Annual Report 2020

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

Convenience Translation Into English Of Independent Auditor's Report On The Board Of Directors' Annual Report Originally Issued In Turkish

To the General Assembly of ING Bank Anonim Şirketi

Opinion

We have audited the annual report of ING Bank Anonim Şirketi (the "Bank") for the period between 1 January 2020 and 31 December 2020, since we have audited the complete set consolidated and unconsolidated financial statements for this period.

In our opinion, the consolidated and unconsolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent, in all material respects, with the audited complete set of consolidated and unconsolidated financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by Banking Regulation and Supervision Agency ("BRSA Auditing Regulation") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Opinion on Complete Set of Consolidated and Unconsolidated Financial Statements

We have expressed an unqualified opinion on the complete set of consolidated and unconsolidated financial statements of the Bank for the period between 1 January 2020 and 31 December 2020 on 15 February 2021.

Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank ("Regulation") published in the Official Gazette dated 1 November 2006 and Numbered 26333, the Bank's management is responsible for the following regarding the annual report:

a) The Bank's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.

b) The Bank's management prepares its annual report in such a way that it reflects the operations of the year and the consolidated and unconsolidated financial position of the Bank accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Bank's consolidated and unconsolidated financial statements. The annual report shall also clearly indicates the details about the Bank's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

c) The annual report also includes the matters below:
- Significant events occurred in the Company after the reporting period,
- The Bank's research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the consolidated and unconsolidated financial information included in the annual report in accordance with the TCC and the Regulation, and analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent with the audited consolidated and unconsolidated financial statements of the Bank and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA. Those standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated and unconsolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent with the consolidated and unconsolidated financial statements and the information obtained during the audit and provides a fair presentation.

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

Orhan Akova, SMMM
Partner

8 March 2021
Istanbul, Turkey

CORPORATE PROFILE

THE 8TH LARGEST* PRIVATE SECTOR BANK IN TURKEY

ING, which has been at the forefront of some of the most important milestones in the Turkish banking sector with the extensive activities which it has carried out since 2008, continues to contribute to the development of the country's economy.

ING is a member of the Netherlands based ING Group, which is one of the world's key financial institutions operating in more than 40 countries in Europe, North and Latin America, Asia and Australia.

The 8th largest* private sector bank in Turkey, ING offers its customers multidimensional and highly qualified financial services to global standards.

ING banking model is focused on providing fast and effortless financial solutions to its customers without time and place limitations.

ING operates in the areas of Consumer Banking, Business Banking and Wholesale Banking. The Bank reaches its customers with 3,531 employees in its Istanbul Head Office and 191 branches located throughout Turkey and in its subsidiaries.

In addition to the physical service network, the Bank offers its products, services and solutions over the widely used internet branch, extensive mobile banking applications and call center, as well as its 1,104 ATMs. In order to develop the ATM network, which will provide ease of access for its customers, the ATM sharing project, which was realized with İşbank and Akbank, was also brought into service and ING's ATM network expanded as 12 times.

Being a leader in digital banking in the new era is one of ING's main goals. In this context, the Bank is focused on innovative solutions aimed at delivering accurate information at all times and from every channel in order to support its customers in making make efficient and correct financial decisions.

191 branches

The number of branches of ING is 191 as of the end of the year.

3,531 employees

As of the end of 2020, ING's number of employees including its subsidiaries is 3,531.

(*) Ranking made by taking into account the total assets of the banks that are members of the sector, as of the third quarter of 2020.

Synergy

ING's subsidiaries, which it works with in synergy-based cooperation, are elements which increase ING's competitive clout as well as improving its range of products and services.

ING has a portfolio of 4 subsidiaries. ING's subsidiaries provide customers with the products and services they need with a rapid, quality and healthy approach and support their value added production, product diversity and marketing process.

Subsidiaries also contribute to increasing overall operational efficiency and reducing service production costs.

ING's financial subsidiaries are:

- ING European Financial Services (Financial Services)
- ING Factoring (Factoring Services)
- ING Leasing (Leasing Services)
- ING Securities (Securities brokerage services)

ING rounded off 2020 with another year of stable and sustainable growth as it was in previous years.

ING will remain the respected, trusted and leading brand of the Turkish banking sector and international markets thanks to its policies which place as much importance on the risk-reward balance as on profitability, along with accurately defined strategies and efficient business processes.

ING BANKING MODEL IS FOCUSED ON PROVIDING FAST AND EFFORTLESS FINANCIAL SOLUTIONS TO ITS CUSTOMERS WITHOUT TIME AND PLACE LIMITATIONS.

ING

Retail Banking

Business Banking

Wholesale Banking

HIGHLIGHTS FROM ING

TARGETING SUSTAINABLE GROWTH AND PROFITABILITY, ING CONTINUED TO GENERATE ADDED VALUE IN 2020 BY APPLYING ITS STRATEGIES IN THE MOST CORRECT WAY AND ACHIEVED SUCCESSFUL FINANCIAL AND OPERATIONAL RESULTS.

TL 41.2 billion

By the end of 2020, the Bank's consolidated net lending volume was TL 41.2 billion.

191 branches

The number of ING branches at the end of the year was 191.

TL 40.1 billion

Expanding its deposit base, the Bank's consolidated deposits reached TL 40.1 billion by the year-end.

3,531 Employees

Believing its most fundamental strength is its human capital, ING - including its subsidiaries - had 3,531 employees at the end of 2020.

TL 987 million

ING recorded a consolidated profit before tax of TL 987 million in 2020.

TL 9.4 billion

ING's consolidated equity reached TL 9.4 billion at the end of 2020.

24.2% CAR

ING's Consolidated Capital Adequacy Ratio was realized as 24.2% at the end of 2020.

TL 66.2 billion

The Bank's total consolidated assets reached TL 66.2 billion in 2020.

TL 3.1 billion

The Bank earned TL 3.1 billion of consolidated net interest income.

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

STRATEGY

ING's aims to ensure its employees and customers are always one step ahead in their business and private lives.

ING believes that sustainable progress will be possible with people who have the vision and determination of a better future for themselves and their relatives, and provides many opportunities for individuals and organizations to realize their vision of the future.

ING defines its global strategy as "Accelerating Thinking Forward" and the strategy aims to enable employees and customers always remain one step ahead in their professional and private lives. The aim of ING's strategy is to bring its organization into a lean and well- ordered format, to ensure operational excellence and to develop a performance culture within the Bank and, as a result, to achieve a differentiated customer experience.

FOCUS ON DIGITAL LEADERSHIP

The Orange Code, which consists of "ING Values" and "ING Behaviours" and is a set of standards that ING employees appreciate and commit to adhere to, also defines ING employees' expectations from one another, for every day and for every task.

ING Values are principles ING employees will live up to in all circumstances. These principles are as follows:
- We are honest
- We are prudent
- We are responsible

Operating in an industry that is constantly changing, ING believes in "innovation at anytime, anywhere and for all".

At a time when customers expect an individualized, flawless experience tailored to their needs anytime, anywhere, and when needs are constantly changing, ING has placed technology and innovation at the heart of its activities. The Bank continues to seek different ways of accessing service excellence with new ideas, solutions and approaches.

Within the framework of its vision of being "a technology company with a banking license" and its target of being "the best digital institution in Turkey", ING prioritizes innovation in its operations, focusing on digital leadership and creating its own eco-system. The Bank maintains its activities in collaboration with FinTechs on a platform open to both its current and potential customers, as well as its business partners.

ING's strategy places great importance on developing the working culture and leadership climate.

ING is focused on the target of helping employees and customers to be one step ahead in their professional and private lives within the scope of the Bank's global strategy of "Accelerating Thinking Forward". In 2015, the Bank published its Orange Code as a manifesto that embodies the road map to achieve this goal, and serves as a declaration of the type of organization that ING represents.

ING Behaviours, on the other hand, can be described as a way of existence that differentiates ING employees from other individuals. These are the standards that are subject to performance evaluation, informing that ING employees should work in line with common goals, complement each other and work in solidarity in order to maximize their success and contributions.

ING Behaviours have three principles:
- We take it on and make it happen,
- We help others to be successful,
- We are always a step ahead.

IMPROVING WORKING CULTURE AND LEADERSHIP CLIMATE IS OF TREMENDOUS IMPORTANCE IN ING'S STRATEGY.

OPERATING IN AN INDUSTRY THAT IS CONSTANTLY CHANGING, ING BELIEVES IN "INNOVATION AT ANYTIME, ANYWHERE AND FOR EVERYONE."

- A customized and flawless experience which meets the needs of its customers
- A focus on technology and innovation
- Achieving excellence in service with new ideas, new solutions and new approaches
- Providing operational excellence and developing a performance culture within the organization
- Accelerating Thinking Forward

AWARDS

Effie Turkey
The “Now Just ING” campaign, in which ING announced that it had removed the word “Bank” from its name, was deemed worthy of a bronze medal at the Effie Awards, which is considered to be the most prestigious award in the marketing and communication industry.

Felis
In the Felis Awards, which evaluates creativity and influence, ING won the Felis Award in the field of the Use of User Created Content in the Digital Category with its campaign of the Festivity of the Children (Bayramın Adı Çocuk) and won the Achievement Award in the field of Screenplay in the Category of Mastery in Production and Design.

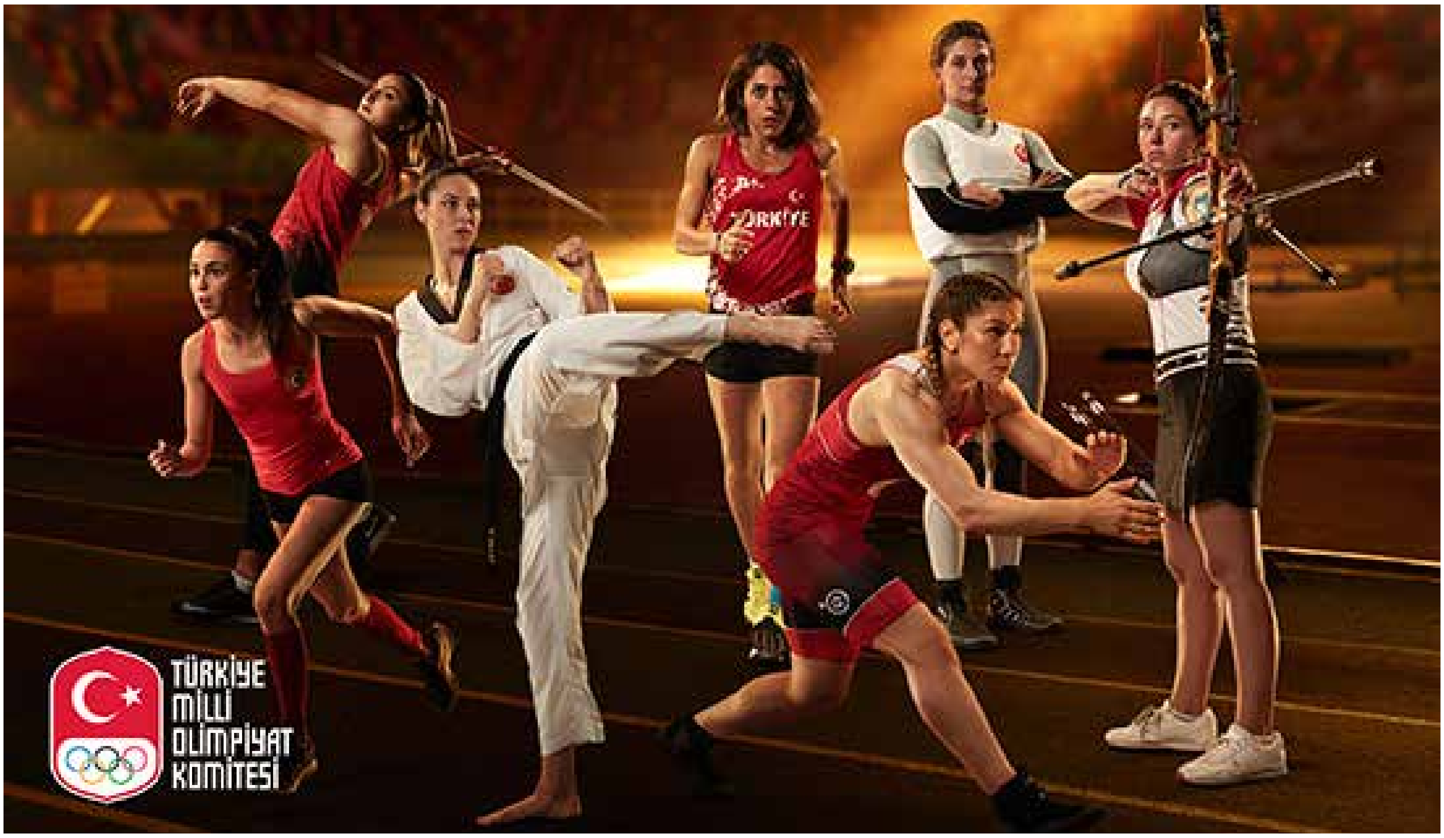
ING’s achievements were crowned with three awards. It won the Felis Award in the field of Sports in the Social Responsibility and Sustainability Category with the campaign “We break the mould” (Kalıplar Bize Dar). It won the Achievement Award in the Digital Category for its sports Communication and the Achievement Award in the field of Visual Storytelling in the Branded Content and Entertainment Category.

Sardis
ING won the Gold Sardis with the Festivity of the Children Project in the category of Best Online/ Offline Integration, and it won the Silver Sardis in the category of Best Website/Microsite.

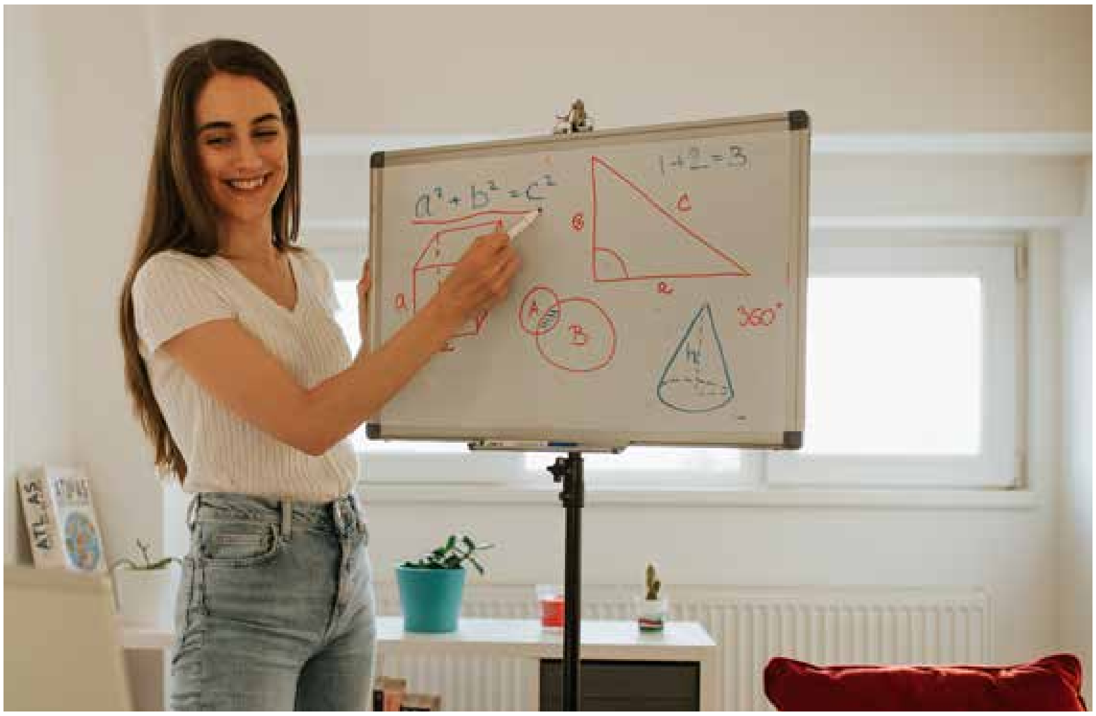
With the campaign of “We break the mould”, ING won the Silver Sardis in the Best Social Media Campaign.

The TOG&ING in Turkey COVID-19 Support Fund was awarded with the Silver Sardis in the field of Social Responsibility.

Stevie
ING’s work for its customers and society was awarded with the Most Valuable Employer Bronze Award in the COVID-19 Effects category at the Stevie Awards.



ACCORDING TO THE RESULTS OF TURKEY'S FIRST CUSTOMER EXPERIENCE SURVEY CONDUCTED IN COOPERATION WITH THE FAST COMPANY MAGAZINE AND TURKCELL GLOBAL BİLGİ IN TURKEY, ING WAS SELECTED THE BANK OFFERING THE BEST CUSTOMER EXPERIENCE.



PSM Awards

The Digital Teachers Project was awarded with the gold award in the Social Responsibility category at the PSM Awards organized by PSM (Payment Systems Magazine).

Global Business Excellence Awards

The Digital Teachers Project was awarded in the fields of "Outstanding Society Initiative" and "Outstanding Education Service" at the Global Business Excellence Awards.

Learning and Development Awards

The ING Data Science Certification Program was selected as the Best Education and Development Program at the TEGEP Learning and Development Awards.

Customer Experience Award

According to the results of Turkey's first customer experience survey conducted in cooperation with Fast Company Magazine and Turkcell Global Bilgi in Turkey, ING was selected the Bank Offering the Best Customer Experience.*

* Turkcell Global Bilgi - As per the Turkey Customer Experience Research.

ING FROM PAST TO PRESENT

1984
The foundations of ING Bank A.Ş. are laid in 1984 when the Istanbul Branch of the First National Bank of Boston was opened.

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

1991
The Bank's name is changed to Türk Boston Bank A.Ş. in 1991.

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

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

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

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

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

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

2013
The Kahramanmaraş Operation and Call Center, which is ING Bank A.Ş. Turkey's banking base, is opened.

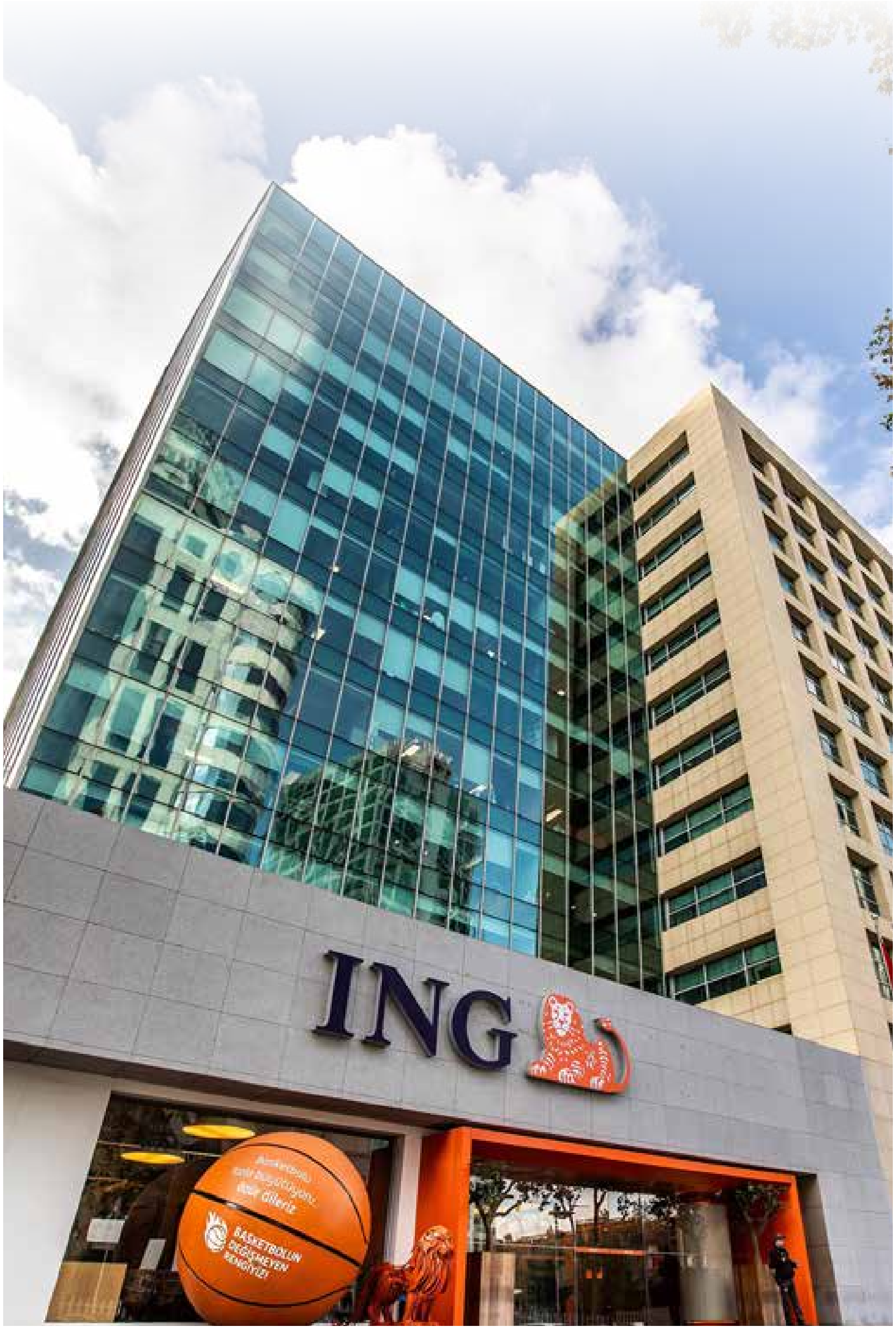
2017
ING Bank A.Ş. celebrates its 10th year in Turkey.

2018
The transition to new branch concept starts in line with the digitalization target. Counter and Retail roles are combined as part of the digital transformation process.

2019
With the focus of digitalization, the use of mobile banking becomes widespread. With the understanding of the future of banking, the business name of the company changes to ING in Turkey while the title of the company remains the same, as ING Bank A.Ş.

2020

ING focuses on digital leadership, increasing savings and supporting exports. It provides support to its employees, customers and society in order to mitigate the effects of the pandemic. It carries out social investments in education with a focus of digitalization.



SUMMARY FINANCIAL INFORMATION FOR THE LAST FIVE YEARS

ING covered a significant towards achieving its targets in 2020 by the adopting appropriate strategies.

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

Paid in capital of the Bank amounted to TL 3,486,267,797 as of 31 December 2020 and ING N.V. exercises full control over the capital.

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

During the Annual General Meeting dated 26 March 2020, the decision was taken to distribute the profit written in 2019 as follows.

2019 Profit Distribution Table (TL thousand) [*]	
2019 net profit for the year	1,476,311
A- Legal reserve (TCC 519/A) 5%	(73,816)
B- First dividend to shareholders	-
C- Extraordinary reserves	(1,401,809)
D- Special funds	(686)

[*] Profit distribution is based on the Bank's unconsolidated financial statements.

Unconsolidated Summary Financial Information for the Last Five Years (TL million)

	31.12.20	31.12.19	31.12.18	31.12.17	31.12.16
Balance Sheet					
Loans, Net [1]	36,725	32,816	38,061	38,467	34,817
Securities Portfolio, Net [1]	4,939	3,576	1,870	1,778	2,660
Deposits [1]	40,205	39,208	32,339	27,686	25,217
Equity	8,954	8,231	7,422	5,769	5,056
Total Assets	61,225	57,145	58,519	52,882	49,688
Income Statement					
Interest Income	4,896	6,964	6,793	4,957	4,200
Interest Expense	(2,095)	(3,810)	(3,441)	(2,267)	(1,978)
Interest Income (Net)	2,801	3,154	3,352	2,690	2,222
Fees and Commissions (Net)	426	589	584	536	415
Profit Before Tax	827	1,876	1,345	1,064	717
Net Profit	627	1,476	1,062	844	571

Ratios	31.12.20	31.12.19	31.12.18	31.12.17	31.12.16
Equity					
CAR Ratio (%)	25.1	26.8	21.7	19.9	17.7
Equity/Total Assets (%)	14.6	14.4	12.7	10.9	10.2
Balance Sheet					
Loans/Total Assets (%)	60.0	57.4	65.0	72.7	70.1
Deposits/Total Assets (%)	65.7	68.6	55.3	52.4	50.8
Asset Quality					
Fixed Assets/Total Assets (%)	1.4	1.8	1.6	1.4	1.3
NPL/Total Loans (%)	5.7	8.5	5.2	4.2	3.9
Profitability and Efficiency [2]					
Net Profit/Average Equity (%)	7.2	18.5	16.1	15.6	12.0
Net Profit/Average Assets (%)	1.1	2.5	1.9	1.6	1.2
Net Profit/FTE (TL thousand)	182	395	235	171	108
Cost/Income Ratio (%)	57.1	42.0	44.1	47.0	53.6

[1] To be in line with the financial statements, loans, securities and deposits were presented including their accrual balances in the table above, and the ratios involving these items were calculated based on their balances including accruals.

[2] Average assets and average equity values were calculated as an average of the year-end figure and prior year figures.

Consolidated Summary Financial Information for the Last Five Years (TL million)

	31.12.20	31.12.19	31.12.18	31.12.17	31.12.16
Balance Sheet					
Loans, Net [(1)]	41,211	40,816	47,220	44,868	41,306
Securities Portfolio, Net [(1)]	4,942	3,578	1,872	1,780	2,662
Deposits [(1)]	40,131	38,970	32,277	27,598	25,153
Equity	9,412	8,539	7,658	5,914	5,143
Total Assets	66,188	65,434	68,412	61,524	57,987
Income Statement					
Interest Income	5,225	7,424	7,273	5,269	4,425
Interest Expense	(2,170)	(3,962)	(3,612)	(2,358)	(2,037)
Interest Income (Net)	3,055	3,462	3,661	2,911	2,388
Fees and Commissions (Net)	368	488	486	452	368
Profit Before Tax	987	1,976	1,454	1,127	749
Net Profit	768	1,542	1,141	888	592

Ratios	31.12.20	31.12.19	31.12.18	31.12.17	31.12.16
Equity					
CAR Ratio (%)	24.2	25.6	21.1	19.2	17.1
Equity/Total Assets (%)	14.2	13.0	11.2	9.6	8.9
Balance Sheet					
Loans/Total Assets (%)	62.3	62.4	69.0	72.9	71.2
Deposits/Total Assets (%)	60.6	59.6	47.2	44.9	43.4
Asset Quality					
Fixed Assets/Total Assets (%)	1.3	1.5	1.3	1.1	0.9
NPL/Total Loans (%)	5.1	6.9	4.3	3.7	3.3
Profitability and Efficiency [(2)]					
Net Profit/Average Equity (%)	8.4	18.8	16.8	16.1	12.2
Net Profit/Average Assets (%)	1.2	2.3	1.8	1.5	1.1
Net Profit/FTE (TL Thousand)	218	403	246	176	112
Cost/Income Ratio (%)	55.2	41.5	43.6	46.5	50.4

[(1)] To be in line with the financial statements, loans, securities and deposits, including their accrual balances, were presented in the table above, and the ratios involving these items were calculated based on their balances including accruals. The cash loans amount include "factoring receivables" and "receivables from leasing transactions".

[(2)] Average assets and average equity values were calculated as an average of the year-end figure and prior year figures.

ING'S SUBSIDIARIES

ING HAS FOUR SUBSIDIARIES OFFERING PRODUCTS AND SOLUTIOS IN FINANCIAL SERVICES BY DEVELOPING A SYNERGETIC COOPERATION.

1

ING European Financial Services PLC

ING European Financial Services PLC, which operates in Dublin, the capital of Ireland, offers financial services to its customers since 1994. All of the Company's operations are subject to Irish laws and regulations.

ING European Financial Services PLC operates in the fields of corporate finance, certificate of deposit issuance and treasury services.

At the end of 2020, the Company had a loan portfolio of EUR 445 million and a net profit of EUR 6.6 million.

2

ING Factoring

ING Factoring was established in 2008 for the purpose of engaging in import, export and local factoring activities. It is a member of Factors Chain International ("FCI"), of which international factoring companies are members.

ING Factoring's asset size was TL 601 million as of 31 December 2020 while it had a net profit of TL 12.8 million.

3

ING Leasing

ING Leasing was established in 2008, and received official authorization to offer services in the area of leasing on 3 March 2010.

The Company's field of activity is to carry out domestic and international financial leasing activities and to make all kinds of leasing transactions, and all its activities are carried out domestically.

ING Leasing's net profit realized as TL 30.8 million in 2020 while its leasing receivables were TL 791 million.

4

ING Securities

Starting operations in 1991 under the name of Universal Menkul Değerler A.Ş., ING Securities was acquired by ING on 15 August 2012.

The Company's primary activity is to perform brokerage activities covering securities and negotiable instruments other than securities and documents representing financial value or containing the financial obligations of the issuer, which are only included within the scope of the second hand market in accordance with the provisions of the Capital Markets Law numbered 6362 and the relevant legislation.

The total assets of ING Securities was TL 215 million at the end of 2020, while the trading volume under its management had reached TL 42.5 billion in the BIST Derivatives Exchange Market, and TL 34.5 billion in the BIST Shares Market.

ING GROUP

BASED IN THE NETHERLANDS, THE ING GROUP PROVIDES FINANCIAL SERVICES TO GLOBAL STANDARDS WITH THE SUPPORT DERIVED FROM ITS EXPERIENCE AND EXPERTISE.

EUR 937 billion
TOTAL ASSETS

EUR 598 billion
TOTAL LOANS

EUR 688 billion
TOTAL DEPOSITS

EUR 55.7 billion
TOTAL EQUITY

EUR 2.5 billion
NET PROFIT

THE ING GROUP BASED IN THE NETHERLANDS, PROVIDES FINANCIAL SERVICES TO GLOBAL STANDARDS WITH THE SUPPORT DERIVED FROM ITS EXPERIENCE AND EXPERTISE.

EXPERIENCE AND EXPERTISE

As one of the world's leading financial services institutions, ING Group operates in the retail banking, wholesale and mid-Business Banking, investment banking and portfolio management segments. ING Group was established in 1991 as a result of a merger between NMB Postbank and the Netherlands' leading insurance company, Nationale-Nederlanden.

Both companies were providing services in international markets before the merger, but ING became a leading global financial service provider with the merger.

Blending the experience and expertise it has accumulated over many years with its approach to excellence in service and its global scale, the ING Group meets the financial needs of a wide customer base which encompasses individuals, families, small enterprises and large companies, corporations and governments.

With the support it derives from its strong brand, sound financial structure, multichannel distribution strategy and international service network, ING Group aims to deliver value to its shareholders by reaching its target of offering more growth and higher returns than its competitors.

Operating in more than 40 countries that have developed or developing markets, ING Group serves around 39.3 million customers with a workforce of approximately 57 thousand employees. The Group helps its customers manage their financial futures by placing its customers at the heart of its activities in line with its mission. The Group realizes this mission by carefully applying principles such as efficient cost, risk and reputation management in addition to customer satisfaction.

As of 31 December 2020, ING Group had
- EUR 937 billion of total assets,
- EUR 598 billion of total lending,
- EUR 688 billion of total deposits,
- EUR 55.7 billion of equity and
- EUR 2.5 billion net profit.

ING Group shares are traded in the Amsterdam (with the tickers of INGA NA, INGA.AS), Brussels and New York stock exchanges (with tickers of ADRs: ING US, ING.N). In addition, options to buy ING Group shares are traded on the Euronext Amsterdam Derivatives Market and the Chicago Options Exchange.

For detailed information regarding ING Group: www.ing.com.

It is thought that Turkey's growth will continue in 2021 and the country's strong banking system will play an important role in this process.

John T. Mc Carthy
Chairman of the Board of Directors

MESSAGE FROM CHAIRMAN

THE ROLE OF A STRONG BANKING SYSTEM

Valued stakeholders;

In the wake of the slowdown that the global economy experienced in 2019, world markets were relatively hopeful as they entered 2020 and indeed the first two months of the new year did pass favorably. However with the World Health Organization's 11 March announcement of an impending pandemic, the game was utterly transformed as the global economy encountered with a shock since the global financial crisis of 2008.

The COVID-19 outbreak that first appeared in the city of Wuhan in China in late 2019 became a matter of international concern in the early days of January 2020. The infection quickly spread around the world, affecting its eight billion people in various ways and to differing degrees.

In response, most countries had recourse to measures such as quarantines and shutdowns in a bid to control the worldwide spread of the epidemic. People's lives were deeply affected by these restrictions and there were huge and rapid changes in consumption habits and everyday life patterns. Meanwhile service, and supply processes suffered interruptions and disruptions capable of dislocating international trade flows.

With the potential to have even more serious consequences in the short, medium, and long terms, the pandemic has already led to a worldwide increase in unemployment and to further deterioration in global income distribution.

These extraordinary conditions, unprecedented in recent history, have caused the governments of many countries to make rapid policy changes. In this context the aim has been to deploy massive economic support and loan packages in an attempt to mitigate for the pandemic-related losses from which all segments of society and economic actors are suffering. While central banks are having recourse to interest rate cuts, expansionist monetary policies taking the form of asset-buying programs have also proved to be a popular solution.

While the global economy was still trying to gradually rid itself of the lingering effects of the expansionist monetary policies prompted by the 2008 financial crisis, governments found it necessary to have recourse to very much the same measures in order to overcome the problems posed by a global pandemic. The overlapping of these two very different policy decisions has set money markets awash with liquidity. With the world's developed economies attempting to deal with this by keeping interest rates as close to zero as possible, they head into global liquidity.

Another important development last year of course was the presidential and congressional elections in the United States. The new administration that eventually emerged in the new year from these elections, which took place in early November, should help contribute to a much more stable global outlook.

Finally it should be noted that the global outlook is still very fragile. Companies and finance sectors all simultaneously need to take the expectations of their stakeholders into account and to lay out their roadmaps for the future accordingly.

Strong banking system will have an important role in growth of Turkey.

Responding favorably to its rebalancing in 2019, the Turkish economy performed strongly in the first quarter of 2020, registering an annualized 4.5% rate of growth. Owing to the pandemic-related measures introduced in the second quarter however, twelve-month growth was down by 10.3%. A relaxation of some restrictive measures during the summer when the spread of the virus appeared to be slowing down helped strengthen a modest recovery in domestic economic activity. CBRT interest rate cuts along with other supportive measures contributed to increases in both lending volumes and domestic demand. As a result of all of these developments, the Turkish economy rebounded with an annualized 6.3% rate of growth in the third quarter.

In the second half of the year, especially after August, the tightening and pronounced steps of policy makers accelerated since the beginning of November. A higher central bank policy rate supported the Turkish lira to appreciate against foreign currencies and caused to support a decline in the credit default swap premium, which nearly halved from about 500 basis points to around the 300 level.

Despite measures to contain the epidemic that came to the fore again in the last quarter and the restrictive stance of policy makers, GDP increased by 5.9%; as a result, the upshot is that Turkey was one of only a very few countries that was able to register positive growth in 2020 with 1.8% positive growth. It is thought that this growth will continue in 2021 and that the country's strong banking system will play an important role in the process.

The resilience of the global system in the face of an epidemic on this scale deserves serious attention.

With COVID-19 becoming a determinant factor, an issue that really deserves attention is the resilience of the global system in the face of an epidemic on this scale, which inevitably leads to the question of how ready the world is to deal with risks of this sort in the future.

While individual countries have experienced different degrees of both success and failure in their efforts to deal with the pandemic, one thing that is obvious is that there were substantial shortcomings in coordinating such efforts at the global level.

The efforts to develop and distribute COVID-19 vaccines need to be considered in the same light. This is more than a matter of any sense of shared, global responsibility: it is an issue that is crucially important to any future effort to control and end pandemics.

As for global health crisis, authorities everywhere need to assume a shared responsibility to deal with and rapidly resolve problems of this nature in the context of an intergovernmental structure that is both effective and coordinated. We believe that the role of international agencies and organizations in this is enormous and humanity's need for such structures may become even greater in the period ahead.

The impact of the COVID-19 pandemic on economies and sectors provides clues about the future.

Looking at the economic impact of the epidemic, one observes that a number of business lines that were very strong before the pandemic needed to make radical changes in their strategies and business plans in order to survive it. It is also obvious that some business lines–notably pharmaceuticals, logistics, and digital services but also financial services–found themselves looking at brand-new growth opportunities.

While the COVID-19 epidemic should certainly be a wakeup call for the human race, climate change still heads the list of the biggest risks that we face while environmental, social, and corporate governance (ESG) concepts have become more important than ever. What we went through in 2020 clearly demonstrates that we, as economic actors, need not only more valid and agile strategies but also much stronger and better-functioning corporate governance structures.

A member of a global financial group with a presence in 40 countries

Benefitting from the many advantages that arise from its being an integral part of ING Group, the premier banking group in the Netherlands, ING Bank A.Ş. continues to create value.

Ranking among Europe's top banks, ING Group provides more than 39.3 million retail and wholesale banking customers with support in the form of financial products, services, and solutions.

With 57 thousand dedicated employees in 40 countries, ING Group enjoys a deserved reputation for the innovative digital banking products and services that it offers. The group's strong performance and exemplary stance in addressing and dealing with ESG and sustainability issues have made it an acknowledged leader of the financial services industry.

In the face of the market conditions created by the COVID-19 epidemic in 2020, ING Group kept its focus on providing customers with fast, appropriate, and convenient financial solutions as it moved forward. The experience that we gained in this underscores once again the strengths of the ING Group's digital banking business model.

Another important development for ING Group in 2020 was the successful handover of control of its helm. With its new team of leaders having taken up their positions, the group will continue to pursue the digitalization strategy in the 40 countries where it has a presence with no loss of momentum.

ING Group completed 2020 with successful financial results while also increasing both customer numbers and business volumes in all of its business lines.

ING is focused on empowering its customers and supporting them.

Beset as it was with many unknowns and many exacting challenges, 2020 was a most difficult year not just for ING but also for its customers and employees and their families and indeed for society as a whole.

Continuing to focus on empowering and supporting customers in the conduct of its operations in Turkey, ING Bank A.Ş. completed 2020 with a consolidated net profit of TL 768 million. Our constant goal is to profitably provide our approximately 2.5 million active customers with convenient, comprehensive, and superior financial services all delivered via an innovative, easy-to-use, digitalized distribution platform.

Speaking both personally and on behalf of the ING in Turkey Board of Directors, let me take this opportunity to thank our youthful and dynamic team of 3,531 people for sharing the same goal and for their tireless efforts to provide our customers with uninterrupted 24/7 service through every channel even in the face of all the difficulties posed by the pandemic.

We enjoy a well-deserved reputation in Turkey as an innovative leader and provider of digitalized financial products and services. We believe that the services we provide and the support we give will make a strong contribution to our customers' ability to stay one step ahead in their efforts to be innovative themselves and to constantly improve their lives and businesses.

ING Turkey's loan portfolio remained of the highest quality in 2020 as well. I should also mention in this context that we continued to support our customers by helping to ease some of the financial pressures caused by market conditions throughout the year.

We look to the future with hope and determination.

Our confidence in the medium and long-term performance of the Turkish economy is complete and unswerving.

We are committed to assessing and tapping post-pandemic business opportunities in the most effective way possible while advancing together with all of our stakeholders into a renormalized, more vigorous, and healthier future.

ING possesses all of the energy and strength needed to accomplish this and while doing so, ING will also continue to accompany its customers on their own journeys as a leading and innovative provider of value-adding financial products and services.

Respectfully,

John T. Mc Carthy
Chairman of the Board of Directors

Within the framework of our vision of being “A technology company which holds a banking license” and our target of becoming “Turkey’s leading digital institution”, we place priority on innovation and operate with a focus on digital leadership.

Alper İhsan Gökgöz
Chief Executive Officer

MESSAGE FROM CEO

LEADING DIGITAL INSTITUTION

Dear Stakeholders,

At ING, we aim to provide an easy and seamless service to our customers anytime, anywhere, with our approach which aims to allow people to be one step ahead in their business and private lives. Under this approach, which places digitalization at the core of our strategy, we are advancing towards the goal of becoming Turkey’s leading digital institution.

We view the customer experience as the most important realization area in our strategy, and we strive to make banking services personal, smart and easy by using the best technologies. We believe that digital banking is something which goes beyond being a service tool and is effective in deepening customer relationships and increasing customer loyalty. We shape our way of doing business, processes and investments in this direction.

With its focus on digital leadership, the economy and supporting exports, ING in Turkey has taken strong steps in these areas in 2020. Responding to the reality of the pandemic, we have determined our priority throughout the year as reducing the impact of the pandemic and supporting our employees, customers and society.

A successful performance in 2020

From a financial point of view, we rounded off 2020 with a successful performance in line with our business goals. On the basis of our year-end consolidated financial results, the Bank's total assets realized as TL 66.2 billion, with a profit before tax of TL 987 million. At the end of the year, our consolidated equity realized as TL 9.4 billion with a consolidated capital adequacy ratio of 24.18%. During the year, we provided a total of TL 49.6 billion in loan support for the economy, TL 41.2 billion of which was in cash. Our deposit volume increased to TL 40.1 billion.

Our Bank's financial performance results once again confirmed the value of its considerable success and effectiveness in balance sheet management. The management style which ING adopted and implemented played a key role in strengthening ING's basic indicators, as well as providing strong and uninterrupted support to thousands of customers in various business lines with its services and products, facilitating their financial lives and generating added value.

We have stood by our customers during the pandemic

We supported our customers on an economic axis in 2020, when the far-reaching impacts of the pandemic continued to take their toll in terms of health, social life and economics on a global scale. We took steps to maintain business continuity and customer satisfaction.

In 2020, we deepened our relationships with retail and business banking customers and supported our customers financially. In this context, we fulfilled the loan deferral requests from our retail and business banking customers. With the consumer loan campaigns we provided, we responded to the needs of healthcare professionals in this difficult period. At the same time, we extended support to our customers who were experiencing difficulty in their payments, by allowing them to delay their mortgage payments. In the Business Banking area, in a bid to contribute to the economy, we prepared loan packages which offer preferential conditions for companies which export domestic production.

We are taking firm steps towards digital leadership

In today's world where customers demand an instant, personalized and flawless experience and their needs are constantly changing, we have focused on technology and innovation. In this context, ING continued to seek new ways of achieving excellence in service with new ideas, new solutions and new approaches in 2020.

Within the framework of our vision "A Technology company which holds a banking license" and our target of becoming "Turkey's leading digital institution", we placed priority on innovation and operated with a focus on digital leadership. We consider digitalization as the end-to-end digitization of processes, rather than something with a narrow definition like mobile banking. With this understanding, we have commissioned and developed a number of pioneering products and services.

We have widened the variety of services which we provide to our customers with INGo

In line with our digitalization strategy, we carried out improvements to our artificial intelligence and NLP-supported correspondence banking assistant, INGo, which we launched in 2019, and widened the diversity of transactions offered to users in 2020. With INGo, which offers the opportunity to complete financial transactions by correspondence, our users are able to perform transactions such as money transfer, account opening, changing ATM withdrawal limits, credit card debt payments, loan payments and bill payments. With a new feature added in 2020, INGo also started to communicate with users and offer suggestions on banking products in accordance with user behavior and product ownership. The number of chats started through INGo in 2020 reached 6.5 million.

During this period, we worked on increasing efficiency with the use of robots to meet customer demands. With the Robotic Process Automation, which we started to use effectively in order to facilitate the lives of our customers and employees, we transferred more than 250 work flows to robots, accordingly allowing our employees to focus on high value-added jobs and customer satisfaction by putting robots in place to perform repetitive jobs. Robots carried out approximately 124,000 hours of work in 2020 alone.

