.1.9	Commitments for credit card limits		1,480,003	-	1,480,003	1,553,684	-	1,553,684
2.1.10	Commitments for credit cards and banking services promotions		5,408	-	5,408	5,479	-	5,479
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		381	1,998	2,379	1,781	1,836	3,617
2.2	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	**(III-2)**	**36,299,695**	**53,928,472**	**90,228,167**	**40,347,422**	**56,165,322**	**96,512,744**
3.1	Derivative financial instruments for hedging purposes		19,461,252	5,405,042	24,866,294	21,984,936	4,734,539	26,719,475
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		19,461,252	5,405,042	24,866,294	21,984,936	4,734,539	26,719,475
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Derivative financial instruments for trading purposes		16,838,443	48,523,430	65,361,873	18,362,486	51,430,783	69,793,269
3.2.1	Forward foreign currency buy/sell transactions		2,572,986	8,509,280	11,082,266	3,095,729	11,074,747	14,170,476
3.2.1.1	Forward foreign currency transactions-buy		2,049,445	3,526,244	5,575,689	2,553,730	4,648,919	7,202,649
3.2.1.2	Forward foreign currency transactions-sell		523,541	4,983,036	5,506,577	541,999	6,425,828	6,967,827
3.2.2	Swap transactions related to foreign currency and interest rates		14,145,131	37,595,948	51,741,079	15,051,633	38,647,276	53,698,909
3.2.2.1	Foreign currency swap-buy		4,268,912	14,432,946	18,701,858	3,332,426	18,037,056	21,369,482
3.2.2.2	Foreign currency swap-sell		6,206,219	12,066,592	18,272,811	10,579,207	11,431,226	22,010,433
3.2.2.3	Interest rate swap-buy		1,835,000	5,548,205	7,383,205	570,000	4,589,497	5,159,497
3.2.2.4	Interest rate swap-sell		1,835,000	5,548,205	7,383,205	570,000	4,589,497	5,159,497
3.2.3	Foreign currency, interest rate and securities options		120,326	2,418,202	2,538,528	181,758	1,708,760	1,890,518
3.2.3.1	Foreign currency options-buy		60,163	1,209,101	1,269,264	90,879	854,380	945,259
3.2.3.2	Foreign currency options-sell		60,163	1,209,101	1,269,264	90,879	854,380	945,259
3.2.3.3	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	33,366	-	33,366
B.	**Custody and pledged items (IV+V+VI)**		**235,519,799**	**48,205,650**	**283,725,449**	**236,801,620**	**46,253,124**	**283,054,744**
IV.	**Items held in custody**		**828,009**	**1,980,353**	**2,808,362**	**980,400**	**1,952,616**	**2,933,016**
4.1	Customer fund and portfolio balances		548,720	-	548,720	401,049	-	401,049
4.2	Investment securities held in custody		69,010	312,276	381,286	89,196	291,567	380,763
4.3	Checks received for collection		32,394	389,188	421,582	308,278	412,217	720,495
4.4	Commercial notes received for collection		165,403	1,215,238	1,380,641	169,395	1,143,098	1,312,493
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		12,482	63,651	76,133	12,482	105,734	118,216
4.8	Custodians		-	-	-	-	-	-
V.	**Pledged received**		**35,317,383**	**9,328,037**	**44,645,420**	**36,573,782**	**9,371,568**	**45,945,350**
5.1	Marketable securities		133,731	11,013	144,744	223,731	7,819	231,550
5.2	Guarantee notes		7,184,399	2,053,325	9,237,724	7,252,373	1,944,017	9,196,390
5.3	Commodity		910	-	910	910	-	910
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		24,960,402	6,353,765	31,314,167	25,499,601	6,140,983	31,640,584
5.6	Other pledged items		3,037,941	909,934	3,947,875	3,597,167	1,278,749	4,875,916
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	**Accepted independent guarantees and warranties**		**199,374,407**	**36,897,260**	**236,271,667**	**199,247,438**	**34,928,940**	**234,176,378**
	Total off-balance sheet items (A+B)		**278,447,982**	**110,549,750**	**388,997,732**	**283,456,925**	**110,055,860**	**393,512,785**

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

Consolidated statement of profit or loss
for the three-month period ended 31 March 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Income and expense items	Note (section five)	Reviewed Current period (01/01/2019-31/03/2019)	Reviewed Prior period (01/01/2018-31/03/2018)
I.	**Interest income**	**(IV-1)**	**1,955,547**	**1,508,228**
1.1	Interest on loans		1,587,233	1,343,647
1.2	Interest on reserve requirements		22,026	15,325
1.3	Interest on banks		43,976	9,463
1.4	Interest on money market transactions		169,997	43,005
1.5	Interest on marketable securities portfolio		92,349	63,750
1.5.1	Financial assets at fair value through profit or loss		7,515	17,482
1.5.2	Financial assets at fair value through other comprehensive income		26,254	11,906
1.5.3	Financial assets measured at amortised cost		58,580	34,362
1.6	Finance lease income		12,492	11,955
1.7	Other interest income		27,474	21,083
II.	**Interest expense (-)**	**(IV-2)**	**(1,089,646)**	**(675,970)**
2.1	Interest on deposits		(931,685)	(534,177)
2.2	Interest on funds borrowed		(143,550)	(129,736)
2.3	Interest on money market transactions		(1,422)	(3,827)
2.4	Interest on securities issued		-	(2,585)
2.5	Finance lease expense		(11,585)	-
2.6	Other interest expenses		(1,404)	(5,645)
III.	**Net interest income/expense (I - II)**		**865,901**	**832,258**
IV.	**Net fees and commissions income/expense**		**122,013**	**111,118**
4.1	Fees and commissions received		170,250	176,614
4.1.1	Non-cash loans		35,585	30,811
4.1.2	Other	(IV-12)	134,665	145,803
4.2	Fees and commissions paid (-)		(48,237)	(65,496)
4.2.1	Non-cash loans		(70)	(159)
4.2.2	Other	(IV-12)	(48,167)	(65,337)
V	**Dividend income**	**(IV-3)**	**-**	**2**
VI.	**Trading gain/(loss) (net)**	**(IV-4)**	**257,975**	**(142,898)**
7.1	Trading gain/(loss) on securities		4,530	(16,283)
7.2	Gain/(loss) on derivative financial transactions		530,226	204,596
7.3	Foreign exchange gain/(loss)		(276,781)	(331,211)
VII.	**Other operating income**	**(IV-5)**	**184,302**	**439,881**
VIII.	**Gross operating income (III+IV+V+VI+VII)**		**1,430,191**	**1,240,361**
IX.	**Expected credit loss (-)**	**(IV-6)**	**(350,181)**	**(430,115)**
X.	**Other provision expenses (-)**		**(3,632)**	**(13,813)**
XI.	**Personnel expenses (-)**		**(179,258)**	**(181,470)**
XII	**Other operating expenses**	**(IV-7)**	**(272,356)**	**(258,434)**
XIII.	**Net operating profit/(loss) (IX-X-XI)**		**624,764**	**356,529**
XIV.	**Income resulted from mergers**		**-**	**-**
XV.	**Income/loss from investments under equity accounting**		**-**	**-**
XVI.	**Gain/loss on net monetary position**		**-**	**-**
XVII.	**Operating profit/loss before taxes (XII+...+XV)**	**(IV-8)**	**624,764**	**356,529**
XVIII.	**Provision for taxes of continued operations (±)**	**(IV-9)**	**(130,228)**	**(87,681)**
18.1	Current tax provision		(37,244)	(69,888)
18.2	Expense effect of deferred tax (+)		(129,886)	(20,196)
18.3	Income effect of deferred tax (-)		36,902	2,403
XIX.	**Net profit/(loss) from continuing operations (XVI±XVII)**	**(IV-10)**	**494,536**	**268,848**
XX.	**Income from discontinued operations**		**-**	-
20.1	Income from non-current assets held for resale		-	-
20.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
20.3	Income from other discontinued operations		-	-
XXI.	**Expenses for discontinued operations (-)**		**-**	-
21.1	Expenses for non-current assets held for resale		-	-
21.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
21.3	Loss from other discontinued operations		-	-
XXII.	**Profit/(loss) before tax from discontinued operations (XIX-XX)**		**-**	**-**
XXIII.	**Tax provision for discontinued operations (±)**		**-**	**-**
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	**Net profit/(loss) from discontinued operations (XXI±XXII)**		**-**	**-**
XXV.	**Net profit/(loss) (XVIII+XXIII)**	**(IV-11)**	**494,536**	**268,848**
26.1	Profit/(Loss) from the Group		494,536	268,848
26.2	Income/(Loss) from Minority Interest (-)		-	-
	Earnings per share		0.1419	0.0771

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement profit or loss and other comprehensive income for the three-month period ended 31 March 2019

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

	Profit or loss and other comprehensive income	Reviewed Current period (01/01/2019- 31/03/2019)	Reviewed Prior period (01/01/2018- 31/03/2018)
I.	**Current period profit/loss**	**494,536**	**268,848**
II.	**Other comprehensive income**	**65,582**	**120,534**
2.1	**Other income/expense items not to be recycled to profit or loss**	**(999)**	**(1,059)**
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)	(1,260)	(1,330)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	-	(5)
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	261	276
2.2	**Other income/expense items to be recycled to profit or loss**	**66,581**	**121,593**
2.2.1	Translation differences	3,689	5,555
2.2.2	Income/(Expenses) from valuation and/or reclassification of financial assets measured at FVOCI	(41,952)	(4,410)
2.2.3	Gains/(losses) from cash flow hedges	132,149	151,431
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	(27,305)	(30,983)
III.	**Total comprehensive income (I+II)**	**560,118**	**389,382**