Selected as "The bank to offer the best customer experience"

We recorded an increase in our performance in this area with the help of the steps we have taken to support our customers' use of digital channels. The proportion of active customers using our mobile service reached 98% of customers using digital channels in 2020. Last year, 80% of the consumer loans we extended were through non-branch channels.

All of our efforts carried out in the area of digitalization were rewarded with customer satisfaction. We are proud to have been selected as "The Bank Offering the Best Customer Experience" in the banking sector by Turkey Customer Experience Survey carried out independently by Turkcell Global Bilgi and published in Fast Company magazine in 2020.

We expanded our ATM network as 12 times

While focusing on the customer experience, we continued to develop all of our banking channels. We started to offer all users, whether or not they are ING customers, the opportunity to easily perform their daily banking transactions through ING ATMs.

We expanded our ATM network in cooperation with İşbank in order to provide ease of access to our customers. With this cooperation, ING customers were able to access all İşbank ATMs throughout Turkey without any conditions or additional payment. With the addition of Akbank to this cooperation at the beginning of 2021, we expanded our ATM network as 12 times.

We removed the limit for contactless transactions in Cebimde POS

ING believes that SMEs have a highly important role in the economy and we aim to support these enterprises in their digitalization processes. In this context, we offer our customers ING SME Digital, a mobile branch where small sized enterprises can perform their banking transactions without having to go to the branch. Enterprises using ING's digital products become members of the SME Digital world and benefit from a vast array of opportunities offered through digital channels. SME Digital member enterprises may access a fast, free-of-charge and accessible banking experience by performing their transactions through ING Mobile.

We have also diversified our digital products and services in this area. As part of the ING Cebimde POS (POS in My Pocket) project, which we launched in 2019 to meet the needs of our customers with rational and easily accessible services, we have converted Android-based mobile phones into POS devices, enabling them to receive contactless payments.

We carried this innovative solution, which has made a difference in Turkey and in the world, even further in the last quarter of 2020. We continued to be one of the pioneers of innovative solutions in the sector by improving the Cebimde POS product to accept payments above the contactless transaction limit.

We act together with the ecosystem

We believe that cooperating with Fintech and start-ups in the digital transformation process is crucial for the future of the sector. In this context, we continue to support entrepreneurs with the ING Innovation Center, which we established in order to communicate, support and cooperate with the innovation ecosystem and start-ups. We met more than 600 start-ups through our center and collaborated with 37 of them. We held meetings with 179 start-ups in 2020 alone and introduced 20 start-ups to the relevant business teams.

At ING, we move forward with the vision of "innovation anytime, anywhere and for everyone" and prioritize work to accelerate the development of products and services in a world where needs are constantly changing. In the coming period, we will continue to diversify our products and services in line with our digitalization strategy, and step up our work on data science, robotics and artificial intelligence.

We also support digitalization by investing in human resources

We believe that another critical component of digitalization, which is at least as important as the products, services or infrastructure, is human resources. With this in mind, we both invest in our human resources and take steps to offer an atmosphere where new generation talent can work freely and be themselves, by signing pioneering HR practices.

In the recruitment process, we place priority on experienced and new graduates who have a high focus on all things digital, possess strong engineering and analysis skills and are interested in subjects such as coding, artificial intelligence and data science. We recruit our newly graduated teammates through digital recruitment process carried out within the scope of the "Data Science Talent Program". We believe that it is necessary to use the data correctly to reflect the work done on the customer and employee experience. In this context, we are carrying out the Data Science Certification program in cooperation with Özyeğin University, which is one of Turkey's leading universities, in order to promote the development of the relevant skills.

Also with the aim of increasing the competencies of our employees, we implemented the "Digital Certificate Program" in cooperation with Sabancı University.

As well as extending our employees, who will realize the digitalization strategy, in terms of education, we also provide support in terms of establishing an appropriate balance between their working life and their private life, where they can work freely and happily.

ING is an institution which has adopted the principle of remote working for two a week since 2015, breaking new ground in the banking sector. As an institution with this culture and infrastructure, we were the first bank to be able to easily switch to remote working the very next day after the first case of the Coronavirus was announced in Turkey during the pandemic.

Even before the pandemic, we had started work to develop new working models which would maintain our leadership in flexible working. Having completed these studies in 2020, we designed four new flexible working models with the approach of "First you, then ING". We implemented the working models as Flexi365, 1 week a month Flexi, 3 days a week Flexi and 4 days a week Flexi models as of January 2021.

We will continue to carry out innovative and pioneering practices in the field of human resources with the aim of reaching able and talented people throughout Turkey and becoming a one of the best employer brands by supporting flexible and remote working.

Our goal is to live in a sustainable world

I would like to underline that in every step we take for our employees and customers, we always take into consideration the well-being of society and the world. At ING, we believe in the transformative power of the banking sector in achieving the goal of a sustainable world. We see the main goal as a world where prosperous people live in a healthy world, and we continue our sustainability work under the two main headings of Financial Health and Climate.

Under the title of Financial Health, in parallel with our key target of being "Turkey's leading savings bank", we offer products and services which encourage individual saving on the one hand and focus on this area in our social responsibility activities on the other. We aim to raise awareness of savings among our customers and encourage them to save with our products such as the Orange Account, e-Orange Account, Orange Kids Account, Orange Foreign Currency Account and the Orange Gold Account.

In line with our aim to establish the awareness of saving in future generations in Turkey from an early age, we contribute to financial literacy activities with our "Orange Drops" project, which aims to create a behavioral change in consumption and savings. In addition, since 2011, we have been publishing the Saving Trends Survey of Turkey in cooperation with Ipsos and we measure the saving tendencies of adults living in urban settlements.

We are also taking important steps under the heading of climate. The sensitivity which our bank, ING Group demonstrates to sustainability is reflected both directly and indirectly in its activities. We are one of the 7 banks in Turkey to set out its commitment to the implementation of the UN Responsible Banking Principles. At the same time, we are among 8 banks to have signed The Global Compact Turkey "Declaration on Sustainable Finance" in order to carry the current practices in the financial sector to a higher level and to mobilize all actors to work towards bringing about a sustainable future.

Within the scope of sustainability, in 2020 we signed the Green Loan agreement with Turkcell in what was the longest average maturity corporate Green Loan in Turkey. Turkcell will utilize the 50 million Euro loan to finance its sustainable investments in areas such as renewable energy, energy efficiency, environmentally friendly digital services and green buildings under the internationally recognized Green Loan Principles. We were also one of the banks to provide financing to Turkey's Largest Sustainability Linked Loan Agreement signed by Enerjisa Üretim last November.

In 2019 we initiated an investment to establish a solar power plant on the roof of the Kahramanmaraş Operation and Call Center, which relies on renewable energy sources for approximately 85% of its electricity requirement. With the solar power plant established on an area of 2,000 square meters, we aim to generate 30% of the electricity used in the Call Center from solar energy. We view sustainability as a perception which guides us in our way of doing business, and we unwaveringly press ahead in our efforts to create a sustainable world.

We continued social investments and implemented the Digital Teachers project

We continued our social investments, taking into account our sustainability principles. In 2020, we cooperated with the Community Volunteers Foundation (TOG) to limit the negative social and financial impacts of the pandemic and created a scholarship fund by donating TL 1.5 million to TOG. Doubling the donations of our employees, we managed the fund to reach a size of TL 1.7 million. At the same time, we donated TL 5 million to the National Solidarity Campaign, which was launched to limit the economic effects of the coronavirus epidemic and to provide additional contribution to those in need.

In parallel with our strategy of leadership in digitalization, we stepped up our social investments with a project for teachers, and implemented the Digital Teachers project in cooperation with the Habitat Association and Middle East Technical University and with the support of Primary School Teachers Health and Social Aid Fund. With the Digital Teachers project, we aim to bring primary and secondary school teachers into the digitalized world and acquire digital literacy skills which they can use in both face-to-face and distance education. In the first phase of this project, 1,000 teachers from 10 provinces started to receive training in 2020, thus involving the teachers and, indirectly, the students in the digital transformation process, supporting our aim to contribute to the ultimate digital transformation process in Turkey.

In order to promote the independent and equal participation of visually impaired high school students in social life and to support their needs under a responsible banking approach, we collaborated with the Community Volunteers Foundation (TOG) line with the 3 December International Day of Persons with Disabilities, and donated to the "Let's Walk Together" campaign.

We support gender equality

In addition to our work on digitalization and sustainability in our social investments, we view gender equality to be our third area of focus. Within the framework of the Diversity & Inclusion Policy which we have adopted at ING, we are taking pioneering steps towards gender equality within the organization, and also carry out projects which will support gender equality outside the institution.

In this context, through our ING's project for Olympic Girls, we support 10 female athletes who are preparing to compete for Turkey at the Tokyo 2021 Olympic Games. We believe the inspiring stories of our female athletes will serve as a source of encouragement for many girls and women in society, and we have carried out a range of communication projects with this understanding.

We also continue to support basketball, another of our sporting investments. While we have supported the Turkish Basketball Super League as the main sponsor since the 2014-2015 season under the banner of "The unchanging color of basketball", we boosted this support with the title sponsorship of the ING Basketball Super League in 2019. Our investment in this sport, with its roots in struggle, determination and competition, serves as an important means of conveying our message to society. In 2020, we continued to carry out work which will highlight the harmony between the brave, open-minded and competitive spirit of basketball with ING's brand identity.

We look forward the future with confidence and determination

As we concentrate on our goal of becoming "Turkey's leading digital institution", we proceed in sustainability further by taking advantage of the healing power of digitalization and innovation for future.

The members and stakeholders of ING who walk with us constitute our most valuable assets in our journey to reach our goals.

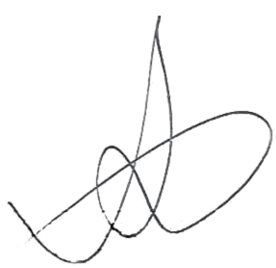
We are a member of one of the largest financial services groups in the world, which not only provides strong shareholder support, but also offers the advantages of a global reputation, clout and intellectual accumulation of knowledge.

We are determined to be a pioneering and guiding bank in a changing world, and we have the motivation and energy to achieve this.

On behalf of myself and the ING Management Team, I would like to thank our esteemed stakeholders for their unwavering support in such a difficult year.

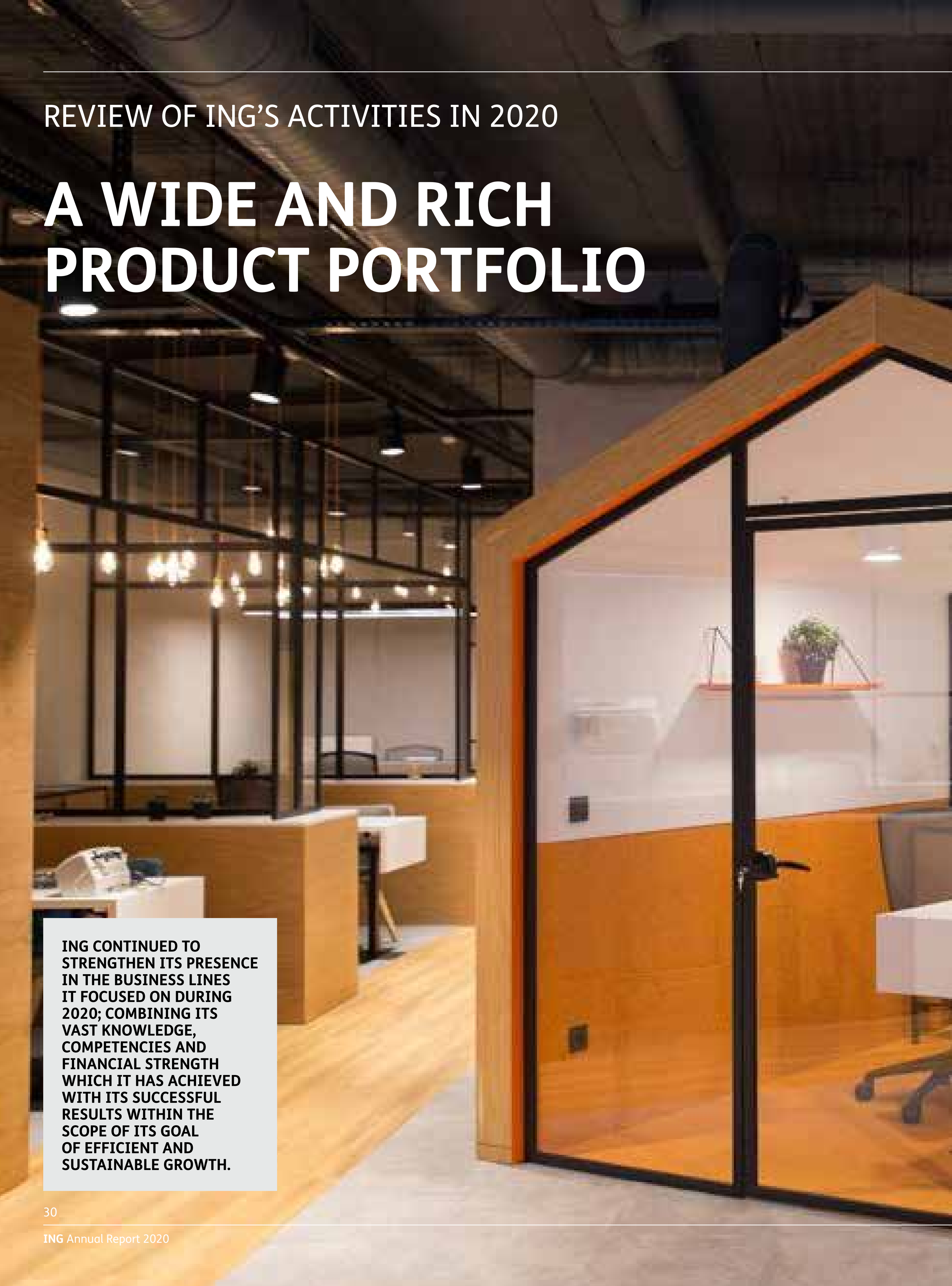
With the ambition of serving you in healthy, successful and peaceful days to come, and to share the value we generate.

Sincerely,



Alper İhsan Gökgöz
Chief Executive Officer

A WIDE AND RICH PRODUCT PORTFOLIO



ING CONTINUED TO STRENGTHEN ITS PRESENCE IN THE BUSINESS LINES IT FOCUSED ON DURING 2020; COMBINING ITS VAST KNOWLEDGE, COMPETENCIES AND FINANCIAL STRENGTH WHICH IT HAS ACHIEVED WITH ITS SUCCESSFUL RESULTS WITHIN THE SCOPE OF ITS GOAL OF EFFICIENT AND SUSTAINABLE GROWTH.

ING ACHIEVED A VERY CREDITABLE BALANCE SHEET PERFORMANCE IN 2020, AT A TIME OF CONSIDERABLE VOLATILITY IN GLOBAL FINANCIAL MARKETS.

EFFICIENT AND SUSTAINABLE GROWTH

ING METICULOUSLY APPLIED ITS BUSINESS APPROACH TO KEEP ITS COST BASE LOW AND MAINTAIN ITS HIGH STRENGTH IN VALUE-ADDED GENERATION THROUGHOUT THE YEAR.

The impacts of COVID-19 now referred to as a "global pandemic", continue.

The pandemic, which broke out in Wuhan, China on 1 December 2019, spread rapidly all over the world. As a result of the developments experienced with the spread of the virus, referred to as SARS-COV2 (COVID-19), a pandemic was declared by the World Health Organization on 11 March 2020.

Following the announcement of the pandemic, a wave of restrictions and strict measures was introduced in Turkey as in the world and far-reaching efforts to tackle the pandemic were put in place.

The pandemic, which led to a major global crisis, precipitated an economic slowdown in our country, as in the rest of the world, and huge ramifications for business processes in all sectors. During this period, the government determined the protection of employment, the full operation of the economic and commercial cycle, and the maintenance of economic stability as its key priorities. In addition, a support campaign was organized throughout the country, which attracted a significant response.

While the measures put in place to tackle the virus, which revolved around wearing facemasks, social distancing and hygiene, were rapidly implemented on an individual and institutional basis, remote working, shift arrangements and social assistance programs were effectively rolled out throughout the country.

Against this backdrop, ING developed a range of new practices aimed at protecting employees, customers and all stakeholders and to comprehensively fulfill its responsibility to society, and implemented a package of measures focused on minimizing risk.

ING achieved very creditable balance sheet performance in 2020, a year marked by significant volatility in global financial markets.

The year 2020 bore witness to a momentous struggle to tackle the effects of the pandemic, as well as the volatility which affected the global financial markets which started in the previous year.

In this context, ING meticulously applied its business approach to keep its cost base low and maintain its high strength in value-added generation throughout the year. The Bank achieved a very creditable balance sheet performance as a result of its effective management in 2020, a time when economic indicators were deteriorating on a global basis.

Backed by a wide and rich product portfolio, an experienced and expert staff, strong distribution channels and a solid technological infrastructure, ING correctly evaluated the opportunities offered by the markets and once again achieved successful results in 2020.

ING's total consolidated assets realized as TL 66.2 billion at the end of 2020. The Bank's consolidated equity, which was TL 8.5 billion at the end of 2019, increased by 10% YoY and reached TL 9.4 billion. ING's consolidated capital adequacy ratio was 24.18% in 2020. Meanwhile, the Bank's consolidated profit before tax realized as TL 987 million.

ING CONTINUES TO DIVERSIFY ITS PRODUCTS AND SERVICES BY ACCURATELY DEFINING THE EXPECTATIONS OF ITS CUSTOMERS IN THE COMPETITIVE RETAIL BANKING AREA.

Accurate balance sheet management plays a key role in ING's added value creation.

The financial performance results recorded in 2020 once again reaffirmed the value of ING's high achievement and effectiveness in balance sheet management. Accurate balance sheet management has a key role in strengthening ING's key indicators as well as in providing strong support to its thousands of customers across different business lines through its services and products, bringing ease to their financial lives and generating added value.

In 2020, the bank further deepened its relations with its Retail, Business and Wholesale Banking customers and achieved significant improvements in the number of customers with its product and service diversity.

In 2020, ING's deposit volume grew by 3% and reach to TL 40.1 billion and total consolidated net loan volume reached TL 41.2 billion. At the end of the year, the ratio of consolidated non-performing loans in total consolidated cash loans was 5.13%.

The growth and profitability ratios achieved at the end of the year were the main factors behind ING maintaining its market share in the sector.

A focus on an uncompromising implementation of risk-sensitive business strategies in all economic conjunctures

ING continues to effectively reflect the advantages of its well-established strategy, strong and widespread distribution network, extensive range of products and services and its competent human resources to its performance.

In parallel with the ING Group's deeply rooted international experience, the Bank will continue to provide world-class services to its customers and create increasing added value for the Turkish economy in the coming years in all economic conjunctures.

RETAIL BANKING

ING continues to diversify its products and services by accurately defining the expectations of its customers in the competitive Retail Banking field.

ING has a widely distributed and broad customer base in the Retail Banking business line. The Bank offers personalized solutions by taking the right actions at the right time in this field, thus making a difference to the lives of individuals and providing a permanent contribution to their well-being.

ING, which has a strong and broad customer base in retail banking, sustained its development in this line of business in 2020 with a range of alternative and high quality products that meet the needs of all of its customers, and cross-selling opportunities.

The "Orange Extra" program aims to generate solutions for the financial needs of its customers.

Launched in mid-2018 to serve different financial needs of customers, the "extra" benefits of the Orange Extra bank card program have been diversified in line with customer expectations throughout 2020.

Some of the advantages that customers joining the Orange Extra program benefit are as follows:
- Additional interest on their e-Orange and Orange TL accounts when the total of their spending through their ING bank card and bill payments from their accounts reaches TL 750 per month
- Withdrawing money without charges from any ATM in Turkey three times a month,
- Carry out free money transfer/EFT through digital channels
- Cash back advantage on loan payments when they take out consumer loans.

The Program also offers a wide range of discounts and campaigns which will allow customers to use their ING bank card in daily purchases.

e-ORANGE AND ORANGE TL ACCOUNTS
additional interest on their e-Orange and Orange TL Accounts when the total of their spending through their ING bank card and bill payments from their accounts reaches TL 750 per month

WITHDRAWING MONEY WITHOUT CHARGES
from any ATM in Turkey three times a month

FREE MONEY TRANSFER/ EFT THROUGH DIGITAL CHANNELS
cash back advantage on loan payments when they take out consumer loans

APPROXIMATELY 220,000 CUSTOMERS USE ING DEBIT CARDS IN THEIR PURCHASES, THEREBY BENEFITING FROM THE PRIVILEGES IN THE ORANGE EXTRA PROGRAM.

With the "Unconditional Spending Orange Extra Period" implemented in April 2020, healthcare professionals, teachers, academics and customers who take out loans from ING Loan points have the opportunity to benefit from all the advantages offered by Orange Extra for a period of 12 months, without the condition of spending at least TL 750.

Shopping and bill payments made under Orange Extra program can be monitored instantly from the Orange Extra menu via ING Mobile, which can also display the financial value of the benefits gained from the program. As such, customers can clearly identify the benefits they enjoy under the program.

Approximately 220 thousand customers use ING debit cards in their purchases, thereby benefiting from the privileges in the Orange Extra program.

The growth in consumer loans, which offer customer-oriented solutions, continued in 2020.

As a result of the products offered in line with customer needs and the campaigns carried out, the growth in consumer loans accelerated, especially in the first half of the year. With the pandemic, delays to personal loan installments were brought to the agenda and the Bank supported its customers by meeting their needs within this scope. In addition, preferential loan campaigns were provided for health workers to respond to the needs of health workers in this process.

ING offers attractive campaigns and privileged services to its retired customers

ING also carried out a number of cash promotion campaigns for customers who opted to receive their pensions through ING in 2020.

In addition to a cash promotion of up to TL 750, pensioners who started receiving their pensions through ING are entitled to a TL 50 cash promotion for each month they spend TL 750 with Orange Extra. Thus, pensioners at ING are entitled to receive an additional TL 1,800 over three years, reaching as much as TL 2,550 with the addition of the cash promotion.

Pensioners who chose to receive their pension payments through ING were offered the opportunity to carry out their cash promotion transactions through the Call Center channel, without needing to go to the branch, via the e-government portal. Pensioners who wish to carry out the transactions at the ING branch will only need to take their identity cards with them.

Pensioners choosing to receive their pension payments from ING have the privilege of withdrawing cash without waiting for their pay day, even if they do not have money in their accounts, and are able to reach dedicated customer representatives on a 24/7 basis via telephone banking, whenever they wish and on any subject. In addition to telephone banking for pensioners, branches always offer a priority service to meet their banking needs easily, while also offering the amenity to withdraw money free of charge from ATMs of all other banks in Turkey.

A wide array of privileges to company employees receiving their salaries through ING

The services offered by ING to customers receiving their salaries through the bank include the amenity of reaching their banks anytime, anywhere, as well as easy and fast access to financial solutions in banking products and services. In this context, employees of companies which choose to carry out their salary payments through ING are exempt from the one-off and regular fees charged for EFT/Money Transfer transactions through ING Mobile and the Internet Branch. In addition, with the digital process created, customers drawing a salary paid through the Bank have the opportunity to open TL demand deposit accounts and personal accounts without having to come to the branch.

A multi-channel strategy strengthened through business partnerships

ING has been entering strategic cooperation in the areas of consumer finance and credit cards with Turkey's leading brands since 2012 within the scope of its omni channel strategy.

In addition to in-store product financing as a business partnership, ING Shopper, which offers customers the opportunity to pay for their online shopping in instalments and facilitates the use of online credit, continues to grow through collaborations with business partners. Thanks to the new platform, customers who shop from online retailers which ING cooperates with can also effortlessly use their loans online. ING Shopper also offers companies an easy and cost-free payment alternative which supports omni-channel strategies.

Customer-based campaigns carried out for vehicle loans.

The pandemic, which continued throughout 2020, saddled automotive companies with a number of stock problems and the slump in sales seen in the first half of the year worsened in the second half of the year.

In line with the needs of its customers during the pandemic, ING has carried out a number of customer-based campaigns such as a 3-month deferred loan option to facilitate payments, and strengthened its relations with business partners in the automotive sector.

The Bank, which started its working period with online channels in addition to the dealer channel, created channels where customers could apply online without leaving their homes.

Standing out in the volatile real estate market with ING's dynamic portfolio management

Having a prudent and flexible portfolio management approach in the housing loans business line, ING adapted to the volatile and rapidly changing market conditions of 2020 by helping customers realize their dreams of becoming home owners.

In addition to the improvements in its credit extension processes the Bank conducted customer-based campaigns and reinforced its relations with real estate agents.

Meeting the demands of customers experiencing difficulty in their payments due to the pandemic, ING provided support to its customers by offering to delay mortgage payments.

Continuing to expand ING's deposit base with the Orange Account

The Orange Account, which is a free savings account which allows saving without having to wait until maturity, was launched in January 2011 as an important component of ING's growth strategy. The Orange account, which has continued to be the bank's driving force in deposits for nine years, has played an important role in expanding the deposit base and increasing the number of customers.

The Orange Account has been used by more than 2.5 million customers since its introduction and has continued to enjoy steady growth in terms of customer numbers and volume. The Bank maintains the high rate of customer satisfaction achieved through the Orange Account, reflecting both the customer experience and their needs.

The bank added gold savings, which has a significant share of savings in Turkey, under the umbrella of the Orange account with the Orange Gold Account which it offered to customers in the second half of 2020. In a very short space of time, the Orange Gold Account has reached the position of having the largest size in its group.

The Bank Offering the Best Customer Experience

According to the Turkish Customer Experience Survey, ING was rated as the "the Best Customer Experience Bank*" in the banking category.

Continued efforts to increase customer satisfaction in the credit card segment

In 2020, ING mediated in the payments of its customers through credit cards and continued to guide its customers to manage their cash flows more efficiently.

Throughout the year, ING has;

- Supported all of its customers who requested deferrals in their credit card debt during the pandemic
- Continued to offer newly acquired card customers a "Welcome to ING" Bonus of up to TL 100 in 2020 as well
- Benefited its customers by conducting campaigns and trying to improve the digital experience.

ACCORDING TO THE TURKISH CUSTOMER EXPERIENCE SURVEY, ING WAS RATED AS THE "THE BEST CUSTOMER EXPERIENCE BANK*" IN THE BANKING CATEGORY.

* Source: Fast Company Magazine and Turkcell Global Bilgi İndependent research in which more than 15 thousand brands in 15 sectors were evaluated

ING VIEWS THE DIGITAL BANKING CHANNELS AS ONE OF THE MOST IMPORTANT DRIVING FORCES IN EXPANDING ITS CUSTOMER PORTFOLIO, DEEPENING CUSTOMER RELATIONSHIPS AND INCREASING CUSTOMER LOYALTY.

Bancassurance

ING, insurance and private pension products sales and after sales services are offered through branches and alternative distribution channels, through:

- NN Life and Pension A.Ş. for life insurance branch and individual pension plans
- Zurich Sigorta A.Ş. for non-life insurance products.

At the end of September 2020, ING had a market share of 1.8%* in the life insurance premium production of the bancassurance channel and a 0.8%* market share in the non-life insurance branch. Offering insurance products for both individual and corporate customers, ING maintained its 2019 level of premium production in 2020 in the field of bancassurance. ING was the bank of choice for approximately 600 thousand customers for insurance products, and for approximately 120 thousand customers for pension products.

In order to meet customers' needs for insurance and private pension products, services continued through alternative distribution channels, such as mobile banking and the call center during 2020, as well as in the branches.

ING develops and improves its business processes which focus on customers every year in order to offer sales and after-sales services as well as product diversification in the insurance and private pension field. The "Complementary Health" product, which allows ING customers to benefit from inpatient and outpatient services in private hospitals which have contracts with the Social Security Institution, by paying only the Social Security contribution fee, was launched in July 2020.

ING maintains its efforts to develop insurance products compatible with ongoing projects to determine customer needs.

Digital Banking

ING views the digital banking channels as one of the most important driving forces in expanding its customer portfolio, deepening customer relationships and increasing customer loyalty.

ING presses ahead with investments in this area to ensure that its customers can easily and seamlessly receive services from the digital banking channels, which provide services on a 24/7 uninterrupted basis. In this context, the variety of transactions through digital banking channels is increasing every day and the operational burden on the physical service network is gradually shifting to digital banking channels.

ING's digital banking channels are comprised of:

- Mobile Banking (ING Mobil)
- Internet Banking
- Smart Banking Robot (INGo)
- ATM
- Telephone Banking

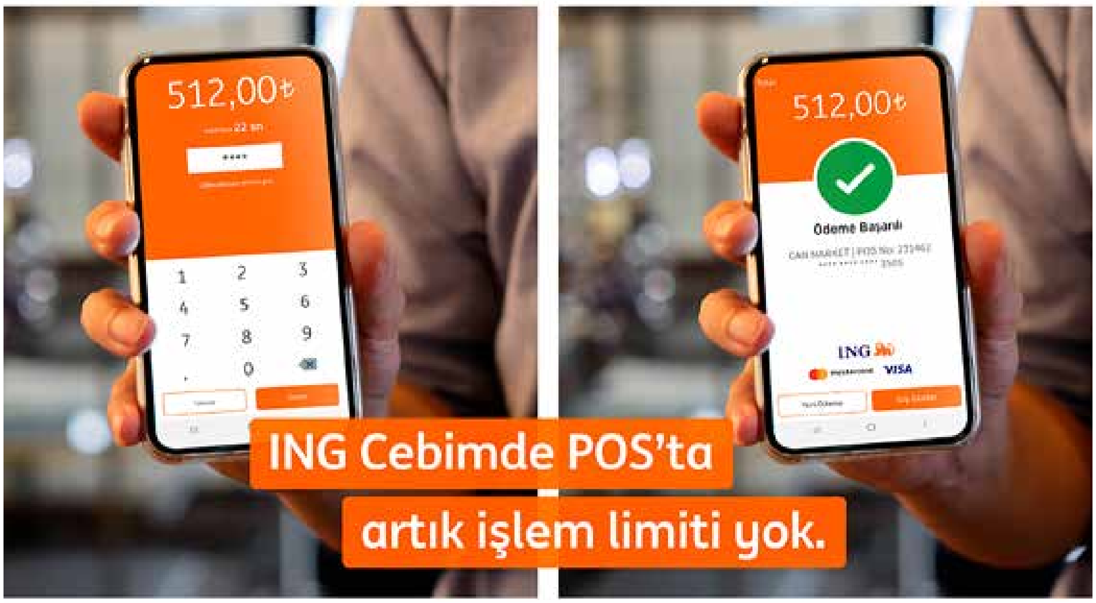
Efforts are underway to increase the share of digital banking channels in sales. The number of product sales carried out through digital banking channels continued to increase in 2020, and the share of distribution channels in total sales in units reached 65%.

Within the scope of the "Hybrid Project", where everyone can choose products without coming to the branch, regardless of whether or not they are ING customers, 80% of consumer loans in terms of transaction numbers were obtained through non-branch channels in 2020.

The e-Orange Account, offered through digital channels and which has the advantage of a Welcome Rate for one year, was introduced in 2016, and since then, a total of 769 thousand customers have joined it.

* Calculated based on monthly sector premium production reports on sales channel basis published by the Insurance Association of Turkey.

ING OFFERS ITS CUSTOMERS A LOCATION AND DEVICE-INDEPENDENT EXPERIENCE WITH ITS DEVICE-COMPATIBLE ING MOBILE AND INTERNET BRANCH.



DIGITAL CHANNELS

ING offers its customers a location and device-independent experience with its device-compatible ING Mobile and Internet Branch.

Mobile Banking (ING Mobil)

Available on iOS and Android devices, ING Mobil allows customers to quickly and securely perform their daily banking transactions from their mobile phones. ING Mobil also allows customers to easily perform product application transactions for different banking needs.

The percentage of total active customers using the Bank's digital channels mobile banking customers' share rose to 98% as of 2020.

The user experience, user interface and infrastructure improvement project that was launched in 2019 includes ING Mobile, Internet Branch and ing.com.tr digital channels. The project is carried out together with the Global ING Group. The aim of the project is to provide the same experience to ING customers across all digital channels and enable them to be part of the ING Group experience.

Within the scope of the project, the design and user experience of ING Mobile's login screens, home page and applications menu were renewed in 2020.

Completing the changes required by the new regulations in 2020, ING Mobil fully complied with the regulations with its digital channels. ING Mobil also pressed ahead in its infrastructure work for its projects within the scope of digital transformation, which is the key area of focus for the entire banking sector.

Internet Banking

The ING Internet Branch, for ING customers who would prefer to carry out their banking transactions through a browser rather than a mobile application, was found to fully comply with regulatory requirements in 2020.

Improvements have also been made to the channel to provide customers with a better experience in accordance with their needs and expectations. As part of a project being carried out jointly with the Global ING Group, efforts to improve the internet banking user experience and infrastructure continued throughout the year.

WITH A NEW FEATURE ADDED IN 2020, INGO HAS ALSO STARTED TO COMMUNICATE WITH USERS AND OFFER SUGGESTIONS ON BANKING PRODUCTS IN ACCORDANCE WITH USER BEHAVIOR AND PRODUCT OWNERSHIP.

Smart Banking Robot: INGo

ING's chatbot, INGo, which is supported by artificial intelligence and natural language processing technology started operating in 2018. INGo offers users the ability to resolve all banking and ING problems through correspondence and to find answers to their questions more quickly and easily.

INGo, which offers the opportunity to complete financial transactions by correspondence after moving into digital channels in 2019, has increased the diversity of transactions offered to users with the improvements carried out in 2020. As a result of these new developments, users are now able to complete important transactions such as money transfers, open accounts, change ATM withdrawal limits, pay their credit card debts, pay back loans and pay their bills through INGo.

With a new feature added in 2020, INGo has also started to communicate with users and offer suggestions on banking products in accordance with user behavior and product ownership.

Users can access the smart banking robot INGo through the ING mobile external and internal menu, the ING website and the ING internet branch.

Users can find the nearest ATMs and branches through INGo, calculate the value of 14 different currencies in TL terms and easily connect to the live support team at any time. In addition, users may access information about their accounts, loan and their credit card debt details, close their lost cards or reopen them, apply for loan and instantly learn the result.

In 2020, 6.5 million single interactions were initiated with INGo. The most frequent questions were on information regarding their loan information, loan calculation and calculations on deposit products.

With the ability to chat with customers on daily matters, INGo will improve its competencies and continue to grow in 2021.

ATMs

All users, whether or not they are ING customers, may easily perform their daily banking transactions with ING ATMs.

ING serves its customers with 1,104 installed ING ATMs. In order to develop the ATM network to provide ease of access to the Bank's customers, the ATM sharing project which the bank implemented with Işbank in October 2020 was put in place. With the addition of Akbank to this cooperation, the ATM had expanded as 12 times by the beginning of 2021. The Bank continues its work to further expand its service network.

Focusing on customer experience, ING continued to offer new services to ING customers in 2020. The services offered in this context are given below:

- Efforts to renew the Bank's existing ATMs by replacing them with touchscreen and banknote conversion ATMs continued.
- Efforts were made to shorten the entry and withdrawal times when using ATMs, and transaction times were shortened.
- Infrastructure studies were carried out for newly purchased GRG model devices.
- Customers were offered the chance to pay their mobile phone bills from ATMs.
- Work was initiated to reduce the number of complaint records opened regarding the ATM channel.

BRAND STRATEGY

Life is Hard... ING is Easy!

In its communications in 2020, ING focused on the tangible benefit it provides by eliminating the difficulties customers face in their day-to-day lives with its products and services. Introducing an approach which was focused on effortless banking to communication by matching it with real life insights which the product or service brought, ING aimed to convey the message that "life is difficult, banking is easy with ING" with this communication strategy.

There is a Remedy

ING has provided financial and moral support to dedicated healthcare professionals who in the front line in the battle against COVID-19, which has been a central feature of our lives during 2020, and to those in need of moral support.

In this context, a TL 1,500,000 fund has been created to be transferred to the Community Volunteers Foundation (TOG) in order to provide educational support to the children of low-income healthcare workers.

A home concert was held on Tuesday, March 31, using the name of Sertab Erener's famous song "There is a Remedy" in order to give moral support and raise awareness among the public to keep themselves and their families safe by staying in their homes.

Thousands of people participated in the live broadcast made from the Instagram accounts of Sertab Erener and ING Turkey, and contributed to the fund created for TOG.

Thus, in the first weeks of the pandemic period, concrete benefits were created for health workers and positive messages were provided to the people of Turkey who were worried about their future.

e-Loan Communication

The communication for the E-Loan, which allows anyone to easily apply for a low-interest loan from ING Mobil at any time and place without having to go to the branch, was based on an adaptation of the song, Sufi, written by the Group, MFÖ.

With the "Loan on Mobile" campaign, everyone, regardless of whether they are an ING customer or not, was informed of the ease of withdrawing loans from ING Mobil, doing away with the difficulty of having to go to the branch.

INGo Communication

The artificial intelligence-supported chatbot INGo, which helps customers in their daily banking transactions, is feted as the "Correspondence Banking Assistant" in communication.

The target audience of smartphone owners was informed that although it may sometimes be very difficult to negotiate by texting, INGo provides ease of use under all conditions.

e-Orange Communications

The communication for the e-Orange account, a new generation deposit account which has no lower limit and offers a "welcome interest" reward, emphasized how easy it is to save money with ING, compared to the "difficulty of saving money from the change in your coat pocket".

In addition to this message, the target audience was invited to join the "2.5 million e-Orange customers who have saved, no matter how much".

Digital Teachers Project

ING implemented the "Digital Teachers" project in cooperation with the Habitat Association, METU and Primary School Teachers Health and Social Aid Fund, which aims to help teachers step into the digitalized world and acquire digital literacy skills which they can use while teaching.

In the first phase, the project aims to make teachers and students part of the digital transformation and ultimately contribute to the digital transformation process in Turkey with the education which will reach 1,000 primary and secondary school teachers from 10 provinces.

Special Day Communications

8 March Communications

Within the Olympic Girls Project initiated by ING as part of its goal of making a positive contribution to gender equality in Turkey, a Women's Day campaign was held with the national archer, Yasemin Anagöz, the national javelin thrower Eda Tuğsuz and the national taekwondo athlete, İrem Yaman, with the message "We break the mould#PressGirls".

The films, which kicked off with the phrases "Yasemin's engagement image", "Eda throws a javelin outside", "İrem's golden day", continued with images of successful athletes and aimed to throw a curve and break down stereotypes about women.

This campaign gained recognition with ING awarded 1 Felis Award and 2 Achievement Awards in the Felis Awards, which measure creativity and impact, with ING also winning Silver Sardis in Sardis Awards, one of the most prestigious awards in the finance sector.

23 April Communication

Aware that the pandemic meant that people would not be able to leave their homes and attend the ceremonies traditionally held to mark 23 April, ING prepared a video to expresses gratitude, consisting of photographs from the ceremonies of past years.

In addition, a microsite was set up where everyone of all ages could convey their love for Atatürk. 123,640 messages and 329,170 individual carnations were collected in the space

AWARE THAT THE PANDEMIC MEANT THAT PEOPLE WOULD NOT BE ABLE TO LEAVE THEIR HOMES AND ATTEND THE CEREMONIES TRADITIONALLY HELD TO MARK 23 APRIL, ING PREPARED A VIDEO TO EXPRESSES GRATITUDE, CONSISTING OF PHOTOGRAPHS FROM THE CEREMONIES OF PAST YEARS.

Brand Strategy

of just 24 hours through Atamınyanındayım.com. The messages were collected in a notebook and delivered to the Anıtkabir, and carnations were used to provide scholarships to 100 children through TOG. Thus, on National Sovereignty and Children's Day all of Turkey was given moral support, with tangible benefits provided for children.

ING was awarded the Golden Sardis and the Silver Sardis in the Sardis Awards and the Felis Award in Felis Awards in recognition of this campaign.

19 May Communication

ING also continued its #PressGirls campaign on the National Youth and Sports Day. Olympic girls, who continue their inspiring and proud struggle with the support of ING, have been included in the communication as a symbol of Atatürk's revolution which paved the way for Turkish women athletes. "He started us in sport, and we have never left him", the message said, stating that athletes would keep their motivation alive with a love of Atatürk.

Mother's Day Communication

ING brought together the mothers and children who have had to stay away from each other due to the pandemic in a communication with the statement #AsCloseAsMyHeart. The film featured photos of real ING employees with their mothers.

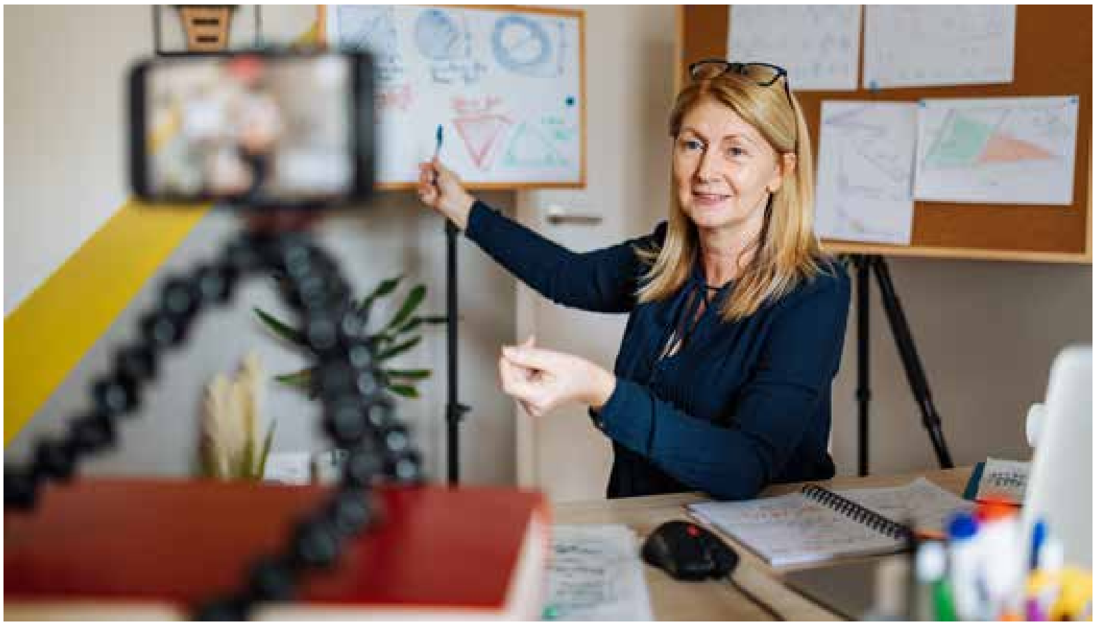
The message was conveyed that the mother and child, who are literally just a heartbeat away in the womb, remain even during the periods of social distancing. The message alluded to the similarity between the patience and waiting in hope a mother feels during pregnancy and the desire for the mother and child to reunite during the pandemic.

Teachers' Day Communication

ING conveyed the message that even though many things have changed in education, the love for teachers is endless, in a video published in digital media.

The support provided to teachers who have worked so hard to adapt to the new situation was articulated through the Digital Teachers Project, with a celebration of all teachers on Teachers' Day on 24 November.

ING IMPLEMENTED THE "PRIMARY SCHOOL TEACHERS HEALTH AND SOCIAL AID FUND" PROJECT IN COOPERATION WITH THE HABITAT ASSOCIATION, METU AND PRIMARY SCHOOL TEACHERS HEALTH AND SOCIAL AID FUND, WHICH AIMS TO HELP TEACHERS STEP INTO THE DIGITALIZED WORLD AND ACQUIRE DIGITAL LITERACY SKILLS WHICH THEY CAN USE WHILE TEACHING.



A NEW APPROACH WITH THE NAME OF BUSINESS BANKING

BUSINESS BANKING

Offering a unique experience to its customers with its renewed organizational structure, ING Business Banking designs alternative products and processes which meet different demands.

ING Business Banking entered a process of change and innovation in its organizational structure in the last quarter of 2020. The divisions which had previously operated separately in the form of Commercial Banking and SME Banking were merged, and a new approach was determined under the name of Business Banking.

The initial period of this new structure offered clear signs that the obstacles and problems caused by separation would be solved with this unity, and that the department would achieve its goals by coalescing around a single focus point, with the atmosphere of unity fostered ensuring positive results by increasing responsibility and team awareness.

Along with this integration, 26 Business Banking branches and 7 Mixed branches were brought into operation. This process was supported by a total of 354 employees including 33 branch managers, 257 portfolio managers, 45 operations officials and 19 business lines.

As of 31 December 2020, ING's Business Banking cash loans amounted to TL 14.2 billion with non-cash loans of TL 2.1 billion.

ING's strategy of becoming a bank which increases the rates of efficiency of its customers came under the spotlight in 2020, resulting in a significant increase in cross-selling rates. Thanks to the improved service offered, a high level of customer satisfaction was achieved.

Training and personal development meetings organized by ING Business Banking with an awareness of the necessity and importance of education

ING Business Banking has adopted the view that the essence of thinking, action and guidance is in education. In this context, professional training in areas such as digitalization, pricing strategies and treasury transactions are provided to the business line, branch managers, portfolio managers and operations staff. The personal development and goals of individuals relies not only on their professional lives, but the support of private sharing between group managers and their staff.

As a result of these actions taken by ING Business Banking, with the knowledge that education and consciousness begins within the person, both personnel and customers learn to manage their own business by accessing more accurate self-information. This chain adds value to the business circle.

ING Business Banking has always stood with its customers during the COVID-19 pandemic

ING Business Banking has constantly supported its customers who have been affected by the outbreak, the impact of which began to be felt in Turkey to a meaningful extent in March 2020. As a result of the support offered, both financial and non-financial, the customer experience was further perfected, fostering a sense of customer loyalty. Such actions taken during crisis periods are anticipated provide a valuable contribution to ING's goal of becoming the main Bank for customers in both the short and long term

ING Business Banking has taken action not only for its customers, but also for the health of its employees, which it values very highly. The combination of remote working opportunities and the bringing together and sharing of employees and managers helped control the process more easily.

ING Business Banking was also close to its SME customers during the pandemic. During this period, the "Back To Work Package", the "Continue Production Package" and "Sales Support Package", which offer favorable conditions, were introduced under the banner of #WeWillSucceedTogether. At the same time, additional resources were provided in cooperation with the Credit Guarantee Fund, especially for SME's cheques, leases and commercial payments of SMEs.

OFFERING A UNIQUE EXPERIENCE TO ITS CUSTOMERS WITH ITS RENEWED ORGANIZATIONAL STRUCTURE, ING BUSINESS BANKING DESIGNS ALTERNATIVE PRODUCTS AND PROCESSES WHICH MEET DIFFERENT DEMANDS.

ING Business Banking continues to diversify its range of product and service solutions for its customers

ING Business Banking works intensively to expand its product and service range and manages change by aiming to meet the needs of customers with more qualified and focused products, rather than focusing on quantity. The range of FX transactions offered, improvements in mobile banking and new steps in savings are examples of this diversity.

With the vision of becoming the leading savings bank, ING Business Banking launched the "Orange Account" product in the corporate segment aimed at increasing the rate of savings ownership among its customers.

The Orange Account, which allows customers to save without maturity or lower limit limitations and earns high interest, allows the Bank's customers to profit while saving.

The steps taken by ING Business Banking to eliminate deficiencies by observing the needs of the customers and determining potential developments through their own teams are of tremendous importance when it comes to being the financial advisor to the customer.

ING Business SME Digital Banking

ING Business SME Digital Banking has placed processes and systems into a structure which will enable it to reach more SME customers by efficiently applying its know-how in products and services.

ING has carried out a number of changes in the organizational structure for small-scale enterprises which do not have time to spend to go to the branch, and which expect a faster, cheaper and better service, in line with the needs and expectations of its customers. Our customers have made effective use of the ING Business SME Digital Banking platform, which was launched in this context.

ING's goal in the field of Business SME Digital Banking is to provide modern banking products and services to various sectors which form the basis of the country's economy and to professional groups such as pharmacists, financial advisors, notaries, doctors, dentists and craftsmen of all scales in the most effective manner.

While delivering the creative solutions as required in the competitive conditions to its SME customers, ING designs alternative products and processes in line with the diversity in demand, taking cash flows into account.

ING Business SME Digital Banking facilitates business customers' access to finance as a solution partner for generating and building businesses

ING Business Banking maintains its activities by taking part in the activities of SMEs which generate economic value, work within the framework of ethical values, place importance on transparency and achieve growth performance, from financing access to consultancy services on all the issues they need.

Bringing a breath of fresh air to the sector, ING Business SME Digital continued its development in 2020 with new products

ING Business SME Digital enables its customers to access e-Orange and Fast POS products in digital environments, in addition to the Quick Loan product without leaving their workplaces. In 2020, gold trading was also offered on the ING FX platform. Thanks to these products, ING has brought a breath of fresh air to the sector by offering SMEs the opportunity to submit their applications via their mobile devices or internet channel and view the results in a matter of seconds.

ING Business SME Digital Banking launched its new product, POS Ekstra, in November 2020, which will offer advantageous opportunities to the Bank's customers.

ING Business SME Digital Banking carries out activities aimed at rolling out the dynamism achieved in Fast Loan, e-Orange and Fast POS products to all corporate products and processes. In line with this goal, it has established new digital processes in many areas in order to increase the customer satisfaction of SMEs and help them benefit from banking products in the fastest and easiest way.

ING continues to diversify its product and service solutions for SMEs.

The modern and user-friendly interface offered by ING Corporate Mobile, where development and updating work continues apace, provides SMEs and tradesmen with the opportunity to easily perform and approve their most frequently used banking transactions.

In 2020, ING continued to provide services from the SME Communication Center (0850 222 0 464), which was launched in 2018. Through the SME Communication Center, which offers financial solutions tailored to meet customers' needs including loans and deposits, customers can use loans within their limits, carry out insurance transactions and open e-Orange accounts. In addition, they can obtain support from this line in all matters they wish to consult, and can forward their ING FX requests through this channel.

Ensuring customer satisfaction is a top priority for ING Business SME Digital Banking.

ING Business SME Digital Banking, which offers its customers the most innovative products with the easiest processes and through different channels, considers the satisfaction of its customers with its services as one of its top priorities.

After offering the products and services to customers, a certain number of customers are called to hear their feedback on the level of quality of the products and services offered. Feedback received through these calls is used to effect improvements with the aim of increasing service, product and process quality.

ING
Business SME
Digital Banking

ING BUSINESS SME DIGITAL BANKING, WHICH OFFERS ITS CUSTOMERS THE MOST INNOVATIVE PRODUCTS WITH THE EASIEST PROCESSES AND THROUGH DIFFERENT CHANNELS, CONSIDERS THE SATISFACTION OF ITS CUSTOMERS WITH ITS SERVICES AS ONE OF ITS TOP PRIORITIES.

ING IMPLEMENTED A NUMBER OF INVESTMENTS IN 2020 AIMED AT INCREASING THE VARIETY OF SERVICES OFFERED THROUGH THE CORPORATE INTERNET AND MOBILE BANKING CHANNELS.

Innovative Banking

Innovations in ING Business SME Digital Banking which stand out with the advantages they bring to customers.

By the end of the year, with the addition of Swift to the Mobile Banking channel, the digitalization of money transfers was stepped up a gear. ING implemented a number of investments in 2020 aimed at increasing the variety of services offered through the Corporate Internet and Mobile Banking channels. As a result of these investments, the Bank's ratio of business digital active customers was 72%, while 90% of the transactions carried out by corporate customers were performed through digital channels.

Examples of innovations carried out in this segment in 2020 are provided below:

- With the POS Extra program offered through digital channels, customers are able to receive POS at preferential commission rates without interrupting their business, while also benefiting from the advantages offered by the ING SME Digital world.
- By designing flows where customers are able to request an increase in their existing credit, company credit card or support account limits, the set of functions offered for digital loan products has been expanded.
- The digitalization process of foreign trade transactions was initiated by adding cash import and cash against goods products to the Internet Banking channel. The transaction is targeted to be expanded further in 2021 to ensure the digitalization of new products in this field.
- In 2020, corporate customers carried out 98% of their money transfers through digital channels. By the end of the year, with the addition of Swift transactions to the Mobile Banking channel, the digitalization of money transfers was taken one step further.
- In order to increase ownership of deposit accounts held by business customers, it was made possible for limited and joint stock companies to open e-orange account opening, with this option already having been offered by private companies. In addition, customers were given the opportunity to open e-orange accounts with gold.

The ING Member Merchant Product Management Department addresses various customer groups with innovative POS products.

Aiming to meet the needs of the customer with rational and easily accessible services, the Member Merchant Product Management Department launched the ING In My Pocket POS project, which was carried out jointly with the ING Group in 2019. As part of this project, Android-based mobile phones were converted into POS devices, allowing them to receive payments only up to the contactless transaction limit.

The Member Merchant Product Management Department, which developed this solution - a first in Turkey and the World - to accept payments above the contactless transaction limit in the last quarter of 2020, has been one of the pioneers of this innovative solution in the sector. With ING POS in My Pocket, contactless payments can be received from contactless debit cards and credit cards anytime and anywhere, and transactions can be performed more rapidly and reliably without a contactless transaction limit.

The Member Merchant Product Management Department will continue to grow and generate solutions suitable for SMEs by using digital products and channels more actively in 2021.

INNOVATIVE
POS
PRODUCTS

AIMING TO MEET THE NEEDS OF THE CUSTOMER WITH RATIONAL AND EASILY ACCESSIBLE SERVICES, THE MEMBER MERCHANT PRODUCT MANAGEMENT DEPARTMENT LAUNCHED THE ING IN MY POCKET POS PROJECT, WHICH WAS CARRIED OUT JOINTLY WITH THE ING GROUP IN 2019.

WHOLESALE BANKING

With its contemporary international banking vision, high service delivery scale, sustainable growth power and potential, ING Business Banking provides a comprehensive range of financial services to a wide customer portfolio.

ING Wholesale Banking meets the financial needs of its wholesale customers by combining the added value and competitive advantages provided by the ING Group's global network with the experience and competencies gained in national markets.

ING's diverse product range in the Wholesale Banking business line consists of products and services specially designed for wholesale customers such as project and trade finance, sustainable finance, treasury products, domestic and international cash management.

Focusing on customer satisfaction, ING Wholesale Banking prioritizes the production of qualified solutions for its wholesale customers by encouraging the effective use of digital channels.

In addition to the advantages of being an international bank, ING Wholesale Banking has stood by its customers with its solution-oriented approach and expert teams with an array of new products and services which will increase their strength without reflecting the impacts of the COVID-19 pandemic to its customers. By demonstrating effective risk management, the Bank has once again demonstrated that it is an active participant in the market through loan and syndication transactions provided to wholesale customers.

Wholesale Customers

ING, which works with the principle of always being one step ahead for its stakeholders, provides services to companies based in Turkey as well as multinational companies operating in Turkey, using ING's competencies both in Turkey and on a global scale.

Providing fast and special solutions with its specialized staff in the field of wholesale banking, its wide product range and solution-oriented approach, ING continued to support the real sector in 2020, as in previous years.

Subsidiaries of foreign corporate customers based in Turkey, international projects and exports form the focus of ING's activities in wholesale banking, with financial resources and services extended to meet customers' international needs.

The ING Group also supports Turkish companies in their international expansion, and provides its customers with the benefit of ING's global network.

Operating in 40 countries, the ING Group has global relationships with multinational customers. In this context, solution-oriented financial products and services in the quality of service which our main global partners receive from the ING Group are offered to these companies for their activities in Turkey.

ING Wholesale Banking has a special team providing services to multinational companies in Turkey.

ING, PROVIDES SERVICES TO COMPANIES BASED IN TURKEY AS WELL AS MULTINATIONAL COMPANIES OPERATING IN TURKEY, USING ING'S COMPETENCIES BOTH IN TURKEY AND ON A GLOBAL SCALE.

ING SUCCESSFULLY MAINTAINED ITS EFFORTS TO OBTAIN FINANCING FROM INTERNATIONAL MARKETS, DESPITE THE VOLATILITIES IN FINANCIAL MARKETS IN 2020.

AS A MEMBER OF THE ING GROUP, ING IN TURKEY IS ALSO THE PREFERRED BUSINESS PARTNER IN INTERNATIONAL MARKETS.

Financial Institutions

ING has a long-standing, mutual trust-based, widespread and extensive network of correspondent banks which it has established with the world's leading financial institutions.

As a member of the ING Group, ING in Turkey is also the preferred business partner in international markets.

Membership of the ING Group creates a competitive advantage in providing services to ING in Turkey on a global scale, enabling ING to mediate in its customers' foreign trade transactions and financing needs under favorable conditions.

For ING who deploys its brand power in the most accurate way 2020 was a year in which it continued to increase its traditional and well-established partnerships with global financial institutions to provide its customers with the right financial solutions.

ING Group has multidimensional and reciprocity-based correspondent relationships with a number of banks in nearly 100 countries. This effective and widespread structure has been diversified in response to customer needs as well as the conjectures and trends in the country and global economy during 2020.

Continuing to generate lasting value for all of its stakeholders, ING successfully maintained its efforts to obtain financing from international markets and improve its funding base within the scope of foreign trade financing services, despite the volatilities in financial markets in 2020.

ING's performance being rated by the international rating institution

Fitch Ratings rated ING's credit note as "BB-" and "B+" for its long term local and foreign currency debt, respectively.

ING Group continues to mediate in funding to Turkey

In 2020, the ING Group continued to play an active role in the foreign exchange borrowings of Turkish banks in international financial markets and was involved in treasury transactions, bond issuance in debt capital markets, and structured financing transactions, mainly in syndications.

This stands as testament to the ING Group's confidence in Turkey and the Turkish economy, and the ING Group continues to mediate in the supply of resources to Turkey.

In 2021, ING aims to continue to:
- Closely monitor the needs of its customers in all of their international activities,
- Support its customers in terms of correspondent banking needs and financing,
- Enhance its cooperation with exporters, which are among the most important players in the Turkish economy,
- Support exporters on international platforms by taking full advantage of being a member of the ING Group.

THE ING WHOLESALE LOANS AND PROJECT FINANCE TEAM IS FOCUSED ON SUSTAINABLE GROWTH, DRAWING ON THE GLOBAL EXPERIENCE OF ING GROUP, OF WHICH IT IS A MEMBER.

Wholesale Loans and Project Finance Group

The ING Wholesale Loans and Project Finance team is focused on sustainable growth, drawing on the global experience of ING Group, of which it is a member.

The infrastructure, energy, natural resources, telecommunications, media and technology sectors form a prominent part of ING's wholesale loans and project finance portfolio.

ING is focused on providing its customers operating in these sectors with differentiated and specialized wholesale credit and project finance products, with the contribution of the strength of ING Group's extensive worldwide service network.

ING has commanded a significant share of corporations' medium and long-term syndication and club loans for many years

ING, which is one of the active participants of the Turkish syndication market, undertakes important duties such as being a coordinator, hedging bank and collateral bank. ING Group also provides long-term funds to investments in Turkey.

Financial Markets

ING's ability to create solutions with an innovative and meticulous approach to meet the needs of its customers is the most important factor behind ING's success in financial market transactions.

The ING Financial Markets Group consists of the Financial Markets Trading, and Financial Markets Sales and Marketing units. The ING Financial Markets Group continues to be the choice of customers in financial markets thanks to its management experience, high level transaction skills and potential to develop high-end products.

Deploying market risk management techniques, the ING Financial Markets Group offers risk management solutions in value added products including foreign currency, interest and commodity derivatives.

The ING FX platform, which has been expanded with the addition of innovative applications, has been rolled out across all customer groups.

In 2020, the ING FX platform was rolled out across all customer groups, principally for Business Banking customers. Customers reaching the ING FX platform can trade at instant exchange rates through ING's mobile banking applications.

Through this platform, the Financial Markets Group has allowed its customers to access value-added FX products easily and instantaneously from any location. In order to enrich the digital currency platform, the Financial Markets Group will continue to generate innovative ideas in the coming years, taking into account the feedback received from wholesale customers.

ING has expanded its derivative product diversity in line with its mission to become a foreign trade bank in Turkey.

Carrying out its activities in parallel with its mission of becoming a foreign trade bank, ING responds to the changing needs of its customers by increasing its derivative product diversity.

All mid-corporate customers can use internet and mobile banking applications to carry out derivative transactions such as forward, swap, and so on digitally from the ING FX exchange platform.

Cash Management

ING's cash management solutions, which are structured by focusing on quality and technology, contribute to customer satisfaction and loyalty.

ING offers its customers all-cash management solutions for payment and collection transactions with ING Group's extensive worldwide banking network and international experience. These solutions play an important role in curbing operational expenses and achieving sustainable profitability.

ING Cash Management shapes specific solutions to meet the requirements of rapidly changing market conditions in light of the feedback it receives from its customers.

ING'S CASH MANAGEMENT SOLUTIONS, WHICH ARE STRUCTURED BY FOCUSING ON QUALITY AND TECHNOLOGY, CONTRIBUTE TO CUSTOMER SATISFACTION AND LOYALTY.

ING FOCUSED ON DIGITIZATION PROJECTS IN THE FIELD OF CASH MANAGEMENT IN 2020.

WITH SWIFT GPI, DOMESTIC AND INTERNATIONAL OUTGOING FOREIGN CURRENCY AND CASH IMPORT PAYMENTS CAN BE MONITORED STEP-BY-STEP FROM THE INTERNET BRANCHES AND BRANCHES.

Cash management focused on digitalization projects

Providing services to its customers with efficient management of cash flow backed by its extensive branch network, expert staff and advanced product range, ING also focused on digitalization projects in the field of cash management as 2019.

In this context, by increasing the channel diversity in its products and services for corporate customers, it has increased the activation of digital companies, and has reached the target of mediating in more digital transactions of its existing and new customers.

Infrastructure investments continued for digital solutions offered to customers and within the scope of cooperations with leading telecommunications, automotive, automotive spare parts, logistic and real estate companies in Turkey, all payment and collection reconciliation processes started to be managed online at the Bank's digital platforms.

ING, which became the first private integrator bank in the sector to use e-invoicing in 2014, continued to provide solutions for the e-transformation of companies with its own e-archiving services and e-waybills in 2020. Within the scope of e-Transformation, steps have been taken to ensure that customer orders are processed with the e-signature.

A new integration infrastructure, valid throughout the world, has been offered for the use of ING customers.

The "FX Collective Payment" product, which enables customers to carry out free foreign exchange transfers to their suppliers, cash or against goods import payments at once, quickly and effectively, has been harmonized with the ISO xml format and a new worldwide integration infrastructure has been offered to ING customers. The Swift GPI structure, which forms the digital footprint of these foreign currency payments, was made available to customers in 2020. With Swift GPI, domestic and international outgoing foreign currency and cash import payments can be monitored step-by-step from the internet branches and branches.

With the FAST 24/7 EFT and Easy Addressing work planned to be implemented in cooperation with the CBRT and the Interbank Card Center our customers can carry out EFT transactions on a 24/7 basis, and receive information without sharing their IBAN information, TR ID No, Tax ID No, Foreign Identity Number, Passport No, Mobile Phone or E-Mail by EFT. Efforts in this context are continuing rapidly.

Payments for items not visible in foreign currency transfer transactions were carried out through the internet banking channel.

On the other hand, agreements have been entered into with universities within the scope of salary payments, and salary files have started to be accepted through the Public Information system.

ING also supports its customers with a range of products and services which are widely needed by international companies in Turkey and require expertise.

ING Cash Management provides cash management products and services to its international customers in Turkey with the advantage of the knowledge and infrastructure provided by ING Group, which operates in more than 40 countries.

In addition to the MT101 infrastructure, which allows international companies to carry out payments through the ING Group's global electronic banking channels, ING Group currently offers a file transfer structure in accordance with ISO 20022 standards for all payment types.

With its widespread global network, the ING Group is able to provide account and cash management services to foreign affiliates of Turkish companies.

ING AIMS TO BE THE CHOICE OF BANK FOR ITS CUSTOMERS IN THE FIELD OF INTERNATIONAL TRADE FINANCE.

Trade Finance

ING aims to be the choice of bank for its customers in the field of international trade finance.

ING mediates the international trade of its customers by considering customer needs, the latest technological developments, the main objectives of sustainable growth and profitability.

In 2020, ING maintained relations with companies from all sectors in the field of trade finance.

In order to offer digital solutions, cash import transactions started to be carried out over internet banking, with customers able to monitor all import transactions and swift payments through the internet banking channel.

Working Capital Solutions

Established in 2015 within Cash Management and Trade Finance, the Working Capital Solutions Department generates solutions which help its customers use their working capital more efficiently with its expert staff.

By enabling its customers to meet their working capital needs and manage their receivables and payments more effectively through the Supplier Finance product, ING significantly increased the number of supplier finance programs it serves and the number of suppliers it reached through these programs in 2020.

The Working Capital Solutions Department, which continued its activities in 2020, focused on effectively meeting the increasing working capital needs of companies during the COVID-19 pandemic and improving its existing products in line with customer needs and advancing them against the competition.

Economic Research

Qualified reports prepared by the Economic Research Group contribute to ING's corporate reputation.

The Economic Research Group is responsible for following economic developments in Turkey and in the world, preparing reports on potential impacts of these developments, commenting, analyzing and making forecasts based on key macroeconomic and financial variables and creating and publishing presentations and bulletins in this context.

The Economic Research Group provides support for all ING clients in Turkey and abroad with macroeconomic research reports and forecasts prepared using accurate and objective information-based, qualified evaluations.

KAHRAMANMARAŞ OPERATION AND CALL CENTER

90% of the ING's central operations are carried out at the Kahramanmaraş Operation and Call Center.

ING's "Banking Base" Kahramanmaraş Operation and Call Center have been operating since 2013.

The number of employees working at the Center, where 90% of the Bank's central operations are carried out, was nearly 600 by the end of 2020.

Applications at the Banking Base are constantly evolving with a focus on providing ING customers with the best banking experience. This development is supported by the integration of the new technologies into processes, robotic solutions and artificial intelligence models. These development efforts continued in 2020 as well.

CLOSE TO 90% OF ING'S CENTRAL OPERATION PROCESSES ARE REALIZED AT THE KAHRAMANMARAŞ OPERATION AND CALL CENTER

Artificial Intelligence

Call Center

The Customer Contact Center offers provides "customer-specific service" instead of the traditional service model a vision of providing customers with a "Next Generation Call Center" experience.

At the Center, which continues its technology investments without letup, every second of the interviews is automatically analyzed and thousands of generated data are processed and reported with the help of robots.

Sales, operations and customer satisfaction with artificial intelligence-supported models have been continuously improved throughout 2020 and in this context work on new algorithms is underway. Facilitating the identity verification steps with Voice Signature and the ability to describe the transaction which the customer will perform with the Smart Assistant through speech recognition are some of the improvements made in the Center in the field of creating digital customer experience.

Artificial Intelligence in Operational Processes

ING continues to increase the importance it attaches to artificial intelligence applications as part of its vision of advancing data-driven business. With the artificial intelligence models developed in 2020, studies have been carried out to provide perfect the service in the ATM channel. The need for cash and the probability of malfunction in ATMs were predicted with artificial intelligence models, and intervention was initiated before ATMs ran out of money or broke down.

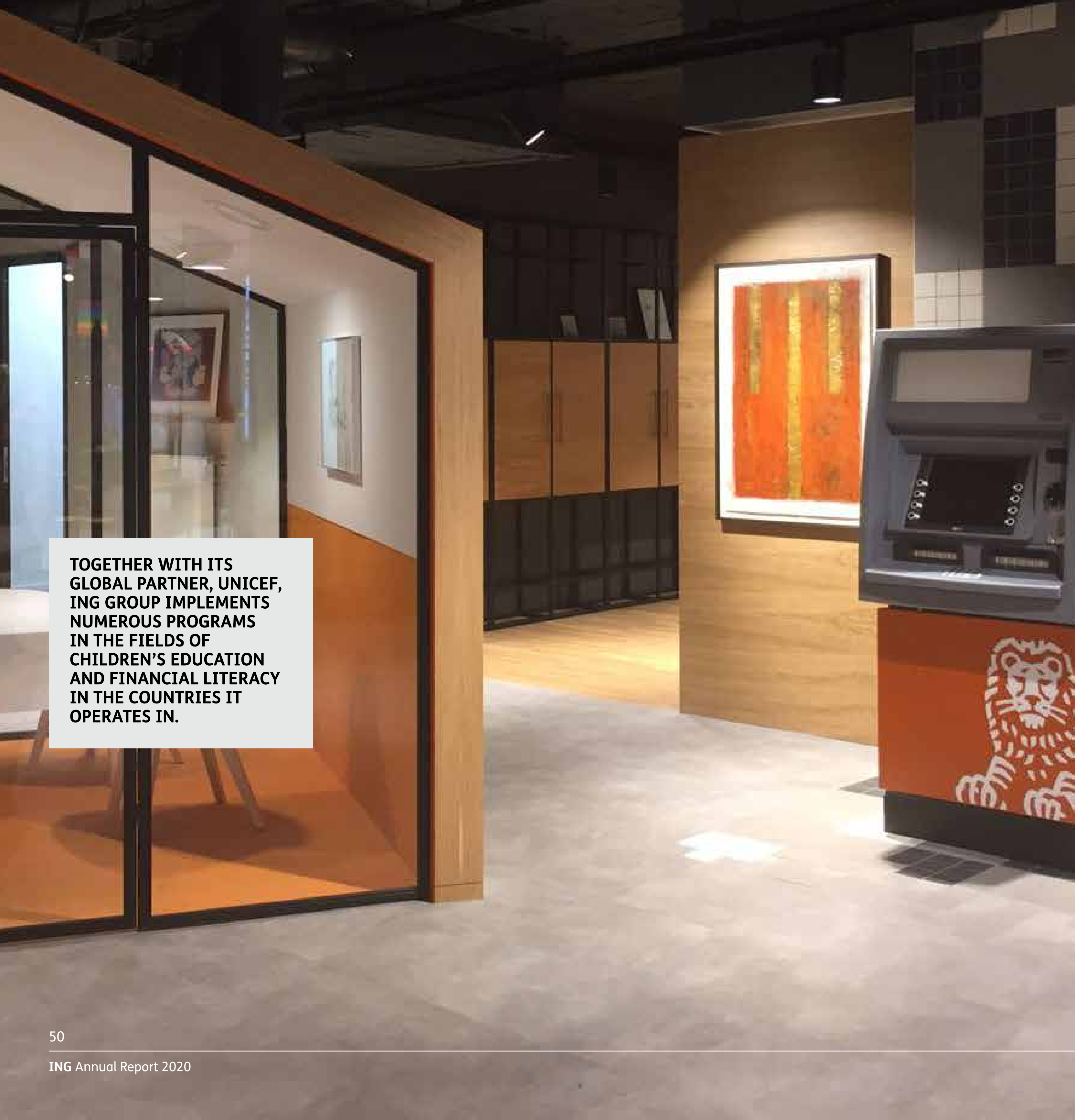
In today's world where the concept of "Data Security" is taking on ever more importance, artificial intelligence supported alarm mechanisms have been established at the point of processing customer data. Again in 2020, call density and frequency estimations were initiated in the Call Center, and effective capacity and shift planning was carried out to meet customer needs.

Robotic Solutions

More than 250 flows were transferred to the robot with the Robotic Process Automation (RPA), which ING started to use effectively in order to facilitate the lives of its customers and employees as of 2017. In this way, around 124 thousand hours of work which would normally have been done by Bank employees was robotized in 2020.

The Robotics Department, which is a part of the Process Excellence Group of Operations Executive Vice President, continues its operations with 9 people and 16 robots, three of which are in Kahramanmaraş Operation Center. In 2020, the most utilized area of robot technology was "Customer Recognition Processes". Some of the checks which must be carried out according to the criteria determined in the customer acceptance policy, which forms a part of these processes, have been carried out by robots for three years. The reductions in waiting times in customer transactions achieved contribute to both customer and employee satisfaction.

SUSTAINABLE AND RESPONSIBLE BANKING



TOGETHER WITH ITS GLOBAL PARTNER, UNICEF, ING GROUP IMPLEMENTS NUMEROUS PROGRAMS IN THE FIELDS OF CHILDREN'S EDUCATION AND FINANCIAL LITERACY IN THE COUNTRIES IT OPERATES IN.

WITH A BUSINESS MODEL CENTERED ON SUSTAINABLE AND RESPONSIBLE BANKING, ING PLACES PRIORITY ON ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY.

TAKING ITS MISSION IN SOCIAL RESPONSIBILITY ONE STEP FURTHER EACH YEAR, ING BUILDS ITS BUSINESS MODEL ON THE FOUNDATIONS OF SUSTAINABLE AND RESPONSIBLE BANKING, CONTINUING ITS WORK AIMED AT DEVELOPING INDIVIDUALS AND SOCIETY.

Taking its mission in social responsibility one step further every year and builds its business model on the foundations of sustainable and responsible banking, ING continues its work aimed at developing individuals and society.

ING's business model, which have been built on the foundations of sustainable and responsible banking, prioritizes economic, environmental and social sustainability

Within the framework of these foundations, ING pioneered social change, supporting various projects to spread the concepts of digitalization, financial health, climate and gender equality across society. ING, which stands out both through its corporate activities and its contributions to the community, is active on the national and international agenda with its respected brand identity.

ING Group's social investments have a wide-ranging and long-term structure.

The ING Group has initiated a wide array of programs together with its global business partner, UNICEF, aimed at supporting the education of children and financial literacy in the countries it operates in. The ING Group, working in cooperation with UNICEF, empowers youngsters to provide the tools and skills they need to be the future entrepreneurs and leaders of business and their country. In this context, the number of children whose have been supported since 2005 has reached approximately 1.5 million worldwide.

The environmental awareness adopted by ING is reflected in all aspects among Group companies.

ING Group believes that organizations engaged in production and service activities should take the lead in creating a healthy and sustainable world by reducing their environmental footprint. With this understanding, the Group places sustainability at the heart of its business strategy and undertakes environmental investments focused on adding value.

Within the scope of the Terra approach announced by the ING Group, it creates a climate map for these sectors by creating a road map for adaptation to the priority sectors. The ING Group considers social responsibility and environmental risks in project financing and acts in line with the related principles.

The ING Group, which has been operating with a zero carbon footprint since 2007, has been publishing its sustainability report periodically for many years, and an integrated report since 2015.

ING is committed to complying with the United Nations Principles of Responsible Banking

ING, one of the banks to contribute to the creation of the UN Responsible Banking Principles, was one of the first six banks to commit itself to implementing these principles in Turkey, which are described as a global movement of the financial sector for Sustainable Development and the future.

ING in Turkey reflects this sensitivity, which ING Group has also adopted, both directly and indirectly into its activities.

SOCIAL INVESTMENTS

ING, which obtains about 85% of its electricity from renewable energy sources, started an investment to build a solar power plant on the roof of Kahramanmaraş Operation and Call Center in 2019. The plant, which has been built on the roof of Kahramanmaraş Operation and Call Center with an area of 2,000 square meters, is planned to be operative in January 2020. Thanks to this renewable energy investment, 30% of the electricity used in the Center is now being generated from solar energy.

Equator Principles

Since 2003, the ING Group has been one of the international banks to voluntarily abide by the Equator Principles. These principles are built on the environmental and social responsibility standards set out by the International Finance Corporation (IFC) and under the principles it is accepted that they apply to the financing of all projects of USD 10 million or more. ING acts in line with relevant standards in project finance work.

ING is one of the seven banks to sign the "Sustainable Finance Declaration" formed under the initiative of Global Compact Turkey. Within the scope of the Declaration, a study of environmental and social risks in the finance of investment projects became a component of the credit evaluation process.

ING bases all its activities on the global policies of ING Group.

Adopting a sustainable and responsible banking approach, ING has designed, implemented and shared many social responsibility projects with the community through rational communication pathways.

ING is focused on 3 key elements in this context:

DIGITALIZATION

Digital Teachers Project

Aiming to be the best digital institution in Turkey, ING has accelerated its social investments in parallel with this goal with a new project aimed at teachers. The Digital Teachers Project was implemented with the cooperation of ING, the Habitat Association, Middle East Technical University (METU) and with the support of Primary School Teachers Health and Social Assistance Fund (ILKSAN). The project aims to help primary and secondary school teachers step into the digitized world and acquire digital literacy skills which they will be able to use in face-to-face and online education.

The project, which started in 2020 with the training of 1,000 teachers from 10 provinces in the first phase, also aims to place teachers and, indirectly students, firmly in the digital transformation and ultimately contribute to the digital transformation process in Turkey.

Next Generation Academy

ING cooperates with Makers Turkey in the Next Generation Academy to provide support to the children of the employees who work in the area of technology and equip them with a culture of creating new generation skills and technology. The project was carried out online in 2020.

ING Academy of Technology for the Future

In 2019, ING launched a social responsibility project with Kahramanmaraş Provincial Directorate of National Education and Makers Turkey. The ING Academy of Technology for the Future has a Maker training program consisting of design-production, electronics, robotics and coding for 10-14 years old students.

In this context, 600 students were introduced to Maker Culture. The project, which was suspended due to the pandemic process in 2020, is planned to continue in Ağrı in 2021.

AIMING TO BE THE LEADING DIGITAL INSTITUTION IN TURKEY, ING HAS ACCELERATED ITS SOCIAL INVESTMENTS IN PARALLEL WITH THIS GOAL WITH A NEW PROJECT AIMED AT TEACHERS.

BUILT ON ING'S SUSTAINABLE AND RESPONSIBLE BANKING FOUNDATIONS, THE BUSINESS MODEL PRIORITIZES ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY.

ING INNOVATION CENTER HAS MET MORE THAN 600 STARTUPS AND HAS ENABLED ING TO COLLABORATE AND WORK TOGETHER WITH 37 OF THEM.

ING Innovation Center

The ING Innovation Center was established in 2017 with the aim of communicating with the innovation ecosystem and start-ups, supporting start-ups and providing collaboration. The center helps all ING teams develop technological and innovative products. It also introduces ING teams to related start-ups enables startups to collaborate with ING and monitors their performance after collaboration. ING Innovation Center has met more than 600 startups and has enabled ING to collaborate and work together with 37 of them. Only in 2020, 179 startups were interviewed and 20 startups were brought together with relevant business teams as a result of the meetings. Activities and training in the fields of entrepreneurship, innovation and technology organized at the ING Innovation Center benefit all stakeholders in the entrepreneurship ecosystem in terms of knowledge and networking. The center organized online events in 2020, bringing more than 5 thousand people together.

The ING Innovation Center organized an acceleration program in 2020 to strengthen the startup ecosystem and provided training to 10 startups with MVP 1.0 or higher. The two teams determined as a result of the evaluation carried out among the entrepreneurs received a comprehensive one and a half month training program and received sponsorship support from ING to develop their products more rapidly. A member of the Monday Hero team, who won the program, was awarded the 5-week Hero Training Program from Draper University in California.

SUSTAINABILITY

Financial Health

ING, which sets its main goal as being "the Leader Savings Bank in Turkey", focuses on this area in its social responsibility work while providing products and services which encourage individual savings in line with this goal.

ING's products such as the Orange Account, e-Orange Account, Orange Children's Account, Orange Foreign Exchange Account and the Orange Gold Account aims to inform and encourage customers regarding savings. ING also participates in projects which support financial literacy.

Orange Drops

Orange Drops focuses on efforts to spread financial literacy in order to raise a conscious generation.

The social responsibility program, "The Orange Drops" that was introduced by ING in 2013 and is still ongoing, aims to raise awareness of saving among children and to help them acquire financial skills.

By virtue of its model, execution and measurement, the Orange Drops is the first financial literacy education program that addresses primary school children in Turkey with a focus on saving. The program is run in partnership with Financial Literacy Association of Turkey (FODER).

The main idea behind the Orange Drops is to create an educational model by associating the ability of taking rational financial decisions with other character abilities which encourage success in other aspects of life as well. The program focuses on fundamental traits such as patience, determination, perseverance, self-confidence and leadership, which have all been proven to bring success in areas besides financial subjects.

Furthermore, the eight-week program also helps develop perspective among children with education on future-oriented behavior, limited resources, resisting attractive products, seeing the difference between wants and needs, budgeting, acting patiently and taking group decisions.

ING offers its impact that it creates in the Orange Drops program by testing it scientifically, to the international scientific world as well as to the Turkish and foreign education world. Within the scope of the program, the program had reached 1,242 teachers and 39,740 students in 335 schools in 8 cities by the end of the 2019-2020 academic year.

Turkey's Saving Tendencies Research

ING has carried out the Saving Tendencies Research in Turkey with cooperation of Bilkent University and Ipsos since October 2011. While trying to determine the saving tendencies of adult individuals living in urban settlements with the research, attention is also drawn to the low rate of saving ownership. Furthermore, in Turkey, where there is a lack of data on the propensity of individuals to save, a statistical database in this field is being developed.

In addition, with the support of the ING Group, ING is participating in international surveys on saving, which allows it to compare and analyze data. All data related with this survey can be accessed from www.tasarrufegilimleri.com.

Orange Schools

ING continues to support Orange Schools with its mission to contribute to high-quality education.

Kahramanmaraş

ING has completed the project to renovate the Kahramanmaraş Dulkadiroğlu Karacasu Primary School with the support of the Ministry of National Education and UNICEF Turkey. The "Orange School", which was prepared for the 2016-2017 school year, continues to operate with the contributions of ING and Kahramanmaraş Provincial Directorate of National Education. ING employees provided support to meet the needs of students in 2020.

Hatay

Harlısu Primary School, located in the Arsuz district of Hatay province, was designated as "Orange School" and the first support project was started with the initiative of the Mediterranean Regional Directorate.

The transportation, electricity, heating and communication infrastructure needs as well as work to address the physical deficiencies of the school were met through the contributions of ING employees. In 2020, ING employees met the needs of students.

Ağrı

In the Diyadin district of Ağrı province, a new school, named Günbuldu Elementary School, was built and the decision was taken for this school to become an "Orange school" within the framework of the agreement made with the District Directorate of National Education. In addition, improvement work on seven schools located in the same district was also carried out by ING. In 2020, a Design and Skill Workshop was established by ING next to Günbuldu Primary School.

Orange Hearts

The Orange Hearts corporate volunteering program aims to encourage ING employees to take part in voluntary activities, while bringing together those participating in different voluntary activities under a single roof.

Initiated at the end of 2014 in cooperation with the Private Sector Volunteers Association (PSVA), Orange Hearts not only encourages employees to contribute to social responsibility projects with their time, skills and financial contributions, it also offers them the chance to share their own projects.

Within the scope of the program, which was implemented with the motto "Set Your Heart on Doing Good", this year, ING employees tried to support the institution's social responsibility projects with their expertise in various subjects, and also participated in the Istanbul Marathon, which was held online due to the pandemic, and collected donations for the benefit of various NGOs.

During 2020, volunteer work for the "Orange Hearts" continued in different fields.

Steptember

As part of the Steptember campaign carried out by the Turkish Spastic Children Foundation, which runs in September, participants are asked to take ten-thousand steps a day for their own health and to collect donations from their social circle for children suffering from Cerebral Palsy.

ING, which also participated in the campaign in 2020, continued its support for the project, which aims to make a difference to the lives of children with Cerebral Palsy, and raised awareness of Cerebral Palsy.

ING HAS CARRIED OUT SAVING TENDENCIES RESEARCH IN TURKEY WITH COOPERATION OF BILKENT UNIVERSITY AND IPSOS SINCE OCTOBER 2011.

ING, WHICH HAS SIGNED A PARTNERSHIP WITH COMMUNITY VOLUNTEERS FOUNDATION (TOG) TO LIMIT THE NEGATIVE SOCIAL EFFECTS OF THE COVID-19 PANDEMIC, HAS DONATED TL 1.5 million TO THE CVF AND CREATED A SCHOLARSHIP FUND.

ING International Surveys (IIS)
The ING Group conducts the ING International Survey, one of the biggest in this field in Europe, which takes a closer look at attitudes to spending, saving, investment and money of its existing and potential customers.

ING International Surveys has published annual reports on main topics such as saving, mobile banking and real estate from 2012 until the end of 2020 in line with its mission of being an opinion leader.

Research activities within the scope of ING International Surveys, which supported ING Group's goal of empowering people to stay one step ahead in life and in business, have been conducted by Ipsos in 13 countries, including Turkey, in cooperation with the ING Group Surveys team, economists, market researchers and communication experts as well as respondents taking part in the survey.

TOG&ING COVID-19 Support Fund
ING, which has signed a partnership with the Community Volunteers Foundation (TOG) to limit the negative social effects of the COVID-19 pandemic, has donated TL 1.5 million to the CVF and created a scholarship fund. ING, which doubled employee donations helped the fund reach size of TL 1.7 million. A total of 1,143 primary, secondary, high school and undergraduate students, as well as children of parents who were made redundant during the pandemic, received scholarships through the fund.

The singer, Sertab Erener, gave a morale-boosting concert on her Instagram account under the hashtag of #birçaresibulunur to support the scholarship fund. The concert helped spread awareness of the fund to wider segments of society, with ING employees being enabled to support the fund.

Management Academy from One Generation to the Next
The "Management Academy from One Generation to the Next", which is organized in cooperation between ING and the Boğaziçi University Lifelong Learning Center has been operating since 2014.

The 2020 program of the "From One Generation to the Next" included training programs aimed at increasing the competitiveness of family companies, sustainability and a corporate approach. At the end of 2020, 72 family company managers from Turkey's 11 cities had graduated from the Management Academy from One Generation to the Next.

Support for the Let's Walk Together Campaign
In order to ensure independent and equal participation of visually impaired high school students in public life and to support their needs, ING collaborated with Community Volunteers Foundation (TOG) as part of the 3 December, International Day of Persons with Disabilities, and donated to the "Let's Walk Together" campaign. Accordingly, ING contributed to more students having a WeWALK smart stick, while and at the same time aimed to support the growth of the movement by matching the donations made by its customers with its own additional donation to the campaign through Yuvarla.com.

Climate

ING Turkey Commemorative Forests

Orange Forest
Aiming to support efforts to protect the environment, ING created the Orange Forest in Denizli Sundurlu with the savings made by its employees who reduced paper consumption and customers who switched to online statements within the framework of its cooperation with TEMA.

Hatay Forest
ING, together with its employees, donated saplings by participating in the "A Breath for the Future" campaign carried out by the General Directorate of Forestry carried out to regenerate the forests ravaged by the fires in Hatay.

Other Sponsorships

Through arts and sports, ING undertakes sustainable projects which will contribute to the cultural development of society in the fields of creativity and innovation.