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of changes in equity
for the three-month period ended 31 March 2019
(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
	Prior period (01/01/2018-31/03/2018)																	
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		-	-	-	-	-	-	(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		-	-	-	-	-	(1,054)	15	-	(3,527)	119,545	-	-	268,848	383,827	-	383,827
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		-	-	-	-	-	-	-	(25,719)	-	-	31,274	-	-	5,555	-	5,555
XI.	Profit distribution		-	-	-	-	94,189	-	-	-	-	-	625,216	-	(888,155)	(168,750)	-	(168,750)
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	(168,750)	-	-	(168,750)	-	(168,750)
11.2	Transfers to reserves		-	-	-	-	94,189	-	-	-	-	-	793,966	-	(888,155)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…..+X+XI)		**3,486,268**	**-**	**-**	**-**	**140,921**	**(893)**	**(241)**	**619**	**(8,124)**	**369,833**	**2,297,792**	**-**	**268,848**	**6,555,023**	**-**	**6,555,023**
	Current period (01/01/2019-31/03/2019)																	
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,404)**	**(241)**	**3,858**	**(13,180)**	**602,964**	**2,297,792**	**-**	**1,140,634**	**7,657,612**	**-**	**7,657,612**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,404)**	**(241)**	**3,858**	**(13,180)**	**602,964**	**2,297,792**	**-**	**1,140,634**	**7,657,612**	**-**	**7,657,612**
IV.	Total comprehensive income		-	-	-	-	-	(999)	-	(3,532)	(42,399)	105,291	-	-	494,536	552,897	-	552,897
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		-	-	-	-	-	-	-	-	-	-	7,221	-	-	7,221	-	7,221
XI.	Profit distribution		-	-	-	-	977	-	-	-	-	-	1,139,657	-	(1,140,634)	-	-	-
11.1	Dividends paid	(II-12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves	(II-12)	-	-	-	-	977	-	-	-	-	-	1,139,657	-	(1,140,634)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…..+X+XI)		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,403)**	**(241)**	**326**	**(55,579)**	**708,255**	**3,444,670**	**-**	**494,536**	**8,217,730**	**-**	**8,217,730**

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

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

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

Consolidated statement of cash flows
for the three-month period ended 31 March 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Statement of Cash flows	Note	Reviewed Current period (01/01/2019-31/03/2019)	Reviewed Prior period (01/01/2018-31/03/2018)
A.	**Cash flows from banking operations**			
1.1	**Operating profit/(loss) before changes in operating assets and liabilities**		**514,630**	**260,289**
1.1.1	Interest received		2,020,469	1,504,305
1.1.2	Interest paid		(1,092,247)	(715,172)
1.1.3	Dividend received		-	2
1.1.4	Fees and commissions received		166,955	176,614
1.1.5	Other income		20,771	26,810
1.1.6	Collections from previously written-off loans and other receivables		195,071	195,461
1.1.7	Payments to personnel and service suppliers		(350,868)	(363,872)
1.1.8	Taxes paid		(154,708)	5,012
1.1.9	Other		(290,813)	(568,871)
1.2	**Changes in operating assets and liabilities**		**3,297,844**	**(83,618)**
1.2.1	Net increase/decrease in financial assets at fair value through profit or loss		(46,265)	21,704
1.2.2	Net (increase) decrease in due from bank		156,632	(48,708)
1.2.3	Net (increase) decrease in loans		3,035,702	(817,403)
1.2.4	Net (increase) decrease in other assets		786,258	(704,380)
1.2.5	Net increase (decrease) in bank deposits		508,044	153,221
1.2.6	Net increase (decrease) in other deposits		1,849,625	1,416,834
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		(2,833,525)	(336,757)
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities		(158,627)	231,871
I.	**Net cash provided from banking operations**		**3,812,474**	**176,671**
B.	**Cash flow from investing activities**			
II.	**Net cash provided from investing activities**		**(5,995)**	**44,718**
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		(87,638)	(84,338)
2.4	Disposals of property and equipment		86,173	20,284
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income		(65,536)	(130,102)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income		81,457	97,987
2.7	Cash paid for purchase of financial assets measured at amortised cost		-	-
2.8	Cash obtained from sale of financial assets measured at amortised cost		-	142,041
2.9	Other		(20,451)	(1,154)
C.	**Cash flows from financing activities**			
III.	**Net cash provided from financing activities**		**(28,922)**	**96,250**
3.1	Cash obtained from funds borrowed and securities issued	(II-4)	-	265,000
3.2	Cash used for repayment of funds borrowed and securities issued	(II-4)	-	-
3.3	Issued equity instruments		-	-
3.4	Dividends paid	(II-12)	-	(168,750)
3.5	Payments for finance leases		(28,922)	-
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**		**516,892**	**115,816**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**4,294,449**	**433,455**
VI.	**Cash and cash equivalents at beginning of the period**		**11,420,391**	**5,183,052**
VII.	**Cash and cash equivalents at the end of the period**		**15,714,840**	**5,616,507**

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

I. Explanations on basis of presentation (continued)

Standards effective as of 1 January 2019

TFRS 16 Leases

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

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

The 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. Explanations 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.

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.

III. Explanation on consolidated subsidiaries (continued)

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.

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.

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

Explanations on derivative financial instruments held for hedging purpose

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

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

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

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

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

V. Explanations on interest income and expenses

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

As of 1 January 2018, the 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.

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.

VII. Explanations on financial instruments (continued)

Other business models:

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

Measurement categories of financial assets and liabilities

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

- Financial assets measured at fair value through profit/loss

- Financial assets measured at fair value through other comprehensive income and

- Financial assets measured at amortized cost (including credits).

Financial assets 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.

VII. Explanations on financial instruments (continued)

Financial assets measured at amortized cost:

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

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

Loans:

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

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

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

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 (Provision Regulation)" 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.

VIII. Explanations on impairment of financial assets (continued)

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. Related thresholds are being analyzed by back-testing and revised accordingly if necessary. In this context the Group has changed the related thresholds as of 31 March 2019.

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.

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 Group'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%
Right-of-use assets	9% - 50%

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

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

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

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

There is no purchase commitment related to property and equipment.

XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

The Parent Bank does not have any leasing operations as lessor.

b. Accounting of leasing operations as lessee

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

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

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

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 Parent 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. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

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

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

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 2019.

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

The accompanying financial statements as of 31 March 2019 are prepared and previous period financial statements are revised in accordance with the "Communique amending the Communique on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" published in the Official Gazette dated 1 February 2019 and effective starting from 1 January 2019.

XXV. Explanation on TFRS 16 leases standard

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

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

The Group – as lessee:

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

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

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

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

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

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

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

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

XXV. Explanation on TFRS 16 leases standard (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	31 December 2018	TFRS 16 Reclassification Effect	TFRS 16 Measurement Effect	1 January 2019
Tangible assets(net) (*)	684,290	13,916	299,579	997,785
Other assets (**)	624,149	(13,916)	-	610,233
Lease liabilities (net) (***)	-	-	299,579	299,579

(*) In accordance with TFRS 16, the Bank recognised a lease liability and a right-of-use asset amounting to TL 299,579 as of 1 January 2019 for leases previously accounted as an operating lease under TAS 17.

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

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

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

Short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard and their payments continue to be accounted as expense in the period they incur. Moreover, lease agreements with a remaining duration of 12 months or less as of 1 January 2019, have been evaluated within the scope of the same exemption. Within this scope, TL 3,589 has been paid in the relevant period.

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

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

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

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

As of 31 March 2019, the Group's total capital is TL 11,786,661 and the consolidated capital adequacy ratio is 22.02%. As of 31 December 2018, the Group's total capital amounted to TL 11,386,129 and capital adequacy ratio was 21.11%.

	Current period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	3,444,670	
Other comprehensive income according to TAS	144,820	
Profit	494,536	
Net profit for the period	494,536	
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	**7,570,294**	
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	60,819	
Leasehold improvements on operational leases (-)	37,973	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	52,200	52,200
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	**150,992**	
Total common equity tier I capital	**7,419,302**	
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)	**7,419,302**	

(*) 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	3,783,970	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
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)	590,301	
Tier II Capital Before Deductions	**4,374,271**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	**4,374,271**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**11,793,573**	
Total of Core Capital and Additional Capital (Total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than three Years	-	
Other items to be defined by the BRSA (-)	6,912	
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	11,786,661	
Total risk weighted amounts	53,529,873	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	13.86	
Tier I Capital Adequacy Ratio (%)	13.86	
Capital Adequacy Ratio (%)	22.02	
BUFFERS		
Total buffer requirement	2.591	
Capital protection buffer requirement (%)	2.500	
Bank specific cyclical buffer requirement (%)	0.091	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	7.860	
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	173,599	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	619,442	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	590,301	
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	2,297,792	
Other comprehensive income according to TAS	143,375	
Profit	1,140,634	
Net profit for the period	1,140,634	
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	**7,068,069**	
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	13,421	
Leasehold improvements on operational leases (-)	39,962	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	37,209	37,209
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	**90,592**	
Total common equity tier I capital	**6,977,477**	
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)	**6,977,477**	

(*) 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	3,807,119	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
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)	609,455	
Tier II Capital Before Deductions	**4,416,574**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	**4,416,574**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**11,394,051**	
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 (-)	7,922	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	11,386,129	
Total risk weighted amounts	53,932,535	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	12.94	
Tier I Capital Adequacy Ratio (%)	12.94	
Capital Adequacy Ratio (%)	21.11	
BUFFERS		
Total buffer requirement	1.912	
Capital protection buffer requirement (%)	1.875	
Bank specific cyclical buffer requirement (%)	0.037	
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	6.937	
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	188,440	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	618,520	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	609,455	
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)

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

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No	No
Eligible at stand-alone / consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 82 million (TL 461 million) and EUR 72 million (TL 557 million)	USD 91 million (TL 513 million) and EUR 85 million (TL 539 million)	USD 62 million (TL 350 million) and EUR 231 million (TL 1,465 million)
Par value of instrument (Currency in million)	USD 102 million (TL 576 million) and EUR 90 million (TL 571 million)	USD 91 million (TL 513 million) and EUR 85 million (TL 539 million)	USD 62 million (TL 350 million) and EUR 231 million (TL 1,465 million)
Accounting classification	Subordinated Loans	Subordinated Loans	Subordinated Loans
Original date of issuance	11 March 2014	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	After 5th year
Coupons / dividends	-	-	-
Fixed or floating dividend/coupon	Floating	Floating	Floating
Coupon rate and any related index	Libor+2.78% and Euribor+2.29%	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%
Existence of a dividend stopper	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-
Existence	None	None	None
Noncumulative or cumulative	-	-	-
Convertible or non-convertible	None	None	None
If convertible, conversion trigger(s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory or optional conversion	-	-	-
If convertible, specify instrument type convertible into	-	-	-
If convertible, specify issuer of instrument it converts into			
Write-down feature	None	None	None
If write-down, write-down trigger(s)	-	-	-
If write-down, full or partial	-	-	-
If write-down, permanent or temporary	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I sub-debt, same with TIER II
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-	-

(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	8,217,730	8,217,730
Gains from cash flow hedge transactions	708,255	(708,255)
Leasehold improvements on operational leases	37,973	(37,973)
Goodwill and intangible assets	54,102	(52,200)
General provision	619,442	590,301
Subordinated debt(*)	4,019,734	3,783,970
Other deductions from shareholders' equity	6,912	(6,912)
Capital		**11,786,661**

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the Group amounting to USD 102 million and EUR 90 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than five years as of 31 March 2019.

II. Explanations 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. Besides, currency risk is also taken into account in the capital adequacy ratio calculation as part of the market risk under the standard method.

The simple arithmetic average of USD and EUR buying rates of the Parent Bank for the thirty days before the balance sheet date are 5.4894 (Full TL) and 6.2022 (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 EUR
The Parent Bank's "foreign exchange buying rates" (31 March 2019)	5.6427	6.3407
Previous days;		
29 March 2019	5.6427	6.3407
28 March 2019	5.5341	6.2170
27 March 2019	5.4163	6.0950
26 March 2019	5.5619	6.2816
25 March 2019	5.6160	6.3539

(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	5,892,154	1,715,730	1,098,193	8,706,077
Banks	445,933	5,176,947	270,177	5,893,057
Financial assets at fair value through profit or loss	30,970	18,929	-	49,899
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	217	-	-	217
Loans	14,100,252	5,188,136	24,316	19,312,704
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	302	-	-	302
Tangible assets (net)	7	-	-	7
Intangible assets (net)	-	-	-	-
Other assets	15,225	87,857	104	103,186
Total assets	**20,485,060**	**12,187,599**	**1,392,790**	**34,065,449**
Liabilities				
Bank deposit	2,465,955	445,299	155	2,911,409
Foreign currency deposits	3,298,846	8,692,242	494,936	12,486,024
Funds from interbank money market	28,904	-	-	28,904
Borrowings	13,657,066	9,057,501	20,937	22,735,504
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	10,827	37,735	701	49,263
Hedging derivative financial liabilities	6,449	-	-	6,449
Other liabilities	71,832	42,776	456	115,064
Total liabilities	**19,539,879**	**18,275,553**	**517,185**	**38,332,617**
Net on balance sheet position	**945,181**	**(6,087,954)**	**875,605**	**(4,267,168)**
Net off-balance sheet position	**(916,401)**	**6,100,190**	**(873,851)**	**4,309,938**
Financial derivative assets	7,323,059	15,372,292	693,263	23,388,614
Financial derivative liabilities	8,239,460	9,272,102	1,567,114	19,078,676
Non-cash loans	**1,761,429**	**4,686,816**	**208,469**	**6,656,714**
Prior period				
Total assets	**19,288,721**	**7,286,112**	**1,280,144**	**27,854,977**
Total liabilities	**18,983,367**	**17,697,027**	**530,099**	**37,210,493**
Net on-balance sheet position	**305,354**	**(10,410,915)**	**750,045**	**(9,355,516)**
Net off-balance sheet position	**(244,335)**	**10,388,022**	**(748,022)**	**9,395,665**
Financial derivative assets	7,987,608	19,364,401	1,196,112	28,548,121
Financial derivative liabilities	8,231,943	8,976,379	1,944,134	19,152,456
Non-cash loans	**1,499,749**	**5,015,658**	**209,249**	**6,724,656**

In the foreign currency risk table:

The principal and accrual of TL 369,084 (31 December 2018: TL 458,100) of foreign currency indexed loans and foreign currency indexed factoring receivables amounting to TL 800 (31 December 2018: TL 2,784) 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 201,529 (31 December 2018: TL 301,893).
Prepaid expenses: TL 2,417 (31 December 2018: TL 628).
Held-for trading derivative financial liabilities: TL 139,489 (31 December 2018: TL 181,638).
Hedge funds (Effective Portion): TL (6,099) (31 December 2018: TL (4,482)).
Interest rate swap (buy) transactions and options (buy): TL 6,594,421 (31 December 2018: TL 4,680,290).
Interest rate swap (sell) transactions and options (sell): TL 6,594,421 (31 December 2018: TL 4,680,290).

TL 206 (31 December 2018: TL 438) 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 907,713 (31 December 2018: TL 454,812).
Forward foreign currency-sell transactions: TL 819,947 (31 December 2018: TL 441,022).

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 for trading book, sensitivity limit against interest rate shocks has been determined under trading books and banking books. Capital requirement relating to market risk is calculated through the Standard Method according to Basel II.

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

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

(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 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	7,485,732	-	-	-	-	1,921,303	9,407,035
Banks	5,640,951	-	-	-	-	273,587	5,914,538
Financial assets at fair value through profit and loss	320,414	618,734	126,116	102,848	30,535	48	1,198,695
Money market placements	3,331,537	-	-	-	-	-	3,331,537
Financial assets measured at fair value through other comprehensive income	623,691	1,860,057	246,690	325,974	-	8,439	3,064,851
Loans (***)	13,249,361	5,028,634	10,924,188	13,441,354	923,835	633,695	44,201,067
Financial assets measured at amortised cost	-	-	1,231,955	-	-	-	1,231,955
Other assets (*)	-	-	-	-	-	1,619,875	1,619,875
Total assets	**30,651,686**	**7,507,425**	**12,528,949**	**13,870,176**	**954,370**	**4,456,947**	**69,969,553**
Liabilities							
Bank deposits	2,911,228	-	-	-	-	14,483	2,925,711
Other deposits	26,812,399	1,099,431	246,036	420	-	4,313,297	32,471,583
Money market borrowings	3,777	-	-	-	28,904	-	32,681
Miscellaneous payables	92,782	-	-	-	-	507,301	600,083
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	15,480,027	4,589,477	1,600,784	1,853,898	-	-	23,524,186
Other liabilities (**)	392,974	395,022	90,533	58,102	-	9,478,678	10,415,309
Total liabilities	**45,693,187**	**6,083,930**	**1,937,353**	**1,912,420**	**28,904**	**14,313,759**	**69,969,553**
Balance sheet long position	-	1,423,495	10,591,596	11,957,756	925,466	-	24,898,313
Balance sheet short position	(15,041,501)	-	-	-	-	(9,856,812)	(24,898,313)
Off-balance sheet long position	2,000,570	7,298,434	-	-	-	-	9,299,004
Off-balance sheet short position	-	-	(1,088,788)	(5,529,166)	(531,025)	-	(7,148,979)
Total positions	**(13,040,931)**	**8,721,929**	**9,502,808**	**6,428,590**	**394,441**	**(9,856,812)**	**2,150,025**

(*) Non-interest bearing column in other assets line consists of tangible assets, 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.

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

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

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	7,244,807	23,054	-	-	-	1,642,376	8,910,237
Due from other banks and financial institutions	540,755	12,383	-	-	-	596,041	1,149,179
Financial assets at fair value through profit and loss	141,628	189,714	247,324	16,424	-	48	595,138
Money market placements	4,358,089	2,000	-	-	-	-	4,360,089
Available-for-sale financial assets	30	263,210	8,849	367,708	-	8,286	648,083
Loans and receivables	7,710,048	4,801,283	10,924,225	21,243,744	2,078,629	461,705	47,219,634
Held-to-maturity investments	-	245,961	949,035	-	-	-	1,194,996
Other assets (*)	796,624	2,172,287	-	-	-	1,365,815	4,334,726
Total assets	**20,791,981**	**7,709,892**	**12,129,433**	**21,627,876**	**2,078,629**	**4,074,271**	**68,412,082**
Liabilities							
Bank deposits	-	-	-	-	-	2,291,934	2,291,934
Other deposits	24,503,773	1,597,129	434,870	170	-	3,449,561	29,985,503
Money market borrowings	2,188	-	-	-	20,428	-	22,616
Miscellaneous payables	-	-	-	-	-	578,237	578,237
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	3,831,829	9,418,515	6,061,329	2,050,483	3,818,740	-	25,180,896
Other liabilities (**)	353,872	337,388	405,895	15,253	-	9,240,488	10,352,896
Total liabilities	**28,691,662**	**11,353,032**	**6,902,094**	**2,065,906**	**3,839,168**	**15,560,220**	**68,412,082**
Balance sheet long position	-	-	5,227,339	19,561,970	-	-	24,789,309
Balance sheet short position	(7,899,681)	(3,643,140)	-	-	(1,760,539)	(11,485,949)	(24,789,309)
Off-balance sheet long position	4,426,576	10,107,379	-	-	-	-	14,533,955
Off-balance sheet short position	-	-	(4,805,614)	(7,375,467)	(530,121)	-	(12,711,202)
Total position	**(3,473,105)**	**6,464,239**	**421,725**	**12,186,503**	**(2,290,660)**	**(11,485,949)**	**1,822,753**