ING has been the title sponsor of the ING Basketball Super League.

ING, "The Unchanging Color of Basketball" in Turkey, positions the investment made in this sport, which has a culture defined by struggle, perseverance and competition, as an important medium in terms of conveying messages to society.

ING has supported the Turkish Basketball Super League under the slogan of "the unchanging color of basketball" as the main sponsor from the 2014-2015 period, and carried this support under title sponsorship in 2019. With the agreement signed between the Turkish Basketball Federation and ING, ING has been the title sponsor of the ING Basketball Super League for 3 seasons.

SOCIAL INVESTMENTS

Having signed a comprehensive title sponsorship agreement in a mass sports branch, the Bank aims to highlight the harmony between basketball and ING's brand identity through this support.

Sponsorship of Baba Sahne

ING supports Baba Sahne, which has gained an important place in the city's culture and art life since its opening, as the main sponsor. Under this sponsorship, special advantages are offered to ING's clients in all plays produced and staged by Baba Sahne.

Sponsorship of Hillside

ING continued its sponsorship to Hillside, the pioneer of the leisure industry, in 2020. Within the scope of this cooperation, ING customers benefit from the services offered by Hillside brands at a privileged and discounted rate.

Indices and Memberships

The ING Group commitment to conform with global responsibility standards, signed under the United Nations Global Compact in 2006, was reaffirmed with its inclusion in global sustainability indices such as the FTSE4Good and the Dow Jones Sustainability Index.

ING is;

- A signatory to the United Nations Women's Empowerment Principles (WEPs).
- A member of the Global Compact Turkey Sustainable Banking and Finance Working Group.
- A member of the TÜSİAD (Turkish Industry and Business Association) STEM (Science, Technology, Engineering, Mathematics) Working Group.
- A member of the Global Compact Turkey Women's Empowerment Working Group.
- A Signatory of the UN Responsible Banking Principles.
- A member of the YASED (International Investors Association) Women's Working Subgroup.
- A member of the Financial Literacy Association (FODER).

GENDER EQUALITY

ING places great emphasis on gender equality.

Focusing on gender equality within the framework of its Diversity & Inclusion Policy, ING supports projects which help women become socially and economically empowered with its 360 degree approach. ING has undertaken the official sponsorship of 10 women athletes who are preparing to compete on behalf of Turkey at the Tokyo Olympics planned to be held in 2021 through the ING Olympic Girls Project.

ING aims to further increase the participation of women in professional life and aims to increase the proportion of women employees, which stands at 43% for positions of group manager or higher, to 50% in the coming period. The proportion of women in the Bank in general is approximately 57%.

ING supports training programs that aim to shape the future in order to contribute to gender equality.

ING Equal Future Fund

ING established the ING Equal Future Fund through the scholarship fund agreement signed with the Turkish Education Foundation (TEV). ING contributes to the education of 10 female students who receive engineering education in parallel with our approach supporting gender equality.

Koç University Anatolian Scholarship Holders Program

ING contributes to the Anatolian Scholars Program launched by Koç University with the aim of supporting access to quality education. The Bank continues to pay five years of university education and living expenses of three students selected at the end of the evaluation undertaken by the university administration.

Özyeğin University Equal Opportunities Program

Within the scope of the Equal Opportunity in Education Scholarship Program carried out by Özyeğin University, a student's full scholarship is covered by ING.

Bilkent University Scholarship Program for Girls

Within the scope of Bilkent University Scholarship Program for Girls, support has been provided for the financial and moral needs of two students over a period of five years.

Darüşşafaka Educational Institutions

ING extended support to cover school expenses for the 2019-2020 academic year period in order to allow one graduate from the Darüşşafaka Educational Institutions to study abroad.

FOCUSING ON GENDER EQUALITY WITHIN THE FRAMEWORK OF ITS DIVERSITY & INCLUSION POLICY, ING SUPPORTS PROJECTS WHICH HELP WOMEN BECOME SOCIALLY AND ECONOMICALLY EMPOWERED WITH ITS 360 DEGREE APPROACH.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS (As of 31 December 2020)

John T. Mc Carthy
Chairman of the Board of Directors

A. Canan Ediboğlu (*)
Vice Chairman of the Board of Directors

M. Semra Kuran
Member of the Board of Directors and Chairman of the Audit Committee

Martijn Bastiaan Kamps (*)
Member of the Board of Directors and Member of the Audit Committee

Sali Salieski (*)
Member of the Board of Directors

Alper İhsan Gökgöz (**)
CEO and Member of the Board of Directors

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

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

SENIOR MANAGEMENT (As of 31 December 2020)

Alper İhsan Gökgöz (*)
CEO and Member of the Board of Directors

Ayşegül Akay (**)
Executive Vice President
Wholesale Banking

Bohdan Robert Stepkowski
Executive Vice President
Financial Markets

Günce Çakır
Executive Vice President
Chief Legal Counsel

İ. Bahadır Şamlı
Executive Vice President
Technology

İhsan Çakır
Executive Vice President
Business Banking

İlker Kayseri
Executive Vice President
Treasury

K. Atıl Özus
Executive Vice President
Financial Control and Treasury

Meltem Öztürk
Executive Vice President
Human Resources

Murat Tursun
Chief Audit Executive
Internal Audit

N. Yücel Ölçer
Executive Vice President
Operations

Ozan Kırmızı (***)
Executive Vice President
Retail Banking

Öcal Ağar (****)
Executive Vice President
Credits

(*) Alper İhsan Gökgöz, who has been working at the Parent Bank as Retail Banking Executive Vice President since 2012, has been appointed on 8 June 2020, after completion of the BRSA process, as Chief Executive Officer per the Board of Directors resolution No. 39/1 and dated 20 April 2020.
(**) Financial Institutions and Debt Capital Markets Executive Vice President of the Parent Bank, Ayşegül Akay, has been appointed as the Executive Vice President for Corporate Banking and Executive Committee Member per the Board of Directors resolution No. 79/1 and dated 18 December 2019. She started her duty as of 1 January 2020.
(***) Digital Banking and Branch Sales Management Director of the Parent Bank, Ozan Kırmızı, has been appointed as Retail Banking Executive Vice President per the Board of Directors resolution No. 85/1 and dated 12 October 2020, after completion of the BRSA process, he started his duty as of 26 October 2020.
(****) Business Lending and Risk Analytics Executive Vice President of the Parent Bank, Öcal Ağar, has been appointed as Credits Executive Vice President and Executive Committee Member per the Board of Directors resolution No. 79/1 and dated 18 December 2019, after completion of the BRSA process, he started his duty as of 15 January 2020.

INFORMATION ON GOVERNANCE AND CORPORATE GOVERNANCE PRACTICES

The Chairman and Board Members, Appointment Dates, Areas of Responsibility, Education and Experience

The Chairman and Board members of the Bank, as of 31 December 2020 were as follows:

Name and Surname	Title	Appointment Date	Responsibility	Education	Experience	Experience in the sector
John T. Mc Carthy	Chairman of the BoD	25.12.2007	As Stated in the Law	Masters	Worked in various private banks	50 years
A. Canan Ediboğlu	Vice Chairman of BoD	30.03.2010	As stated in the Law	Masters	Worked in various private companies.	41 years
M. Semra Kuran	BoD Member and Chairman of the Audit Committee	12.03.2018	As stated in the Law	University	Worked in various private companies.	23 years
Martijn Bastiaan Kamps	BoD Member and Audit Committee Member	26.06.2020	As stated in the Law	Masters	Worked in the ING Group.	20 years
Sali Salieski	BoD Member	07.08.2019	As stated in the Law	Masters	Worked in the ING Group.	16 years
Alper İhsan Gökgöz (*)	Chief Executive Officer and BoD Member	08.06.2020	As stated in the Law	Masters	Worked in a global management consultancy company.	15 years

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

Explanations on the Bank Shares Owned by the Chairman and Board Members, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents of the Bank, If Any

The shareholders and capital structure of the Bank as of 31 December 2020 was as follows:

Name Surname / Commercial Title	Share Amount TL	Share Percentage (*)	Paid in Capital TL	Unpaid Amount TL
ING Bank N.V. (*)	3,486,267,793	100.00	3,486,267,793	-
John T. Mc Carthy	1	0.00	1	-
A. Canan Ediboğlu	1	0.00	1	-
Sali Salieski	1	0.00	1	-
Martijn Bastiaan Kamps	1	0.00	1	-
Total	**3,486,267,797**	**100.00**	**3,486,267,797**	**-**

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

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

The Chief Executive Officer and Executive Vice Presidents, Appointment Date, Responsible Areas, Education and Experience

The chief executive officer and executive vice presidents of the Bank as of 31 December 2020 are listed below:

Name and Surname	Title	Appointment Date	Responsibility	Education	Experience	Experience in the Sector
Alper İhsan Gökgöz	Chief Executive Officer and Board Member	08.06.2020 Continuing		Masters	Worked in a global management consultancy company.	15 years
Ayşegül Akay	Executive Vice President	11.06.2008 Continuing	Wholesale Banking	University	Worked in various private banks	31 years
Bohdan Robert Stepkowski	Executive Vice President	26.01.2016 Continuing	Financial Markets	Masters	Worked in various private banks	30 years
Günce Çakır	Executive Vice President	22.01.2018 Continuing	Legal Affairs	Masters	Worked in various private companies and private banks	23 Years
İ. Bahadır Şamlı	Executive Vice President	26.01.2015 Continuing	Technology	Masters	Worked in various private companies and private banks	27 years
İhsan Çakır	Executive Vice President	02.04.2012 Continuing	Business Banking	University	Worked in various private companies and private banks	27 years
İlker Kayseri	Executive Vice President	20.05.2016 Continuing	Treasury	Masters	Worked in various private companies and private banks	23 Years
K. Atıl Özus	Executive Vice President	01.11.2017 Continuing	Financial Control and Treasury	University	Worked in a global audit company and in various private banks	27 years
Meltem Öztürk	Executive Vice President	30.10.2019 Continuing	Human Resources	University	Worked in various private companies and management consultancy sector	24 Years
Murat Tursun	Chief Audit Executive	12.03.2016 Continuing	Internal Audit	Masters	Worked in a private bank.	22 years
N. Yücel Ölçer	Executive Vice President	01.09.2017 Continuing	Operation	Masters	Worked in a global management consultancy company.	20 Years
Ozan Kırmızı	Executive Vice President	26.10.2020 Continuing	Retail Banking	Masters	Worked in a private bank.	14 Years
Öcal Ağar	Executive Vice President	01.01.2019 Continuing	Credits	Masters	Worked in various public and private banks.	23 Years

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

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

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

The Credit Committee meets twice a week in 2020 or according to the urgency of loan offers. The decisions of the Credit Committee are taken unanimously.

As of 31 December 2020, the Credit Committee consisted of the following members:

- John T. Mc Carthy, Chairman (Chairman of the BoD)
- A. Canan Ediboğlu, Vice Chairman (Vice Chairman of the BoD)
- Alper İhsan Gökgöz, (Chief Executive Officer and BoD Member)

Audit Committee
The duties and responsibilities of the Audit Committee have been determined in accordance with the provisions of the Regulation on Banks' Internal Systems and Internal Capital Adequacy Evaluation, promulgated in issue 29057 of the Official Gazette, dated 11 July 2014 and other relevant regulations.

The Audit Committee convened 4 times in 2020 and all members attend the meetings unless they have an excuse.

As of 31 December 2020, the Audit Committee consisted of the following members:

- M. Semra Kuran, Chairman (BoD Member)
- Martijn Bastiaan Kamps, Member (BoD Member)

The Audit Committee was reassigned with the decision of the Board of Directors dated 26 June 2020 and no. 61.

Corporate Governance Committee
As of 31 December 2020, the Corporate Governance Committee consisted of the following members in accordance with the Banking Law and Regulation on the Corporate Governance Principles of Banks:

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

During 2020, the Corporate Governance Committee held 4 meetings.

Compensation Committee
The Compensation Committee was redesigned in accordance with the decision 29-1 of the Board of Directors dated 26 March 2020. As of 31 December 2020, the Compensation Committee consisted of the following members in accordance with the Banking Law and Regulation on the Corporate Governance Principles of Banks:

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

The Compensation Committee convenes at least twice annually.

Executive Committee

The Executive Committee was established to carry out the requirements of the BRSA Regulation on Internal Systems of Banks and the Regulation on Corporate Governance Principles of Banks. The Executive Committee convenes twice a month or in line with the needs of the Bank and consists of the following members. All Executive Board Members attend the meetings unless they have an excuse.

As of 31 December 2020, the Executive Committee consisted of the following members:
- Alper İhsan Gökgöz, Chairman (Chief Executive Officer and BoD Member)
- Ayşegül Akay, Member (Executive Vice President, Wholesale Banking)
- İ. Bahadır Şamlı, Member (Executive Vice President, Technology)
- İhsan Çakır, Member (Executive Vice President, Business Banking)
- K. Atıl Özus, Member (Executive Vice President, Financial Control and Treasury)
- Meltem Öztürk, Member (Executive Vice President, Human Resource)
- N. Yücel Ölçer, Member (Executive Vice President, Operations)
- Ozan Kırmızı, Member (Executive Vice President, Retail Banking)
- Öcal Ağar, Member (Executive Vice President, Credits)

Asset and Liability Committee

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

Risk limit proposals are evaluated by the Asset and Liability Committee whose members include the CRO and CEO. These limits are presented for the approval of the Board of Directors after the notification of the Audit Committee. The Asset and Liability Committee regularly revises risk limits and adjusts the limits according to changes in market conditions and the Bank's strategy.

The Asset and Liability Committee convenes once a month.

As of 31 December 2020, the following members were serving on the Asset and Liability Committee:

- K. Atıl Özus, Chairman (Executive Vice President, Financial Control and Treasury)
- Alper İhsan Gökgöz, Member (Chief Executive Officer and BoD Member)
- Ayşegül Akay, Member (Executive Vice President, Wholesale Banking)
- İhsan Çakır, Member (Executive Vice President, Business Banking)
- İlker Kayseri, Member (Executive Vice President, Treasury)
- Ozan Kırmızı, Member (Executive Vice President, Retail Banking)
- Öcal Ağar, Member (Executive Vice President, Credits)

The Audit Committee held meetings and shared information with the managers of the units within the scope of internal systems in line with the agenda determined in advance in 2020. In addition, the Audit Committee merged with the head of the Internal Audit to assess the developments and findings and share information related with the audit activities.

Meetings of the Board of Directors are regulated under Article 19 of the Bank's Articles of Association entitled “Distribution of Duties, Meetings and Resolutions of the Board of Directors”. The Board of Directors is responsible for evaluating and deciding on matters related to the Bank within the framework of the authorities vested by the Bank's Articles of Association and laws and regulations. During 2020, the Board of Directors convened 9 times by ensuring the required quorum of decisions. Interim meetings are also held according to need, and decisions are taken by majority vote. All members attend the meetings unless they have an excuse.

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

Human Resources and Training at ING

ING's employees constitute the most important strength in realizing its commitment to high service quality and customer satisfaction. Innovative human resources processes designed in this context are meticulously managed in line with the Bank's goals.

ING Human Resources management focuses on three fundamental aspects so as to support ING's strategies.

The first one of these aspects is extending the highest-level of support to the talent cycle of employees at every stage. The talent cycle is a process that begins with attracting and training the human capital that will carry ING and themselves one step ahead in line with the Orange Code.

In 2020, senior students from Turkey's leading universities showed intense interest in ITP (International Talent Program) designed to train the future leadership of ING.

The second area of focus for ING Human Resources management is to foster the organizational climate so as to boost the happiness, productivity and creativity of the employees. ING has formulated a corporate culture and leadership climate roadmap, which is highly unlikely to be matched in its sector. Under the program in place, the Bank achieved results that reflect positively on its financial results, as well as climate and employee engagement surveys.

Finally, Human Resources authored numerous novelties by virtue of its employee experience in parallel with ING's innovative genetic code, and evolved its working environment into an exemplary one in the sector.

Recruitment Processes

The priority of ING Human Resources is to accurately transfer the employer brand to the target audience, to recruit young talent and experienced professionals to ING and to find and hire the most suitable candidates for the positions in the fastest way through recruitment processes that care about the candidate experience. In addition to the technical knowledge and skills required by the relevant job description, compliance with ING's "Step-up" performance culture, ethics and Orange Principles (undertaking and performing, helping others succeed and always being one step ahead) are also evaluated.

It is essential that all open positions are first announced in-house and that ING employees are offered different career opportunities. All evaluation and decision processes are carried out in line with the principles of equality, fairness and diversity. In 2020, a total of 164 ING employees applied for career opportunities, switching to different branches and positions, and 67 employees who submitted internal applications by taking the helm of their career were promoted to executive positions.

With its colorful corporate culture, flexible working conditions and global career opportunities, ING continued to be one of the most striking brands at university campuses in 2020 and to be introduced to students at hundreds of events.

The bank meets university students through virtual and face-to-face interviews, workshops and case studies, career stories and company visits, and helps them acquire the knowledge and skills they will need to go one step further in their careers. In this way, ING discovers young talent before graduation and offers these young people internships, part-time and periodic work opportunities.

In line with ING's strategies and transformation, experienced and newly graduated candidates with a high digital focus, engineering and analysis skills, coding, artificial intelligence, and data science knowledge were given priority in the 2020 recruitment processes. Two new graduates joined ING under the digital recruitment process carried out within the scope of the "Data Science Talent Program".

Within the scope of the 2020 "Sales Trainee" program, which is organized with the aim of raising targeted, young and dynamic teammates, and who will work closely with customers, to work as sales staff at branches, 32 new graduates joined the teams and were assigned to portfolio management roles in the branches.

The "International Talent Program (ITP)", which aims to train global ING leaders, aims to transfer newly graduated ING employees whose development is supported by international training and tasks to senior management roles. Within the program, new graduates from countries where the ING Group operates are selected every year and these young people are trained in areas of their choices. After a four-year program which includes international training programs, internationally accredited certificate programs, domestic and global rotation opportunities, young talented individuals continue their careers taking into consideration the alternatives at ING global.

In the online event held in 2020, candidates had the opportunity to get to know ING and its business lines in detail. In the event young talents were included in the case analysis groups according to the business lines they chose. Among them, 12 new graduates who successfully completed the program started to work at ING in different positions.

Career Management Process

ING has adopted the principle of meeting its needs for experienced human resources primarily from its existing employee body in order to support the development of its existing employees, to help them advance in their careers and to strengthen its corporate culture.

The Bank supports this goal at the highest level by implementing two different career programs that complement each other. The first one is the "Career Steps" program, which has been implemented since 2013 to further invest in the career goals of employees working at branches.

ING is committed to adopting a rigorous approach to the performance of its employees, their strengths and weaknesses, their tendencies and aspirations, and offers them positions in which they will be able to make the most of their capabilities. To this end, the Bank provides guidance to employees to help them organize their future. This program has established a success oriented system to support the development of ING employees by offering them a chance to be transferred to other business lines within the Bank, while also fulfilling ING's needs for human resources internally.

Career Opportunities is another program implemented by ING to provide its employees with suitable career opportunities.

The Career Opportunities program, which was introduced in 2013 mainly to announce career opportunities in the Head Office units, is a process in which the Bank's needs are shared transparently with all employees, and employees are encouraged to put themselves forward as candidates. In 2019 the implementation of the program continued with a broadened content. As of 2019, all positions without exception continued to be announced through this process.

Career opportunities are announced on the ING intranet, which lets benefiting from employees' skills in different areas across the Bank by allowing interdepartmental transfers and through which employees have the opportunity to acquire new talents and abilities thanks to rotation. All vacant positions at the Bank, including but not limited to manager and unit manager positions, are announced on the Career Opportunities website, and everyone is provided equal opportunities under a fair assessment process. In addition, access is provided to different career opportunities where candidates could use their knowledge, skills and competence.

In addition, in order for the employees to acquire new experiences and to identify appropriate opportunities for them, the "Orange Guest" program was launched, where employees can leave their current departments for a certain period of time and work in a different department. This program also enhances communication and synergy between teams, and supports individuals' personal and career development.

Promotion Process

The promotion process at ING has been tailored to ensure that all employees who can work with a higher title are promoted within the framework of staff opportunities with high performance behavior, professional knowledge and skills, education level and awareness of responsibility in order to adequately take account of qualified human resources.

In 2020, a total of 461 employees were promoted, 125 in the branches and in the regional offices, 336 in the Head Office. Moreover, 100% of the branch managers appointed in 2020 were from within the Bank.

Training and Talent Management Programs

ING employees are constantly supported with training programs from their first day at the Bank. Professional and personal development classroom training programs, which are designed to build on the employees' knowledge and skills in their current or future positions, are diversified also with digital education methods, hence providing improved performance.

In addition to classroom programs designed specifically for each business line branch employees are assigned to, other modules enriched with on-the-job training, mentoring and education are also formulated in line with ING's strategies. During 2020, more than 1,000 ING employees attended branch training programs, and the Bank organized 3 days of classroom/online training per person on average. The training modules offered as part of continuous learning, one of ING's key strategies, and digitalization were moved to the digital environment during the pandemic, and employees received a total of 27 hours of training per person on average, breaking down as 16 hours of classroom/online training and 11 hours of e-education.

With the opportunity provided to attend the training programs any time anywhere, offering the existing classroom trainings on the virtual environment and remote post-training retention activities continue to increase the effectiveness of technology-based systems.

Custom-designed Management Development Programs are available for all management levels at the Bank. The "Think Forward Leadership Experience" program, which was launched in 2018 to ensure dissemination of a homogenous leadership culture across all ING countries, began to be offered digitally this year.

The Way of LeadING at ING program is intended to equip the newly promoted or newly onboarded managers with the competencies that will keep them a step ahead as they develop themselves, their teams and business through the modular training program.

Within the scope of ING's data-driven strategy, the one-year Data Science Certification Program continued, which was initiated in 2018 in cooperation with Özyeğin University, one of Turkey's leading universities. A total of 40 employees making up the second and third batch of graduates of the program custom-tailored by the university for ING received their Data Science Certificates in 2020 after completing the intensive training program and their graduation projects developed based on the Bank's needs. The ING'ers who successfully completed the program and have been awarded certificates will have the opportunity to further specialize in their fields by pursuing graduate or post-graduate programs at Özyeğin University.

The program received the first prize in the "Best Training and Development" category at the Annual TEGEP Learning and Development Awards.

With the aim of building on our employees' competencies in line with our digitalization strategy, the "Digital Certification Program" was launched in collaboration with Sabancı University. 27 people take part in this 4-month program, which will continue also next year.

TrainING/LeadING Week (training summit weeks), which is being organized for the last three years for ING Head Office employees to promote their self-development and leadership skills, continues to be held as a first in the sector. A total of 1,750 people participated in 78 different training sessions, workshops and quiz shows (for a total of 4,200 participations), which provided employees with the option to make a selection according to their improvement areas.

From amongst young talents seeking a career in the sales field at branches, 16 people completed the 2.5-month long training program as SME Plus Sales Trainees (ST) and 16 others as Commercial Banking STs, and started working at their respective branches.

In order to raise the ING leaders of the future, the ITP (International Talent Program) is held regularly every year. With 12 new graduates who joined the Bank in 2020, the number of ITP employees reached 78. The ITP employees undergo various rotation programs at ING for one year according to their chosen career paths, and go on international rotation (STA-Short Term Assignment) in another ING country. In 2020, 12 ITP employees were given international assignments within this scope.

Corporate Culture

The ING Group constantly monitors its organizational climate and employee engagements through two powerful global surveys: OHI (Organizational Health Index) and WPC (Winning Performance Culture) scan.

OHI is a global survey designed to obtain a clear idea about the organization's health, to measure the ability of the organization to align behind common goals and to succeed in the long term. Focusing on key organizational skills and capabilities such as leadership, innovation and learning, the survey also looks into how the Bank interacts with the customers and the external environment.

The WPC survey measures employees' bond with the organization, their willingness to achieve the targets, the extent at which they preserve their personal happiness, and the degree at which the working environment supports productivity. Mostly, employees' loyalty to the organization is measured from a relatively emotional standpoint, and the results are used to plan the necessary actions, upon which progress is monitored. In 2020, an "OHI Pulse Survey" was conducted.

Helping identify the improvement areas that play a key role in the execution of ING's "Think Forward" strategy and substantially influencing the performance culture pursued across ING, these surveys assist in determining the next steps for the roadmap.

In order to keep OHI actions under close watch, OHI Pulse Survey was conducted twice in 2020 (in May and November) for improving our organizational health, keeping up the momentum, communications, and quickly responding to employee feedback. The survey focuses on three categories only: "Direction", "Innovation and Learning", and "Leadership".

The Continuous Listening program is a tool that transforms the corporate culture and leadership climate at the Bank into an organization where employees love to work, are happy and proud to be a part of, and at the same time helps employees sustain their success. In order to successfully execute the program at ING, meetings were held with the senior and regional management of each business line throughout 2020; findings from the surveys conducted during the year were evaluated and awareness of the topic was raised.

Aiming to have all its employees say "Glad to be an ING'er" by virtue of its culture and working environment, ING targets to maximize employee engagement and to be the most liked bank in the sector with its sustainable and pioneering initiatives.

Performance Management and Remuneration

ING believes that it will contribute to profitability and growth if employees have measurable goals and a shared success culture where they unite and work together to attain these goals.

The Step Up performance process, which is a real-time development and progress process, helps each ING employee to reveal his or her hidden potential through in-depth self-probing, while providing an opportunity to raise their self-awareness and build on their competencies with a feedback culture.

Along this line, the ING performance management system, "Success@ING", is designed to assess all employees under the headings of business objectives, Orange Code behaviors, and targets that transcend objectives and borders. The system uses the results as input for determining employees' career opportunities, talent programs, training plans, wages and benefits.

ING has a documented remuneration policy which is consistent with the scope and structure of its activities, strategies, long-term objectives and risk management structures to prevent excessive risk taking and to contribute to effective risk management. This policy is competitive, fair and consistent in parallel with employees' contributions to ING. The Remuneration Policy sets out the remuneration principles and rules which apply to ING's senior management including the Board of Directors, Chief Executive Officer, the Executive Committee, and Executive Vice Presidents, and to all Bank employees.

The effectiveness of the related policy is reviewed at least once a year by the Compensation Committee, which consists of two non-executive Board members. The Committee evaluates the remuneration policy and its implementation within the framework of risk management principles and submits its recommendations to the Board of Directors annually in a report. During the review, the Board of Directors and the Compensation Committee focus on ING's transparency, performance criteria and measurement, as well as the prevention of excessive risk taking.

The Board of Directors ensures that the remuneration of the Board members, senior management and other relevant personnel (as per the applicable regulations) is consistent with ING's ethical values, internal balances and strategic objectives. The responsibilities assigned to the members of the committee, which is composed of the members of the Board of Directors, are taken into account with respect to their remuneration.

ING's remuneration structure consists of fixed and variable components. In the event that a decision is made by the Board of Directors to pay a bonus, the employee becomes entitled to a variable pay based on performance and within the framework of the criteria determined based on the working period. Criteria related to the job descriptions and distribution of employees and performance-based incentive payments are determined and announced by senior management.

Payments to employees in the internal control, internal audit and risk management units are determined independently of the performance of the units they audit or supervise or control, and the performance of the employee's own function is taken into account in this respect.

The variable pay is linked to performance according to financial and non-financial performance criteria determined by ING. These criteria take into account various parameters such as the return on capital, profitability, efficiency and customer satisfaction ratio.

In evaluating the performance of qualified employees, besides their personal goals, the performance criteria of ING and ING NV are taken into consideration together, and they may vary depending on the person. The principles of integrity, loyalty and mutual trust are taken as basis in variable payments to employees. In the event of actions or omissions that may result in material/moral damage to ING, loss of reputation or violation of legislation, variable payments to an employee may be withdrawn, postponed or cancelled.

The method of payment of variable pays to qualified employees is determined within the framework of the "Guidelines on Good Compensation Practices in Banks ". At least 40% of the variable pay shall be deferred for a period of not less than 4 years, and at least 50% is paid in non-cash form (shares of ING NV).

Branch employees are entitled to a bonus consistent with their performance against the targets set within the Success Showcase report card by the respective business lines at the beginning of each quarter, and the premium amounts earned are paid to them at the end of each quarter.

Within the framework of the Guidelines on Good Compensation Practices in Banks, members of the senior management and ING staff deemed to be performing a function which has a significant impact on the Bank's risk profile were classified as qualified employees. As at end-2020, a total of 21 qualified employees were working at ING.

The share of performance-based variable payments to all top managers within total personnel expenses was 10.6%.

The Working Environment at ING

The work for the transformation journey for “ING’s Agile Working Model”, which was launched in all ING Group countries and which will let ING Turkey to operate in harmony with the global business, have begun for the “Product and Channel Development Teams” by early 2020.

The aim of the agile working model is to be able to more quickly respond to evolving customer needs, go beyond the conventional banking notion to introduce new service and business models much more quickly, and accelerate innovation.

The aim for product and channel development teams involved in the transformation process is to have them work as teams that are capable of organizing and making decisions within themselves, and of communicating faster and transparently.

The transformation process at the Bank has taken place as at the third quarter of 2020. Approximately 850 employees have switched to the agile working model.

Being the first private bank to offer teleworking and flexible working models to its employees, ING authored yet another first in the sector, and developed four additional working in 2020.

These models include teleworking full-time, teleworking for one week of each month, and compressed work weeks consisting of working three or four days a week. New working models designed based on the approach “You first become yourself and then an ING’er” will be applicable from 1 January 2021.

The new flexible working models:

Flexi365: This model is available to all employees at the Head Office in İstanbul and the Operations Center in Kahramanmaraş, to the extent allowed by the nature of their roles and regulations. ING’ers who are deemed eligible depending on their respective business lines or roles will be able to telework five days a week, if they so wish.

Flexi One Week a Month: Available to Head Office employees in İstanbul, this model consists of one week of teleworking and three weeks of in-office presence. Regardless of the working model they belong to, ING’ers will be able to work from wherever they wish in the third week of every month.

Flexi 3 Days a Week and Flexi 4 Days a Week: Under this model that is available to all employees to the extent allowed by the nature of their roles and regulations, eligible employees will be able to work 3 or 4 days a week as they wish.

ING’s innovative human resources practices continue to be backed by initiatives targeted at women. In the HeforShe dinners organized within the scope of the UN’s “HeforShe” campaign, different groups of ING women come together and share ideas on how to improve the work-life balance.

With the inspiration drawn from these conversations and in a bid to support the work-life balance of ING mothers and fathers by giving them more family time, special “Orange Day with my Child” and “I’m Having a Baby” days off were introduced in 2016, following the introduction of special leave for “First Day of School”, which was introduced in 2015.

As part of the “Me and My Child” leave:
- The “First Day of School” and “Report Card Day” leaves allow parents with children between the ages of 3 to 14 to be there for their children on the first and last days of school;
- “Orange Day with my Child” allows mothers and fathers to spend one day with their children, regardless of age, as they wish;
- “I’m Having a Baby” leave allows expectant mothers to take 1 day off for their routine examinations every month until the delivery.

Effective from 2018, employees who have a newborn baby are granted a leave of absence for 6 months fully paid. Fathers who have newborn babies are granted a 10-day leave to be used in 1 year so that they can spend time with their children.

Parents whose children are starting kindergarten are entitled to one full day of leave on the first day of the week the nursery is opened, and a half day off on the remaining days of the week.

Another leave called “Orange Cap”, has been implemented for parents. Parents whose children graduate from school are entitled to “Orange Cap” leave to be at their graduation ceremony.

Breastfeeding rooms are available at all branches and regional offices, as well as at the Head Office, the İstanbul Operations and Technology Center, Kahramanmaraş Operation and Call Center.

Support for mothers and expectant mothers include a full day off for pregnant employees for their monthly pre-natal check-up and the right to work half an hour less per day, nursing leave, psychological support for those with infants under the age of 12 months, and exemption from night shifts for 3 years in departments which require employees to work the night shift, such as the Customer Solution Centre.

With the scope of “Welcome to ING” implementation, new members of the ING family are entitled to take 5 days off work in their first year.

Under the “Health First” practice, 10 days of administrative leave is provided for employees if any of their 1st or 2nd degree relatives are in hospital.

Established in Kahramanmaraş in 2015 with the IKON brand with the aim of resolving employees’ requests at first contact and facilitating human resources processes, the HR Service Center resolved 7,331 online requests and 16,666 calls within the same day during 2020.

While offering its employees a pleasant working environment with the ING Head Office building refurbished in 2016, digitalized and modernized concept branches, and the Kahramanmaraş Operation Center where a gym was opened, ING also backs its target of becoming a top-choice employer on another hand.

ING rewards employees who make a difference by touching human life and who act as role models with their behavior with the Bank’s “Glad to be (İyi Ki)” Awards. Employees who take the time and action to help others succeed in parallel with the Orange Code and who stand out serve to raise increased awareness, which also reflects positively on corporate culture.

Information on the Transactions the Bank Carries out with its Risk Group

The Bank’s relations with the risk group in which it is included cover all kinds of banking transactions within the framework of the standard bank-customer relationship and within market conditions, in accordance with the Banking Law.

Details of the transactions with the risk group are included in footnote VII of Section 5 of the Disclosures and Footnotes of the Consolidated Financial Statements dated 31 December 2020 and the Disclosures and Footnotes on Unconsolidated Financial Statements.

Information on the Activity Areas of Support Service and the Persons and Organizations from which the Service was received In accordance with the Regulation on Support Services to Banks and Authorization of Support Service Organizations

At the end of 2020, in addition to the companies included in the table, support services were obtained for the retail loan operations from 1,961 stores and dealers.

Number	Support Service Provider	Description of the Support Service Area
1	NN Hayat ve Emeklilik A.Ş.	Bancassurance
2	dFlora Bilişim Danışmanlık Ltd.	Information Systems
3	SimAnt Bilgi San. ve Tic. Ltd.	Information Systems
4	Bilişim Hizmetleri San. ve Tic. Ltd.	Information Systems
5	Fineksus Bilişim Ticaret Anonim	Information Systems
6	IBM Global Services ve Tek. Hiz. ve Tic. Ltd.	Information Systems
7	F.I.T. Bilgi Sistemleri Servisleri San. ve Tic. A.Ş. (FORİBA)	Information Systems
8	Key Internet Hizmetleri Bilgisayar Yazılım Donanım Mühendislik Müşavirlik San. ve Tic. Ltd. (Key Yazılım A.Ş.)	Information Systems
9	Enforsec Bilgi Güvenliği Yazılım Bilişim Danışmanlık Ltd.	Information Systems
10	Mirsis Bilgi Teknolojileri A.Ş.	Information Systems
11	FİGO Ticari Bilgi ve Uygulama Platformu A.Ş.	Information Systems
12	D.T.P. Bilgi ve Ticaret A.Ş.	Information Systems
13	Globit Global Bilgi Teknolojileri A.Ş.	Information Systems
14	32 Bit Bilgisayar Hizmetleri San. Tic. Ltd.	Information Systems
15	BGA Bilgi Güvenliği A.Ş.	Information Systems
16	Consulta Yönetim ve Teknoloji Danışmanlığı A.Ş.	Information Systems
17	Barikat BT Bilişim Ticaret A.Ş.	Information Systems
18	Konut Kredisi Com Tr Danışmanlık A.Ş.	Retail Banking
19	GNY Tanıtım Hizmetleri ve Dış Ticaret Ltd.	Retail Banking
20	Hangisi İnternet ve Bilgi Hizmetleri A.Ş.	Retail Banking
21	Comdata Teknoloji ve Müşteri Hizmetleri A.Ş.	Call Center
22	Sestek Ses ve Bilgisayar Teknolojileri San. Tic. A.Ş.	Call Center
23	Pluscom A.Ş.	Call Center
24	Ucs Bilişim Sistemleri Ltd.	Call Center
25	CMC ve Merkezi Hizmetleri A.Ş.	Call Center
26	MTM Holografi Güvenlikli Basım Bil. Tek. A.Ş.	Operational Services
27	Payten Teknoloji A.Ş. (Asseco)	Operational Services
28	Loomis Güvenlik Hizmetleri A.Ş.	Operational Services
29	Postkom Basım Posta ve Hizmetleri A.Ş. (Provus)	Operational Services
30	Datasafe Arşivleme Hizmetleri A.Ş.	Operational Services
31	TEPE Savunma ve Güvenlik Sistemleri Sanayi A.Ş.	Operational Services
32	Austria Card Turkiye Kart Operasyonları A.Ş.	Operational Services
33	TeknoSA ve Dış Ticaret A.Ş.	Operational Services
34	FU Gayrimenkul Danışmanlık A.Ş.	Operational Services
35	İpoteka Gayrimenkul Yatırım Danışmanlık A.Ş.	Operational Services

36	Liderler Paz. San ve Tic. Ltd. (Modalife)	Operational Services
37	Desmer Güvenlik Hizmetleri A.Ş.	Operational Services
38	3-D Bilişim Teknolojileri Danışmanlık ve Teknik Servis Ltd.	Operational Services
39	Aras Kurye Servisi A.Ş.	Operational Services
40	Plastik Kart Akıllı Kart Sistemleri Sanayi ve Ticaret A.Ş.	Operational Services
41	TT Mobil Hizmetleri A.Ş.	Operational Services
42	Pronet Güvenlik Hizmetleri A.Ş.	Operational Services
43	Fujifilm Dış Ticaret A.Ş.	Operational Services
44	DM Partner Doğrudan Pazarlama ve Satış A.Ş.	Operational Services
45	Schafer (Aslan Ticaret Dayanıklı Tüketim Malları Ltd.)	Operational Services
46	Arçelik Pazarlama A.Ş.	Operational Services
47	CBRE Emlak Danışmanlık Ltd.	Operational Services
48	Telekurye Dağıtım ve Kurye Hizmetleri A.Ş.	Operational Services
49	Bilişim Bilgisayar Hizmetleri Ltd. (Banksoft)	Operational Services
50	Vivense Teknoloji Hizmetleri A.Ş.	Operational Services
51	Karaca Züccaciye Ticaret ve San. A.Ş.	Operational Services
52	ATM Dış Ticaret Pazarlama A.Ş. (Joker)	Operational Services
53	Karaca Home Collection Tekstil San. Tic. A.Ş.	Operational Services
54	Tarentum Yazılım ve Danışmanlık A.Ş.	Operational Services
55	Migros A.Ş.	Operational Services
56	Hobim Arşivleme ve Basım Hizmetleri A.Ş.	Operational Services

Evaluation of the Operations of the Audit Committee, Internal Audit, Financial Risk Management, Non-Financial Risk Management and Internal Control Systems

Internal Audit

In 2020, the Internal Audit department carried out activities to ensure that the activities of the Bank and its subsidiaries subject to consolidation were executed in line with the laws and other related legislation, as well as with internal strategies, policies, principles and objectives and ING Group policies, while ensuring that internal control, risk management and compliance activities were efficient and sufficient, to provide assurance to the Bank's senior management.

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

The measures that can be taken and the precautions which can be put in place for dealing with the deficiencies, errors and risks determined following periodical and risk based internal audits carried out in all activities, branches, the Head Office units, processes and the subsidiaries subject to consolidation of the Bank were evaluated mutually with the relevant unit managers. Accordingly, solutions are being prepared to increase the quality of service in dialogue with the business units in order to realize a more effective control environment and risk management structure

Financial Risk Management

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

2020 has been an effective and intensive year of risk management activities. The Financial Risk Management department has worked in coordination with the business units for the implementation of legal regulations concerning risk management in the Bank.

Market Risk Management

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

The work carried out under the heading of market risk management in 2020 is summarized below:

Asset Liability Risk Management

"Risk Control and Self-Assessment" related to interest rate and liquidity risks is carried out with the business lines and all business lines in addition to risk parties included in the risk assessment process and risk ownership process.

Regular information was shared regarding the impacts of changing policies and procedures on business activities and risk management styles.

Risk measurement methodologies under the umbrella of interest rate risk and liquidity risk in banking accounts have been revised to comply with relevant international regulations and Group policies, and the relevant risk appetite has been updated within the scope of annual assessment.

In order to ensure that the liquidity risk related to funding is managed in a proactive manner, the risk thresholds and early warning signals determined for deposit movements continue to be monitored.

Analysis of asset and liability items, including different customer behavioral characteristics such as interest rate sensitivity and optionality was updated regularly and the impact of the results of the analysis on balance sheet risks was assessed. In this context, the optionality that came into effect on the Commercial Loans side was also evaluated and included in the analysis.

Risk assessment is performed for products and services provided to customers under the current Product Approval and Review Process; with steps taken to ensure that business units take measures to minimize the risk associated with products and services by assessing the risks arising from these products and services in detail.

In line with changes in the Bank's risk policies, harmonization studies continued in relation to the measurement and management of the risk in consolidated subsidiaries on the basis of volume, quality and complexity.

Within the scope of the studies requested by the European Central Bank from ING Global, the Economic Value of the Capital reports continued to be prepared, and an historical analysis of the off-balance sheet products for the Globally Reported Liquidity Coverage Ratio was updated within the scope of the annual update.

Contribution was made to the Internal Capital Adequacy Assessment Process (ICAAP), which is conducted annually within the scope of the Regulation on Internal Systems of Banks and the Internal Capital Adequacy Assessment Process, within the framework of Asset Liability Management Risk calculations.

Work on the software project, which was launched to enable a healthier and integrated management of risks related to Assets and Liabilities Management, has continued intensively. In this context, while the calculations related to ICAAP stress test, interest rate risk in banking accounts, liquidity risk and behavioral models were carried out, the updates on behavioral models carried out this year were transferred to the software environment.

Stress test studies have been conducted on the possible effects of COVID-19 measures, and current stress test studies have been updated for this purpose.

Trading Risk Management

The product directive, which is determined in line with the risk profile of trading accounts, has been updated in line with evolving needs.

Position and sensitivity based limits determined on the basis of interest and exchange rate risk within trading accounts and VaR limits have been revised in accordance with the Bank's risk appetite.

These limits are monitored regularly and the results of the measurements are shared with the Executive Management and the Board of Directors

The Customer Product Approval Committee, which is responsible for ensuring that the derivative products the Bank sells to its customers are in compliance with ING policies and customer needs, and for setting the rules in this respect, continued its activities.

Necessary process and system improvements are planned within the scope of compliance with local and international regulations, and the necessary actions are being taken together with the relevant working groups.

Credit Risk Management

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

In 2020, a year in which a changing credit risk management approach was implemented both locally and internationally within the Bank, a new infrastructure was established and developed, an effective risk management system was supported with both quantitative and qualitative work and awareness was raised through adopting the new credit risk management approach within the Bank.

In light of this, the work carried out by the credit risk management department under various sub-headings is summarized below:

- The models of the Probability of Default (PD), which are used for commercial and the SME customers, were reviewed and calibration studies were carried out.
- For retail customers, model renewal studies have been initiated for Internal Rating Based (IRB) Probability of Default (PD), Loss at Loss Given Default (LGD) and Amount of Default (AD) models.
- Within the scope of the COVID-19 pandemic, analysis and monitoring activities were carried out in line with regulatory, internal and global requirements, and necessary systemic developments were made.
- Retrospective tests were carried out for TFRS 9 models.
- Thresholds for a significant increase in credit risk for mortgage and consumer loans have been revised and new values have been implemented.
- Monitoring and reporting of the performance of retail and corporate IRB PD models continued.
- In addition to monitoring the legal risk limits in accordance with the legislation, risk appetite limits on the basis of portfolios were updated and approved by the Board of Directors.
- Within the framework of new limits, the limits in the loan portfolio were monitored on a monthly basis and reported to the Board of Directors.
- Changing and updated international standards and regulations were closely followed up in order to monitor and measure the Bank's credit risk and to conduct its activities in a healthy manner.
- The performance and quality of credit on a portfolio basis, and the changes in the portfolio at a risk level, were closely monitored to ensure risk safety and reported regularly to the Senior Management.

Risk and Capital Integration Department

- Within the scope of “Regulation on Internal Capital Adequacy Assessment Process (ICAAP)”, ICAAP report and stress test report studies were completed and shared with the BRSA.
- Stress tests and scenario analysis studies aimed at evaluating and measuring all risks which the Bank may be exposed to within the scope of ICAAP in the most efficient way possible, and determining the volume of capital it may need, were prepared and shared with the Board of Directors.
- The policy and implementation principles evaluated within the scope of ICAAP studies and which enable the internalization of the processes were prepared and revised and approved by the Board of Directors.

Model Risk Management Department

The Model Risk Management Division operates independently of business units and risk divisions to ensure the independence of its work and reports directly to the head of Financial Risk Management.

The results of validation activities are reported to the Audit Committee and the Board of Directors. Models within the scope of validation are grouped under two headings; regulatory (IRB, TFRS 9 and ICAAP) and non- regulatory (managerial) (allocation, monitoring, pricing, etc. analytical models and methodologies used in their processes). Validation activities are carried out taking into account the characteristics of each model’s own methodology and field of use by qualitative and quantitative tests including the process or processes which these models are used.

As part of these activities, the Validation department also conducts activities such as the establishment, approval, execution and updating of risk management policies, considering best practices of the industry and the domestic and international regulations related to these models.

Through these activities, twenty models were validated in 2020, 5 of which are subject to official regulations and 15 of which are not subject to official regulation.

Legal and International Regulations

Legal regulations, amended and extended to take account of changes to the risk management approach in the post-global crisis period, have raised the importance of the resources allocated by banks.

Accordingly, the following activities were carried out in 2020:

Internal capital assessment processes were performed, enabling the effective assessment and measurement of all risks which the Bank may be exposed to and which are significant for the Bank, which form an integral part of the Bank’s management and decision making process and which provide an opportunity to identify the extent of capital the Bank may need. Within the scope of this process, stress tests and scenario analyses were prepared. In addition, the IRRBB numerical impact study requested by the BRSA was conducted in order to comply with changing international standards regarding interest rate risk arising from banking accounts (IRRBB).

In addition, the policies, procedures and principles of Financial Risk Management, revised and updated procedures and policies according to predetermined review periods, have been approved by the Board of Directors and/or the relevant committees.

With the new provisions regulation coming into force in 2018, TFRS 9 rules for Expected Credit Loss provisions and classification of credits were put into practice. Automation, reporting, improvement and optimization work on TFRS 9 has been continued in 2020.

Due to the COVID-19 outbreak, the necessary actions were taken in accordance with the temporary changes in the number of days of delay taken into account in the definition of default and classification trigger made by the BRSA.

Internal Control Department

The Internal Control Group has the following functions;
- Checks the compliance of banking transactions with laws, statutes, regulations and all provisions of legislation, Board resolutions and directives, and Head Office instructions set out in accordance with the prepared guidelines.
- Monitors the compliance of the Bank's balance sheet and regulatory reports with the existing laws, regulations, communiqués and circulars.
- Operates to ensure that controls in its activities are bound to specific rules and standardized.
- Maintains an involvement in and provides opinions for the revision of new and existing products, risk control self- assessment and issuance of project documents.

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

In 2020, on-site control activity was carried out in all branches. The internal auditors in the Branches Internal Control Group communicated with the branch to ensure that the determined issues were resolved during the internal control process, and that those issues not resolved during the process were monitored centrally the closing of the findings are continued from the center.

Business units are notified of urgent issues and issues of a special nature are transferred to the Internal Audit Department and relevant units.

The Head office and Subsidiaries Internal Control Department carries out control activities from the center within the framework of the control points in the control inventory and carries out control activities during the year in the subsidiaries determined within the control plan.

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

Operational and Information Risk Management

The 7 operational risk categories identified in the June 2006 Basel-II study report which have been enriched by ING are assessed in the 10 risk categories referred to as "non-financial risks". These categories are Compliance Risks, Control Risks, Unauthorized Activity Risks, Process Risks, Employment Implementation Risks, Personal and Physical Security Risks, Continuity Risks, Internal and External Fraud Risks and Information Technology Risks.

The role of Operational and Information Risk Management is to ensure the Bank's compliance with the Operational Risk Management Framework, local and international regulations relevant for the Bank and to act as the second line of defence for effective management of nine Non-Financial Risk Categories other than Compliance Risks.

The Operational and Information Risk Management executes this role with the following tasks:
- Determining the Non-financial Risk Appetite,
- Providing opinion on risk assessments regarding support services to be received in accordance with the Regulation on Receiving Support Services of Banks, Outsourcing and outsourcing services within the scope of the Regulation on Information Systems and Electronic Banking,
- Assessment of operational and technological risks related to new products and services in accordance with the Regulation on Internal Systems of Banks, acting as the point of monitoring and precaution to ensure all risks are included in the assessment based on the New Product and Services Approval Process and taking part in improvement of processes to minimize operational risks,
- Taking part in risk assessments, conducting inquiries, providing consultancy and monitoring remedial actions,
- Advising the management on actions to be taken against operational risks detected as a result of risk assessments and/or an incident,
- Advising on the identification process of Key Risk Indicators (KRI), monitoring, carrying out the annual review and ensuring that actions are taken in response to orange/red signals,
- Monitoring the design and effectiveness of key controls, assessing the processes for SOX and Key Control Tests and expressing opinions,
- Scenario Analyses Related to Non-financial Risks,
- Recording and reporting of Incidents Subject to Operational Risk,

- Ensuring the quality of data entry and controls to the ING Risk Monitoring System (iRisk), iRisk reporting and data in the system,
- Coordination and Management of Nonfinancial Risk Committee (NFRC) Processes,
- Preparing Non-financial Risk Indicator Panel (NFRD) quarterly and reporting it to the Non-financial Risk Committee, Audit Committee and Board of Directors,
- Operational Risk Capital Calculations and reporting,
- Providing consultancy and training to Bank employees on operational and information risks,
- Ensuring that a control plan is created every year to show the planned inspections to be carried out during the year and submitting to the approval of the Non-Financial Risk Committee,
- Expressing opinion and providing consultancy on IT risks; supporting the operations of business lines and units under Technology within this scope, identifying and monitoring risk reducing actions,
- Conducting quality assurance studies at least 10 times a year, reviewing a minimum of 3 implementations in each study and institution-based controls in each quarter,
- Ensuring the creation of Local Knowledge and Continuity Risk Nature,
- Examining of the Local Data Classification Table and ensuring that it is reviewed annually,
- Identification and classification of information assets within the Bank and providing opinion and consultancy in risk analysis processes to ensure compliance of these assets with the relevant banking regulation, ING policies, procedures and best practice manuals, and approval of the outputs
- Providing support for setting up testing and reporting processes related to crisis management.

Compliance Risk Management

The Compliance Risk Management Department that works under the Audit Committee operates for the establishment of the compliance risk culture within ING and its subsidiaries, and carries out the measurement, assessment, monitoring and reporting of risks for the effective management of compliance risks.

In this context, in order to ensure effective management of compliance risks at the Bank and its subsidiaries, Compliance Risk Management carries out the following activities under 4 sections including Compliance Consulting, Department of Financial and Economic Crime Prevention Programs, MASAK (Financial Crimes Investigation Board) Practices and Compliance Monitoring:

- Providing guidance to Senior Management and employees regarding the compliance risks defined in ING Policies, increasing the culture of compliance in line with ING values,
- Providing consultancy to senior management and other employees of the Bank in all areas related to compliance risks, including efforts to tackle financial and economic crimes and support effective management of compliance risks.
- Measuring compliance risks, conducts control and monitoring activities.
- Ensuring that measures are taken to ensure the compliance of the Bank’s products, processes and operations performed, or planned to be performed, with the regulations in effect, ING standards and policies, and in this context, taking part in risk control self-assessment activities.
- Carrying out activities to raise awareness of the Bank employees regarding the compliance policies and compliance risk management and providing in-house training within the framework of annual training planning.
- Carrying out monitoring activities to ensure the compliance of the Banks’ subsidiaries with regulations, ING standards and rules.
- Reporting to the Audit Committee and Non- Financial Risk Committee, which are also members of the Board of Directors.
- Ensuring legislative follow-up and coordination of regulatory relations with the Bank.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1- Statement of Compliance with Corporate Governance Principles

In spite of the fact that our bank's shares are not open to public, the provisions in the legislations have been complied with in maximum, being aware of the importance of corporate governance practices. In this respect, utmost attention has been paid to comply with nearly all of the principles specified in the legislation without giving rise to any conflict of interests.

SECTION I - SHAREHOLDERS

2- Shareholders Relations Department

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

3- Exercise of Shareholders' Right to Information

In case of emergence or getting informed of the developments influencing the decision of our investors, they are announced via Public Disclosure Platform. There are documents including various information disclosed to the public under Relations with Investors and Corporate Governance menus on our Bank's website.

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

In the articles of association of our Bank, there is no regulation about the request of assigning a private auditor. No request has been received by our Bank about assigning a private auditor during the term.

4- Information on General Meetings of Shareholders

Shareholders of the Bank held an Ordinary General Assembly meeting on 26.03.2020. Within scope of Turkish Commercial Code Article 416, the General Assembly was attended by all the shareholders without being called. The notification about the meeting was made to the shareholders two weeks before the meeting in written form as is required by Articles of Association.

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

In this General Assembly, the shareholders did not use their right to ask question.

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

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

5- Voting Rights and Minority Rights

There is no privilege applied on the voting right of our Bank's shareholders. The companies in reciprocal shareholding did not participate in the voting in general assembly. There's no minority share represented in management. The Bank does not implement cumulative voting.

6- Dividend Policy
There is no privilege granted in participation in the Bank's profit. Except for the arrangement made under Article 32 "Detection of Net Profit", Article 33 "Allocation and Distribution of Net Profit" and Article 34 "Capital Reserves" in Articles of Association of the Bank, there is no other profit distribution policy disclosed to the public. Within the scope of related legislations, decisions for profit distribution are taken and necessary actions are realized in parallel with this.

7- Transfer of Shares
For the transfer of shares, tenors of the Turkish Trade Code are implemented pursuant to the article 10 with the title "Transfer of Shares" of the Bank's Articles of Association.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

8- The Company Disclosure Policy
Disclosure Policy of our Bank is updated and published on the website of our Bank both in Turkish and English as is required by the legislations we are subjected to. Within the scope of disclosure policy, it is disclosed to the public by "Financial Reporting and Tax Directorate" within the knowledge and approval of our Bank's Board of Directors and Head Office. The disclosures are reported in Corporate Governance Committee.

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

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

The Disclosure Policy has been established by the Bank's Board of Directors. The Board of Directors has the right and the responsibility to disclose information to the public, and to monitor, supervise, and develop the disclosure policy. Coordination of the disclosure function is the responsibility of the Financial Control and Treasury Executive Vice Presidency and Legal Counsellorship. The officials of the aforesaid departments fulfill these responsibilities in close coordination with the Senior Management.

Quarterly financial information of ING, consolidated and unconsolidated financial statements and footnotes have been prepared and audited in accordance with Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, relating appendices and interpretations on these as published by the Banking Regulation and Supervision Agency. Moreover, before declaring the financial statements and its footnotes to public, they are approved by Head of BoD, Audit Committee, CEO and Executive Vice President in charge of financial reporting pursuant to relevant regulations and codes. After approval, financial statements and its footnotes, independent audit report, interim activity report are declared to public in electronic environment as a notification in Public Disclosure Platform (KAP) in line with regulations of Capital Markets Board of Turkey (SPK) and Stock Market of Istanbul (BIST). Interim activity report which is announced in every quarter of year, includes market positioning of the Bank, general financial performance and other important issues. The financial statements are published in the website of ING after the declaration to public in Public Disclosure Platform.

Year-end consolidated and unconsolidated financial statements are declared in Official Gazette at the end of April following year without footnotes.

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

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

9- The Company Website and Its Content

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

ING's Website (www.ing.com.tr) is frequently used for informing the public and for disclosure. The website of the Bank includes the information and data required by the legislations. It is paid attention to keep the website up-to-date.

10- Annual Reports

The Bank's Annual Reports cover the information specified in the Corporate Governance Principles, as well as those that are required to be disclosed as per the applicable legislation. Year-end activity reports provide information about the Bank's position in the market, its overall financial performance and other material subjects.

Annual Report is prepared pursuant to the Regulation of "Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank" which is published by Banking Regulation and Supervision Agency (BRSA) and approved by BoD and independent audit company. Annual Report is declared to public via our web site (www.ing.com) in duration determined by legal regulations.

SECTION III - STAKEHOLDERS

11- Informing Stakeholders

Stakeholders are informed by our Bank on the issues relating to themselves via general assembly meeting minutes, material circumstances disclosures, press releases, meetings, electronic mail and website. There is a corporate intranet for informing the employees.

12- Participation of the Stakeholders in the Management

The employees are always encouraged to participate in the management and their suggestions for improving the business are taken in consideration and rewarded. Customers of the Bank communicate their requests and complaints via branches, website (www.ing.com.tr) and Customer Contact Center (0850 222 0 600).

Within the internal policies & procedures of the Bank approved by our Bank's Board of Directors includes the definition of how the requests, recommendations and complaints of the employees and third parties should be assessed. It is aimed to encourage the change and improvement as well as increasing motivation by assessing and rewarding them.

For all the recommendations found to be appropriate, a working plan is drawn by the relevant units and necessary system developments are carried out. The bank personnel are regularly informed about the recommendations studied and put in effect.

13- Human Resources Policy

ING Human Resources management focuses on three fundamental aspects so as to support ING's strategies.

The first one of these aspects is extending the highest-level of support to the talent cycle of employees at every stage. The talent cycle is a process that begins with attracting and training the human capital that will carry ING and themselves one step ahead in line with the Orange Code.

In 2020, senior students from Turkey's leading universities showed intense interest in ITP (International Talent Program) designed to train the future leadership of ING.

The second area of focus for ING Human Resources management is to foster the organizational climate so as to boost the happiness, productivity and creativity of the employees. ING has formulated a corporate culture and leadership climate roadmap, which is highly unlikely to be matched in its sector. Under the program in place, the Bank achieved results that reflect positively on its financial results, as well as climate and employee engagement surveys.

Finally, Human Resources authored numerous novelties by virtue of its employee experience in parallel with ING's innovative genetic code, and evolved its working environment into an exemplary one in the sector.

The ING Group constantly monitors its organizational climate and employee engagements through two powerful global surveys: OHI (Organizational Health Index) and WPC (Winning Performance Culture) scan.

OHI is a global survey designed to obtain a clear idea about the organization's health, to measure the ability of the organization to align behind common goals and to succeed in the long term. Focusing on key organizational skills and capabilities such as leadership, innovation and learning, the survey also looks into how the Bank interacts with the customers and the external environment.

The WPC survey measures employees' bond with the organization, their willingness to achieve the targets, the extent at which they preserve their personal happiness, and the degree at which the working environment supports productivity. Mostly, employees' loyalty to the organization is measured from a relatively emotional standpoint, and the results are used to plan the necessary actions, upon which progress is monitored. In 2020, an "OHI Pulse Survey" was conducted.

Helping identify the improvement areas that play a key role in the execution of ING's "Think Forward" strategy and substantially influencing the performance culture pursued across ING, these surveys assist in determining the next steps for the roadmap.

In order to keep OHI actions under close watch, OHI Pulse Survey was conducted twice in 2020 (in May and November) for improving our organizational health, keeping up the momentum, communications, and quickly responding to employee feedback. The survey focuses on three categories only: "Direction", "Innovation and Learning", and "Leadership".

The Continuous Listening program is a tool that transforms the corporate culture and leadership climate at the Bank into an organization where employees love to work, are happy and proud to be a part of, and at the same time helps employees sustain their success. In order to successfully execute the program at ING, meetings were held with the senior and regional management of each business line throughout 2019; findings from the surveys conducted during the year were evaluated and awareness of the topic was raised.

Aiming to have all its employees say "Glad to be an ING'er" by virtue of its culture and working environment, ING targets to maximize employee engagement and to be the most liked bank in the sector with its sustainable and pioneering initiatives.

Training and Development

ING employees are constantly supported with training programs from their first day at the Bank. Professional and personal development classroom training programs, which are designed to build on the employees' knowledge and skills in their current or future positions, are diversified also with digital education methods, hence providing improved performance.

In addition to classroom programs designed specifically for each business line branch employees are assigned to, other modules enriched with on-the-job training, mentoring and education are also formulated in line with ING's strategies. During 2020, more than 1,000 ING employees attended branch training programs, and the Bank organized 3 days of classroom/online training per person on average. The training modules offered as part of continuous learning, one of ING's key strategies, and digitalization were moved to the digital environment during the pandemic, and employees received a total of 27 hours of training per person on average, breaking down as 16 hours of classroom/online training and 11 hours of e-education.

With the opportunity provided to attend the training programs any time anywhere, offering the existing classroom trainings on the virtual environment and remote post-training retention activities continue to increase the effectiveness of technology-based systems.

Custom-designed Management Development Programs are available for all management levels at the Bank. The "Think Forward Leadership Experience" program, which was launched in 2018 to ensure dissemination of a homogenous leadership culture across all ING countries, began to be offered digitally this year.

The Way of LeadING at ING program is intended to equip the newly promoted or newly onboarded managers with the competencies that will keep them a step ahead as they develop themselves, their teams and business through the modular training program.

Within the scope of ING's data-driven strategy, the one-year Data Science Certification Program continued, which was initiated in 2018 in cooperation with Özyeğin University, one of Turkey's leading universities. A total of 40 employees making up the second and third batch of graduates of the program custom-tailored by the university for ING received their Data Science Certificates in 2020 after completing the intensive training program and their graduation projects developed based on the Bank's needs. The ING'ers who successfully completed the program and have been awarded certificates will have the opportunity to further specialize in their fields by pursuing graduate or post-graduate programs at Özyeğin University. The program received the first prize in the "Best Training and Development" category at the Annual TEGEP Learning and Development Awards.

With the aim of building on our employees' competencies in line with our digitalization strategy, the "Digital Certification Program" was launched in collaboration with Sabancı University. 27 people take part in this 4-month program, which will continue also next year.

TrainING/LeadING Week (training summit weeks), which is being organized for the last three years for ING Head Office employees to promote their self-development and leadership skills, continues to be held as a first in the sector. A total of 1,750 people participated in 78 different training sessions, workshops and quiz shows (for a total of 4,200 participations), which provided employees with the option to make a selection according to their improvement areas.

From amongst young talents seeking a career in the sales field at branches, 16 people completed the 2.5-month long training program as SME Plus Sales Trainees (ST) and 16 others as Commercial Banking STs, and started working at their respective branches.

In order to raise the ING leaders of the future, the ITP (International Talent Program) is held regularly every year. With 12 new graduates who joined the Bank in 2020, the number of ITP employees reached 78. The ITP employees undergo various rotation programs at ING for one year according to their chosen career paths, and go on international rotation (STA-Short Term Assignment) in another ING country. In 2020, 12 ITP employees were given international assignments within this scope.

Performance Management

ING believes that it will contribute to profitability and growth if employees have measurable goals and a shared success culture where they unite and work together to attain these goals.

The Step Up performance process, which is a real-time development and progress process, helps each ING employee to reveal his or her hidden potential through in-depth self-probing, while providing an opportunity to raise their self-awareness and build on their competencies with a feedback culture.

Along this line, the ING performance management system, "Success@ING", is designed to assess all employees under the headings of business objectives, Orange Code behaviors, and targets that transcend objectives and borders. The system uses the results as input for determining employees' career opportunities, talent programs, training plans, wages and benefits.

ING has a documented remuneration policy which is consistent with the scope and structure of its activities, strategies, long-term objectives and risk management structures to prevent excessive risk taking and to contribute to effective risk management. This policy is competitive, fair and consistent in parallel with employees' contributions to ING. The Remuneration Policy sets out the remuneration principles and rules which apply to ING's senior management including the Board of Directors, Chief Executive Officer, the Executive Committee, and Executive Vice Presidents, and to all Bank employees.

The effectiveness of the related policy is reviewed at least once a year by the Compensation Committee, which consists of two non-executive Board members. The Committee evaluates the remuneration policy and its implementation within the framework of risk management principles and submits its recommendations to the Board of Directors annually in a report. During the review, the Board of Directors and the Compensation Committee focus on ING's transparency, performance criteria and measurement, as well as the prevention of excessive risk taking.

The Board of Directors ensures that the remuneration of the Board members, senior management and other relevant personnel (as per the applicable regulations) is consistent with ING's ethical values, internal balances and strategic objectives. The responsibilities assigned to the members of the committee, which is composed of the members of the Board of Directors, are taken into account with respect to their remuneration.

ING's remuneration structure consists of fixed and variable components. In the event that a decision is made by the Board of Directors to pay a bonus, the employee becomes entitled to a variable pay based on performance and within the framework of the criteria determined based on the working period. Criteria related to the job descriptions and distribution of employees and performance-based incentive payments are determined and announced by senior management.

Payments to employees in the internal control, internal audit and risk management units are determined independently of the performance of the units they audit or supervise or control, and the performance of the employee's own function is taken into account in this respect.

The variable pay is linked to performance according to financial and non-financial performance criteria determined by ING. These criteria take into account various parameters such as the return on capital, profitability, efficiency and customer satisfaction ratio.

In evaluating the performance of qualified employees, besides their personal goals, the performance criteria of ING and ING NV are taken into consideration together, and they may vary depending on the person. The principles of integrity, loyalty and mutual trust are taken as basis in variable payments to employees. In the event of actions or omissions that may result in material/moral damage to ING, loss of reputation or violation of legislation, variable payments to an employee may be withdrawn, postponed or cancelled.

The method of payment of variable pays to qualified employees is determined within the framework of the "Guidelines on Good Compensation Practices in Banks". At least 40% of the variable pay shall be deferred for a period of not less than 4 years, and at least 50% is paid in non-cash form (shares of ING NV).

Branch employees are entitled to a bonus consistent with their performance against the targets set within the Success Showcase report card by the respective business lines at the beginning of each quarter, and the premium amounts earned are paid to them at the end of each quarter.

Within the framework of the Guidelines on Good Compensation Practices in Banks, members of the senior management and ING staff deemed to be performing a function which has a significant impact on the Bank's risk profile were classified as qualified employees. As at end-2020, a total of 21 qualified employees were working at ING.

The share of performance-based variable payments to all top managers within total personnel expenses was 10.6%.

Career Management

ING has adopted the principle of meeting its needs for experienced human resources primarily from its existing employee body in order to support the development of its existing employees, to help them advance in their careers and to strengthen its corporate culture.

The Bank supports this goal at the highest level by implementing two different career programs that complement each other. The first one is the "Career Steps" program, which has been implemented since 2013 to further invest in the career goals of employees working at branches.

ING is committed to adopting a rigorous approach to the performance of its employees, their strengths and weaknesses, their tendencies and aspirations, and offers them positions in which they will be able to make the most of their capabilities. To this end, the Bank provides guidance to employees to help them organize their future. This program has established a success oriented system to support the development of ING employees by offering them a chance to be transferred to other business lines within the Bank, while also fulfilling ING's needs for human resources internally.

Career Opportunities is another program implemented by ING to provide its employees with suitable career opportunities.

The Career Opportunities program, which was introduced in 2013 mainly to announce career opportunities in the Head Office units, is a process in which the Bank's needs are shared transparently with all employees, and employees are encouraged to put themselves forward as candidates. In 2019 the implementation of the program continued with a broadened content. As of 2019, all positions without exception continued to be announced through this process.

Career opportunities are announced on the ING intranet, which lets benefiting from employees' skills in different areas across the Bank by allowing interdepartmental transfers and through which employees have the opportunity to acquire new talents and abilities thanks to rotation. All vacant positions at the Bank, including but not limited to manager and unit manager positions, are announced on the Career Opportunities website, and everyone is provided equal opportunities under a fair assessment process. In addition, access is provided to different career opportunities where candidates could use their knowledge, skills and competence.

In addition, in order for the employees to acquire new experiences and to identify appropriate opportunities for them, the "Orange Guest" program was launched, where employees can leave their current departments for a certain period of time and work in a different department. This program also enhances communication and synergy between teams, and supports individuals' personal and career development.

Social Benefits

The work for the transformation journey for "ING's Agile Working Model", which was launched in all ING Group countries and which will let ING Turkey to operate in harmony with the global business, have begun for the "Product and Channel Development Teams" by early 2020.

The aim of the agile working model is to be able to more quickly respond to evolving customer needs, go beyond the conventional banking notion to introduce new service and business models much more quickly, and accelerate innovation.

The aim for product and channel development teams involved in the transformation process is to have them work as teams that are capable of organizing and making decisions within themselves, and of communicating faster and transparently.

The transformation process at the Bank has taken place as at the third quarter of 2020. Approximately 850 employees have switched to the agile working model.

Being the first private bank to offer teleworking and flexible working models to its employees, ING authored yet another first in the sector, and developed four additional working in 2020.

These models include teleworking full-time, teleworking for one week of each month, and compressed work weeks consisting of working three or four days a week. New working models designed based on the approach "You first become yourself and then an ING'er" will be applicable from 1 January 2021. The new flexible working models are described below:

Flexi365: This model is available to all employees at the Head Office in İstanbul and the Operations Center in Kahramanmaraş, to the extent allowed by the nature of their roles and regulations. ING'ers who are deemed eligible depending on their respective business lines or roles will be able to telework five days a week, if they so wish.

Flexi One Week a Month: Available to Head Office employees in İstanbul, this model consists of one week of teleworking and three weeks of in-office presence. Regardless of the working model they belong to, ING'ers will be able to work from wherever they wish in the third week of every month.

Flexi 3 Days a Week and Flexi 4 Days a Week: Under this model that is available to all employees to the extent allowed by the nature of their roles and regulations, eligible employees will be able to work 3 or 4 days a week as they wish.

ING's innovative human resources practices continue to be backed by initiatives targeted at women. In the HeforShe dinners organized within the scope of the UN's "HeforShe" campaign, different groups of ING women come together and share ideas on how to improve the work-life balance.

With the inspiration drawn from these conversations and in a bid to support the work-life balance of ING mothers and fathers by giving them more family time, special "Orange Day with my Child" and "I'm Having a Baby" days off were introduced in 2016, following the introduction of special leave for "First Day of School", which was introduced in 2015.

As part of the "Me and My Child" leave:
- The "First Day of School" and "Report Card Day" leaves allow parents with children between the ages of 3 to 14 to be there for their children on the first and last days of school;
- "Orange Day with my Child" allows mothers and fathers to spend one day with their children, regardless of age, as they wish;
- "I'm Having a Baby" leave allows expectant mothers to take 1 day off for their routine examinations every month until the delivery.

Effective from 2018, employees who have a newborn baby are granted a leave of absence for 6 months fully paid. Fathers who have newborn babies are granted a 10-day leave to be used in 1 year so that they can spend time with their children.

Parents whose children are starting kindergarten are entitled to one full day of leave on the first day of the week the nursery is opened, and a half day off on the remaining days of the week.

Another leave called "Orange Cap" has started to be applied in 2018. Parents whose children graduate from school are entitled to "Orange Cap" leave to be at their graduation ceremony.

Breastfeeding rooms are available at all branches and regional offices, as well as at the Head Office, the İstanbul Operations and Technology Center, Kahramanmaraş Operation and Call Center.

Support for mothers and expectant mothers include a full day off for pregnant employees for their monthly pre-natal check-up and the right to work half an hour less per day, nursing leave, psychological support for those with infants under the age of 12 months, and exemption from night shifts for 3 years in departments which require employees to work the night shift, such as the Customer Solution Centre.

With the scope of "Welcome to ING" implementation, new members of the ING family are entitled to take five days off work in their first year.

Under the "Health First" practice, 10 days of administrative leave is provided for employees if any of their 1st or 2nd degree relatives are in hospital.

Established in Kahramanmaraş in 2015 with the IKON brand with the aim of resolving employees' requests at first contact and facilitating human resources processes, the HR Service Center resolved 7,331 online requests and 16,666 calls within the same day during 2020.

While offering its employees a pleasant working environment with the ING Head Office building refurbished in 2016, digitalized and modernized concept branches, and the Kahramanmaraş Operation Center where a gym was opened, ING also backs its target of becoming a top-choice employer on another hand.

ING rewards employees who make a difference by touching human life and who act as role models with their behavior with the Bank's "Glad to be (İyi Ki)" Awards. Employees who take the time and action to help others succeed in parallel with the Orange Code and who stand out serve to raise increased awareness, which also reflects positively on corporate culture.

14- Ethical Rules and Social Responsibility

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

Our Environmental and Social Risk Policies created for guiding our activities in the light of our social, ethical and environmental vision has become a dispensable part of credit risk management at ING. In other words, all potential social and environmental side effects (destruction of forests, air pollution, child employment, controversial weapons) of our activities are reviewed in depth.

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

ING Group is one of the 10 international banks having acknowledged Equator principles voluntarily in June 2003 which are agreed upon to be applied in financing all the projects costing 10 million $ or more, based on environmental and social responsibility policies of International Finance Corporation. In project finance, these standards are taken in consideration for social responsibility and environmental risk management. ING Group, which has also been registered in the FTSE4Good and Dow Jones Sustainability Index for its compliance with global responsibility standards, signed United Nations Global Compact in 2006. ING Group has been carrying out its activities with zero carbon footprint since 2007. ING Group was named the most sustainable bank of the year in 2016 by Sustainalytics, which provides guidance to investors through research. The ING Group targets to cut its carbon emissions in buildings and data centers by 80%, carbon emission resulting from air and other travel by 25% until 2022, and to reduce its energy consumption by 65% by the end of 2030. The Group has also committed to double the financing of sustainable transitions by 2022, which was EUR 14.6 billion in 2017.

ING Group carries out initiatives to create awareness of saving up through financial literacy projects and voluntary training programs focused on saving up. Through these initiatives, the Group has touched the lives of more than 1.5 million children around the world up until today.

ING has adopted to comply with "Banking Ethical Principles" dated 1 November 2001 no 1012 published by Banks Association of Turkey.

Besides these principles, the ethical rules which the employees of ING Group Companies have to comply with are shared with all the employees of ING and its subsidiaries.

Board of Directors' resolution dated 26 December 2014, numbered 48-5 was granted in regard to the Ethical Principles of ING.

ING is a signatory of United Nations (UN) Women's Empowerment Principles. ING regularly measures the women statistics and develops programs to increase the number of the women employees in the bank. In addition, the ING Equals (=ING) platform helped raise awareness of gender equality. Having initiated gender equality communication on 8 March International Women's Day, ING carried on with these initiatives on 23 April National Sovereignty and Children's Day, Mother's Day and 29 October Republic Day. ING further consolidated its role as spokesperson on this issue in Turkey by becoming the official sponsor of the Turkish Olympic Committee and 8 national women athletes who will be competing for Turkey at Tokyo 2020 Olympic Games which is planned to take place in 2021.

ING is included in the Banking Finance Working Group for Sustainable Banking established by UN Global Compact Turkey. The experiences and accumulation of knowledge in this area both in international and national markets are shared with other participant banks. On 25 September 2017, ING has signed with 7 other banks the "Declaration on Sustainable Finance" which was initiated by UN Global Compact Turkey. In addition to that ING has been one of the 6 banks in Turkey who commits to Responsible Banking Principles developed by United Nations Environment Programme Finance Initiative on 21 November 2019. In this regard, environmental and social risk evaluations were integrated into the loan assessment process for financing investment projects.

As a requirement of its mission as a Savings Bank, ING has been determining saving tendencies, changes and saving potentials of urban population with the Research on Turkey's Saving Tendencies carried out since October 2011. The results generated in the research have been respected and considered a resource by academicians, journalists and governmental bodies. The research was also granted "Best Communication Research" award in the category of "Communication Research" in International Public Relations Association (IPRA) 2013 Golden Globe Awards. The research won bronze award ranking third among 225 projects in "Communication Program of the Year or Public Relations Campaign" category in "International Stevie Awards" accepted as one of the most prestigious awards of international business world.

Finally, ING has focused on children and the young people who will be the most significant figures on the savings picture of the future, with the aim of meeting its responsibilities towards the society. To create awareness for saving in the future generations of Turkey, ING officially launched "Orange Drops" program in April 2013 aiming at changing consumption and saving behaviors. Within the scope of the program put in effect under auspices of Istanbul Provincial Directorate of National Education, in coordination with Koç University and Financial Literacy Association, 3rd and 4th graders in Elementary Schools have been visited and financial literacy trainings focusing on savings have been provided to 3rd and 4th graders in elementary schools, via their teachers, for 8 weeks. Orange Drops reached 335 schools in 8 provinces, 1,242 teachers and 39,740 students.

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

ING employees took part in İstanbul Marathon, which was held virtually this year because of the pandemic, and raised funds for the benefit of various NGOs "Orange Hearts" corporate volunteering program initiated by end-2014 with the goal of encouraging ING employees to take part in volunteering initiatives and merging the efforts of employees volunteering in different areas under a single roof were carried out in cooperation with the Association of Private Sector Volunteers and under the motto "Set Your Heart on Volunteering" and included İstanbul, Runatolia Marathons. This year, ING followed up and kept extending support to the organization's social responsibility projects in order to channel its employees' expertise in various fields as necessary. ING heartily supported the Steptember Social Responsibility Campaign carried out by the Spastic Children's Foundation of Turkey - Cerebral Palsy Turkey for the benefit of children with Cerebral Palsy and raised awareness within the organization. Employees of ING raised TL 30,396 for this campaign.

Within the scope of our cooperation with TEMA to contribute to protection of the environment, savings created by the employees reducing the use of paper and our customers switching to e-statements have continued to turn into trees planted in Orange Forest.

ING and its employees participated in the Breath for the Future campaign conducted by the General Directorate of Forestry for reforestation of forests damaged by the fire in Hatay, and built the ING Turkey Memorial Forest with the saplings donated.

In an effort to restrain the negative social effects of the COVID-19 pandemic, ING collaborated with the Community Volunteers (in Turkish: TOG) to create a scholarship fund and donated TL 1.5 million to this fund. Having matched employees' donations, as well as external donations, ING helped bring the fund to TL 1.7 million. The fund was disbursed to a total of 1,143 students attending primary, secondary, high schools and undergraduate students, whose parents lost their jobs during the pandemic. In addition, ING donated TL 5 million to the National Solidarity Campaign instigated to curb the economic impact of the coronavirus pandemic and to offer additional support to those in need.

In 2020, ING sustained the ING Equal Future Fund scholarship fund that it set up in 2019 in cooperation with the Turkish Education Foundation (in Turkish: TEV) in line with its support to strengthening gender equality and women's equal economic participation. Through this fund, support is being extended to 10 female engineering students. Additionally, ING provides financial and mentorship support for 2 university students in need under the Koç University Anatolian Scholarship Program. Furthermore, ING also provides full scholarship of one student for 5 years within the scope of Özyeğin University Equal Opportunity for Education Scholarship Program. Under the cooperation with İhsan Doğramacı Bilkent University, ING provides scholarship to 2 students for 5 years within the scope of Scholarship for Girls Program. ING covered the school expenses for the 2019-2020 academic year in order to allow one graduate from Darüşşafaka Educational Institutions to study abroad.

Carrying out its activities with the goal of being the best digital entity in Turkey, ING added momentum to its community investments with a new project targeted at teachers. Launched as a collaborative initiative of ING, the Habitat Association and the Middle East Technical University (METU) and with the support of the Health and Social Assistance Fund for Primary School Teachers (in Turkish: İLKSAN), the Digital Teachers Project is designed to familiarize primary and secondary school teachers with the digitalizing world and to equip them with digital literacy skills that will be useful in face-to-face and online teaching. As 1,000 teachers from 10 cities began receiving education in 2020 in its first phase, the project is also intended to engage teachers, and therefore students, in digital transformation, ultimately contributing to the digital transformation process in Turkey.

SECTION IV - BOARD OF DIRECTORS

15- The Structure and Composition of Board of Directors

ING Bank A.Ş. Board of Directors[1]

John Thomas Mc Carthy	Chairman
A. Canan Ediboğlu	Vice Chairwoman of the Board of Directors
Alper İhsan Gökgöz	CEO and Board Member
M. Semra Kuran	Board Member and Chairwoman of the Audit Committee
Martijn Bastiaan Kamps	Board Member and Audit Committee Member
Sali Salieski	Board Member

There is no executive Board Member other than Alper İhsan Gökgöz who is both CEO and a Natural Board Member.

Since our Bank is not one of the corporations defined in the Corporate Governance Communiqué Serial II No: 17.1 of CMB, it is not subject to the legal liabilities required for independent board members.

Board Members are assigned with other duties outside the Bank. Related banking law and BRSA regulations are complied with in such assignments. In addition, the restrictions on the board members imposed by Article 396 of Turkish Commercial Code are removed with the decision of shareholders in the ordinary general assembly held every year.

16- Principles of Activity of the Board of Directors
Performing the activities with the aim of reaching strategic targets of the Bank in line with our Mission, Vision and Values.

17- Number, Structure and Independency of Committees Established by the Board of Directors
Information about Credit Committee, Audit Committee, Corporate Management Committee and Compensation Committee are as follows:

[1] Adrianus J. A. served as the Deputy Chairman of the Board of Directors until Nov 08/06/2020.

Credit Committee:
Names of Board Members who are members of Credit Committee at the same time:

John T. M.C. Carthy, Chairman (Chairman of the Board of Directors)

A. Canan Ediboğlu, Vice Chairwoman (Vice Chairwoman of the Board of Directors)

Alper İhsan Gökgöz, Member (CEO and Board Member)

Audit Committee:
Names of Board Members who are members of Audit Committee at the same time:

M. Semra Kuran, Chairwoman (Board Member)

Martijn Bastiaan Kamps, Member (Board Member)

Corporate Governance Committee:
Names of Board Members who are members of Corporate Governance Committee at the same time:

A. Canan Ediboğlu, Chairwoman (Vice Chairwoman of the Board of Directors)

John T. Mc Carthy, Member (Chairman of the Board of Directors)

Compensation Committee:
Names of Board Members who are members of Compensation Committee at the same time:

John T. Mc Carthy, Chairman (Chairman of the Board of Directors)

A. Canan Ediboğlu, Member (Vice Chairwoman of the Board of Directors)

18- Internal Control and Risk Management Mechanism

18.1. Internal Audit

Internal Audit Department (IAD) reports to the Audit Committee; and aims to provide independent and objective assurance and advisory services to the Senior Management for the quality and effectiveness of the internal control, risk management and governance systems and process and information systems practices in the Bank and its subsidiaries. As per the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks" and in accordance with "Control Objectives for Information and Related Technologies (COBIT)", auditing activities, including information systems, are being performed with a risk-based approach systematically and based on documentation.

IAD supports the Bank and subsidiaries to accomplish their mission and strategic business objectives through a systematic, documented risk based audit approach to examine, evaluate and improve the effectiveness of (framework of) governance, control, and risk management processes of the Bank and subsidiaries. Moreover, IAD performs controls and investigations on the fraud, cheat or forgery acts committed by the personnel or third parties against the Bank.

IAD carries out its activities; in accordance with the principles of the Bank and IIA's "International Standards for the Professional Practice of Internal Auditing", the IIA's "Core Principles for the Professional Practice of Internal Auditing" and the IIA's "Code of Ethics" as well as other professional standards setting authorities. IAD deploys competent staff that adheres to these Code of Ethics and Standards.

18.2. Financial Risk Management

In addition to periodic regulatory and internal reporting activities, Financial Risk Management cooperates with relevant business lines for the current operations of the Bank and conducts independent analysis. Financial Risk Management acts as a guide in identifying, monitoring, measuring and managing the risks, and takes necessary actions via Board of Directors, Audit Committee, Asset & Liabilities Committee (ALCO), Local Parameter Committee (LPC), ICAAP Committee, Model Development and Monitoring Committee and Credit Risk and Provisioning Committee.

Financial Risk Management monitors both local and global regulations closely in terms of risk management and plays an important role in raising awareness within the Bank via relevant Committees.

18.2.1. Market Risk Management and Product Control Group

All the necessary assessments are performed to monitor, measure and manage both market and liquidity risks that the Bank may be exposed to. In terms of market risk, the risk profile of the balance sheet and the product mandate are managed within following framework. Within the scope of the compliance of market risk with Basel regulations and other international standards, banking book and trading book have been separated, as well as the risk appetite and various limits were determined by the Board of Directors to measure and monitor the risks arising from these books.

In this context, the ILAAP standards related to liquidity risk were adopted and the liquidity stress test, contingency funding plan, risk control and self-assessment processes, intraday liquidity management, risk appetite limits and Fund Transfer Pricing (FTP) were implemented. In addition to liquidity risk limits determined under both normal and stressed conditions, limits have also been allocated for the banking books against interest rate shocks under interest rate risk framework and FX position limits in terms of foreign currency risk. On the other hand, for the trading books limits, limits in terms of interest rate and foreign currency risks, VaR limits and also sensitivity based limits and position limits are defined. These limits are monitored regularly and limit utilizations are reported to the senior management and Board of Directors. Besides, within the scope of market and liquidity risks, the related products and services are reviewed and the risks are analyzed in details. Moreover, as part of Bank's risk management strategy the risk appetite approved by BoD is regularly reviewed according to the changing economic environment and the Bank's targets. On the other hand, regulatory capital requirement for the market risk is calculated based on Standard Method.

In addition to all these, a comprehensive software project has been implemented in order to measure and monitor asset and liability risks in a way that will allow for more sophisticated analysis, as well as the increasing international legal regulations mentioned above, and enhancements are under progress.

18.2.2. Credit Risk Control Unit

Credit risk is defined as the probability of loss the Bank may be exposed to due to failure of the counterparty of the transaction to realize its liability partially or wholly, not complying with the contract signed with the Bank. Credit risk aims to monitor risk-revenue structure, accordingly qualifications and level of the activities related to credit disbursement, to take them under control, as well as defining, measuring, reporting, monitoring, controlling and aligning them with risk profiles on a consolidated and unconsolidated basis via policies, procedures and limits that may be changed when necessary.

Local and international standards (BRSA, ECB and Basel Committee Standards) and regulations that are modified and updated for closely monitoring and measuring the credit risk of the Bank and for executing the activities reliably are followed up.

Necessary studies and preparations are carried out for taking necessary measures in compliance with the regulations. Risk measurement models and methods used in the Bank are reviewed, analyses are carried out, and reports are generated on a regular basis. Credit principles of the Bank are based on risk security, liquidity and risk-revenue balance. To maintain this balance, new products and services of the Bank related to credits are assessed; the risks to arise from the new product/service are evaluated.