(*) 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	-	2.00	-	13.00
Banks	1.17	2.44	-	21.28
Financial assets at fair value through profit and loss	2.11	6.36	-	22.60
Money market placements	-	-	-	24.52
Financial assets measured at fair value through other comprehensive income	-	-	-	15.97
Loans	3.44	6.28	-	20.17
Financial assets measured at amortised cost	-	-	-	20.11
Liabilities				
Bank deposits	(0.37)	2.39	-	-
Other deposits	0.42	2.02	-	16.75
Money market borrowings	-	-	-	15.00
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.73	3.91	-	18.09

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	-	2.00	-	13.00
Due from other banks and financial institutions	1.22	4.03	-	23.53
Financial assets at fair value through profit and loss	2.14	6.95	-	15.16
Money market placements	-	-	-	24.18
Financial assets available-for-sale	-	-	-	15.24
Loans and receivables	3.36	6.24	-	20.66
Held-to-maturity investments	-	-	-	19.82
Liabilities				
Bank deposits	(0.36)	2.39	-	-
Other deposits	0.48	2.71	-	18.72
Money market borrowings	-	-	-	15.00
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.69	3.83	-	13.91

(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	**8,439**	**3,196**	**3,196**
Equity investments	8,439	3,196	3,196
Financials subsidiaries	**-**	**-**	**-**
Financials subsidiaries	-	-	-

Prior period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Equity investments	-	-	-
Not quoted	**8,286**	**3,052**	**3,052**
Equity investments	8,286	3,052	3,052
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

	Realized	Revaluation increases		Unrealized gains/ losses		
Current period	gains/losses during the period	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)**	**-**

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

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	8,439	8,439	675

Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	8,286	8,286	663

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

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

Furthermore, the 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 global regulations (Internal Liquidity Adequacy Assessment Process / ILAAP-Internal Liquidity Adequacy Assessment Process). In addition, still in scope of ILAAP, in the Risk Control Self- Assessment process, comprehensive assessments are made related to liquidity risk, and after these risks are identified clearly, their potential financial impact on the Parent 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 Contingency Funding Plan monitoring metrics are not limited to this scope but also include other liquidity risk indicators. The Contingency Funding plan monitoring metrics can trigger decision-making conditions on whether the Bank will implement the Contingency Funding Plan in order to anticipate the potential development 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. 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. Besides, 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 Bank. While the main purpose is using liabilities in TL in funding TL assets, when necessary FX swap transactions and FC funds are used in creating assets in TL within the limits set by the Board of Directors. Foreign currency funds are obtained through foreign exchange deposit accounts and foreign based foreign currency loans including syndications, Liquidity shortage/surplus values are calculated daily by Asset and Liability Management and these values are reported in Asset Liability Management Committee. Besides, the Total and FC liquidity coverage ratio is calculated on a daily basis, and shared with all units and senior management, and reported separately to Asset Liability Management Committee. The Bank has TL/FC borrowing limits ready to use in Central Bank and other banks.

d. Information on liquidity risk mitigation techniques

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

e. Information on the use of stress tests

The 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 the stress tests annually. Stress test scenarios which consider Bank specific, market-wide or both cases, and have short term or long term consequences, are used in stress testing application where the scenario and parameters are revised annually by the Asset and Liability Management and business lines. On the other hand, results of stress testing are used as the leading indicator within the process of activating the Contingency Funding Plan.

f. Overview on emergency and contingency liquidity situation plans

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

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

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

2. Liquidity coverage ratio

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

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

	Minimum	Date	Maximum	Date
TL+FC	248.43	28 February 2019	277.95	31 March 2019
FC	265.07	31 March 2019	272.55	31 January 2019

Liquidity coverage ratio

	Total unweighted value (*)		Total weighted value(*)	
Current period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets			13,579,611	8,462,748
High quality liquid assets				
Cash Outflows				
Real person and retail deposits	27,550,184	8,575,895	2,326,267	857,589
Stable deposits	8,575,032	-	428,752	-
Less stable deposits	18,975,152	8,575,895	1,897,515	857,589
Unsecured funding other than real person and retail deposits	8,114,828	5,901,415	5,762,384	4,337,218
Operational deposits	164,488	6,251	41,122	1,563
Non-operational deposits	6,091,965	4,943,990	3,979,366	3,405,208
Other unsecured debt	1,858,375	951,174	1,741,896	930,447
Secured funding			-	-
Other cash outflows	21,117,158	11,192,069	10,802,936	6,252,762
Derivative exposures and collateral completion liabilities	9,319,195	5,253,478	9,319,195	5,253,478
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,797,963	5,938,591	1,483,741	999,284
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			18,891,587	11,447,569
Cash inflows				
Secured lending	2,426,056	-	-	-
Unsecured lending	8,555,121	4,971,525	6,680,170	4,537,452
Other cash inflows	7,740,660	3,879,154	7,478,956	3,869,422
Total cash inflows	**18,721,837**	**8,850,679**	**14,159,126**	**8,406,874**
				Total adjusted value
Total high quality liquid assets stock			13,579,611	8,462,748
Total net cash outflows			5,212,051	3,222,050
Liquidity coverage ratio (%)			**264.77**	**267.93**

(*) 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			12,904,684	9,163,222
Cash Outflows				
Real person and retail deposits	26,669,014	8,112,037	2,250,603	811,204
Stable deposits	8,325,974	-	416,299	-
Less stable deposits	18,343,040	8,112,037	1,834,304	811,204
Unsecured funding other than real person and retail deposits	5,409,212	2,966,755	3,199,013	1,653,489
Operational deposits	170,480	6,441	42,620	1,610
Non-operational deposits	3,581,057	2,256,876	1,564,309	948,876
Other unsecured debt	1,657,675	703,438	1,592,084	703,003
Secured funding			-	-
Other cash outflows	26,024,760	14,275,903	14,343,428	8,267,821
Derivative exposures and collateral completion liabilities	12,582,760	6,997,432	12,582,759	6,997,432
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	13,442,000	7,278,471	1,760,669	1,270,389
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**19,793,044**	**10,732,514**
Cash inflows				
Secured lending	1,234,061	-	-	-
Unsecured lending	8,226,156	3,185,546	5,616,708	2,711,993
Other cash inflows	9,625,600	5,590,894	9,356,784	5,579,380
Total cash inflows	**19,085,817**	**8,776,440**	**14,973,492**	**8,291,373**
				Total adjusted value
Total high quality liquid assets stock			12,904,684	9,163,222
Total net cash outflows			5,244,047	3,034,373
Liquidity coverage ratio (%)			**247.41**	**307.45**

(*) 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 regulatory 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 Bank's quality liquid asset value not used as guarantee that can be converted to cash any time and Bank's possible cash inflows and outflows arising from net cash assets, liability and off balance sheet transactions.

The 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 Group in medium and long term, in order to manage concentration risk with respect to funding resources, the Bank aims to balance maturity mismatch and protect from liquidity risk by taking actions aiming to increase resources diversification. A strategy targeting small amount deposits is applied as another element of the strategy to protect against concentration risk.

In addition, although the 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 Parent Bank's structure for a longer period than their original maturity.

Details of the Group's foreign currency balance sheet as of 31 March 2019 are summarized as follows:

Foreign currency borrowings constitute the majority of the foreign currency liabilities. 59% of the Group's total foreign currency liabilities consist of funds obtained from other financial institutions and subordinated loans and 40% is composed of deposits. Loans comprise 56% and cash and cash equivalents comprise 43% 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 31 March 2019 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 63% of the Group's total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Group has borrowing opportunities from both domestic and foreign banks and Takasbank and BIST repo market. 70% of the assets in Turkish Lira balance sheet are loans granted, 11% are cash and cash equivalents and 5% 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.

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.