Efforts continue intensively to adapt the changing and developing local and global credit risk management mentality within the Bank, to establish and develop new infrastructures, to support effective risk management with qualitative and quantitative studies. In this context, the main responsibilities of the Credit Risk Control Unit are summarized as below:

- Development of IRB and IFRS 9 PD, LGD, EAD, Macroeconomic Impact and Expected Credit Loss (ECL) models
- Monitoring of IRB and IFRS 9 ECL, PD, LGD, EAD models
- Execution of IFRS 9 Expected Credit Loss calculations

18.2.3. Risk and Capital Integration Department

The ICAAP within the Bank is coordinated, and the necessary work to prepare the report is carried out. Furthermore, sensitivity analyses and enterprise-wide stress tests for the risks the Bank is exposed to are conducted, and necessary work is carried out in order to make sure the level of capital held is proportional to the risks exposed. The Department coordinates capital adequacy and stress studies according to the IRB approach using internal PD-LGD-EAD estimations and it manages Risk Appetite Framework, Country and Concentration Risk Policies.

Changes and updates of national and international standards (BRSA, ECB and Basel Committee Standards etc.) and regulations are followed in order to ensure integration between bank-specific risk types and capital management.

18.2.4. Model Risk Management Department

Model Risk Management Department (MoRM) validates both regulatory and non-regulatory models which are developed and used within ING. The scope of the validation is defined in relevant Validation Policy. The roles and responsibilities of the MoRM are summarized as below:

- Conduct an independent review to ensure that the developed models are reliable, aligned with their intended use, legal regulations and internal regulations,
- To ensure that validation activities are performed in accordance with the validation plan,
- To provide a better understanding of the limitations and potential shortcomings of the model,
- To prepare and update the policy and implementation principles needed in the validation process.

18.3. Internal Control Group

Internal Control Group consists of Branch Internal Control department and Head Office and Subsidiaries Internal Control departments. Internal Control Group;

- Controls according to the prepared working guidelines whether all the transactions of the Bank are carried out in compliance with the laws, legislations and all related regulations, Board decisions and directives and instructions from Head Office, within appropriate and determined limits,
- Controls whether balance sheet and statutory reports are in compliance with existing laws, regulations, notifications, circulars and prospectuses,
- Ensures that measures are taken against the risks that may arise,
- Carries out necessary activities for ensuring that the controls on Bank's activities are standardized and realized according to certain rules,
- Acts as a consultant about the risks regarding the activity fields and projects to be realized in various units of the Bank, when necessary.

The principle is that before basic internal control activities are realized in a risk-based manner also in the branches to cover the activities of all the units centrally and the risks related to the activities occur, preventive checkpoints should be formed, thereby mitigating and managing the risks. Besides central controls, on-site internal controls are carried out in all the branches of our Bank and transactions are checked. In addition to branch control activities, periodic controls are also carried out for subsidiaries and major Head Office departments/ processes. For the issues in need of urgent measures to be taken, Internal Control is notified urgently. Branch authorities are also informed on the issue.

Internal control staff in the branches does not perform any executive activities as those in the Head Office. In realizing internal control activities, related working guidelines are complied with. Working guidelines include the legal regulations, changes in the products and services kept up-to-date to ensure that they are reflected on control activities instantly. In parallel with the changes to occur in the regulations, new checkpoints are added and obsolete ones are removed.

18.4. Operational and IT Risk Management Group
The seven operational risk categories defined in Basel-II Report as of June 2006, have been enriched by ING as "non-financial risk" under the following ten categories; Compliance Risks, Control Risks, Unauthorized Activity Risks, Processing Risks, Employment Practices Risks, Personal and Physical Security Risks, Continuity Risks, Internal and External Fraud Risks and Information Technology Risks.

Operational and IT Risk Management Group's duties are to provide the necessary support for management of these risk categories except Compliance Risk by the business lines and other functions in ING and ING Subsidiaries as well as providing guidance on implementation of ING Policy and Standards, ensuring information flow via various reports, coordinating relevant corporate governance meetings calculating Operational Risk Economic and Regulatory Capital and organizing training programs on operational risk management and related subjects.

Monitoring the operational risk that the Bank is exposed to within the framework of risk appetite, determining risk points and standardizing, measuring, monitoring and reporting on the basis of the Bank for possible processes, setting limits related to operational risks, monitoring them and reporting any breaches, evaluating operational risks and ensuring that all the possible risks have been evaluated for any new product or service in accordance with Regulation on Internal Systems of Banks, advisory on risk assessments for sourcing in the scope of BRSA's Sourcing Regulation, coordinating analysis on operational risk events, monitoring appropriate risk remediation actions are taken by 1st line of defence to ensure incidents exceeding ING's risk appetite do not re-occur, taking responsibilities in SOX and key control testing process are also under the responsibility of Operational and IT Risk Management Group.

18.5. Compliance Risk Management Department
With the broadest definition, compliance risk covers all possible reputation and trust reducing risks that the ING corporate identity can be exposed to. This risk states the deficiencies that may be experienced in compliance with banking laws and other relevant legislation, the ING policies and standards, the ING Ethical Principles and the Orange Code, the banking sector's corporate governance principles and the principles of combating with the laundering of crime incomes and the prevention of terrorism financing and relevant regulations of all activities that the Bank has realized or plans to realize, new transactions and products, employee behaviors, customer identity detection and acceptances, work flows; or the legal or regulatory sanction risk, financial risk or reputation risk that may be incurred due to the cases that may be perceived as such.

In order to protect ING's reputation and to manage Compliance Risks effectively, all employees are required to work in adherence and compliance with these regulations and principles.

The Compliance Risk Management Department (reporting to the Audit Committee) provides advisory services, makes audits, and conducts trainings and awareness activities for increasing the compliance risk awareness of ING and its subsidiaries' employees in line with the ING Compliance Risk Management Framework. In order to effectively manage the Compliance Risks of ING and its subsidiaries, Compliance Risk Management performs risk-based monitoring activities and periodic reportings.

19- The Strategic Goals of the Company

Our vision
Creating long term values for all our stakeholders while offering the most appropriate solutions to our customers to assist them to manage their finance the best way in the future.

Our mission
Becoming the preferred bank for our customers with an understanding of operational excellence and international service quality, and for our employees with our ethical and spiritual values of highest level.

Our values
Everybody needs a bank that is reliable, excellent in services, acting smartly, decisive, sensitive, and accessible. As a bank carrying these values, we will make our customers gain strength. We will introduce a brand new understanding of banking in Turkey.

Vision/Mission/Values of the Bank have been determined and publicized on our website. As is mentioned above, the strategic objectives studied on and presented via managers and various committees participated by them are assessed and resolved in Board of Directors. Annual budget, investment issues and amounts, branching, working policies in various areas, etc. are among the subjects within this scope. Additionally, the issues about reaching or deviating from the objectives or updating them in accordance with changed conditions are submitted to the Board of Directors in preset intervals.

20- Remuneration of the Board of Directors
In the last Ordinary General Assembly realized by the Shareholders on 26.03.2020; it was deemed appropriate not to pay daily allowance to the Board Members, and to ensure that Board of Directors take decision on determining the compensation to be paid not exceeding maximum net TL 80,000.-monthly according to the job sharing to be made in Board of Directors, in consideration of 6th principle of the Regulations on the Corporate Governance Principles of the Banks released by BRSA.

REVIEW OF THE FINANCIAL POSITION AND RISK MANAGEMENT

Asset Quality

36% of ING's total consolidated assets consist of cash, banks and receivables from money markets. Almost the entire consolidated securities portfolio of the Bank is composed of high liquidity government bonds and T-bills.

Loans have the biggest share in consolidated assets, at 62% of the total, and the sum of net cash loans amounting to TL 41.2 billion at the end of 2020. As a result of the proactive approach taken by the Bank, the consolidated NPL ratio was at 5.13% and the ING preserved its status among the financial institutions with the best asset quality.

The share of non-interest bearing non-current assets such as fixed assets and non-financial subsidiaries within consolidated assets stands at 1.3%. This low value demonstrates Bank's continued focus on real banking operations

Resource Structure, Liquidity and Fund Management

ING's consolidated deposits reached TL 40.1 billion in 2020. Deposits have a share of 61% in the consolidated balance sheet total and 71% in foreign sources and constitute the primary funding source. Even though the wide deposit structure of the ING represents a short term source, these are renewed upon maturity and remain in the bank for longer than the original term.

In addition, the Bank has had the opportunity to acquire long term resources from the parent company after joining ING Group. The total consolidated funds borrowed by the ING amounted to TL 9.8 billion, with the foreign sources accounted for 15% of the consolidated balance sheet.

ING's general liquidity policy is to manage the liquidity level such that it is resistant to market shocks, that it is based on an expansive deposit base and that it is aimed at the optimization of profitability and liquidity at the same time, in accordance with a precautionary risk management approach.

Equity

As of 31 December 2020, ING's consolidated equity was TL 9.4 billion and consolidated capital adequacy was 24.18%. In order to support the ING's growth focused strategy, the main shareholder has raised its cash capital by a total of TL 1.9 billion in recent years. In addition, as of 31 December 2020 the Bank provided subordinated loan amounting to TL 4 billion from its parent company.

Profitability

Developments in global and national markets continued to impact the sustainable profitability of banks in 2020.

The most important event that left its mark on the whole year is the COVID-19 pandemic, which emerged in Wuhan, the capital of China's Hubei Region, and spread rapidly to the world. The pandemic, which turned into an unprecedented global crisis, caused a slowdown in production in our country as well as in the world, and business processes in all sectors were deeply affected.

Despite such a fragile economic environment, ING grew consistently with sound equity and strong asset quality. In parallel with the developments in the economy and Bank's balance sheet, the ING wrote a consolidated profit before tax of TL 987 million.

INFORMATION ON RATINGS GIVEN BY RATING AGENCIES

ING's performance is evaluated by Fitch Ratings Ltd., an international rating agency.

Turkey's current credit ratings both for the long-term local and foreign currency are "BB-" by Fitch Ratings Ltd., while ING's long-term local and foreign currency credit ratings are "BB-" and "B+".

On 1 September 2020, the international rating agency, Fitch Ratings Ltd. confirmed the Bank's credit ratings as follows:

Long Term Foreign Currency Rate	B+ (Outlook: Negative)
Long Term Local Currency Rate	BB- (Outlook: Negative)
Short Term Foreign Currency Rate	B
Short Term Local Currency Rate	B
Support Rate	4
National Long Term Rating	AA (tur) (Outlook: Stable)
Financial Capacity Rating	b+

SUMMARY BOARD OF DIRECTORS REPORT PRESENTED TO THE GENERAL ASSEMBLY

To the General Assembly of ING Bank Anonim Şirketi,

The year 2020 has witnessed the struggle against the effects of the pandemic as well as the fluctuations that had an impact on the global financial markets starting from the previous year. In this context, throughout the year, ING meticulously applied its business approach to keep its cost base low and also maintain a high level of added value creating power. In 2020, our Bank established its growth strategy, based on a sustainable long term plan, and continued its activities with sound equity and strong asset quality.

With its customer oriented approach, range of products and services, expansive distribution channels and experienced personnel, ING continued to provide its customers with appropriate financial products and services, drawing on the global knowledge and experience of ING Group, and investing in and adding value to the Turkish economy. As of 2020 year-end, the sum of consolidated deposits reached to TL 40.1 billion as the primary funding source, and the total consolidated cash and non-cash loans were TL 49.6 billion.

Since the day ING joined the ING Group, the Bank had the opportunity to acquire long term funds from the parent company. The total consolidated borrowed funds as of the end of 2020 was TL 9.8 billion and the share of borrowed funds within consolidated balance sheet total was 15%.

The consolidated net cash loans of ING realized as TL 41.2 billion in accordance with its customer oriented strategy for real banking. At the year-end, consolidated loan portfolio of the Bank accounted for 62% of the total assets.

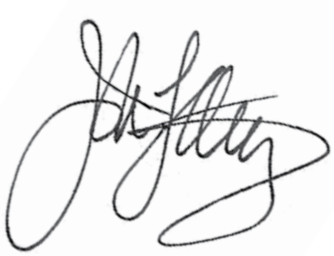
It appears that the deposit base which further expanded as a result of the investments made in recent years had a positive impact on the 2020 results. In addition, the effective marketing activities of the Bank in all the business units, as well as prudent risk policies and effective cost management, had an important role in profitability. As a result of these developments, the Bank's consolidated profit before tax in 2020 was TL 987 million.

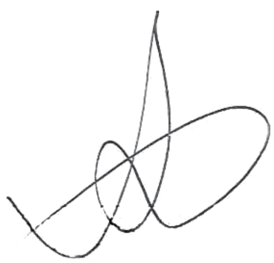
As a result of these developments, on 31 December 2020, ING's

- Consolidated asset size TL 66,188 million,
- Consolidated equity TL 9,412 million,
- Consolidated capital adequacy ratio 24.18%,
- Consolidated net profit for the year TL 768 million.

The unconsolidated and consolidated financial statements showing the results of ING's operations for the period from 1 January to 31 December 2020 are presented for your review and approval.

Yours sincerely,





John T. Mc Carthy
Chairman of the Board of Directors

Alper İhsan GÖKGÖZ
CEO and Board Member

PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS, RELATED DISCLOSURES AND INDEPENDENT AUDITORS’ REPORT THEREON AS OF AND FOR THE YEAR ENDED 31 December 2020

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

Independent Auditor's Report

KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
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Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English

To the General Assembly of ING Bank Anonim Şirketi

A) Audit of the Unconsolidated Financial Statements

Opinion

We have audited the unconsolidated financial statements of ING Bank Anonim Şirketi ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2020 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of ING Bank Anonim Şirketi as at 31 December 2020, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by Banking Regulation and Supervision Agency ("BRSA") and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans measured at amortised cost

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented in Section III, No: VIII to the unconsolidated financial statements.

Independent Auditor's Report

Key audit matter	*How the matter is addressed in our audit*
As at 31 December 2020, loans measured at amortised cost comprise 63% of the Bank's total assets. The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard"). The Bank applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually. The significant assumptions and estimates of the Bank's management are as follows: - significant increase in credit risk - incorporating the forward looking macroeconomic information in calculation of credit risk - design and implementation of expected credit loss model The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the initial recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets. The Bank calculates expected credit losses on both individual and collective basis. Individual provisions consider the estimated future cash flows of the asset and the market value of the collateral provided for credit transactions. The collective basis expected credit loss calculation is based on processes which are modelled by using current and past data sets and incorporating the future expectations. Impairment on loans measured at amortised cost was considered to be a key audit matter, due to its complex structure, the level of judgments of management and significance of the estimates and assumptions, including the impact of COVID-19, used as explained above.	Our procedures for auditing the impairment of loans measured at amortised cost include below: - We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. - We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard. - We evaluated the Bank's business model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialists. - We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and evaluation of their classification. In this context, the current status of the loan customer has been evaluated by including the impact of COVID-19 on prospective information and macroeconomic variables. - We evaluated the accuracy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis including the impact of COVID-19 on the assumptions and estimates. - We tested the accuracy and completeness of the data in calculation of the data in the calculation models for the loans which are assessed on collective basis. We recalculated the expected credit loss calculation. The models used for the calculation of the risk parameters were examined and recalculated. - We assessed the macroeconomic models including the effects of COVID-19, that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. - We evaluated the qualitative and quantitative criteria, including the effects of COVID-19, which are used in determining the significant increase in credit risk. - We evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2020 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.
2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member firm of KPMG International Cooperative

Orhan Akova, SMMM
Sorumlu Denetçi

15 Şubat 2021
İstanbul, Türkiye

The Unconsolidated Year End Financial Report of Ing Bank A.Ş. Prepared as of and for the Year Ended 31 December 2020

Address of the Bank	:	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8 34467 Sarıyer/İstanbul
Phone and fax numbers of the Bank	:	(212) 335 10 00
		(212) 286 61 00
Web-site of the Bank	:	www.ing.com.tr
E-mail	:	disyazisma@ing.com.tr

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

- General information about the Bank
- Unconsolidated financial statements of the Bank
- Explanations on accounting policies applied in the related period
- Information on financial structure and risk management of the Bank
- Explanations and notes related to unconsolidated financial statements
- Other explanations
- Independent auditors' report

The accompanying year end unconsolidated 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 audited.

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

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

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

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

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Section three
Accounting policies

Section one

General information

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

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

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

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

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

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

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

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

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

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

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

As of 31 December 2020, the Bank's paid-in capital consists of 3,486,267,797 shares with a nominal value of TL 1 (Full TL) each.

The Bank's paid-in capital is TL 3,486,268 as of 31 December 2020 and ING Bank N.V. has full control over the Bank's capital.

Other shareholders total represent the total shares of Chairman of the Board John T. Mc Carthy, Vice Chairman of the BoD A. Canan Ediboğlu, the members of the Board Martijn Bastiaan Kamps and Sali Salieski with a nominal value of TL 1 (Full TL) each.

One share amounting to TL 1 (full TL), belonging to the Vice Chairman of the BoD Adrianus J. A. Kas, who resigned from his duty on 8 June 2020, was transferred to Martijn Bastiaan Kamps on 26 June 2020.

As one of the world's leading financial services institutions, ING Group operates in the retail banking, wholesale and mid-corporate banking, investment banking and portfolio management segments. ING Group was established in 1991 as a result of a merger between NMB Postbank, which has a distinguished 150-year history, and the Netherlands' leading insurance company, Nationale-Nederlanden. Both companies were providing services in international markets before the merger, but ING became a leading global financial service provider with the merger.

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

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

As of 31 December 2020, the Bank's Board of Directors (BOD), Members of Audit Committee and Chief Executive Officer and Executive Vice Presidents are as follows:

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

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

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

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

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

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

Financial Risk Management Executive Vice President of the Bank, Nermin Güney, has resigned from her duty and has been appointed as Chief Risk Officer of ING France starting from 1 October 2020.

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

Digital Banking and Branch Sales Management Director of the Bank, Ozan Kırmızı, has been appointed as Retail Banking Executive Vice President per the Board of Directors resolution No. 85/1 and dated 12 October 2020, after completion of the BRSA process, he started his duty as of 26 October 2020.

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

IV. Information on the Bank's qualified shareholders

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

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

The Bank is principally engaged in all types of banking transactions, accepting deposits and all kinds of legal transactions, activities and operations within banking license within the scope provided by the Banking Law, and all existing and/or future laws, regulations and decree laws and related legislation. The Bank carries out its operations with 191 domestic branches.

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

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

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

None.

Section two

Unconsolidated financial statements

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

ING Bank A.Ş.

Unconsolidated Balance Sheet (Statement of Financial Position) As of 31 December 2020

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

	Assets	Note (section five)	Audited Current period (31/12/2020) TL	FC	Total	Audited Prior period (31/12/2019) TL	FC	Total
I.	**Financial assets (net)**		**8,812,518**	**9,939,538**	**18,752,056**	**12,717,937**	**7,952,365**	**20,670,302**
1.1	**Cash and cash equivalents**		**5,936,539**	**9,550,337**	**15,486,876**	**8,844,512**	**7,672,848**	**16,517,360**
1.1.1	Cash and balances at Central Bank	(I-1)	986,317	8,123,472	9,109,789	650,206	6,777,345	7,427,551
1.1.2	Banks	(I-3)	636	1,426,865	1,427,501	242	895,503	895,745
1.1.3	Money market placements		4,952,440	-	4,952,440	8,202,551	-	8,202,551
1.1.4	Expected credit losses (-)	(I-5)	(2,854)	-	(2,854)	(8,487)	-	(8,487)
1.2	**Financial assets at fair value through profit or loss**	**(I-2)**	**26,805**	**79,000**	**105,805**	**32,731**	**89,993**	**122,724**
1.2.1	Government securities		26,743	79,000	105,743	32,696	89,993	122,689
1.2.2	Equity instruments		62	-	62	35	-	35
1.2.3	Other financial assets		-	-	-	-	-	-
1.3	**Financial assets at fair value through other comprehensive income**	**(I-4)**	**580,324**	**313**	**580,637**	**1,338,052**	**229**	**1,338,281**
1.3.1	Government securities		569,876	-	569,876	1,329,200	-	1,329,200
1.3.2	Equity instruments		10,448	313	10,761	8,852	229	9,081
1.3.3	Other financial assets		-	-	-	-	-	-
1.4	**Derivative financial assets**		**2,268,850**	**309,888**	**2,578,738**	**2,502,642**	**189,295**	**2,691,937**
1.4.1	Derivative financial assets measured at fair value through profit or loss	(I-2)	2,242,982	309,888	2,552,870	2,467,326	188,178	2,655,504
1.4.2	Derivative financial assets measured at fair value through other comprehensive income	(I-11)	25,868	-	25,868	35,316	1,117	36,433
II.	**Financial assets measured at amortised cost**		**28,358,587**	**12,619,235**	**40,977,822**	**23,846,373**	**11,083,848**	**34,930,221**
2.1	**Loans**	**(I-5)**	**26,106,175**	**12,619,235**	**38,725,410**	**23,623,201**	**11,083,848**	**34,707,049**
2.2	**Receivables from leasing transactions**	**(I-10)**	-	-	-	-	-	-
2.3	**Factoring receivables**		-	-	-	-	-	-
2.4	**Other financial assets measured at amortised cost**	**(I-6)**	**4,253,314**	-	**4,253,314**	**2,114,571**	-	**2,114,571**
2.4.1	Government securities		4,253,314	-	4,253,314	2,114,571	-	2,114,571
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	**Expected credit losses (-)**	**(I-5)**	**(2,000,902)**	-	**(2,000,902)**	**(1,891,399)**	-	**(1,891,399)**
III.	**Assets held for sale and assets of discontinued operations (net)**	**(I-16)**	**660**	-	**660**	**660**	-	**660**
3.1	Assets held for sale		660	-	660	660	-	660
3.2	Assets from discontinued operations		-	-	-	-	-	-
IV.	**Equity investments**		**110,672**	**334**	**111,006**	**83,265**	**334**	**83,599**
4.1	**Investments in associates (net)**	**(I-7)**	-	-	-	-	-	-
4.1.1	Associates consolidated by using equity method		-	-	-	-	-	-
4.1.2	Unconsolidated associates		-	-	-	-	-	-
4.2	**Investments in subsidiaries (net)**	**(I-8)**	**110,672**	**334**	**111,006**	**83,265**	**334**	**83,599**
4.2.1	Unconsolidated financial subsidiaries		110,672	334	111,006	83,265	334	83,599
4.2.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
4.3	**Jointly Controlled Partnerships (Joint Ventures) (net)**	**(I-9)**	-	-	-	-	-	-
4.3.1	Joint ventures consolidated by using equity method		-	-	-	-	-	-
4.3.2	Unconsolidated joint ventures		-	-	-	-	-	-
V.	**Tangible assets (net)**	**(I-12)**	**817,487**	-	**817,487**	**946,477**	-	**946,477**
VI.	**Intangible assets (net)**	**(I-13)**	**45,580**	-	**45,580**	**54,262**	-	**54,262**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		45,580	-	45,580	54,262	-	54,262
VII.	**Investment property (net)**	**(I-14)**	-	-	-	-	-	-
VIII.	**Current tax asset**	**(I-15)**	-	-	-	-	-	-
IX.	**Deferred tax asset**	**(I-15)**	-	-	-	-	-	-
X.	**Other assets (net)**	**(I-17)**	**507,391**	**13,048**	**520,439**	**454,857**	**4,343**	**459,200**
	Total assets		**38,652,895**	**22,572,155**	**61,225,050**	**38,103,831**	**19,040,890**	**57,144,721**

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

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

ING Bank A.Ş.

Unconsolidated Balance Sheet (Statement of Financial Position) As of 31 December 2020

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

	Liabilities	Note (section five)	Audited Current period (31/12/2020) TL	FC	Total	Audited Prior period (31/12/2019) TL	FC	Total
I.	**Deposits**	**(II-1)**	**19,252,578**	**20,952,524**	**40,205,102**	**23,512,236**	**15,695,771**	**39,208,007**
II.	**Loans received**	**(II-3)**	**1,799,764**	**3,499,113**	**5,298,877**	**189,364**	**2,543,888**	**2,733,252**
III.	**Money market funds**		**9,438**	**57,784**	**67,222**	**14,228**	**82,601**	**96,829**
IV.	**Securities Issued (net)**	**(II-4)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1	Bills		-	-	-	-	-	-
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	**Funds**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrower funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**Financial liabilities at fair value through profit or loss**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Derivative financial liabilities**		**791,573**	**174,586**	**966,159**	**819,686**	**163,048**	**982,734**
7.1	Derivative financial liabilities at fair value through profit or loss	(II-2)	678,574	170,418	848,992	470,966	156,390	627,356
7.2	Derivative financial liabilities at fair value through other comprehensive income	(II-7)	112,999	4,168	117,167	348,720	6,658	355,378
VIII.	**Factoring payables**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Lease payables (net)**	**(II-6)**	**229,076**	**-**	**229,076**	**298,719**	**-**	**298,719**
X.	**Provisions**	**(II-8)**	**320,794**	**-**	**320,794**	**275,590**	**-**	**275,590**
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		59,554	-	59,554	55,089	-	55,089
10.3	Insurance technical reserves (net)		-	-	-	-	-	-
10.4	Other provisions		261,240	-	261,240	220,501	-	220,501
XI.	**Current tax liability**	**(II-9)**	**150,352**	**-**	**150,352**	**127,771**	**-**	**127,771**
XII.	**Deferred tax liability**	**(II-9)**	**185,063**	**-**	**185,063**	**190,647**	**-**	**190,647**
XIII.	**Liabilities for assets held for sale and assets of discontinued operations (net)**	**(II-10)**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	**Subordinated debt**	**(II-11)**	**-**	**4,019,844**	**4,019,844**	**-**	**4,237,398**	**4,237,398**
14.1	Loans		-	4,019,844	4,019,844	-	4,237,398	4,237,398
14.2	Other debt instruments		-	-	-	-	-	-
XV.	**Other liabilities**	**(II-5)**	**745,093**	**83,403**	**828,496**	**654,019**	**109,248**	**763,267**
XVI.	**Shareholders' equity**	**(II-12)**	**8,957,837**	**(3,772)**	**8,954,065**	**8,236,954**	**(6,447)**	**8,230,507**
16.1	Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2	Capital reserves		-	-	-	-	-	-
16.2.1	Share premiums		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		-	-	-	-	-	-
16.3	Other comprehensive income/expense items not to be recycled to Profit or Loss		144,420	-	144,420	139,597	-	139,597
16.4	Other comprehensive income/expense items to be recycled in Profit or Loss		(7,592)	(3,772)	(11,364)	(72,920)	(6,447)	(79,367)
16.5	Profit reserves		4,708,096	-	4,708,096	3,207,698	-	3,207,698
16.5.1	Legal reserves		317,508	-	317,508	243,692	-	243,692
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary reserves		4,390,588	-	4,390,588	2,964,006	-	2,964,006
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or (loss)		626,645	-	626,645	1,476,311	-	1,476,311
16.6.1	Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2	Current period profit or (loss)		626,645	-	626,645	1,476,311	-	1,476,311
	Total liabilities and shareholders' equity		**32,441,568**	**28,783,482**	**61,225,050**	**34,319,214**	**22,825,507**	**57,144,721**

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

Unconsolidated Statement of Off-Balance Sheet Items as of 31 December 2020

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

					Audited			Audited
					Current period			Prior period
	Off-balance sheet items	Note			(31/12/2020)			(31/12/2019)
		(section five)	TL	FC	Total	TL	FC	Total
A.	**Off-balance sheet commitments (I+II+III)**		**31,462,913**	**67,020,353**	**98,483,266**	**34,463,153**	**80,441,539**	**114,904,692**
I.	**Guarantees and warranties**	**(III-1)**	**1,354,541**	**9,433,715**	**10,788,256**	**1,656,079**	**11,937,632**	**13,593,711**
1.1	Letters of guarantee		1,345,689	6,107,892	7,453,581	1,652,005	5,434,532	7,086,537
1.1.1	Guarantees subject to state tender law		3,477	-	3,477	4,075	-	4,075
1.1.2	Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3	Other letters of guarantee		1,342,212	6,107,892	7,450,104	1,647,930	5,434,532	7,082,462
1.2	Bank acceptances		-	1,269	1,269	-	4,008	4,008
1.2.1	Import letter of acceptance		-	1,269	1,269	-	4,008	4,008
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		4,491	718,677	723,168	445	1,125,301	1,125,746
1.3.1	Documentary letters of credit		4,491	718,677	723,168	445	1,125,301	1,125,746
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Pre-financing given as guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Purchase guarantees for securities issued		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		-	2,533,518	2,533,518	-	5,178,054	5,178,054
1.9	Other warranties		4,361	72,359	76,720	3,629	195,737	199,366
II.	**Commitments**	**(III-1)**	**3,540,483**	**1,365,816**	**4,906,299**	**3,703,566**	**3,993,491**	**7,697,057**
2.1	Irrevocable commitments		3,540,483	1,365,816	4,906,299	3,703,566	3,993,491	7,697,057
2.1.1	Forward asset purchase commitments		262,390	1,359,233	1,621,623	405,769	3,986,470	4,392,239
2.1.2	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		1,869,773	3,834	1,873,607	1,695,522	4,890	1,700,412
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		231,822	-	231,822	271,795	-	271,795
2.1.8	Tax and fund liabilities from export commitments		23,780	-	23,780	23,780	-	23,780
2.1.9	Commitments for credit card limits		1,146,789	-	1,146,789	1,300,968	-	1,300,968
2.1.10	Commitments for credit cards and banking services promotions		5,929	-	5,929	5,732	-	5,732
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		-	2,749	2,749	-	2,131	2,131
2.2	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	**(III-2)**	**26,567,889**	**56,220,822**	**82,788,711**	**29,103,508**	**64,510,416**	**93,613,924**
3.1	Derivative financial instruments for hedging purposes		1,970,000	1,275,834	3,245,834	5,080,000	2,205,819	7,285,819
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		1,970,000	1,275,834	3,245,834	5,080,000	2,205,819	7,285,819
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Derivative financial instruments for trading purposes		24,597,889	54,944,988	79,542,877	24,023,508	62,304,597	86,328,105
3.2.1	Forward foreign currency buy/sell transactions		2,675,190	7,758,902	10,434,092	1,887,129	6,750,727	8,637,856
3.2.1.1	Forward foreign currency transactions-buy		1,799,674	3,508,433	5,308,107	1,152,631	3,165,311	4,317,942
3.2.1.2	Forward foreign currency transactions-sell		875,516	4,250,469	5,125,985	734,498	3,585,416	4,319,914

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

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

ING Bank A.Ş.

Unconsolidated Statement of Off-Balance Sheet Items as of 31 December 2020

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

	Off-balance sheet items	Note (section five)	Audited Current period (31/12/2020) TL	FC	Total	Audited Prior period (31/12/2019) TL	FC	Total
3.2.2	Swap transactions related to foreign currency and interest rates		21,900,003	43,716,268	65,616,271	21,428,055	52,028,104	73,456,159
3.2.2.1	Foreign currency swap-buy		3,659,443	19,803,373	23,462,816	1,995,789	20,179,446	22,175,235
3.2.2.2	Foreign currency swap-sell		9,228,560	12,703,843	21,932,403	4,018,266	16,330,202	20,348,468
3.2.2.3	Interest rate swap-buy		4,506,000	5,604,526	10,110,526	7,707,000	7,759,228	15,466,228
3.2.2.4	Interest rate swap-sell		4,506,000	5,604,526	10,110,526	7,707,000	7,759,228	15,466,228
3.2.3	Foreign currency, interest rate and securities options		22,696	3,469,818	3,492,514	708,324	3,525,766	4,234,090
3.2.3.1	Foreign currency options-buy		11,348	1,734,909	1,746,257	354,162	1,762,883	2,117,045
3.2.3.2	Foreign currency options-sell		11,348	1,734,909	1,746,257	354,162	1,762,883	2,117,045
3.2.3.3	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	**Custody and pledged items (IV+V+VI)**		**192,007,939**	**42,846,154**	**234,854,093**	**191,814,960**	**32,697,106**	**224,512,066**
IV.	**Items held in custody**		**2,223,196**	**2,776,102**	**4,999,298**	**1,581,605**	**2,085,348**	**3,666,953**
4.1	Customer fund and portfolio balances		1,940,931	-	1,940,931	1,314,449	-	1,314,449
4.2	Investment securities held in custody		30,936	679,754	710,690	57,473	320,291	377,764
4.3	Checks received for collection		104,175	490,452	594,627	73,866	432,425	506,291
4.4	Commercial notes received for collection		147,153	1,598,009	1,745,162	135,816	1,279,406	1,415,222
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		1	7,887	7,888	1	53,226	53,227
4.8	Custodians		-	-	-	-	-	-
V.	**Pledged received**		**22,671,501**	**8,328,932**	**31,000,433**	**25,845,046**	**7,230,622**	**33,075,668**
5.1	Marketable securities		132,034	32,216	164,250	133,731	57,440	191,171
5.2	Guarantee notes		209,030	317,950	526,980	215,042	245,927	460,969
5.3	Commodity		910	-	910	910	-	910
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		19,113,316	6,566,119	25,679,435	22,542,362	6,200,939	28,743,301
5.6	Other pledged items		3,216,211	1,412,647	4,628,858	2,953,001	726,316	3,679,317
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	**Accepted independent guarantees and warranties**		**167,113,242**	**31,741,120**	**198,854,362**	**164,388,309**	**23,381,136**	**187,769,445**
	Total off-balance sheet items (A+B)		**223,470,852**	**109,866,507**	**333,337,359**	**226,278,113**	**113,138,645**	**339,416,758**

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

ING Bank A.Ş.

Unconsolidated Statement of Profit or Loss for the Year Ended 31 December 2020

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

	Income and expense items	Note (section five)	Audited Current period (01/01/2020-31/12/2020)	Audited Prior period (01/01/2019-31/12/2019)
I.	**Interest income**	**(IV-1)**	**4,896,134**	**6,964,124**
1.1	Interest on loans		3,979,161	5,267,641
1.2	Interest on reserve requirements		7,607	64,659
1.3	Interest on banks		10,881	81,537
1.4	Interest on money market transactions		344,831	1,104,221
1.5	Interest on marketable securities portfolio		553,119	444,089
1.5.1	Financial assets at fair value through profit or loss		13,771	20,463
1.5.2	Financial assets at fair value through other comprehensive income		106,453	152,865
1.5.3	Financial assets measured at amortised cost		432,895	270,761
1.6	Finance lease income		-	-
1.7	Other interest income		535	1,977
II.	**Interest expense (-)**	**(IV-2)**	**(2,094,699)**	**(3,809,721)**
2.1	Interest on deposits		(1,773,122)	(3,436,275)
2.2	Interest on funds borrowed		(190,974)	(313,354)
2.3	Interest on money market transactions		(59,735)	(9,340)
2.4	Interest on securities issued		-	-
2.5	Finance lease expense		(28,922)	(48,506)
2.6	Other interest expenses		(41,946)	(2,246)
III.	**Net interest income/expense (I + II)**		**2,801,435**	**3,154,403**
IV.	**Net fees and commissions income/expense**		**426,316**	**588,604**
4.1	Fees and commissions received		593,294	762,035
4.1.1	Non-cash loans		181,250	224,234
4.1.2	Other	(IV-12)	412,044	537,801
4.2	Fees and commissions paid (-)		(166,978)	(173,431)
4.2.1	Non-cash loans		(978)	(699)
4.2.2	Other	(IV-12)	(166,000)	(172,732)
V	**Dividend income**	**(IV-3)**	**215**	**67,860**
VI.	**Trading gain/(loss) (net)**	**(IV-4)**	**225,408**	**615,086**
6.1	Trading gain/(loss) on securities		98,406	(2,681)
6.2	Gain/(loss) on derivative financial transactions		500,981	1,050,558
6.3	Foreign exchange gain/(loss)		(373,979)	(432,791)
VII.	**Other operating income**	**(IV-5)**	**570,120**	**590,204**
VIII.	**Gross operating income (III+IV+V+VI+VII)**		**4,023,494**	**5,016,157**
IX.	**Expected credit loss (-)**	**(IV-6)**	**(1,143,177)**	**(1,204,303)**
X.	**Other provision expenses (-)**		**(10,595)**	**(9,004)**
XI.	**Personnel expenses (-)**		**(721,229)**	**(717,368)**
XII	**Other operating expenses**	**(IV-7)**	**(1,321,862)**	**(1,209,414)**
XIII.	**Net operating profit/(loss) (VIII-IX-X-XI-XII)**		**826,631**	**1,876,068**
XIV.	**Income resulted from mergers**		**-**	**-**
XV.	**Income/loss from investments under equity accounting**		**-**	**-**
XVI.	**Gain/loss on net monetary position**		**-**	**-**
XVII.	**Operating profit/loss before taxes (XIII+...+XVI)**	**(IV-8)**	**826,631**	**1,876,068**
XVIII.	**Provision for taxes of continued operations (±)**	**(IV-9)**	**(199,986)**	**(399,757)**
18.1	Current tax provision		(222,557)	(459,489)
18.2	Expense effect of deferred tax (+)		(28,437)	(252,262)
18.3	Income effect of deferred tax (-)		51,008	311,994
XIX.	**Net profit/(loss) from continuing operations (XVII±XVIII)**	**(IV-10)**	**626,645**	**1,476,311**
XX.	**Income from discontinued operations**		**-**	**-**
20.1	Income from non-current assets held for resale		-	-
20.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
20.3	Income from other discontinued operations		-	-
XXI.	**Expenses for discontinued operations (-)**		**-**	**-**
21.1	Expenses for non-current assets held for resale		-	-
21.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
21.3	Loss from other discontinued operations		-	-
XXII.	**Profit/(loss) before tax from discontinued operations (XX-XXI)**		**-**	**-**
XXIII.	**Tax provision for discontinued operations (±)**		**-**	**-**
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	**Net profit/(loss) from discontinued operations (XXII±XXIII)**		**-**	**-**
XXV.	**Net profit/(loss) (XIX+XXIV)**	**(IV-11)**	**626,645**	**1,476,311**
	Earnings per share		0.1797	0.4235

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

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

ING Bank A.Ş.

Unconsolidated Statement Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2020

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

	Profit or loss and other comprehensive income	Audited Current period (01/01/2020-31/12/2020)	Audited Prior period (01/01/2019-31/12/2019)
I.	**Current period profit/loss**	**626,645**	**1,476,311**
II.	**Other comprehensive income**	**96,913**	**(668,966)**
2.1	**Other income/expense items not to be recycled to profit or loss**	**28,910**	**(938)**
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)	(352)	(1,180)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	29,003	-
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	259	242
2.2	**Other income/expense items to be recycled to profit or loss**	**68,003**	**(668,028)**
2.2.1	Translation differences	-	-
2.2.2	Income/(expenses) from valuation and/or reclassification of financial assets measured at FVOCI	(72,917)	118,732
2.2.3	Gains/(losses) from cash flow hedges	158,166	(966,734)
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	(17,246)	179,974
III.	**Total comprehensive income (I+II)**	**723,558**	**807,345**

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

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

ING Bank A.Ş.

Unconsolidated Statement of Changes in Equity for the Year Ended 31 December 2020

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

Changes in equity

	Statement of changes in shareholders' equity						Other comprehensive income/expense items not to be recycled to profit or loss		
	Audited	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)
	Prior period (01/01/2019-31/12/2019)								
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,122)**	**(241)**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of corrections		-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,122)**	**(241)**
IV.	Total comprehensive income		-	-	-	-	-	(938)	-
V.	Capital increase by cash		-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	977	-	-
11.1	Dividends paid		-	-	-	-	-	-	-
11.2	Transfers to reserves	(II-12)	-	-	-	-	977	-	-
11.3	Other		-	-	-	-	-	-	-
	Period-end balance (III+IV+......+X+XI)		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,060)**	**(241)**
	Current period (01/01/2020-31/12/2020)								
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,060)**	**(241)**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of corrections		-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,060)**	**(241)**
IV.	Total comprehensive income		-	-	-	-	-	(93)	29,003
V.	Capital increase by cash		-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	(24,087)	-	-
11.1	Dividends paid		-	-	-	-	-	-	-
11.2	Transfers to reserves	(II-12)	-	-	-	-	(24,087)	-	-
11.3	Other		-	-	-	-	-	-	-
	Period-end balance (III+IV+......+X+XI)		**3,486,268**	**-**	**-**	**-**	**117,811**	**(2,153)**	**28,762**

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

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

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

Other comprehensive income/expense items to be recycled to profit or loss						
Translation differences	Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI	Other (2)	Profit reserves	Prior period profit or (loss)	Current period profit or (loss)	Total shareholders' equity
326	**(14,629)**	**602,964**	**2,146,000**	**-**	**1,061,760**	**7,422,247**
-	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-
-	-	-	-	-	-	-
326	**(14,629)**	**602,964**	**2,146,000**	**-**	**1,061,760**	**7,422,247**
-	94,559	(762,587)	-	-	1,476,311	807,345
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,061,698	-	(1,061,760)	915
-	-	-	-	-	-	-
-	-	-	1,060,783	-	(1,061,760)	-
-	-	-	915	-	-	915
326	**79,930**	**(159,623)**	**3,207,698**	**-**	**1,476,311**	**8,230,507**
326	**79,930**	**(159,623)**	**3,207,698**	**-**	**1,476,311**	**8,230,507**
-	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-
-	-	-	-	-	-	-
326	**79,930**	**(159,623)**	**3,207,698**	**-**	**1,476,311**	**8,230,507**
-	(57,888)	125,891	-	-	626,645	723,558
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,500,398	-	(1,476,311)	-
-	-	-	-	-	-	-
-	-	-	1,500,398	-	(1,476,311)	-
-	-	-	-	-	-	-
326	**22,042**	**(33,732)**	**4,708,096**	**-**	**626,645**	**8,954,065**

ING Bank A.Ş.

Unconsolidated Statement of Cash Flows for the Year Ended 31 December 2020

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

	Statement of cash flows	Note	Audited Current period (01/01/2020-31/12/2020)	Audited Prior period (01/01/2019-31/12/2019)
A.	**Cash flows from banking operations**			
1.1	**Operating profit/(loss) before changes in operating assets and liabilities**		**3,631,001**	**1,407,464**
1.1.1	Interest received		5,014,708	7,083,068
1.1.2	Interest paid		(2,107,182)	(3,888,038)
1.1.3	Dividend received		215	67,860
1.1.4	Fees and commissions received		581,436	773,051
1.1.5	Other income	(VI-2)	119,862	126,975
1.1.6	Collections from previously written-off loans and other receivables		635,292	766,049
1.1.7	Payments to personnel and service suppliers		(1,567,554)	(1,478,568)
1.1.8	Taxes paid		(199,976)	(571,313)
1.1.9	Other	(VI-2)	1,154,200	(1,471,620)
1.2	**Changes in operating assets and liabilities**		**(3,853,610)**	**1,642,351**
1.2.1	Net increase/decrease in financial assets at fair value through profit or loss		17,666	(93,803)
1.2.2	Net (increase) decrease in due from bank		178,572	(156,960)
1.2.3	Net (increase) decrease in loans		(1,761,817)	4,732,241
1.2.4	Net (increase) decrease in other assets	(VI-2)	(120,411)	3,070,160
1.2.5	Net increase (decrease) in bank deposits		(748,092)	(447,237)
1.2.6	Net increase (decrease) in other deposits		(763,847)	5,686,300
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		(840,547)	(10,083,411)
1.2.9	Net increase/(decrease) in matured payables		-	-
1.2.10	Net increase/(decrease) in other liabilities	(VI-2)	184,866	(1,064,939)
I.	**Net cash provided from banking operations**		**(222,609)**	**3,049,815**
B.	**Cash flow from investing activities**			
II.	**Net cash provided from investing activities**		**(1,387,931)**	**(1,415,360)**
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		-	13,223
2.3	Purchases of property and equipment		(342,202)	(355,958)
2.4	Disposals of property and equipment		444,554	385,181
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income		(1,298,023)	(553,200)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income		1,946,210	15,836
2.7	Cash paid for purchase of financial assets measured at amortised cost		(3,644,739)	(912,878)
2.8	Cash obtained from sale of financial assets measured at amortised cost		1,553,437	36,299
2.9	Other	(VI-2)	(47,168)	(43,863)
C.	**Cash flows from financing activities**			
III.	**Net cash provided from financing activities**		**(102,737)**	**(104,913)**
3.1	Cash obtained from funds borrowed and securities issued	(II-4)	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	(II-4)	-	-
3.3	Issued equity instruments		-	-
3.4	Dividends paid	(II-12)	-	-
3.5	Payments for finance leases		(102,737)	(104,913)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**(VI-2)**	**1,030,782**	**931,358**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**(682,495)**	**2,460,900**
VI.	**Cash and cash equivalents at beginning of the period**	**(VI-1)**	**13,091,283**	**10,630,383**
VII.	**Cash and cash equivalents at the end of the period**	**(VI-1)**	**12,408,788**	**13,091,283**

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

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

ING Bank A.Ş.