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

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

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

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	4,185,812	5,221,223	-	-	-	-	-	9,407,035
Banks	388,980	5,430,013	-	95,545	-	-	-	5,914,538
Financial assets at fair value through profit or loss	-	119,258	263,316	337,023	448,506	30,544	48	1,198,695
Money market placements	-	3,331,537	-	-	-	-	-	3,331,537
Financial assets measured at fair value through other comprehensive income	-	33,314	106,890	966,875	1,920,968	28,365	8,439	3,064,851
Loans (***)	82,181	5,852,164	4,302,745	12,311,734	19,853,865	1,246,864	551,514	44,201,067
Financial assets measured at amortised cost	-	-	-	324,907	907,048	-	-	1,231,955
Other assets (*)	-	-	-	-	-	-	1,619,875	1,619,875
Total assets	**4,656,973**	**19,987,509**	**4,672,951**	**14,036,084**	**23,130,387**	**1,305,773**	**2,179,876**	**69,969,553**
Liabilities								
Bank deposits	2,925,711	-	-	-	-	-	-	2,925,711
Other deposits	4,402,852	26,722,844	1,099,431	246,036	420	-	-	32,471,583
Borrowings	-	862,733	1,673,026	7,092,754	10,705,649	3,190,024	-	23,524,186
Funds from interbank money market	-	3,777	-	-	-	28,904	-	32,681
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	240,726	-	-	-	-	-	359,357	600,083
Other liabilities (**)	-	406,122	240,272	133,327	215,147	31,318	9,389,123	10,415,309
Total liabilities	**7,569,289**	**27,995,476**	**3,012,729**	**7,472,117**	**10,921,216**	**3,250,246**	**9,748,480**	**69,969,553**
Liquidity deficit/surplus	**(2,912,316)**	**(8,007,967)**	**1,660,222**	**6,563,967**	**12,209,171**	**(1,944,473)**	**(7,568,604)**	**-**
Net Off Balance Sheet Position	**-**	**28,740**	**86,543**	**588,215**	**1,490,019**	**-**	**-**	**2,193,517**
Derivative financial assets	-	10,077,088	10,810,620	12,714,689	12,077,423	531,022	-	46,210,842
Derivative financial liabilities	-	10,048,348	10,724,077	12,126,474	10,587,404	531,022	-	44,017,325
Non-cash loans	**318,214**	**647,704**	**1,165,848**	**3,239,125**	**2,641,113**	**907,082**	**-**	**8,919,086**
Prior period								
Total assets	2,246,751	20,140,198	5,506,444	13,606,587	23,701,986	1,382,596	1,827,520	68,412,082
Total liabilities	6,949,197	25,044,470	3,620,877	6,920,301	12,127,993	5,138,221	8,611,023	68,412,082
Liquidity deficit/surplus	**(4,702,446)**	**(4,904,272)**	**1,885,567**	**6,686,286**	**11,573,993**	**(3,755,625)**	**(6,783,503)**	**-**
Net Off Balance Sheet Position	**-**	**(129,729)**	**61,454**	**428,261**	**1,479,268**	**-**	**-**	**1,839,254**
Derivative financial assets	-	10,246,576	14,094,606	12,174,323	12,130,335	530,159	-	49,175,999
Derivative financial liabilities	-	10,376,305	14,033,152	11,746,062	10,651,067	530,159	-	47,336,745
Non-cash loans	**298,637**	**917,786**	**1,462,947**	**4,263,430**	**1,115,833**	**828,836**	**-**	**8,887,469**

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

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

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

(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 31 Mart 2019, the Group's consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month is 8.56% (31 December 2018: 7.93%). Minimum ratio is identified 3% in the aforementioned regulation. While the capital increased by 5% mainly as a result of increase in net profits, total risk amount decreased by 3%. Therefore, the current period leverage ratio increased by 63 basis points compared to prior period.

	Current period (**)	Prior period (**)
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	113,488,630	118,161,673
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	(31,056)	(96,031)
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	(28,546,891)	(30,616,499)
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	173,129	145,863
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	(86,410)	(56,792)
Total exposures	**84,997,402**	**87,538,214**

(*) 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)	*66,234,574*	*67,107,641*
Asset deducted from core capital	*(86,410)*	*(56,792)*
The total amount of risk on-balance sheet exposures	66,148,164	67,050,849
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	*3,354,962*	*4,396,164*
The potential credit risk amount of derivative financial instruments and credit derivatives	*553,005*	*606,490*
The total risk amount of derivative financial instruments and credit derivatives	3,907,967	5,002,654
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	*173,129*	*145,863*
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	173,129	145,863
Off-balance sheet items		
Gross notional amount for off-balance sheet items	*14,768,142*	*15,338,848*
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	14,768,142	15,338,848
Capital and total exposures		
Core capital	7,270,928	6,932,004
Total exposures	84,997,402	87,538,214
Leverage ratio		
Leverage ratio	8.56	7.93

(*) 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. General explanations on Parent Bank's risk management and risk weighted assets

		Risk weighted amount	Minimum capital requirement
	Current period	**Previous period**	**Current period**
Credit risk (excluding counterparty credit risk) (CCR)	**44,814,981**	**45,836,154**	**3,585,198**
Standardized approach (SA)	44,814,981	45,836,154	3,585,198
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	**2,409,091**	**2,920,260**	**192,727**
Standardized approach for counterparty credit risk (SA-CCR)	2,409,091	2,920,260	192,727
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	**283,400**	**383,425**	**22,672**
Standardized approach (SA)	283,400	383,425	22,672
Internal model approaches (IMM)	-	-	-
Operational risk	**6,022,401**	**4,792,696**	**481,792**
Basic indicator approach	6,022,401	4,792,696	481,792
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	**53,529,873**	**53,932,535**	**4,282,389**

VII. Explanations on consolidated risk management (continued)

2. Credit risk explanations

a. Assets credit quality

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 by approach

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 securitisation

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 – 31 March 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	402,041	323,523	140,337	865,901
Net commissions and fees income and other operating income	202,450	74,896	28,969	306,315
Trading gain/loss	32,044	12,653	213,278	257,975
Dividend income	-	-	-	-
Provision for impairment of loans and other receivables	(304,495)	(36,694)	(8,992)	(350,181)
Segment results	332,040	374,378	373,592	1,080,010
Other operating expenses (**)				(455,246)
Income from continuing operations before tax				624,764
Tax provision (*)				(130,228)
Net profit				**494,536**

Prior period – 31 March 2018	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	287,588	213,101	331,569	832,258
Net commissions and fees income and other operating income	231,259	278,392	41,348	550,999
Trading gain/loss	69,625	6,513	(219,036)	(142,898)
Dividend income	-	-	2	2
Provision for impairment of loans and other receivables	(222,786)	(207,289)	(40)	(430,115)
Segment results	365,686	290,717	153,843	810,246
Other operating expenses (*)				(453,717)
Income from continuing operations before tax				356,529
Tax provision (*)				(87,681)
Net profit				**268,848**

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

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

Current period – 31 March 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	35,401,744	11,579,667	22,988,142	69,969,553
Liability	20,172,702	25,658,849	15,920,272	61,751,823
Equity	-	-	8,217,730	8,217,730

Prior period – 31 December 2018	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	37,967,387	11,908,013	18,536,682	68,412,082
Liability	18,656,612	23,402,180	18,695,678	60,754,470
Equity	-	-	7,657,612	7,657,612

(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	320,826	1,599,853	291,079	1,349,622
Balances with the CB of Turkey	380,132	7,105,821	407,796	6,861,366
Other	-	403	-	374
Total	**700,958**	**8,706,077**	**698,875**	**8,211,362**

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	380,132	1,884,598	407,796	1,850,723
Restricted time deposit	-	2,390,445	-	2,281,923
Reserve requirement	-	2,830,778	-	2,728,720
Total	**380,132**	**7,105,821**	**407,796**	**6,861,366**

As per the "Communiqué on Reserve Requirements" promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date in terms of TL, USD / EURO and gold at a rate ranging between 1% and 7% for Turkish lira deposits and liabilities depending on their maturity and at a rate ranging between 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 379,911 (31 December 2018: TL 406,495) of the TL reserve deposits provided over the average balance and TL 1,884,598 (31 December 2018: TL 1,850,723) 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
Unrestricted portfolio	57,494	21,385
Collateral / blocked	17,552	7,391
Total	**75,046**	**28,776**

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	105,151	52	232,495
Swap transactions	904,889	107,926	247,509	82,713
Futures transactions			-	-
Options	254	5,429	155	3,438
Other	-	-	-	-
Total	**905,143**	**218,506**	**247,716**	**318,646**

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	21,481	5,893,057	81,826	1,067,353
Domestic	21,480	458,559	81,826	490,624
Foreign	1	5,434,498	-	576,729
Headquarters and branches abroad	-	-	-	-
Total	**21,481**	**5,893,057**	**81,826**	**1,067,353**

As of 31 March 2019, restricted bank balance amounting to TL 83,688 (31 December 2018: TL 232,219) all of which is comprised of (31 December 2018: all amount) collaterals that is held by counter banks under CSA contracts and is calculated based on related derivatives market price.

(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	Prior period
Unrestricted portfolio	578,871	645,917
Repo transactions	3,591	2,166
Collateral/blocked (*)	-	-
Total	**582,462**	**648,083**

(*) 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	Prior period
Debt securities	616,074	658,605
Quoted to stock exchange	616,074	658,605
Not quoted	-	-
Equity certificates	8,439	8,286
Quoted to stock exchange	-	-
Not quoted	8,439	8,286
Provision for impairment (-)	(42,051)	(18,808)
Total	**582,462**	**648,083**

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	67	582,935	71	570,374
Corporate shareholders	-	582,935	-	570,374
Real person shareholders	67	-	71	-
Indirect loans granted to shareholders of the Parent Bank	-	210,814	-	200,958
Loans granted to employees of the Parent Bank	27,172	-	29,302	-
Total	**27,239**	**793,749**	**29,373**	**771,332**

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

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

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

Cash loans	Standard loans	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	
			Revised contract terms	Refinance
Non-specialized loans	34,965,750	5,945,609	1,079,794	-
Business loans	18,388,870	3,779,268	601,260	-
Export loans	4,250,475	658,640	77,492	-
Import loans	-	-	-	-
Loans given to financial sector	1,330,658	116,388	-	-
Consumer loans	8,562,454	1,274,500	349,547	-
Credit cards	798,846	43,825	51,485	-
Other	1,634,447	72,988	10	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**34,965,750**	**5,945,609**	**1,079,794**	**-**

	Current period		Prior period	
	Standard loans	Loans and other receivables under close monitoring	Standard loans	Loans and other receivables under close monitoring
12 Month Expected Credit Losses	204,097	10	180,771	-
Loans	*193,081*	-	*165,450*	-
Other assets	*8,016*	*10*	*7,367*	-
Banks and money market placements	*2,847*	-	*7,801*	-
Marketable securities	*153*	-	*153*	-
Lifetime expected credit losses significant increase in credit risk	-	366,129	-	389,419
Loans	-	*366,129*	-	*389,419*
Total	**204,097**	**366,139**	**180,771**	**389,419**