Statement of Profit Distribution for the Year Ended 31 December 2020

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

	Profit distribution table	Audited Current period (31/12/2020) (*)	Audited Prior period (31/12/2019) (*)
I.	**Distribution of current year profit**		
1.1	Current year profit	826,631	1,876,068
1.2	Taxes and duties payable (-)	199,986	399,757
1.2.1	Corporate tax (Income tax)	222,557	459,489
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(22,571)	(59,732)
A.	**Net profit for the year (1.1-1.2)**	**626,645**	**1,476,311**
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	73,816
1.5	Other statutory reserves (-)	-	-
B.	**Net profit available for distribution (A-(1.3+1.4+1.5))**	**626,645**	**1,402,495**
1.6	First dividend to shareholders (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	Dividend to board of directors (-)	-	-
1.9	Second dividend to shareholders (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Statutory reserves (-)	-	-
1.11	Extraordinary reserves	-	1,401,809
1.12	Other reserves	-	-
1.13	Special funds	-	686
II.	**Distribution of reserves**		
2.1	Appropriated reserves	-	-
2.2	Dividends to shareholders (-)	-	-
2.2.1	To owners of ordinary shares	-	-
2.2.2	To owners of privileged shares	-	-
2.2.3	To owners of preferred shares	-	-
2.2.4	To profit sharing bonds	-	-
2.2.5	To holders of profit and loss sharing certificates	-	-
2.3	Dividends to personnel (-)	-	-
2.4	Dividends to board of directors (-)	-	-
III.	**Earnings per share**		
3.1	To owners of ordinary shares	0.18	0.42
3.2	To owners of ordinary shares (%)	17.97%	42.35%
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	**Dividend per share**		
4.1	To owners of ordinary shares	-	-
4.2	To owners of ordinary shares (%)	-	-
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

(*) Profit distribution is realized in accordance with Bank's General Meeting decision and as of the preparation date of the financial statements, 2020 annual ordinary general meeting has not been held yet. In accordance with the regulations in Turkey, companies do not make profit distribution based on consolidated financials. In this respect, the profit distribution tables stated above belong to the Bank.

(**) According to Ordinary General Meeting dated 26 March 2020, amounting to TL 174,313 of distributable profit for the year 2019, has been classified as first dividend share and related amount has been kept as extraordinary reserves with TL 1,227,496.

(***) According to Ordinary General Meeting dated 26 March 2020, amounting to TL 686 of distributable profit for the year 2019 is composed of the benefit of Corporate Tax exemption on real estate sales profit and related amount is transferred to separate fund under equity in accordance with Corporate Tax Law 5520 article 5. and 1. paragraph clause (e).

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

Section three

Accounting policies

I. Explanations on basis of presentation

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

The unconsolidated financial statements have been prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" and other regulations, communiqués, explanations and circulars promulgated by the Banking Regulation and Supervision Agency ("BRSA") in relation to accounting and financial reporting principles of banks and for the issues not regulated by as per Turkish Financial Reporting Standards ("TFRS") 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. TFRS contains Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards and explanations and interpretations related to the standards.

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

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

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

While preparing the financial statements as of 31 December 2020, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. The estimates and assumptions used in the calculation of expected credit losses are explained in the explanations on impairment of financial assets section.

b. Additional paragraph for convenience translation to English

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

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

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

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

I. Explanations on basis of presentation (continued)

d. Changes in accounting policies and disclosures

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

In addition, the Indicator Interest Rate Reform - 2nd Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published by the POA in the Official Gazette dated 14 December 2019 and numbered 30978 and early implementation of the changes is allowed. With the modifications made, certain exceptions are provided for the basis used in the determination of contractual cash flows and hedge accounting implementations. The effects of the changes on the Bank's financials have been evaluated and it has been concluded that there is no need for early application. On the other hand, the process for the Indicative Interest Rate Reform is expected to be completed as of 31 December 2021, and the Bank's studies continue within the scope of compliance with the changes.

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

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

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

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

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

Explanations on foreign currency transactions:

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

III. Presentation of information related to consolidated subsidiaries

Investments in associates and subsidiaries are accounted in accordance with the "Turkish Accounting Standard on Separate Financial Statements" ("TAS 27") in the unconsolidated financial statements and measured in the financial statements according to their costs. Subsidiaries whose shares are not traded in an active market (stock market), are followed at their cost of acquisition and these assets are shown in the financial statements with their cost values after the deduction of impairment losses.

IV. Explanations on forward and options contracts and derivative instruments

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

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

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

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

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

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

Explanations on derivative financial instruments held for hedging purpose

As permitted by TFRS 9, the Bank continues to apply hedge accounting in accordance with "TAS 39 Financial Instruments: Recognition and Measurement ("TAS 39").

The Bank applies cash flow hedge accounting using interest rate and cross currency swap transactions, in order to hedge its TL floating rate deposits and revolving loans. Within the scope of cash flow hedge accounting, change in fair value of the hedging instrument, being positive or negative, is accounted in "Derivative financial assets measured at fair value through other comprehensive income" or "Derivative financial liabilities at fair value through other comprehensive income", respectively, in the balance sheet. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "accumulated other comprehensive income or expense to be reclassified to profit or loss" whereas the amount concerning ineffective parts is recognised in profit or loss statement. The changes recognized in shareholders' equity is removed and included in profit or loss 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 profit or loss statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity until the cash flows of the hedged item are realized and presented under "accumulated other comprehensive income or expense to be reclassified to profit or loss" are continued to be kept in this account.

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

V. Explanations on interest income and expenses

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

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

VI. Explanations on fee and commission income and expenses

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

VII. Explanations on financial instruments

Initial recognition of financial instruments

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

Initial measurement of financial instrument

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

Classification of financial instruments

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

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

Assessment of business model

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

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

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

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

VII. Explanations on financial instruments (continued)

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

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

Other business models:

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

Measurement categories of financial assets and liabilities

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

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

Financial assets measured at fair value through profit/loss:

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

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

Financial assets measured at fair value through other comprehensive income:

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

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

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

VII. Explanations on financial instruments (continued)

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

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

Financial assets measured at amortized cost:

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

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

Loans:

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

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

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

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

VIII. Explanations on impairment of financial assets

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

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

VIII. Explanations on impairment of financial assets (continued)

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

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

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

Bank considers the following criteria.

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

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

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

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

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

In accordance with the BRSA Decision numbered 8948 and dated 17 March 2020, starting from 17 March 2020, the Bank records a loss allowance for loans which have days past due between 90-180 days and classified under Stage 2 at an amount equal to their lifetime expected credit losses where the probability of default is taken into account as 100% until 31 December 2020. Based on the BRSA Decision numbered 9312 and dated 8 December 2020, this period was extended until 30 June 2021.

In accordance with the BRSA Decision numbered 8970 and dated 27 March 2020, the Bank records a loss allowance for loans which have days past due between 30 to 90 days and classified under Stage 1 at an amount equal to 12-month expected credit losses until 31 December 2020. Based on the BRSA Decision numbered 9312 and dated 8 December 2020, this period was extended until 30 June 2021.

As of 31 December 2020, the Bank has made its classifications in accordance with the related changes and reflected the effects in its unconsolidated financial statements.

VIII. Explanations on impairment of financial assets (continued)

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

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

Expected credit loss measurement:

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

According to the Bank's risk policies, lifetime loan loss provision is calculated for the loans which have overdue between 30 to 90 days and classified under Stage 1 in accordance with BRSA Decision numbered 8970 and dated 27 March 2020. Based on the BRSA Decision numbered 9312 and dated 8 December 2020, this period was extended until 30 June 2021.

According to the Bank's risk policies, lifetime loan loss provisions is calculated by taking into account the probability of default as 100% for the loans which have overdue between 90 to 180 days and classified under Stage 2 in accordance with BRSA Decision numbered 8948 and dated 17 March 2020. Based on the BRSA Decision numbered 9312 and dated 8 December 2020, this period was extended until 30 June 2021.

As of 31 December 2020, the Bank has used the updated macroeconomic data including the negative effects of the COVID-19 outbreak in the expected credit loss allowance calculation and reflected the related effects to the expected credit losses with the best estimation approach.

IX. Explanations on offsetting financial assets

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

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

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

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

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

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

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

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

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

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

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

XII. Explanations on goodwill and other intangible assets

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

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

The intangible assets	7% - 33%

The Bank does not have goodwill.

XIII. Explanations on property and equipment

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

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

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

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

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

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

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

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

There is no purchase commitment related to property and equipment.

XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

The Bank does not have any leasing operations as lessor.

b. Accounting of leasing operations as lessee

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

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

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

The Bank - as lessee:

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

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

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

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

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

At the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the alternative borrowing interest rate.

XIV. Explanations on leasing transactions (continued)

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

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

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

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

XV. Explanations on provisions, contingent assets and liabilities

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

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

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

XVI. Explanations on obligations related to employee rights

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

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

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

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

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

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

XVII. Explanations on taxation

a. Current tax

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

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

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

The corporate tax rate is applied to the net corporate income after the addition of expenses not subject to deduction according to tax legislation, deduction of exemptions in tax laws (such as participation earnings exemption) and application of tax relief (reduction). No further tax is paid if the profit is not distributed.

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

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

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

b. Deferred tax

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. As of 31 December 2020, within the scope of TAS 12, the Bank calculated its deferred tax assets or liabilities at 20%, which is the tax rate that will be valid as of 2021, according to the tax law in force.

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

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

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

XVII. Explanations on taxation (continued)

c. Transfer pricing

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

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

XVIII. Explanations on borrowings

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

XIX. Explanation on issuance of equity securities

There are no issuance of equity securities in 2020.

XX. Explanations on guarantees and acceptances

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

XXI. Explanations on government incentives

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

XXII. Explanations on segment reporting

An operating segment is a component of an entity:

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

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

XXIII. Profit reserves and distribution of profit

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

XXIV. Explanations on other disclosures

None.

Section four

Information on financial position and risk management of the Bank

I. Explanations on unconsolidated capital

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

Within the context of the measures that are announced by BRSA with the numbered 9312 and dated 8 December 2020, in capital adequacy ratio calculation until 30 June 2021;

- The negative valuation differences of the securities stems from "Financial Assets at Fair Value through Other Comprehensive Income" portfolio may not be taken into consideration in the equity amount that is used in the capital adequacy ratio calculation as of 23 March 2020,
- In capital adequacy ratio calculation, the banks may calculate their risk weighted assets by using the simple arithmetic average of Central Bank rates for the last 252 business days

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

The Bank does not take into consideration the related measures in regulatory capital adequacy ratio calculation as of 31 December 2020.

As of 31 December 2020, the Bank's total capital is TL 12,328,040 and the capital adequacy ratio is 25.12%. As of 31 December 2019, the Bank's total capital amounted to TL 12,458,250 and capital adequacy ratio was 26.82%.

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

I. Explanations on unconsolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	4,708,096	
Other comprehensive income according to TAS	140,179	
Profit	626,645	
Net profit for the period	626,645	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	29,003	
Common equity Tier I capital before deductions	**8,990,191**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	2,394	
Leasehold improvements on operational leases	50,147	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	45,733	45,733
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the common equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the common equity	-	
Amounts exceeding 15% of the common equity as per the 2nd clause of the provisional article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity in case adequate additional Tier I capital or Tier II capital is not available	-	
Total deductions from common equity Tier I capital	**98,274**	
Total common equity Tier I capital	**8,891,917**	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I capital and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Additional Tier I capital before deductions	**-**	
Deductions from additional Tier I capital	**-**	
Bank's direct and indirect investments in its own Additional Tier I capital	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	**-**	
Total additional Tier I capital	**-**	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**8,891,917**	

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

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

ING Bank A.Ş.

Notes to the Unconsolidated Financial Statements as of and for the Year Ended 31 December 2020

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

I. Explanations on unconsolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	2,922,714	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	522,581	
Tier II Capital Before Deductions	**3,445,295**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	**-**	
Total Tier II Capital	**3,445,295**	
Total capital (the sum of tier i capital and tier ii capital)	**12,337,212**	
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 (-)	9,172	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period	**-**	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	12,328,040	
Total risk weighted amounts	49,075,278	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	18.12	
Tier I Capital Adequacy Ratio (%)	18.12	
Capital Adequacy Ratio (%)	25.12	
BUFFERS		
Total buffer requirement	2.65	
Capital protection buffer requirement (%)	2.50	
Bank specific cyclical buffer requirement (%)	0.15	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	12.12	
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	162,977	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	556,541	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	522,581	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	

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

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

I. Explanations on unconsolidated capital (continued)

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

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

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

I. Explanations on unconsolidated capital (continued)

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

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

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

I. Explanations on unconsolidated capital (continued)

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

Issuer	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-
Governing law(s) of the instrument	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No
Eligible at stand-alone/consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 55 million (TL 406 million) and EUR 51 million (TL 465 million)	USD 50 million (TL 368 million) and EUR 185 million (TL 1,684 million)
Par value of instrument (Currency in million)	USD 91 million (TL 676 million) and EUR 85 million (TL 775 million)	USD 62 million (TL 460 million) and EUR 231 million (TL 2,105 million)
Accounting classification	Subordinated Loans	Subordinated Loans
Original date of issuance	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated
Original maturity date	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year
Coupons/dividends	-	-
Fixed or floating dividend/coupon	Floating	Floating
Coupon rate and any related index	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%
Existence of a dividend stopper	-	-
Fully discretionary, partially discretionary or mandatory	-	-
Existence of step up or other incentive to redeem	None	None
Noncumulative or cumulative	-	-
Convertible or non-convertible	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
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
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-

(*) The subordinated loans amounting to USD 102 million and EUR 90 million obtained from ING Bank N.V. on 11 March 2014 were paid on interest payment date of the subordinated loans, respectively 11 March 2020 and 11 September 2020, by using the early redemption option, in accordance with the BRSA's approval letters dated 9 March 2020 and 31 March 2020.

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

I. Explanations on unconsolidated capital (continued)

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders' equity	8,954,065	8,954,065
Gains from cash flow hedge transactions	(33,732)	33,732
Leasehold improvements on operational leases	50,147	(50,147)
Goodwill and intangible assets	45,580	(45,733)
General provision	556,541	522,581
Subordinated debt (*)	4,019,844	2,922,714
Other deductions from shareholders' equity	9,172	(9,172)
Capital		**12,328,040**

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the Bank amounting to USD 91 million and EUR 85 million is amortised by 40% and then included in Tier II Capital as its remaining maturity is less than 4 years and USD 62 million and EUR 231 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than 5 years as of 31 December 2020.

II. Explanations on unconsolidated credit risk

1. The Bank's credit risk management strategy consists of limit settings within legal limitations, conservative credit allocation structure, proper documentation structure in line with the standards and strong monitoring and follow-up systems. Risk management strategy also includes sector-specific, currency and customer diversification. With the credit evaluations and monthly reporting to the top level management, loans having high exposures and factors that may cause deterioration in the loan quality are closely monitored, preventing the credit quality to decrease. Additionally, various analysis about concentration risks is made for monitoring portfolio risk as well as within the scope of Internal Capital Adequacy Assessment Process ("ICAAP") and these activities are supported by stress tests. The sectoral distributions of loans are reported monthly and can be limited according to the conjunctions. However, geographical limitation is not implemented. Documentation for risk management strategy is revised at least once a year under the supervision of the Audit Committee.

As prescribed in the related legislation, the credit worthiness of the debtors is monitored regularly. The credit limits are determined by the Board of Directors, the Bank's Credit Committee and other related credit departments. The account statements related to given loans are obtained and reviewed as prescribed in the legislation. The Bank receives sufficient collateral for the loans given and other receivables. The received collaterals comprise of personal and legal entity guarantees, pledge of vehicle, mortgages, cash blockage, customer checks and Credit Guarantee Fund suretyship having Treasury guarantee.

Loans that have overdue principal, interest or both for less than 90 days after the maturity or due date are considered past due loans by the Bank. Loans that have overdue principal, interest or both for more than 90 days after the maturity or due date or the debtors of which are deemed unworthy by the Bank are considered impaired loans.

The Bank has started to apply TFRS 9 Financial Instruments ("TFRS 9") published by POA in the accompanying financial statements starting from 1 January 2018. The Bank calculates Expected Credit Loss based provisions for credit losses.

The sum of risk exposures that are offset and for which credit risk mitigation is not applied are presented monthly to the Audit Committee per different risk categories and types and monthly, periodically and annual changes are monitored by the senior management.

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

II. Explanations on unconsolidated credit risk (continued)

Risk classifications	Current period risk amount (*)	Current period average (**)	Prior period risk amount (*)	Prior period average (**)
Conditional and unconditional receivables from central governments and Central Banks	12,595,800	13,192,228	9,617,952	9,937,908
Conditional and unconditional receivables from regional or local governments	942,635	972,254	1,096,530	939,945
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	1
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	10,209,491	10,240,723	14,936,304	13,884,492
Conditional and unconditional receivables from corporates	25,416,811	24,475,770	21,682,171	22,028,504
Conditional and unconditional receivables from retail portfolios	13,983,620	14,303,180	14,524,431	15,201,180
Conditional and unconditional receivables secured by mortgages	2,717,007	2,987,316	2,608,006	3,324,620
Past due receivables	132,330	220,540	253,061	249,671
Receivables defined under high risk category by BRSA	509,319	854,943	1,114,344	1,000,879
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Stock transactions	121,767	104,649	92,680	95,302
Other receivables	2,677,350	2,758,451	2,609,825	3,561,787
Total	**69,306,130**	**70,110,054**	**68,535,304**	**70,224,289**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(**) The average risk amount was calculated by taking the arithmetic average of the values in the monthly reports prepared in balance sheet period in regards to "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

2. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.

3. Related to forward transactions, options and similar agreements, the bank operates the daily collateral management policies in accordance with ISDA agreements (CSA) and where needed the credit exposure is reduced by the usage of rights and performing of the acts.

4. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

When there is an issue or it is evaluated that the company might have an issue on repayments of the loan that are given in Corporate, Commercial, SME Banking segments, such companies have been transferred to Credits Restructuring and Recovery Group. The rating of all companies that were transferred to Credits Restructuring and Recovery Group have been reassessed. As a rule, the rating of the company has been reduced at the time of transfer, company's restructuring decision has been reconsidered and after decision is made the monitoring methods in the legislation have been applied. Existing ratings of the companies that are in legal follow up and are not restructured have been reduced again. On the other hand, companies that have issues on their financial positions or business operations but not restructured, have been monitored closely in terms of company operations and cash flows.

The Bank considers that long-term commitments are more exposed to credit risk than short-term commitments, and risk decomposition has been made according to that.

II. Explanations on unconsolidated credit risk (continued)

5. Transactions in foreign countries have been made with many correspondent banks in many countries. The counterparty limits have been set for the risks that may arise in transactions with banks. Credit risks have been managed according to credit worthiness and limits of the counterparties.

The Bank does not have any material credit risk concentration as an active participant of international banking market when considered with financial operations of other financial institutions.

6. The proportion of the Bank's top 100 and 200 cash loan balances in total cash loans is 36% and 44% respectively (31 December 2019: 32% and 38%).

The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 88% and 92% (31 December 2019: 85% and 90%).

The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total cash and non-cash loans 47% and 54% (31 December 2019: 46% and 52%).

7. Stage 1 and Stage 2 expected losses for unconsolidated credit risk amount to TL 556,541 (31 December 2019: TL 415,377).

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

II. Explanations on unconsolidated credit risk (continued)

8. Amount of profile on significant risks in significant regions

Profile on significant risks in significant regions [*]

	Risk categories [**]						
	1	2	3	4	5	6	7
Current period							
Domestic	12,595,800	942,635	-	-	-	5,497,060	23,352,482
European Union Countries	-	-	-	-	-	4,192,475	132,423
OECD Countries [***]	-	-	-	-	-	162,889	-
Off- Shore banking regions	-	-	-	-	-	6,547	-
USA, Canada	-	-	-	-	-	332,841	-
Other Countries	-	-	-	-	-	17,679	1,142,899
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	789,007
Undistributed assets/liabilities [****]	-	-	-	-	-	-	-
Total	**12,595,800**	**942,635**	**-**	**-**	**-**	**10,209,491**	**25,416,811**

	Risk categories [**]						
	1	2	3	4	5	6	7
Prior period							
Domestic	9,617,952	1,096,530	-	-	-	10,665,996	20,230,190
European Union Countries	-	-	-	-	-	3,578,901	189,402
OECD Countries [***]	-	-	-	-	-	231,393	-
Off- Shore banking regions	-	-	-	-	-	7,262	-
USA, Canada	-	-	-	-	-	423,814	-
Other Countries	-	-	-	-	-	28,938	918,611
Investment in associates, subsidiaries and joint ventures	-	-	-	-	-	-	343,968
Undistributed assets/liabilities [****]	-	-	-	-	-	-	-
Total	**9,617,952**	**1,096,530**	**-**	**-**	**-**	**14,936,304**	**21,682,171**

[*] The figures represent total risk amounts before credit risk mitigation and after credit conversion factor

[**] Risk categories that are defined in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks"

1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

[***] EU countries, OECD countries other than USA and Canada

[****] Assets and liabilities that are not distributed according to a consistent principle

Risk categories (**)										
8	9	10	11	12	13	14	15	16	17	Total
13,979,819	2,714,561	132,310	509,319	-	-	-	-	10,448	2,677,350	62,411,784
2,765	192	-	-	-	-	-	-	313	-	4,328,168
65	-	-	-	-	-	-	-	-	-	162,954
-	-	-	-	-	-	-	-	-	-	6,547
11	-	-	-	-	-	-	-	-	-	332,852
960	2,254	20	-	-	-	-	-	-	-	1,163,812
-	-	-	-	-	-	-	-	111,006	-	900,013
-	-	-	-	-	-	-	-	-	-	-
13,983,620	**2,717,007**	**132,330**	**509,319**	**-**	**-**	**-**	**-**	**121,767**	**2,677,350**	**69,306,130**

Risk categories (**)										
8	9	10	11	12	13	14	15	16	17	Total
14,520,916	2,607,740	252,986	1,114,344	-	-	-	-	8,852	2,609,822	62,725,328
2,330	266	38	-	-	-	-	-	229	3	3,771,169
107	-	-	-	-	-	-	-	-	-	231,500
-	-	-	-	-	-	-	-	-	-	7,262
8	-	-	-	-	-	-	-	-	-	423,822
1,070	-	37	-	-	-	-	-	-	-	948,656
-	-	-	-	-	-	-	-	83,599	-	427,567
-	-	-	-	-	-	-	-	-	-	-
14,524,431	**2,608,006**	**253,061**	**1,114,344**	**-**	**-**	**-**	**-**	**92,680**	**2,609,825**	**68,535,304**

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

II. Explanations on unconsolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

	Risk categories (**)								
Current period	1	2	3	4	5	6	7	8	9
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**330,460**	**26,366**	**4,894**
Farming and raising livestock	-	-	-	-	-	-	177,004	20,790	4,894
Forestry	-	-	-	-	-	-	30	4,768	-
Fishing	-	-	-	-	-	-	153,426	808	-
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**12,768,707**	**1,591,380**	**553,607**
Mining	-	-	-	-	-	-	2,725,236	23,332	2,600
Production	-	-	-	-	-	-	9,448,075	1,553,249	550,871
Electricity, gas, water	-	-	-	-	-	-	595,396	14,799	136
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**1,732,396**	**183,174**	**104,927**
Services	**7,772,610**	**-**	**-**	**-**	**-**	**10,209,491**	**10,473,291**	**1,448,724**	**838,704**
Wholesale and retail trade	-	-	-	-	-	-	3,787,899	1,144,378	272,368
Hotel food, beverage services	-	-	-	-	-	-	525,489	73,332	483,346
Transportation and telecommunication	-	-	-	-	-	-	1,622,824	143,444	61,933
Financial institutions	7,772,610	-	-	-	-	10,209,491	1,869,054	13,135	1,729
Real estate and renting service	-	-	-	-	-	-	657,813	16,776	10,254
Self-employment service	-	-	-	-	-	-	1,298,653	50,979	7,753
Education services	-	-	-	-	-	-	24,960	1,105	636
Health and social services	-	-	-	-	-	-	686,599	5,575	685
Other	**4,823,190**	**942,635**	**-**	**-**	**-**	**-**	**111,957**	**10,733,976**	**1,214,875**
Total	**12,595,800**	**942,635**	**-**	**-**	**-**	**10,209,491**	**25,416,811**	**13,983,620**	**2,717,007**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

Risk categories (**)										
10	11	12	13	14	15	16	17	TL	FC	Total
-	4,984	-	-	-	-	-	3	159,623	207,084	366,707
-	4,005	-	-	-	-	-	3	133,805	72,891	206,696
-	227	-	-	-	-	-	-	5,025	-	5,025
-	752	-	-	-	-	-	-	20,793	134,193	154,986
-	156,160	-	-	-	-	-	712	5,349,396	9,721,170	15,070,566
-	7,048	-	-	-	-	-	12	80,650	2,677,578	2,758,228
-	148,242	-	-	-	-	-	690	5,121,226	6,579,901	11,701,127
-	870	-	-	-	-	-	10	147,520	463,691	611,211
10	31,900	-	-	-	-	-	127	645,991	1,406,543	2,052,534
-	297,732	-	-	-	-	121,767	12,361	14,788,324	16,386,356	31,174,680
-	230,430	-	-	-	-	-	695	4,021,468	1,414,302	5,435,770
-	18,864	-	-	-	-	-	361	148,734	952,658	1,101,392
-	25,719	-	-	-	-	-	118	442,473	1,411,565	1,854,038
-	669	-	-	-	-	121,767	10,962	9,528,197	10,471,220	19,999,417
-	6,217	-	-	-	-	-	104	307,499	383,665	691,164
-	14,395	-	-	-	-	-	88	130,084	1,241,784	1,371,868
-	459	-	-	-	-	-	11	14,017	13,154	27,171
-	979	-	-	-	-	-	22	195,852	498,008	693,860
132,320	18,543	-	-	-	-	-	2,664,147	19,248,392	1,393,251	20,641,643
132,330	509,319	-	-	-	-	121,767	2,677,350	40,191,726	29,114,404	69,306,130

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

II. Explanations on unconsolidated credit risk (continued)

9. Risk profile according to sectors and counterparties [(*)]

	Risk categories [(**)]								
Prior period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**238,954**	**37,152**	**12,230**
Farming and raising livestock	-	-	-	-	-	-	133,516	30,272	12,133
Forestry	-	-	-	-	-	-	5,036	3,159	97
Fishing	-	-	-	-	-	-	100,402	3,721	-
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**11,412,667**	**1,841,173**	**682,026**
Mining	-	-	-	-	-	-	2,594,340	62,501	7,873
Production	-	-	-	-	-	-	8,611,860	1,755,592	669,341
Electricity, gas, water	-	-	-	-	-	-	206,467	23,080	4,812
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**1,604,123**	**256,217**	**94,937**
Services	**6,174,181**	**-**	**-**	**-**	**-**	**14,936,304**	**8,380,268**	**2,219,795**	**875,412**
Wholesale and retail trade	-	-	-	-	-	-	3,123,183	1,708,851	380,567
Hotel food, beverage services	-	-	-	-	-	-	405,160	101,808	396,297
Transportation and telecommunication	-	-	-	-	-	-	1,314,338	223,178	68,937
Financial institutions	6,174,181	-	-	-	-	14,936,304	875,559	24,478	3,887
Real estate and renting service	-	-	-	-	-	-	703,306	42,327	15,797
Self-employment service	-	-	-	-	-	-	1,375,369	82,840	6,764
Education services	-	-	-	-	-	-	21,772	13,092	1,637
Health and social services	-	-	-	-	-	-	561,581	23,221	1,526
Other	**3,443,771**	**1,096,530**	**-**	**-**	**-**	**-**	**46,159**	**10,170,094**	**943,401**
Total	**9,617,952**	**1,096,530**	**-**	**-**	**-**	**14,936,304**	**21,682,171**	**14,524,431**	**2,608,006**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

Risk categories (**)										
10	11	12	13	14	15	16	17	TL	FC	Total
-	**16,720**	**-**	**-**	**-**	**-**	**-**	**12**	**91,343**	**213,725**	**305,068**
-	13,732	-	-	-	-	-	9	76,295	113,367	189,662
-	49	-	-	-	-	-	2	8,343	-	8,343
-	2,939	-	-	-	-	-	1	6,705	100,358	107,063
-	**323,257**	**-**	**-**	**-**	**-**	**-**	**911**	**3,762,779**	**10,497,255**	**14,260,034**
-	11,741	-	-	-	-	-	20	185,834	2,490,641	2,676,475
-	307,406	-	-	-	-	-	849	3,487,802	7,857,246	11,345,048
-	4,110	-	-	-	-	-	42	89,143	149,368	238,511
10	**106,578**	**-**	**-**	**-**	**-**	**-**	**194**	**722,852**	**1,339,207**	**2,062,059**
2	**646,698**	**-**	**-**	**-**	**-**	**92,145**	**10,373**	**17,943,730**	**15,391,448**	**33,335,178**
2	512,552	-	-	-	-	-	1,044	4,062,160	1,664,039	5,726,199
-	30,062	-	-	-	-	-	394	274,924	658,797	933,721
-	51,531	-	-	-	-	-	204	543,685	1,114,503	1,658,188
-	1,574	-	-	-	-	92,145	8,478	12,266,602	9,850,004	22,116,606
-	10,548	-	-	-	-	-	115	407,968	364,125	772,093
-	36,669	-	-	-	-	-	103	214,410	1,287,335	1,501,745
-	1,457	-	-	-	-	-	15	24,725	13,248	37,973
-	2,305	-	-	-	-	-	20	149,256	439,397	588,653
253,049	**21,091**	**-**	**-**	**-**	**-**	**535**	**2,598,335**	**17,417,680**	**1,155,285**	**18,572,965**
253,061	**1,114,344**	**-**	**-**	**-**	**-**	**92,680**	**2,609,825**	**39,938,384**	**28,596,920**	**68,535,304**

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

II. Explanations on unconsolidated credit risk (continued)

10. Term distribution of risks with term structure [*]

Current Period	Time to maturity						
Risk categories	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Demand	Total
Conditional and unconditional receivables from central governments and Central Banks	7,744,108	351,772	1,582,341	193,354	2,723,888	337	12,595,800
Conditional and unconditional receivables from regional or local governments	-	-	53,932	-	888,703	-	942,635
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	5,539,983	268,699	411,490	724,555	1,916,883	1,347,881	10,209,491
Conditional and unconditional receivables from corporates	1,115,572	2,737,723	2,437,114	3,137,454	10,480,015	5,508,933	25,416,811
Conditional and unconditional receivables from retail portfolios	431,988	531,733	935,242	1,755,778	9,524,678	804,201	13,983,620
Conditional and unconditional receivables secured by mortgages	11,463	61,113	106,229	245,653	1,830,069	462,480	2,717,007
Past due receivables	-	-	-	-	-	132,330	132,330
Receivables defined under high risk category by BRSA	-	-	-	-	-	509,319	509,319
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	121,767	121,767
Other receivables	-	-	-	-	-	2,677,350	2,677,350
Total	**14,843,114**	**3,951,040**	**5,526,348**	**6,056,794**	**27,364,236**	**11,564,598**	**69,306,130**

[*] The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

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

II. Explanations on unconsolidated credit risk (continued)

10. Term distribution of risks with term structure (*) (continued)

Prior Period	Time to maturity						
Risk categories	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Demand	Total
Conditional and unconditional receivables from central governments and Central Banks	6,178,914	519,002	151,947	1,326,484	1,441,365	240	9,617,952
Conditional and unconditional receivables from regional or local governments	-	-	-	-	1,096,530	-	1,096,530
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	9,223,818	380,798	534,284	1,811,233	2,168,049	818,122	14,936,304
Conditional and unconditional receivables from corporates	487,453	1,430,249	2,985,171	3,349,106	10,795,386	2,634,806	21,682,171
Conditional and unconditional receivables from retail portfolios	396,554	742,600	917,679	1,899,855	9,785,551	782,192	14,524,431
Conditional and unconditional receivables secured by mortgages	19,995	89,574	94,750	210,364	1,888,521	304,802	2,608,006
Past due receivables	-	-	-	-	-	253,061	253,061
Receivables defined under high risk category by BRSA	-	-	-	-	-	1,114,344	1,114,344
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	92,680	92,680
Other receivables	-	-	-	-	-	2,609,825	2,609,825
Total	**16,306,734**	**3,162,223**	**4,683,831**	**8,597,042**	**27,175,402**	**8,610,072**	**68,535,304**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

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

II. Explanations on unconsolidated credit risk (continued)

11. Explanations on risk categories as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks

In determining the risk weights of the risk categories mentioned in article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, the Bank uses the ratings provided by international rating firm, Fitch Ratings in the Credit Risk Based Amount calculations as of 31 December 2020. Fitch ratings are used for the risk exposures to banks where the counterparties are resident in abroad. Furthermore, Fitch ratings are used for foreign currency securities issued by Treasury and other foreign currency risks that are associated with Central governments.

Matching of the risk ratings used in calculations with the credit quality grades stated in the Regulation on Measurement and Assessment of Capital Adequacy of Banks is presented below.

Credit quality level	1	2	3	4	5	6
Fitch rating note	AAA and AA-	A+ and A-	BBB+ and BBB-	BB+ and BB-	B+ and B-	CCC+ and below

Risk amounts based on risk weights

Current Period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from equity
Amount before credit risk mitigation	12,686,125	-	7,882,000	-	3,957,114	15,512,240	29,108,625	160,026	-	-	-	107,446
Amount after credit risk mitigation	13,402,065	-	2,871,777	1,293,912	5,140,206	13,480,530	27,671,737	159,344	-	-	-	107,446

Prior Period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from equity
Amount before credit risk mitigation	9,542,554	-	10,543,066	-	3,774,730	15,878,636	28,392,120	404,198	-	-	-	116,786
Amount after credit risk mitigation	11,594,935	-	2,257,915	1,037,933	5,137,129	12,942,789	26,571,729	404,198	-	-	-	116,786

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

II. Explanations on unconsolidated credit risk (continued)

12. Miscellaneous information regarding important sectors or counterparty type

The Bank evaluates its financial assets in 3 stages based on TFRS 9 as explained in section three note VIII. In this respect, the life time expected credit losses are recognized for impaired loans (defaulted) and the probability of default is considered as 100%.

When the loan is not defaulted yet, but there is a significant increase in the credit risk since origination date, the life time expected credit losses are calculated for these loans (stage 2).

For loans in stage 1, 12-month default probability is calculated. The expected credit loss within 12 months from the date of reporting is recognized in the financial statements.

Current period	Loans (*)		
	Impaired (TFRS 9)		
Important sectors/Counterparties	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	Expected credit losses (TFRS 9)
Agriculture	**6,020**	**20,869**	**18,513**
Farming and raising livestock	5,691	18,273	15,715
Forestry	-	310	95
Fishing	329	2,286	2,703
Manufacturing	**680,602**	**502,552**	**475,562**
Mining	5,700	43,106	48,026
Production	661,792	422,984	382,004
Electricity, gas, water	13,110	36,462	45,532
Construction	**795,274**	**187,372**	**180,578**
Services	**2,377,991**	**973,452**	**836,331**
Wholesale and retail trade	508,305	751,320	569,733
Hotel food, beverage services	555,424	75,423	96,040
Transportation and telecommunication	780,104	78,247	77,012
Financial institutions	119,234	1,293	6,113
Real estate and lending service	186,131	18,608	22,004
Self-employment service	26,412	42,020	36,465
Education service	13,039	2,234	3,069
Health and social services	189,342	4,307	25,895
Other	**1,382,749**	**523,969**	**489,363**
Total	**5,242,636**	**2,208,214**	**2,000,347**

(*) Represents the distribution of cash loans.

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

II. Explanations on unconsolidated credit risk (continued)

Prior Period	Loans (*)		
	Impaired (TFRS 9)		
Important sectors/Counterparties	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	Expected credit losses (TFRS 9)
Agriculture	**13,809**	**32,857**	**17,839**
Farming and raising livestock	13,225	27,247	14,425
Forestry	534	988	989
Fishing	50	4,622	2,425
Manufacturing	**848,681**	**628,288**	**369,558**
Mining	20,981	42,035	33,538
Production	817,146	544,657	298,178
Electricity, gas, water	10,554	41,596	37,842
Construction	**210,862**	**249,795**	**159,955**
Services	**1,696,988**	**1,350,066**	**831,703**
Wholesale and retail trade	631,233	1,061,339	588,018
Hotel food, beverage services	249,495	84,201	65,256
Transportation and telecommunication	300,494	97,397	86,187
Financial institutions	233,389	2,584	8,988
Real estate and lending service	176,274	18,147	21,640
Self-employment service	48,224	77,602	49,297
Education service	18,536	3,145	3,565
Health and social services	39,343	5,651	8,752
Other	**1,365,866**	**683,609**	**512,072**
Total	**4,136,206**	**2,944,615**	**1,891,127**

(*) Represents the distribution of cash loans.

13. Information related to value adjustments and credit provisions

Current period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,609,573	818,963	(833,038)	-	**1,595,498**
Stage 1 and stage 2 provisions (**)	424,127	433,852	(298,170)	-	**559,809**

Prior Period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,074,061	1,169,665	(634,153)	-	**1,609,573**
Stage 1 and stage 2 provisions (**)	597,455	244,823	(418,151)	-	**424,127**

(*) Determined according to currency differences, merges, acquisitions and selling of subsidiaries.
(**) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

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

II. Explanations on unconsolidated credit risk (continued)

14. Exposures subject to countercyclical capital buffer

Country name	RWA calculations for private sector loans in banking book	RWA calculations for trading book	Total
Turkey	35,542,468	457,500	35,999,968
Azerbaijan	1,143,636	-	1,143,636
United Kingdom	251,890	785,088	1,036,978
France	38,024	284,437	322,461
USA	17,529	135,341	152,870
Holland	78,002	15,163	93,165
Germany	88,330	-	88,330
Romania	52,463	-	52,463
Greece	23,682	-	23,682
Korea	18,807	-	18,807
Other	66,315	297	66,612

III. Explanation on unconsolidated currency risk

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

The simple arithmetic average of USD and EUR buying rates of the Bank for the thirty days before the balance sheet date are 7.7087 (Full TL) and 9.3852 (Full TL) respectively.

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

	1 USD	1 EUR
The Bank's "foreign exchange buying rates" (31 December 2020)	7.4265	9.1131
Previous days;		
30 December 2020	7.3545	9.0321
29 December 2020	7.3560	9.0177
28 December 2020	7.4682	9.1254
25 December 2020	7.5679	9.2275
24 December 2020	7.5847	9.2275

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

III. Explanation on unconsolidated currency risk (continued)

Information related to currency risk

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	5,372,047	2,374,205	377,220	8,123,472
Banks	136,529	189,564	1,100,772	1,426,865
Financial assets at fair value through profit or loss	61,930	73,037	-	134,967
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	313	-	-	313
Loans	9,264,829	3,397,397	8,649	12,670,875
Investments in associates, subsidiaries and joint ventures	-	334	-	334
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets (net)	-	-	-	-
Intangible assets (net)	-	-	-	-
Other assets	11,650	1,227	171	13,048
Total assets	**14,847,298**	**6,035,764**	**1,486,812**	**22,369,874**
Liabilities				
Bank deposit	1,499,352	150,957	-	1,650,309
Foreign currency deposits	7,091,067	9,063,105	3,148,043	19,302,215
Funds from interbank money market	57,784	-	-	57,784
Borrowings	3,998,276	3,520,681	-	7,518,957
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	4,212	34,294	2	38,508
Hedging derivative financial liabilities	4,168	-	-	4,168
Other liabilities	18,850	34,957	1,913	55,720
Total liabilities	**12,673,709**	**12,803,994**	**3,149,958**	**28,627,661**
Net on-balance sheet position	**2,173,589**	**(6,768,230)**	**(1,663,146)**	**(6,257,787)**
Net off-balance sheet position	**(2,131,632)**	**6,771,906**	**1,665,293**	**6,305,567**
Financial derivative assets	6,244,111	16,947,262	2,508,995	25,700,368
Financial derivative liabilities	8,375,743	10,175,356	843,702	19,394,801
Non-cash loans	**3,712,642**	**5,490,207**	**230,866**	**9,433,715**
Prior period				
Total assets	**14,060,909**	**3,484,485**	**1,510,515**	**19,055,909**
Total liabilities	**9,869,516**	**12,051,388**	**761,928**	**22,682,832**
Net on-balance sheet position	**4,191,393**	**(8,566,903)**	**748,587**	**(3,626,923)**
Net off-balance sheet position	**(4,187,714)**	**8,547,259**	**(746,180)**	**3,613,365**
Financial derivative assets	8,256,457	17,520,277	1,416,254	27,192,988
Financial derivative liabilities	12,444,171	8,973,018	2,162,434	23,579,623
Non-cash loans	**4,818,547**	**6,936,265**	**182,820**	**11,937,632**

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

III. Explanation on unconsolidated currency risk (continued)

In the foreign currency risk table:

The principal and accrual of TL 51,640 (31 December 2019: TL 130,287) of foreign currency indexed loans are shown under loans.

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

Held-for-trading derivative financial assets: TL 253,921 (31 December 2019: TL 115,268).

Held-for trading derivative financial liabilities: TL 159,593 (31 December 2019: TL 149,122).

Hedge funds: TL (3,772) (31 December 2019: TL (6,447)).

Interest rate swap (buy) transactions and options (buy): TL 6,242,443 (31 December 2019: TL 8,862,138).

Interest rate swap (sell) transactions and options (sell): TL 6,242,443 (31 December 2019: TL 8,862,138).

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

Forward foreign currency-buy transactions: TL 653,653 (31 December 2019: TL 2,085,348).

Forward foreign currency-sell transactions: TL 705,580 (31 December 2019: TL 1,901,122).

Sensitivity to currency risk

Table below shows the sensitivity of the Bank to a 10% change in USD and EUR rates.