5.3. Loans according to their maturity structure

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

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

I. Explanations and notes related to assets of the 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	**638,911**	**9,317,682**	**9,956,593**
Mortgage loans	837	3,612,786	3,613,623
Automotive loans	34,802	424,614	459,416
General purpose loans	603,272	5,280,282	5,883,554
Other	-	-	-
Consumer loans – indexed to FC	**78**	**639**	**717**
Mortgage loans	78	639	717
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	**791,700**	**30,397**	**822,097**
With installments	241,060	30,397	271,457
Without installments	550,640	-	550,640
Consumer credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	**2,771**	**15,833**	**18,604**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	2,771	15,833	18,604
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	**8,635**	**-**	**8,635**
With installments	2,800	-	2,800
Without installments	5,835	-	5,835
Personnel credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	**210,587**	**-**	**210,587**
Overdraft accounts – FC (real person)	**-**	**-**	**-**
Total	**1,652,682**	**9,364,551**	**11,017,233**

(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	**521,451**	**6,376,630**	**6,898,081**
Real estate loans	-	41,564	41,564
Automotive loans	1,863	167,554	169,417
General purpose loans	-	-	-
Other	519,588	6,167,512	6,687,100
Commercial installment loans – indexed to FC	**42**	**205,665**	**205,707**
Real estate loans	-	4,700	4,700
Automotive loans	-	79,448	79,448
General purpose loans	-	-	-
Other	42	121,517	121,559
Commercial installment loans-FC	**-**	**7,595**	**7,595**
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	7,595	7,595
Corporate credit cards – TL	**63,424**	**-**	**63,424**
With installments	15,237	-	15,237
Without installments	48,187	-	48,187
Corporate credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	**230,108**	**-**	**230,108**
Overdraft loans – FC (legal entity)	**-**	**-**	**-**
Total	**815,025**	**6,589,890**	**7,404,915**

5.6. Loans according to borrowers

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

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	41,557,386	44,478,592
Foreign loans	433,767	409,214
Total	**41,991,153**	**44,887,806**

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

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

5.8. Loans granted to subsidiaries and associates

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

5.9. Specific provisions set aside against loans

	Current period	Prior period
Loans and receivables with limited collectability	100,312	141,226
Loans and receivables with doubtful collectability	319,224	164,068
Uncollectible loans and receivables	795,443	759,555
Total	**1,214,979**	**1,064,849**

5.10. Information on non-performing loans (net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Gross amounts before specific provision	1,473	2,414	4,615
Rescheduled Loans	1,473	2,414	4,615
Prior period			
Gross amounts before specific provision	222	509	4,720
Rescheduled Loans	222	509	4,720

5.10.2. Information on total non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior period end balance	**702,887**	**383,292**	**1,002,611**
Additions (+)	423,966	4,782	5,382
Transfers from other categories of non-performing loans (+)	-	642,736	97,803
Transfers to other categories of non-performing loans (-)	(642,736)	(97,803)	-
Collections (-)	(101,668)	(58,109)	(35,294)
Write-offs (-)	(158)	(20)	(1,815)
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	**382,291**	**874,878**	**1,068,687**
Provisions (-)	(100,312)	(319,224)	(795,443)
Net balance on balance sheet	**281,979**	**555,654**	**273,244**

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

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Balance at the end of the period	10,673	22,152	41,830
Provision (-)	3,505	6,719	33,236
Net balance on balance sheet	**7,168**	**15,433**	**8,594**
Prior period			
Balance at the end of the period	19,589	2,647	41,827
Provision (-)	4,191	1,447	32,414
Net balance on balance sheet	**15,398**	**1,200**	**9,413**

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)	**281,979**	**555,654**	**273,244**
Loans granted to corporate entities and real person (gross)	356,526	874,878	1,060,604
Provision amount(-)	(94,595)	(319,224)	(787,360)
Loans granted to corporate entities and real person (net)	261,931	555,654	273,244
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	25,765	-	8,083
Provision amount (-)	(5,717)	-	(8,083)
Other loans (net)	20,048	-	-
Prior period (net)	**561,661**	**219,224**	**243,056**
Loans granted to corporate entities and real person (gross)	676,253	383,292	994,380
Provision amount (-)	(136,996)	(164,068)	(751,324)
Loans granted to corporate entities and real person (net)	539,257	219,224	243,056
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	26,634	-	8,231
Provision amount (-)	(4,230)	-	(8,231)
Other loans (net)	22,404	-	-

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

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Current period (Net)	**13,387**	**17,373**	**-**
Interest accruals and valuation differences	17,733	25,714	-
Provision (-)	4,346	8,341	-
Prior period (Net)	**16,522**	**4,492**	**-**
Interest accruals and valuation differences	20,065	6,287	-
Provision (-)	3,543	1,795	-

5.11. Liquidation policy for uncollectible loans and receivables

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

5.12. Information on the write-off policy

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

6. Financial assets measured at amortised cost

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	403,096	386,219
Total	**403,096**	**386,219**

6.2. Government securities measured at amortised cost

	Current period	Prior period
Government bonds	1,231,955	1,194,996
Treasury bills	-	-
Other government securities	-	-
Total	**1,231,955**	**1,194,996**

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	1,231,955	1,194,996
Quoted to stock exchange	1,231,955	1,194,996
Not quoted	-	-
Impairment provision (-)	-	-
Total	**1,231,955**	**1,194,996**

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

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

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	1,194,996	1,316,936
Foreign currency differences on monetary assets	-	-
Purchases during the period	-	-
Disposals through sales/redemptions	-	(142,041)
Provision for impairment (-)	-	-
Change in redemption cost	36,959	20,101
Period end balance	**1,231,955**	**1,194,996**

7. Information on associates (net)

7.1. Explanations related to the associates

The Parent Bank does not have any associates.

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 31 March 2019 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	1,224	8,041	40,000	22,500	20,765
Profit reserves, capital reserves and prior year profit / loss	-	7,234	79,184	109,769	5,709
Profit / loss	26,988	(734)	8,178	8,795	1,705
Development cost of operating lease (-)	-	-	(4)	(3)	-
Intangible assets (-)	-	(14)	(571)	(282)	(24)
Total core capital	**28,212**	**14,527**	**126,787**	**140,779**	**28,155**
Supplementary capital	**-**	**-**	**-**	**-**	**-**
Capital	**28,212**	**14,527**	**126,787**	**140,779**	**28,155**
Net usable shareholder's equity	**28,212**	**14,527**	**126,787**	**140,779**	**28,155**

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

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

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

8.2. Information on consolidated subsidiaries

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

As of 31 March 2019 financial information on consolidated subsidiaries as follows (*):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/ loss	Prior period profit/loss	Fair value
(1)	8,951,820	28,212	7	83,005	-	26,988	11,831	-
(2)	16,551	14,541	174	924	-	(734)	681	-
(3)	800,230	127,362	2,111	28,115	-	8,178	4,677	-
(4)	1,275,424	141,064	1,239	17,433	-	8,795	7,187	-
(5)	257,605	28,179	209	1,624	-	1,705	1,109	-

(*) The financial information of consolidated subsidiaries are obtained from 31 March 2019 unaudited financial statements.

8.3. Information on consolidated subsidiaries

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

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

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

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

(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		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	59,334	58,196	63,387	61,946
1-5 years	932,056	870,289	967,042	901,168
More than 5 years	126,870	116,785	166,195	151,493
Total	**1,118,260**	**1,045,270**	**1,196,624**	**1,114,607**

10.2 Information of the net investments made in finance lease

	Current period	Prior period
Gross financial lease investment	1,118,260	1,196,624
Unearned financial lease income (-)	(72,990)	(82,017)
Cancelled leases (-)	-	-
Net financial lease investment	**1,045,270**	**1,114,607**

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	2,482,087	302	2,968,911	-
Net investment hedge	-	-	-	-
Total	**2,482,087**	**302**	**2,968,911**	**-**

(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

As of 31 March 2019 current tax asset and corporation tax payable are netted of and accounted as current tax liability in the consolidated balance sheet. The explanations about current tax asset / liability for the current and previous period are disclosed in Note II.9 of Section Five.

15.2. Explanations on deferred tax asset

Deferred tax asset and liability are netted 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	600,156	-	13,805,696	3,198,043	266,180	178,075	61,851	-	18,110,001
Foreign currency deposits	2,595,095	-	6,292,583	3,040,292	139,531	124,834	28,578	-	12,220,913
Residents in Turkey	2,426,540	-	6,231,147	2,925,942	132,468	116,343	27,661	-	11,860,101
Residents abroad	168,555	-	61,436	114,350	7,063	8,491	917	-	360,812
Public sector deposits	262,289	-	-	10,564	760	-	-	-	273,613
Commercial deposits	667,796	-	586,853	254,872	18,190	13,875	34,804	-	1,576,390
Other institutions deposits	12,405	-	2,074	10,613	138	194	131	-	25,555
Precious metals deposits	265,111	-	-	-	-	-	-	-	265,111
Interbank deposits	2,925,711	-	-	-	-	-	-	-	2,925,711
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	844	-	-	-	-	-	-	-	844
Foreign banks	2,924,867	-	-	-	-	-	-	-	2,924,867
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**7,328,563**	**-**	**20,687,206**	**6,514,384**	**424,799**	**316,978**	**125,364**	**-**	**35,397,294**

Prior period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	536,506	-	13,392,719	3,403,652	410,389	159,553	59,788	-	17,962,607
Foreign currency deposits	1,923,472	-	4,799,089	2,677,206	139,011	122,450	202,156	-	9,863,384
Residents in Turkey	1,703,348	-	4,730,165	2,563,909	131,998	114,289	201,221	-	9,444,930
Residents abroad	220,124	-	68,924	113,297	7,013	8,161	935	-	418,454
Public sector deposits	241,369	-	-	9,941	719	-	-	-	252,029
Commercial deposits	560,766	-	812,430	273,833	13,975	7,281	37,585	-	1,705,870
Other institutions deposits	17,236	-	2,647	11,085	195	161	77	-	31,401
Precious metals deposits	170,212	-	-	-	-	-	-	-	170,212
Interbank deposits	2,291,934	-	-	-	-	-	-	-	2,291,934
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	726	-	-	-	-	-	-	-	726
Foreign banks	2,291,208	-	-	-	-	-	-	-	2,291,208
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**5,741,495**	**-**	**19,006,885**	**6,375,717**	**564,289**	**289,445**	**299,606**	**-**	**32,277,437**

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	12,373,951	12,397,645	5,728,362	5,560,491
Foreign currency saving deposits	3,785,844	2,783,584	5,798,408	4,649,289
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

(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	21,077	14,738
Saving deposits and other accounts in scope of the property holdings derived from crime defined in Article 282 of Turkish Criminal Law No: 5237, dated 26 September 2004	-	-
Saving deposits in deposit bank established in Turkey in order to engage solely in off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	107,334	-	88,476
Swap transactions	347,108	35,051	652,663	103,201
Future transactions	-	-	-	-
Options	301	5,721	262	3,754
Other	-	-	-	-
Total	**347,409**	**148,106**	**652,925**	**195,431**

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	218,009	820,074	120,084	791,740
Funds borrowed from foreign banks, institutions and funds	570,673	17,895,696	347,858	20,107,692
Total	**788,682**	**18,715,770**	**467,942**	**20,899,432**

(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	484,391	1,191,037	128,190	1,734,370
Medium and long term	304,291	17,524,733	339,752	19,165,062
Total	**788,682**	**18,715,770**	**467,942**	**20,899,432**

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)

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

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

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

6. Explanations on lease liabilities (net)

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
More than 1 year	438,135	296,291	-	-
Total	**438,135**	**296,291**	**-**	**-**

(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	226,534	6,449	258,878	4,528
Net investment hedge	-	-	-	-
Total	**226,534**	**6,449**	**258,878**	**4,528**

8. Information on provisions

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

None (31 December 2018: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans	29,987	28,294
Provision for credit card score promotion	2,003	1,833
Other provisions	133,600	187,289
Allowance for expected credit losses (Stage 1 and Stage 2) (*)	*49,206*	*48,330*
Other	*84,394*	*138,959*
Total	**165,590**	**217,416**

(*) Non-cash loan provisions are included.

Amount to TL 69,805 (31 December 2018: TL 71,383) 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 for payments made by SDIF in 2017 and the Parent Bank objected to this payment request. SDIF sued for this seventh enforcement and the case is going on the first instance court.

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

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

On the other hand, there is an administrative law dispute between the 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.

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.

8.3. Information on employee benefits

As of 31 March 2019, TL 29,581 (31 December 2018: TL 30,779) of TL 54,287 (31 December 2017: TL 53,664) provisions for employee benefits is the unused vacation provisions. Full provision is provided for the unused vacation liability.

TL 24,706 (31 December 2018: TL 22,885) 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 6,017.60 (Full TL) at 31 March 2019 and TL 5,434.42 (Full TL) at 31 December 2018 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements dated 31 March 2019 and 31 December 2018, 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.

(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. 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 31 March 2019 amounting to TL 17,125 (31 December 2018: TL 140,774).

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	17,125	140,774
Taxation of securities	46,095	42,224
Property tax	1,186	1,250
Banking insurance transaction tax ("BITT")	30,322	38,321
Foreign exchange transaction tax	-	-
Value added tax payable	1,780	5,571
Other	20,647	10,569
Total	**117,155**	**238,709**

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	6,510	4,869
Social security premiums-employer	9,249	7,128
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	477	352
Unemployment insurance-employer	881	678
Other	-	-
Total	**17,117**	**13,027**

9.2. Explanations on deferred tax liabilities

As of 31 March 2019, deferred tax asset and deferred tax liability of the Group amounts to TL 9,841 and TL 549,171, respectively (31 December 2018: deferred tax asset is TL 11,293 and deferred tax liability is TL 430,595) which is calculated based on the deductible temporary differences.

		Prior period		Current period
Timing differences constituting the basis for deferred tax	**Accumulated temporary differences**	**Deferred tax asset / (liability)**	**Accumulated temporary differences**	**Deferred tax asset / (liability)**
Provisions (*)	156,178	32,164	213,843	44,555
Fair value differences for financial assets and liabilities	(58,463)	(11,140)	(39,562)	(7,820)
Derivative valuation differences	(3,319,738)	(697,586)	(2,828,546)	(595,560)
Expected credit losses of Stage I and II	619,442	136,275	618,520	136,074
Other	4,194	957	15,677	3,449
Total deferred tax assets / (liabilities) net		**(539,330)**		**(419,302)**

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

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

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

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

Deferred tax assets / (liabilities) net	Current period (1 January – 31 March 2019)	Prior period (1 January – 31 March 2018)
Prior period beginning balance	**(419,302)**	**(330,524)**
TFRS 9 effect	-	77,316
Opening balance	**(419,302)**	**(253,208)**
Deferred tax income / (expense) net	(92,984)	(17,793)
Deferred tax recognized under equity	(27,044)	(30,707)
Balance at the end of the period	**(539,330)**	**(301,708)**

10. Information on liabilities regarding assets held for sale

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

11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	FC	TL	FC
To be included in the calculation of additional capital borrowing instruments	**-**	**-**	**-**	**-**
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	**-**	**4,019,734**	**-**	**3,813,522**
Subordinated loans	-	4,019,734	-	3,813,522
Subordinated debt instruments	-	-	-	-
Total	**-**	**4,019,734**	**-**	**3,813,522**

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the Group amounting to USD 102 million and EUR 90 million are amortised by 20% and then included in Tier II Capital, as their remaining maturity is less than five years as of 31 March 2019.

12. Information on shareholders' equity

12.1. Paid-in capital

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

(*) The amount represents nominal capital.

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

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

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

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

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

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

12.4. 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.

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	(55,820)	-	(13,421)	-
Foreign exchange difference	-	-	-	-
Total	**(55,820)**	**-**	**(13,421)**	**-**

12.9. Profit reserves and profit distribution

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

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

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

(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	2,448,943	1,299,103
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	1,781,041	1,823,151
Commitments for cheque payments	383,476	352,249
Commitments for credit card limits	1,480,003	1,553,684
Commitments for credit cards and banking services promotions	5,408	5,479
Other irrevocable commitments	26,159	24,162
Total	**6,125,030**	**5,057,828**

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

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

	Current period	Prior period
Letter of credits	1,338,181	1,764,338
Commitments and contingencies	592,076	473,848
Bank acceptance loans	39,308	39,370
Total	**1,969,565**	**2,277,556**

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

	Current period	Prior period
Irrevocable letters of guarantees	5,544,366	5,552,334
Cash loans letters of guarantees	525,920	354,480
Advance letters of guarantees	725,495	569,482
Temporary letters of guarantees	71,202	54,865
Other	82,538	78,752
Total	**6,949,521**	**6,609,913**

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	787,899	602,360
With original maturity of 1 year or less than 1 year	125,430	97,091
With original maturity of more than 1 year	662,469	505,269
Other non-cash loans	8,131,187	8,285,109
Total	**8,919,086**	**8,887,469**

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.)

IV. 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		Prior period	
	TL	FC	TL	FC
Interest on loans (*)	1,389,239	197,994	1,196,236	147,411
Short term loans	484,180	23,692	419,841	10,616
Medium and long term loans	857,306	174,302	754,864	136,795
Interest on loans under follow-up	47,753	-	21,531	-
Premiums received from resource utilization support fund	-	-	-	-

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

1.2. Information on interest income received from banks

	Current period		Prior period	
	TL	FC	TL	FC
From Central Bank of Turkey	-	-	-	-
From domestic banks	20,781	3,189	7,924	374
From foreign banks	123	19,883	48	1,117
From branches abroad	-	-	-	-
Total	**20,904**	**23,072**	**7,972**	**1,491**

1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	7,370	145	17,349	133
Financial assets measured at fair value through other comprehensive income	26,254	-	11,906	-
Financial assets measured at amortised cost	58,580	-	34,362	-
Total	**92,204**	**145**	**63,617**	**133**

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

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

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		Prior period	
	TL	FC	TL	FC
Banks (*)	17,209	125,131	33,149	95,002
Central Bank of Turkey	-	-	-	-
Domestic banks	3,497	1,307	3,772	660
Foreign banks	13,712	123,824	29,377	94,342
Branches and offices abroad	-	-	-	-
Other institutions (*)	-	1,210	-	1,585
Total	**17,209**	**126,341**	**33,149**	**96,587**

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

2.2. Information on interest expenses paid to associates and subsidiaries

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

2.3. Information on interest on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Interest on securities issued	-	-	2,585	-

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

		Time deposit						Total
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	
Turkish lira								
Bank deposits	-	256	-	-	-	-	-	256
Saving deposits	-	621,225	176,939	16,622	9,080	4,474	-	828,340
Public sector deposits	-	-	706	51	-	-	-	757
Commercial deposits	-	29,723	17,531	894	509	1,687	-	50,344
Other deposits	-	82	437	6	3	8	-	536
7 days call accounts	-	-	-	-	-	-	-	-
Total	**-**	**651,286**	**195,613**	**17,573**	**9,592**	**6,169**	**-**	**880,233**
Foreign currency								
Foreign currency deposits	-	26,610	19,527	915	801	648	-	48,501
Banks deposits	-	2,951	-	-	-	-	-	2,951
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	**-**	**29,561**	**19,527**	**915**	**801**	**648**	**-**	**51,452**
Grand total	**-**	**680,847**	**215,140**	**18,488**	**10,393**	**6,817**	**-**	**931,685**

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

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

3. Information on dividend income

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

4. Information on trading income/loss (net)

	Current period	Prior period
Income	**8,831,814**	**4,948,294**
Gains on capital market transactions	22,690	4,810
Gains on derivative financial instruments	5,984,060	2,110,553
Foreign exchange gains	2,825,064	2,832,931
Loss (-)	**(8,573,839)**	**(5,091,192)**
Loss on capital market transactions	(18,160)	(21,093)
Loss on derivative financial instruments	(5,453,834)	(1,905,957)
Foreign exchange loss	(3,101,845)	(3,164,142)

Net loss on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 277,124 (31 March 2018: TL 208,341 net loss).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	163,603	398,833
Income arising from sale of assets	1,943	8,239
Banking services income	772	1,666
Other non-interest income	17,984	31,143
Total	**184,302**	**439,881**

6. Provision expenses for loan losses and other receivables

Allowance for expected credit losses:

	Current period	Prior period
Expected credit losses	348,787	430,075
12-Month expected credit loss (Stage 1)	35,914	62,784
Expected credit loss significant increase in credit risk (Stage 2)	39,747	57,607
Expected credit loss impaired credits (Stage 3)	273,126	309,684
Impairment losses on securities	1,394	40
Financial assets measured at fair value through profit/loss	1,392	40
Financial assets measured at fair value through other comprehensive income	2	-
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	-	-
Total	**350,181**	**430,115**

(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	Prior period
Reserves for employee termination benefits	686	545
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	-
Depreciation expense of tangible assets	30,957	14,027
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	7,132	5,792
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	171,611	182,403
Operating lease expenses related with IFRS 16 exception (*)	3,589	29,146
Repair and maintenance expenses	8,097	7,033
Advertisement expenses	24,929	22,843
Other expenses	134,996	123,381
Loss on sales of assets	3,815	146
Other	58,155	55,521
Total	**272,356**	**258,434**

(*) Amount stated in prior period column (31 March 2018) represents all operating lease expenses.

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

As of 31 March 2019, the income before taxes is TL 624,764 (31 March 2018: TL 356,529).

9. Information on tax provision for continued and discontinued operations

As of 31 March 2019, the corporate tax provision expense for the period is TL 37,244 (31 March 2018: TL 69,888), and the deferred tax expense is TL 92,984 (31 March 2018: TL 17,793 deferred tax expense).

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

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

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

Interest income from regular banking transactions is TL 1,955,547 (31 March 2018: TL 1,508,228), while the interest expense is TL 1,089,646 (31 March 2018: TL 675,970).

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 134,665 (31 March 2018: TL 145,803) has included TL 47,271 (31 March 2018: TL 36,404) resulting from the credit card fees and commissions, TL 24,080 (31 March 2018: TL 53,127) resulting from service fees and commissions from contracted merchants and TL 35,080 (31 March 2018: TL 27,972) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 48,167 (31 March 2018: TL 65,337) has included TL 30,406 (31 March 2018: TL 53,524) resulting from credit card exchange commissions.

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

V. Explanations and notes related to risk group of the 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	-	-	71	570,374	47	200,958
End of the period	-	-	67	582,935	28	210,814
Interest and commission income	-	-	1	308	-	67

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	-	-	30	438,513	13	197,080
End of the period	-	-	71	570,374	47	200,958
Interest and commission income	-	-	91	106	-	73

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	-	-	25,152	8,426	2,400	3,070
End of the period	-	-	46,628	25,152	2,906	2,400
Interest expense on deposits	-	-	377	53	144	53

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	-	-	11,502,875	9,971,955	20,039	33,080
End of period	-	-	14,991,359	11,502,875	-	20,039
Total profit/loss	-	-	(2,960)	(33,956)	16,796	34,740
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	-	-	13,741	63,734	67,664	90,087
End of period	-	-	157,533	13,741	65,935	67,664
Interest income received	-	-	337	82	37	3

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

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect Shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans						
Beginning of the period	-	-	14,502,679	15,505,498	7,702	8,403
End of period	-	-	13,211,504	14,502,679	29,728	7,702
Interest and commission paid	-	-	68,397	62,072	290	74

The Group also has subordinated loan amounting to TL 4,019,734 from its shareholder ING Bank NV as of 31 March 2019 (31 December 2018: TL 3,813,522).

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

Benefits paid to key management personnel for the three-month period ended as of 31 March 2019 is amounting to TL 15,574 (31 March 2018: TL 12,055).

VI. Explanations and notes related to subsequent events

A share purchase agreement has been signed between the Parent Bank and TEB Portföy Yönetimi A.Ş. in order to sell the shares representing 100% of the capital of ING Portfolio Management to TEB Portföy Yönetimi A.Ş. on 5 April 2019. Sale process and share transfer will be completed following the completion of legal permissions and other procedures related with the sale.

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 31 March 2019, 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 3 May 2019 is presented at the beginning of this report.

II. Explanations and notes prepared by independent auditors

There are no other significant footnotes and explanations related to the operations of the 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 Group for the period 31 March 2019 and 31 December 2018 is as follows.

Main balance sheet items

Million TL	Current period	Prior period
Net loans	44,201	47,220
Deposits	35,397	32,277
Equity	8,218	7,658
Total assets	69,970	68,412

Main financial ratios

	Current period	Prior period
Capital adequacy ratio	22.02%	21.11%
Loans / Total assets	63.17%	69.02%
Deposits / Total assets	50.59%	47.18%
Non-performing loans / Total loans	5.25%	4.28%
Income / Average capital (*)	25.22%	17.66%
Income / Average assets (*)	2.74%	1.82%
Expense / Income ratio (**)	31.83%	35.47%

(*) 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 31 March 2018.

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

In the accounting period, there has not been any change in the Articles of Association of the 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 the first quarter of 2019, the markets closely followed the decisions taken by central banks worldwide as well as the expectations from the ongoing trade negotiations between the United States and China.

During this period, the US Federal Reserve (Fed) announced it would be patient concerning rate hikes moving forward while the Fed committee members did not expect any rate hikes in 2019, indicating a major change in the policy stance compared to the previous year. In the meantime, the weakness of economic activity became evident in the Eurozone. The statement by the European Central Bank (ECB) that a rate hike could enter its agenda by no earlier than next year also drew attention. And the high level trade negotiations between the United States and China took place in a positive mood while news of an imminent final deal positively affected the markets in recent months.

On the domestic front, the latest data underlined a recovery in credit growth. In credit growth, in addition to the recovery from the state-owned banks, confidence indicators also show a recovery trend, albeit slow, supporting the expectations that we may have left the most difficult part behind on the economic rebalancing process.

In this period, based on its belief in the Turkish economy, ING Bank continued to invest predominantly in technology and digitalization and to develop products and services in parallel with its next generation banking approach. ING Bank will continue to develop innovative products and services and to invest based on its trust in Turkey. I thank all our stakeholders particularly including our business partners, customers, employees, and our main shareholder for their support and 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. We are pleased to observe increasing positive feedback from our customers with the help of digitalization investments and new branch concept that has a customer oriented design and installation while we continue focusing on new channels in digitalization process.

Our Bank has successfully performed in the first quarter of 2019. Based on our consolidated financial results, as of 31 March 2019, total assets of the Bank reached to TL 69.9 billion and pre-tax profits to TL 624.8 million. Our equity volume realized at TL 8.2 billion level while our capital adequacy ratio reached to 22.02%. Our Bank's total loans realized at TL 44.2 billion level and our deposits increased to TL 35.4 billion.

Our bank continues to work by concentrating on mobile and digital channels, keeping up with the global developments on these issues in order to reach the purpose of keeping our customers always one step ahead. 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 customers and Turkey. I would like to thank to our team and business partners contributing to the successful performance of our Bank in the first quarter of the year on behalf of myself and ING Bank management.

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 4,003 employees and 223 domestic branches, as of 31 March 2019.

Sector information on March 2019 has not been published yet. According to the sector information disclosed as of the year ended 2018, Parent Bank is the 8^{th} biggest private bank in terms of total assets, loans and deposits.

1.6 Information on research and development about new services and activities

In the accounting period, there has not been any change in the 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

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

2.2 An assessment on financial status, profitability and solvency

According to the consolidated financial statements as of 31 March 2019, the asset size of the Group is TL 69.9 billion, and income before tax is TL 624.8 million. As of 31 March 2019, credits constitute 63% of total assets with TL 44.2 billion.

According to consolidated financial statements, deposits which is the primary funding source of the Parent Bank, constitutes 51% of the balance sheet with TL 35.4 billion as of 31 March 2019. 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 31 March 2019, capital adequacy ratio of ING Bank has reached 22.02%. In addition, the Parent Bank has received subordinated loans from its main shareholder amounting to TL 4 billion. As of 31 March 2019, total equities of the Group has reached to TL 8.2 billion.

Both macroeconomic and increasing competition continued to affect the sustainable profitability of banks. Despite this outlook and the limitations of the sector, with its sound equities and strong asset quality, ING Bank has grown steadily in the first quarter of 2019. In parallel to the developments in economy and Parent Bank's balance sheet, in the first quarter of 2019, compared to the same period of the previous year, group net profit increased by 84% and reached TL 495 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 28 February 2019 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