	Percentage change in exchange rates	Effect on profit/loss before tax		Effect on equity (*)	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD	10% increase	368	(1,964)	-	-
USD	10% decrease	(368)	1,964	-	-
EURO	10% increase	4,196	368	(377)	(645)
EURO	10% decrease	(4,196)	(368)	377	645

(*) Represents effect on equity excluding profit/loss before tax

IV. Explanations on unconsolidated interest rate risk

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

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

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

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

IV. Explanations on unconsolidated interest rate risk (continued)

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

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	7,719,891	7,607	-	-	-	1,382,291	9,109,789
Banks	302,017	-	-	-	-	1,125,484	1,427,501
Financial assets at fair value through profit and loss	723,803	1,711,243	128,551	81,557	13,459	62	2,658,675
Money market placements	4,952,440	-	-	-	-	-	4,952,440
Financial assets measured at fair value through other comprehensive income	5,102	20,766	-	569,876	-	10,761	606,505
Loans	6,504,551	4,884,062	13,712,104	10,521,588	852,228	250,530	36,725,063
Financial assets measured at amortised cost	33,547	404,107	1,691,674	2,123,431	-	-	4,252,759
Other assets (*)	-	-	-	-	-	1,492,318	1,492,318
Total assets	**20,241,351**	**7,027,785**	**15,532,329**	**13,296,452**	**865,687**	**4,261,446**	**61,225,050**
Liabilities							
Bank deposits	1,650,302	-	-	-	-	12,634	1,662,936
Other deposits	29,030,879	1,588,399	125,616	-	-	7,797,272	38,542,166
Money market borrowings	9,438	-	-	57,784	-	-	67,222
Miscellaneous payables	120,318	-	-	-	-	303,316	423,634
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	4,062,358	4,238,791	657,036	360,536	-	-	9,318,721
Other liabilities (**)	469,247	367,638	357,048	1,302	-	10,015,136	11,210,371
Total liabilities	**35,342,542**	**6,194,828**	**1,139,700**	**419,622**	**-**	**18,128,358**	**61,225,050**
Balance sheet long position	-	832,957	14,392,629	12,876,830	865,687	-	28,968,103
Balance sheet short position	(15,101,191)	-	-	-	-	(13,866,912)	(28,968,103)
Off-balance sheet long position	-	1,100,635	656,959	341,014	-	-	2,098,608
Off-balance sheet short position	(339,878)	-	-	-	(30,000)	-	(369,878)
Total position	**(15,441,069)**	**1,933,592**	**15,049,588**	**13,217,844**	**835,687**	**(13,866,912)**	**1,728,730**

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

IV. Explanations on unconsolidated interest rate risk (continued)

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

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

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

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

IV. Explanations on unconsolidated interest rate risk (continued)

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

Current period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	12.00
Banks	(0.43)	0.11	-	3.50
Financial assets at fair value through profit and loss	2.34	5.87	-	10.48
Money market placements	-	-	-	17.99
Financial assets measured at fair value through other comprehensive income	-	-	-	14.74
Loans	2.85	4.10	-	13.98
Financial assets measured at amortised cost	-	-	-	13.87
Liabilities				
Bank deposits	(0.47)	0.08	-	-
Other deposits	0.12	0.56	-	12.69
Money market borrowings	-	-	-	11.00
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	1.01	1.79	-	3.13

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

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

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

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

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

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

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

Current period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Equity investments	-	-	-
Not quoted	**10,761**	**887**	**887**
Equity investments	10,761	887	887
Financials subsidiaries	**111,006**	**-**	**-**
Financials subsidiaries	111,006	-	-

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

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

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

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

V. Explanations on equity securities position risk derived from unconsolidated banking books (continued)

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	121,767	121,767	9,741

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

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

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

1. Information on matters related to liquidity risk

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

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

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

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

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

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

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

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

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

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

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

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

d. Information on liquidity risk mitigation techniques

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

e. Information on the use of stress tests

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

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

f. Overview on contingency funding plan

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

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

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

2. Liquidity coverage ratio

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

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

	Minimum	Date	Maximum	Date
TL+FC	148.06%	2 October 2020	205.41%	18 December 2020
FC	136.07%	2 October 2020	255.99%	20 November 2020

Liquidity coverage ratio

	Total unweighted value [*]		Total weighted value [*]	
Current period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets				
High quality liquid assets			15,360,017	7,653,124
Cash Outflows				
Real person and retail deposits	32,286,940	14,491,281	2,728,314	1,449,128
Stable deposits	10,007,604	-	500,380	-
Less stable deposits	22,279,336	14,491,281	2,227,934	1,449,128
Unsecured funding other than real person and retail deposits	10,101,927	6,495,698	6,565,049	4,057,631
Operational deposits	58,152	6,603	14,538	1,651
Non-operational deposits	8,101,351	6,257,394	4,681,243	3,825,347
Other unsecured debt	1,942,424	231,701	1,869,268	230,633
Secured funding			-	-
Other cash outflows	18,759,980	10,092,547	8,988,794	4,472,422
Derivative exposures and collateral completion liabilities	7,426,006	3,275,182	7,426,006	3,275,181
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,333,974	6,817,365	1,562,788	1,197,241
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**18,282,157**	**9,979,181**
Cash inflows				
Secured lending	2,048,130	-	-	-
Unsecured lending	4,528,483	1,782,818	2,866,405	1,464,677
Other cash inflows	7,246,452	4,396,228	7,028,341	4,392,739
Total cash inflows	**13,823,065**	**6,179,046**	**9,894,746**	**5,857,416**
			Total adjusted value	
Total high quality liquid assets stock			15,360,017	7,653,124
Total net cash outflows			8,387,411	4,124,350
Liquidity coverage ratio (%)			**184.03**	**193.92**

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

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

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Notes to the Unconsolidated Financial Statements as of and for the Year Ended 31 December 2020

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

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

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

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

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

3. Other explanations on unconsolidated liquidity coverage ratio

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

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

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

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

Details of the Bank's foreign currency balance sheet as of 31 December 2020 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 26% of the Bank's foreign currency liabilities consist of funds obtained from other financial institutions and subordinated loans and 73% is composed of deposits. Cash and cash equivalents comprise 42% and loans comprise 56% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency.

Details of the Bank's Turkish Lira balance sheet as of 31 December 2020 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 59% of the Bank's total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Bank has borrowing facilities both in domestic & foreign banks and Takasbank & BIST repo market. 62% of the assets in Turkish Lira balance sheet are net loans and 13% are marketable securities.

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

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

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

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

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

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	4,208,438	4,901,351	-	-	-	-	-	9,109,789
Banks	1,347,917	79,584	-	-	-	-	-	1,427,501
Financial assets at fair value through profit or loss	-	179,263	289,354	768,507	1,406,880	14,609	62	2,658,675
Money market placements	-	4,952,440	-	-	-	-	-	4,952,440
Financial assets measured at fair value through other comprehensive income	-	150	2,024	1,164	591,102	1,304	10,761	606,505
Loans	42,663	5,229,366	4,623,100	13,447,273	12,322,670	852,124	207,867	36,725,063
Financial assets measured at amortised cost	-	33,547	404,107	1,691,674	2,123,431	-	-	4,252,759
Other assets (*)	-	-	-	-	-	-	1,492,318	1,492,318
Total assets	**5,599,018**	**15,375,701**	**5,318,585**	**15,908,618**	**16,444,083**	**868,037**	**1,711,008**	**61,225,050**
Liabilities								
Bank deposits	1,662,936	-	-	-	-	-	-	1,662,936
Other deposits	8,040,528	28,787,623	1,588,399	125,616	-	-	-	38,542,166
Borrowings	-	1,713,036	471,373	1,162,640	5,971,672	-	-	9,318,721
Funds from interbank money market	-	9,438	-	-	57,784	-	-	67,222
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	303,316	-	-	-	-	-	120,318	423,634
Other liabilities (**)	-	400,106	195,509	204,687	349,023	45,910	10,015,136	11,210,371
Total liabilities	**10,006,780**	**30,910,203**	**2,255,281**	**1,492,943**	**6,378,479**	**45,910**	**10,135,454**	**61,225,050**
Liquidity (deficit)/surplus	**(4,407,762)**	**(15,534,502)**	**3,063,304**	**14,415,675**	**10,065,604**	**822,127**	**(8,424,446)**	**-**
Net Off Balance Sheet Position	**-**	**(11,927)**	**66,341**	**580,980**	**1,077,141**	**-**	**-**	**1,712,535**
Derivative financial assets	-	16,649,491	6,056,788	10,651,521	8,622,823	270,000	-	42,250,623
Derivative financial liabilities	-	16,661,418	5,990,447	10,070,541	7,545,682	270,000	-	40,538,088
Non-cash loans	**58,753**	**351,876**	**3,386,903**	**2,920,272**	**2,766,715**	**1,303,737**	**-**	**10,788,256**
Prior period								
Total assets	3,884,878	17,604,287	4,445,262	13,224,886	14,605,170	782,194	2,598,044	57,144,721
Total liabilities	7,186,385	31,096,902	2,003,553	1,063,004	4,459,715	1,977,888	9,357,274	57,144,721
Liquidity (deficit)/surplus	**(3,301,507)**	**(13,492,615)**	**2,441,709**	**12,161,882**	**10,145,455**	**(1,195,694)**	**(6,759,230)**	**-**
Net Off Balance Sheet Position	**-**	**(48,911)**	**224,210**	**288,985**	**1,360,511**	**-**	**-**	**1,824,795**
Derivative financial assets	-	15,627,483	7,431,759	13,079,309	11,058,809	522,000	-	47,719,360
Derivative financial liabilities	-	15,676,394	7,207,549	12,790,324	9,698,298	522,000	-	45,894,565
Non-cash loans	**34,003**	**352,299**	**833,743**	**6,280,412**	**4,764,268**	**1,328,986**	**-**	**13,593,711**

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

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

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

5. Breakdown of liabilities according to their remaining contractual maturities

The Bank's remaining maturities of the contractual liabilities excluding derivative transactions are presented below. Interests on liabilities are included in the distribution. The "Adjustments" column presents probable cash flow on later periods. These amounts are included into the maturity analysis, but not included into the carrying value of liabilities in the balance sheet.

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total	Adjustments	Balance sheet value
Liabilities									
Deposits	9,703,464	28,815,267	1,607,249	129,759	-	-	40,255,739	(50,637)	40,205,102
Funds borrowed from other financial institutions	-	1,713,036	472,104	1,176,406	6,000,973	-	9,362,519	(43,798)	9,318,721
Funds from interbank money market	-	9,449	-	-	57,784	-	67,233	(11)	67,222
Securities issued	-	-	-	-	-	-	-	-	-

Prior period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Total	Adjustments	Balance sheet value
Liabilities									
Deposits	6,955,876	30,631,555	1,530,317	235,388	1,190	-	39,354,326	(146,319)	39,208,007
Funds borrowed from other financial institutions	-	37,184	498,842	577,858	4,132,773	1,927,574	7,174,231	(203,581)	6,970,650
Funds from interbank money market	-	14,228	-	-	82,601	-	96,829	-	96,829
Securities issued	-	-	-	-	-	-	-	-	-

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

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

6. Breakdown of derivative instruments according to their remaining contractual maturities

Current period	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	**17,804**	**41,118**	**1,525,823**	**2,240,558**	**602,597**	**4,427,900**
Buying transactions	6,661	30,157	748,153	1,077,718	283,808	2,146,497
Selling transactions	11,143	10,961	777,670	1,162,840	318,789	2,281,403
Transactions for foreign net investment hedge (III)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	**17,804**	**41,118**	**1,525,823**	**2,240,558**	**602,597**	**4,427,900**
Derivative transactions held for trading						
Trading transactions (I)	**32,623,602**	**11,217,646**	**9,824,330**	**6,056,976**	**-**	**59,722,554**
Forward foreign currency transactions - buy	1,953,062	1,472,472	1,691,201	191,372	-	5,308,107
Forward foreign currency transactions - sell	1,907,485	1,425,477	1,595,002	198,021	-	5,125,985
Swap transactions- buy	12,618,940	4,159,993	3,495,285	3,411,323	-	23,685,541
Swap transactions - sell	12,658,313	4,152,991	3,042,842	2,256,260	-	22,110,406
Foreign currency options - buy	1,715,422	3,312	-	-	-	1,718,734
Foreign currency options - sell	1,770,380	3,401	-	-	-	1,773,781
Foreign currency futures - buy	-	-	-	-	-	-
Foreign currency futures - sell	-	-	-	-	-	-
Interest rate derivatives (II)	**883,782**	**1,112,582**	**11,006,308**	**9,473,675**	**89,140**	**22,565,487**
Interest rate swap - buy	440,040	548,708	5,486,454	4,700,351	45,690	11,221,243
Interest rate swap - sell	443,742	563,874	5,519,854	4,773,324	43,450	11,344,244
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	**-**	**-**	**-**	**-**	**-**	**-**
B. Total trading derivative transactions (I+II+III)	**33,507,384**	**12,330,228**	**20,830,638**	**15,530,651**	**89,140**	**82,288,041**
Derivative transaction total (A+B)	**33,525,188**	**12,371,346**	**22,356,461**	**17,771,209**	**691,737**	**86,715,941**

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

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

Prior period	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	**43,289**	**1,257,882**	**2,597,504**	**4,729,007**	**739,794**	**9,367,476**
Buying transactions	40,560	647,012	1,176,778	2,271,466	344,142	4,479,958
Selling transactions	2,729	610,870	1,420,726	2,457,541	395,652	4,887,518
Transactions for foreign net investment hedge (III)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	**43,289**	**1,257,882**	**2,597,504**	**4,729,007**	**739,794**	**9,367,476**
Derivative transactions held for trading						
Trading transactions (I)	**27,958,159**	**9,027,637**	**11,580,627**	**7,613,267**	**-**	**56,179,690**
Forward foreign currency transactions - buy	1,225,880	1,209,021	1,779,093	103,948	-	4,317,942
Forward foreign currency transactions - sell	1,217,809	1,195,191	1,772,070	134,844	-	4,319,914
Swap transactions- buy	10,883,710	3,152,336	4,118,813	4,371,119	-	22,525,978
Swap transactions - sell	10,940,506	2,957,859	3,880,045	3,003,356	-	20,781,766
Foreign currency options - buy	1,825,203	252,602	15,173	-	-	2,092,978
Foreign currency options - sell	1,865,051	260,628	15,433	-	-	2,141,112
Foreign currency futures - buy	-	-	-	-	-	-
Foreign currency futures - sell	-	-	-	-	-	-
Interest rate derivatives (II)	**3,646,151**	**5,067,727**	**13,778,423**	**11,128,342**	**568,998**	**34,189,641**
Interest rate swap - buy	1,875,314	2,566,186	6,936,607	5,537,099	273,926	17,189,132
Interest rate swap - sell	1,770,837	2,501,541	6,841,816	5,591,243	295,072	17,000,509
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	**-**	**-**	**-**	**-**	**-**	**-**
B. Total derivative transactions held for trading (I+II+III)	**31,604,310**	**14,095,364**	**25,359,050**	**18,741,609**	**568,998**	**90,369,331**
Derivative transaction total (A+B)	**31,647,599**	**15,353,246**	**27,956,554**	**23,470,616**	**1,308,792**	**99,736,807**

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

VII. Explanations on unconsolidated leverage ratio

Leverage ratio table prepared in accordance with the communique "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette No.28812 dated 5 November 2013 is presented below. As of 31 December 2020, the Bank's leverage ratio is calculated by taking average of end of month leverage ratios for the last three months is 10.71% (31 December 2019: 9.70%). This ratio is above the minimum ratio. While the capital increased by 8% mainly as a result of increase in net profits, total risk amount decreased by 2%.Therefore, the current period leverage ratio increased by 101 basis points compared to prior period.

Information on unconsolidated leverage ratio

	Current period (*)	Prior period (*)
On-balance sheet items		
On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)	*62,440,445*	*58,180,864*
Asset deducted from core capital	*(85,636)*	*(82,907)*
The total amount of risk on-balance sheet exposures	62,354,809	58,097,957
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	*3,027,673*	*2,678,007*
The potential credit risk amount of derivative financial instruments and credit derivatives	*470,074*	*538,988*
The total risk amount of derivative financial instruments and credit derivatives	3,497,747	3,216,995
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	*112,236*	*469,851*
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	112,236	469,851
Off-balance sheet items		
Gross notional amount for off-balance sheet items	*17,590,614*	*23,419,176*
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	17,590,614	23,419,176
Capital and total exposures		
Core capital	8,944,235	8,255,005
Total exposures	83,555,406	85,203,979
Leverage ratio		
Leverage ratio	10.71	9.70

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

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

VIII. Explanations on presentation of financial assets and liabilities at their fair values

1. In the current and the prior period, the fair values of financial assets and liabilities are calculated as stated below.

The fair value of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost (financial assets available for sale in the prior period) are determined based on market prices.

The fair value of the loans with fixed interest rates is determined by the discounted cash flows using the current market interest rates. For the loans with floating interest rates, the fair value is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the loan.

The fair value of demand deposit represents the carrying value. The fair values of time deposits and funds are calculated by the discounted cash flows using the current market interest rates.

The fair value of funds borrowed from other financial institutions with fixed interest rates are determined by discounted cash flows using the current market interest rates. For funds with floating interest rates, it is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the borrowing.

Carrying value of miscellaneous payables represents their fair value.

2. The following table summarizes the carrying values and fair values of financial assets and liabilities.

	Carrying value Current period	Fair value Current period	Carrying value Prior period	Fair value Prior period
Financial assets	**47,938,400**	**46,425,425**	**45,366,798**	**45,996,555**
Money market placements	4,952,440	4,951,204	8,202,551	8,200,512
Due from banks	1,427,501	1,426,880	895,745	894,945
Financial assets at fair value through other comprehensive income	580,637	580,637	1,338,281	1,338,281
Financial assets measured at amortised cost	4,252,759	4,382,198	2,114,299	2,268,208
Loans	36,725,063	35,084,506	32,815,922	33,294,609
Financial liabilities	**50,014,679**	**48,391,113**	**46,690,354**	**45,361,573**
Bank deposits	1,662,936	1,661,610	2,125,314	2,124,107
Other deposits	38,542,166	36,901,989	37,082,693	35,729,004
Funds borrowed	9,318,721	9,336,666	6,970,650	6,997,172
Money market borrowings	67,222	67,214	96,829	96,422
Securities issued	-	-	-	-
Miscellaneous payables	423,634	423,634	414,868	414,868

3. Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities:

Level 1: Quoted market prices (non-adjusted) for identical assets or liabilities.

Level 2: Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the Level 1.

Level 3: Data not based on observable data regarding assets or liabilities.

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

VIII. Explanations on presentation of financial assets and liabilities at their fair values (continued)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value in financial statements as of 31 December 2020 and 31 December 2019 is presented in the table below:

Current period	Level 1	Level 2	Level 3	Total
Total assets	**675,681**	**2,578,738**	**10,761**	**3,265,180**
Financial assets at fair value through profit or loss	105,805	2,552,870	-	2,658,675
Government debt securities	105,743	-	-	105,743
Trading derivative financial assets	-	2,552,870	-	2,552,870
Equity instruments	62	-	-	62
Other marketable securities	-	-	-	-
Financial assets at fair value through other comprehensive income	569,876	-	10,761	580,637
Equity instruments	-	-	10,761	10,761
Government debt securities	569,876	-	-	569,876
Hedging derivative financial assets	-	25,868	-	25,868
Cash flow hedges	-	25,868	-	25,868
Total liabilities	**-**	**966,159**	**-**	**966,159**
Trading derivative financial liabilities	-	848,992	-	848,992
Hedging derivative financial liabilities	-	117,167	-	117,167
Cash flow hedges	-	117,167	-	117,167

Prior period	Level 1	Level 2	Level 3	Total
Total assets	**1,451,924**	**2,691,937**	**9,081**	**4,152,942**
Financial assets at fair value through profit or loss	122,724	2,655,504	-	2,778,228
Government debt securities	122,689	-	-	122,689
Trading derivative financial assets	-	2,655,504	-	2,655,504
Equity instruments	35	-	-	35
Other marketable securities	-	-	-	-
Financial assets at fair value through other comprehensive income	1,329,200	-	9,081	1,338,281
Equity instruments	-	-	9,081	9,081
Government debt securities	1,329,200	-	-	1,329,200
Hedging derivative financial assets	-	36,433	-	36,433
Cash flow hedges	-	36,433	-	36,433
Total liabilities	**-**	**982,734**	**-**	**982,734**
Trading derivative financial liabilities	-	627,356	-	627,356
Hedging derivative financial liabilities	-	355,378	-	355,378
Cash flow hedges	-	355,378	-	355,378

There are no transfers between the 1st and the 2nd levels as of 31 December 2020 and 31 December 2019.

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

VIII. Explanations on presentation of financial assets and liabilities at their fair values (continued)

The movement table of financial assets at Level 3 is presented below.

	Current period	Prior period
Balance at the end of the prior period	9,081	6,121
Purchases	1,596	2,939
Redemption/sale	-	-
Valuation difference	84	21
Transfers	-	-
Balance at the end of the current period	**10,761**	**9,081**

IX. Explanations on the transactions carried out on behalf and account of other persons and fiduciary transactions

The Bank performs purchase, sale, custody, and fund management services on behalf of its customers, and information about these transactions are shown in the off-balance sheet statement.

The Bank has no trust transactions.

X. Explanations on unconsolidated risk management

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

1. General explanations on Bank's risk management and risk weighted assets

a. Bank's risk management approach

Bank's risk management strategy and activities have been formed under the responsibility of the Board of Directors. The risk management strategy applied in the Bank is based on three lines of defence model.

First line of defence

Business units are the first line of defence and primarily responsible for performance, operation, compliance and control of the risks affecting the business line.

Second line of defence

Risk Management, Financial Control and Asset Liability Management and Legal functions, which are the second line of defence, support the first line of defence in terms of implementation, training, advising, monitoring and reporting.

Risk Management is responsible for identifying, measuring, monitoring, controlling and reporting risks at corporate level. Bank's Risk Management consists of Financial Risk Management, Operational and Information Risk Management, Compliance departments and reports to the Audit Committee. Financial Risk Management includes Market Risk Management and Product Control, Credit Risk Control, Validation, Risk&Capital Integration and Reporting departments.

X. Explanations on unconsolidated risk management (continued)

Third line of defence

Internal Audit Department is the third line of defence. Internal Audit Department carries out both risk based and general audits. In addition, Internal Audit Department is responsible for reviewing and ensuring the integrity of the whole governance structure including risk governance, and presence, effectiveness and implementation of policies and procedures.

According to this strategy, these lines of defence carry out their activities through certain decision making committees such as the Executive Committee, Asset Liability Committee, Credit Committee and Non-Financial Risk Committee. External auditors and relevant Regulators and Regulating Entities are considered as third line of defence.

Senior Management and Board of Directors are notified on the market risks monthly or on a more frequent basis; and this notification consists of balance sheet developments, market developments, assessment of the risks incurred despite the determined risk appetite and other risk developments. Furthermore credit risk reports focusing on development of performing and non-performing loan portfolios, rating distribution of portfolios, transitions and trends of ratings, concentration risks, business units and product based risk parameters and risk appetite indicators are closely followed.

In addition to measurement and assessment of the risks under normal market conditions, stress tests under the scope of ICAAP and also for internal purposes are performed to evaluate the possible risks under adverse market conditions. In this stress test, all kinds of financial risks that can be faced by the Bank are taken into account and evaluated under adverse and extremely adverse scenarios. Also reverse stress test is performed which defines the conditions that the Bank's regulatory limits is breached. The Bank prepares stress test reports within the context of ICAAP on a consolidated basis as per the guideline, numbered 6656, dated 14 January 2016 on the Stress Test to be Used in Banks' Capital and Liquidity Planning. The Stress Test provides a prospective perspective in possible adverse incidents or adverse situations.

It is aimed that all important risks are defined and relations between them are established in order to perform sensitivity analyses in the most effective manner throughout the Bank. Accordingly, the Bank performs the stress test together with all relevant units in a consolidated manner.

Detailed explanations on the Bank's risk appetite and credit risk can be found in section "Credit Risk", and detailed explanations on market risk can be found in section "Market Risk" while detailed explanations on operational risk can be found in section "Operational Risk".

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

X. Explanations on unconsolidated risk management (continued)

b. Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	Prior period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	**39,850,503**	**38,523,295**	**3,188,040**
Standardized approach (SA)	39,850,503	38,523,295	3,188,040
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	**1,955,949**	**1,928,264**	**156,476**
Standardized approach for counterparty credit risk (SA-CCR)	1,955,949	1,928,264	156,476
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	**202,225**	**156,025**	**16,178**
Standardized approach (SA)	202,225	156,025	16,178
Internal model approaches (IMM)	-	-	-
Operational risk	**7,066,601**	**5,837,114**	**565,328**
Basic indicator approach	7,066,601	5,837,114	565,328
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	**49,075,278**	**46,444,698**	**3,926,022**

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

X. Explanations on unconsolidated risk management (continued)

2. Linkages between financial statements and risk amounts

a. Differences and linkage between scope of accounting consolidation and regulatory consolidation

		Revalued amount in accordance with TAS				
Assets	Revalued amount in accordance with TAS as reported in published financial statements	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Cash and balances with Central Bank	9,109,789	9,109,789	-	-	-	-
Financial assets at fair value through profit and loss	2,658,675	-	2,552,870	-	2,658,675	-
Banks	1,427,501	1,427,501	-	-	-	-
Money market placements	4,952,440	-	4,952,440	-	-	-
Financial assets measured at fair value through other comprehensive income	580,637	580,637	-	-	-	-
Financial assets measured at amortised cost	4,253,314	4,253,314	-	-	-	-
Expected credit losses (-)	2,854	-	-	-	-	2,854
Loans (Net)	**36,724,508**	**37,158,845**	**-**	**-**	**-**	**(425,165)**
Loans	36,517,196	36,517,196	-	-	-	9,172
Lease receivables	-	-	-	-	-	-
Factoring receivables	-	-	-	-	-	-
Non performing receivables	2,208,214	2,208,214	-	-	-	-
Expected credit losses (-)	2,000,902	1,566,565	-	-	-	434,337
Associates (net)	-	-	-	-	-	-
Subsidiaries (net)	111,006	111,006	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-
Derivative financial assets held for hedging	25,868	-	25,868	-	-	-
Tangible assets (net)	817,487	767,340	-	-	-	50,147
Intangible assets (net)	45,580	-	-	-	-	45,733
Investment property (net)	-	-	-	-	-	-
Tax asset	-	-	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	660	660	-	-	-	-
Other assets	520,439	525,128	-	-	-	(4,689)
Total assets	**61,225,050**	**53,934,220**	**7,531,178**	**-**	**2,658,675**	**(336,828)**
Liabilities						
Deposit	40,205,102	-	-	-	-	40,205,102
Derivative financial liabilities at fair value through profit or loss	848,992	-	-	-	-	848,992
Loans received	5,298,877	-	-	-	-	5,298,877
Money market funds	67,222	-	67,222	-	-	-
Securities issued	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables	229,076	-	-	-	-	229,076
Derivative financial liabilities at fair value through other comprehensive income	117,167	-	-	-	-	117,167
Provisions	320,794	28,933	-	-	-	177,197
Tax liability	335,415	-	-	-	-	335,415
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	4,019,844	-	-	-	-	4,019,844
Other liabilities	828,496	-	-	-	-	-
Shareholders' equity	8,954,065	-	-	-	-	8,950,796
Total liabilities	**61,225,050**	**28,933**	**67,222**	**-**	**-**	**60,182,466**

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

X. Explanations on unconsolidated risk management (continued)

b. Main differences between risk amounts and the amounts revalued in accordance with TAS financial statements

	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk [*]
Assets carrying value in accordance with TAS	**61,561,878**	**53,934,220**	**-**	**7,531,178**	**2,658,675**
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	1,042,584	28,933	-	67,222	-
Total net amount under scope of regulatory consolidation	**60,519,294**	**53,905,287**	**-**	**7,463,956**	**2,658,675**
Off-balance sheet amount	15,659,862	7,135,594	-	829,746	-
Differences due to risk mitigation	-	(295,580)	-	(5,019,432)	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Bank	-	-	-	-	(2,456,450)
Exposure amounts	**-**	**60,745,301**	**-**	**3,274,270**	**202,225**

[*] The amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

c. Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities:

There are no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

3. Explanations about credit risk

3.1. General Information on Credit Risk

a. General Qualitative Information on Credit Risk

Bank's Credit Risk Management reports to the Audit Committee. In order to carry out its functions and responsibilities more effectively, Credit Risk Management is structured as Credit Risk Control and Risk&Capital Integration and Reporting Department. Credit Risk Control team is responsible for developing, monitoring and sustaining the models to be used in Internal Ratings Based Method and TFRS 9 calculations and the integration of rating models in the bank systems. Risk&Capital Integration is responsible to form ICAAP process to carry out stress testing, IRB calculations based on QRM system which is a credit portfolio corporate risk management solution allowing bank based risk management and reporting.

Risk appetite expresses the total risk level assumed by the Bank in order to realise its strategies. To ensure that the Bank's risk appetite is equal to or below risk capacity, in general there is a buffer between the risk capacity and risk appetite. Bank's risk appetite is compatible with the main shareholder's risk appetite, and the Bank pays sufficient attention to protect the interests of all stakeholders such as deposit holders and legal regulators.

Risk appetite is determined according to the risk identification and assessment results, the risk capacity formed by the Bank considering the legal qualitative and quantitative limits and similarly the Bank's risk management and control abilities. If it is possible to implement, risk appetite indicators are approved by the management units (committees) formed for the relevant risk type. Both the risk appetite structure and risk appetite indicators are revised by the Audit Committee and presented by the Audit Committee to the Board of Directors. The approval authority for risk appetite structure and indicators is the Board of Directors.

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

X. Explanations on unconsolidated risk management (continued)

Bank's risk profile is regularly measured, monitored in comparison with the risk appetite and reported to the Board of Directors and certain senior committees. Under credit risk, general condition of the credit portfolio, non-performing loans, risk appetite indicators, firm and group concentrations, legal credit ratios, development of capital adequacy ratio, development and distribution of ratings based on business units, rating and risk transitions, Probability of Default ("PD"), loss given default ("LGD") and Exposure at Default ("EAD") parameters are followed. Reports prepared in scope of ICAAP study are presented to the senior management and Board of Directors before they are sent to the BRSA.

Many rating models and scorecards are used in different processes such as allocation, monitoring, collection, pricing, etc. for the purpose of managing credit risk. With these models, internal data sources and external data sources (such as CB credit risk and limit report, Credit Bureau) are used and creditworthiness of new clients is measured; and development of the existing credit portfolio is closely monitored. Performance of models is regularly monitored by Model Risk Management team under Financial Risk Management in addition to the teams developing the models.

b. Credit quality of assets

	Gross carrying values of (according to TAS)			
	Defaulted	Non-defaulted	Provisions/ amortization and impairment	Defaulted
Loans	2,208,214	36,517,196	2,000,347	36,725,063
Debt securities (*)	-	4,823,190	3,825	4,819,365
Off-balance sheet exposures	99,328	15,595,227	143,596	15,550,959
Total	**2,307,542**	**56,935,613**	**2,147,768**	**57,095,387**

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

c. Changes in stock of defaulted loans and debt securities

	Current period	Prior period
Defaulted loans and debt securities at the end of the previous reporting period	2,944,615	2,053,925
Loans and debt securities defaulted since the last reporting period	236,597	1,818,616
Transferred to non-defaulted status	-	-
Amounts written off (*)	(337,706)	(161,877)
Other changes (**)	(635,292)	(766,049)
Defaulted loans and debt securities at the end of the reporting period	**2,208,214**	**2,944,615**

(*) Specific provisions for undrawn non-cash loans are not included in the table. Amounts written off also includes the NPL sale of the Bank amounting to TL 314,769 (31 December 2019: TL 149,567).

(**) Collections within the period have included "Other changes" account.

ç. Additional explanations on the creditworthiness of assets

Definitions of overdue and provision set aside are presented in Section Four - II explanations on credit risk footnote.

Definitions of the methods used in determining the provision amounts:

The methods used are presented in the footnote of Section Three VIII - explanations on impairment in financial assets.

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

X. Explanations on unconsolidated risk management (continued)

Definitions of the restructured receivables:

The Bank can restructure the first and second group loans and other receivables, as well as non-performing loans and receivables. All loan products are considered together and a single restructuring protocol is formed; according to the legislation and general economic situation, variable or fixed terms are provided to enhance customers' ability to repay the loan.

Breakdown of receivables according to geographical regions, sector and remaining maturity:

Breakdown of receivables according to geographical regions, sector and remaining maturity is presented in footnote in Section Four II - explanations on credit risk.

Receivable amounts for which provisions are set aside on geographical regions and sectors and amounts written off with the provisions:

Breakdown of receivables according to geographical regions

	Non-performing loans (**)	Specific provision
Domestic	2,205,002	1,563,319
EU Countries	3,113	3,168
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other countries	99	78
Total	**2,208,214**	**1,566,565**

(*) OECD countries other than EU countries, USA and Canada.
(**) Non-cash loans are not included..

Sectoral receivables and related provisions are presented in Section Four - II. explanations on credit risk disclosure.

Aging of overdue exposures

	Current period	Prior period
Overdue 31 - 60 days	165,301	294,350
Overdue 61 - 90 days	50,883	115,937
Total	**216,184**	**410,287**

Breakdown of restructured receivables by whether or not provisions are allocated

	Current period	Prior period
Loans structured from standard loans and other receivables	-	-
Loans structured from closely monitored loans and other receivables	994,236	1,071,845
Loans restructured from non-performing loans	48,137	23,986

The Bank classifies all of its loans and receivables as Stage 2 if they meet the restructured loan conditions while being in the performing loan portfolio according to the "Provision Regulation". Restructured loans classified as Stage 2 are subject to Stage 2 expected credit losses while restructured loans classified as non-performing loans are subject to specific provision.

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

X. Explanations on unconsolidated risk management (continued)

Information on expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Opening balance (*)	**201,269**	**222,858**	**1,609,573**	**2,033,700**
Additional provision during the period	133,972	299,880	818,963	1,252,815
Disposals (-)	(100,368)	(114,661)	(539,042)	(754,071)
Amounts written off (-)	-	-	(293,908)	(293,908)
Transferred to Stage 1	-	(9,472)	-	(9,472)
Transferred to Stage 2	(32,635)	-	(88)	(32,723)
Transferred to Stage 3	(10,070)	(30,964)	-	(41,034)
Ending balance	**192,168**	**367,641**	**1,595,498**	**2,155,307**

(*) Includes provisions for non-cash loans and provisions accounted under equity for financial assets at fair value through other comprehensive income.

3.2. Credit risk mitigation techniques

a. Qualitative disclosure requirements related to credit risk mitigation techniques

The Bank pays specific attention to the fact that the risk is completely covered by the collaterals and the easiness of collateral conversion into cash in case of default. In addition, the primary repayment source of loan is the cash flows from operations. Therefore, the financial status and retrospective and prospective cash flows of the firms to which credit proposal is made (the debtor) are analysed with due care during loan disbursement.

Collaterals in the Bank are divided into two groups as financial collaterals and guarantees. Collaterals are considered as allowed by the related regulations.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Collaterals are entered in the main banking application Finsoft through branches. Collaterals are activated after the Credit Operation Centre ("CROM") teams' check and approval of the collateral entries.

The Bank monitors up to date value of the collaterals by type. As a general principle, the Bank revises all collaterals at least once a year. For the firms which still have a credit risk, the existing collaterals are not released unless the guarantees in the credit notification are fully ensured or risk amount is decreased.

The Bank makes the assessment according to the latest expert value in the real estate guarantees taken as a real property.

The Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

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

X. Explanations on unconsolidated risk management (continued)

b. Credit risk mitigation techniques

	Exposures unsecured carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collaterals	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans (*)	31,323,256	5,401,807	4,335,527	1,088,085	976,498	-	-
Debt securities (*)	4,819,365	-	-	-	-	-	-
Total	**36,142,621**	**5,401,807**	**4,335,527**	**1,088,085**	**976,498**	**-**	**-**
Of which defaulted	2,208,214	-	-	-	-	-	-

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

c. Qualitative disclosures on Banks' use of external credit ratings under the standardised approach for credit risk

Explanations are disclosed in Section Four II - explanations on credit risk disclosures.

ç. Credit risk exposure and credit risk mitigation effects

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns and Central Banks	12,565,602	325,539	13,542,102	30,197	2,311,008	17.03%
Claims on regional governments or local authorities	942,635	-	864,205	-	491,839	56.91%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	9,003,041	3,359,609	3,992,817	1,206,451	782,662	15.05%
Claims on corporates	19,556,745	9,265,897	18,900,386	5,845,053	22,891,991	92.51%
Claims on retails	13,566,238	3,088,152	13,072,397	408,190	10,081,750	74.79%
Claims secured by residential property	1,296,167	10,106	1,296,167	3,376	458,501	35.28%
Claims secured by commercial property	1,401,247	52,068	1,401,247	16,217	825,808	58.26%
Past due loans	132,330	-	132,330	-	128,517	97.12%
Higher risk categories decided by the Board	509,319	-	509,319	-	461,275	90.57%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	2,672,418	24,661	2,672,418	4,932	1,295,385	48.38%
Stock investments	121,767	-	121,767	-	121,767	100.00%
Total	**61,767,509**	**16,126,032**	**56,505,155**	**7,514,416**	**39,850,503**	**62.25%**

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

X. Explanations on unconsolidated risk management (continued)

d. Standardised approach - exposures by asset classes and risk weights

Risk classes	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit exposures amount (post CCF and post-CRM)
Claims on sovereigns and Central Banks	11,231,094	-	-	-	-	-	2,341,205	-	-	-	13,572,299
Claims on regional governments or local authorities	-	-	-	-	744,733	-	119,472	-	-	-	864,205
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2,588,657	-	2,380,587	-	214,236	15,788	-	-	5,199,268
Claims on corporates	789,010	-	283,120	-	588,218	-	23,081,184	3,907	-	-	24,745,439
Claims on retails	-	-	-	-	-	13,480,530	54	3	-	-	13,480,587
Claims secured by residential property	-	-	-	1,293,912	-	-	5,631	-	-	-	1,299,543
Claims secured by commercial property	-	-	-	-	1,183,312	-	234,152	-	-	-	1,417,464
Past due loans	-	-	-	-	8,401	-	123,154	775	-	-	132,330
Higher risk categories decided by the Board	-	-	-	-	234,955	-	135,496	138,868	-	-	509,319
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	1,381,961	-	-	-	-	-	1,295,386	3	-	-	2,677,350
Stock investments	-	-	-	-	-	-	121,767	-	-	-	121,767
Total	**13,402,065**	**-**	**2,871,777**	**1,293,912**	**5,140,206**	**13,480,530**	**27,671,737**	**159,344**	**-**	**-**	**64,019,571**

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

X. Explanations on unconsolidated risk management (continued)

4. Evaluation of counterparty credit risk according to measurement methods

a. Qualitative disclosure on counterparty credit risk

According to Appendix 2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, promulgated in the Official Gazette, no. 29511, dated 23 October 2015, the counterparty credit risk arising from the transactions that binding both parties such as derivatives and repo, is calculated. The sum of renewal cost for derivative transactions and potential credit risk amount is considered as the risk amount. Renewal cost is calculated with valuation of contracts at fair value and potential credit risk amount is calculated by multiplying the contract amounts with the credit conversion ratios stated in the appendix of the regulation.

For the forward, option and other derivative contracts, collateral management is conducted daily according to the International Swap and Derivative Association ("ISDA") and Credit Support Annex ("CSA") agreements concluded with international counterparties, and when needed, short term total credit risk is reduced by usage of rights and performance of duties.

For the forward, option and other derivative transactions which are done by local agreements and not according to ISDA agreement, the credit risk is controlled via "Pre-Settlement" limit monitoring. Pre-settlement limit is allocated for the firms and organizations according to analysis and allocation processes. The basic rule for the Bank is that client risks do not exceed such limits. Risks are monitored simultaneously with the market and developed models are used in calculation.

The maximum risk that the counterparty may incur due to futures, options and other derivative transactions are limited, monitored with daily and instant reports. Possible limit breaches are reported to the high level committees and senior management of the bank and related actions taken to mitigate the risk.

b. Counterparty credit risk (CCR) approach analysis

	Replacement cost	Potential future exposure	EEPE [(*)]	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
Standardised Approach - CCR (for derivatives)	2,578,738	460,410	-	1.40	3,039,148	1,720,951
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	235,122	47,024
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						**1,767,975**

(*) Effective expected positive exposure

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X. Explanations on unconsolidated risk management (continued)

c. Credit valuation adjustment (CVA) for capital charge

	Exposure at default post-CRM	RWA
Total portfolios subject to the advanced CVA capital charge	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the standardised CVA capital charge	3,039,148	187,974
Total subject to the CVA capital charge	3,039,148	187,974

ç. Analysis of counterparty credit risk (CCR) exposure

Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims on sovereigns and Central Banks	14,580	-	-	-	-	30,197	-	-	44,777
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	536,590	2,101,527	-	5,199	-	-	2,643,316
Claims on corporates	1,599	-	-	1,023	-	545,280	-	-	547,902
Claims included in the regulatory retail portfolios	-	-	-	-	38,275	-	-	-	38,275
Claims secured by residential property	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	**16,179**	**-**	**536,590**	**2,102,550**	**38,275**	**580,676**	**-**	**-**	**3,274,270**

(*) Total credit exposure: After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.
(**) Other assets: Includes counterparty credit risk that does not reported in "central counterparty" table.

d. Collaterals for counterparty credit risk (CCR)

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

X. Explanations on unconsolidated risk management (continued)

e. Credit derivatives

There is no credit derivative transaction.

5. Explanations on securitisation

There is no securitisation transaction.

6. Explanations on market risk

The Bank has reviewed activities of market risk management and has taken necessary precautions in order to mitigate the market risk within the framework of financial risk management, according to the "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Valuation Process" and the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette No. 29057 and dated 11 July 2014.

Market risk is managed based on different product mandates based on banking books and trading books and within the risk limits including sensitivity that is approved by Board of Directions in where related limits are monitored on a regular basis and the results are shared with senior management and the Board of Directors. In addition, the impacts of change in balance sheet due to banking activities on risk appetite are simulated.

Audit Committee monitors and evaluates market risk closely. Recommendations are presented to the Asset Liability Committee and Board of Directors in terms of the risk management.

Risk management strategies and policies are updated regarding to regulations stated above and is approved by Board of Director's. In relation to the regulatory capital requirements, on a consolidated and the bank only basis, standard method is used in measuring the market risk. In addition to the standard method, for internal reporting purposes, value-at-risk (VaR) is used in daily calculation of amount subject to market risk and are reported to the senior management. Stress tests and scenario analyses are also applied within the scope of ICAAP to complement the risk analysis. In addition, compliance on ING Bank's policies related to market risk, especially for the international regulations, is reviewed regularly. All these analysis are reflected in the relevant written procedures and policies. Due to the increase in the regulations and the need for pursuing more sophisticated risk management in recent years, the project of a software has been launched to manage risks related to asset liability management in a more integrated structure and currently enhancements are in progress.

	RWA
Outright products	**202,225**
Interest rate risk (general and specific)	155,100
Equity risk (general and specific)	-
Foreign exchange risk	47,125
Commodity risk	-
Options	**-**
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
Total	**202,225**

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

X. Explanations on unconsolidated risk management (continued)

7. Explanations on operational risk

The "Basic Indicator Method" that is stated in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2020 is calculated by using the gross income of the Bank in 2017, 2018 and 2019.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non-interest income.

Current period	2017 amount	2018 amount	2019 amount	Total/Number of years of positive gross income	Ratio (%)	Total
Gross income	2,903,831	3,911,401	4,491,330	3,768,854	15	565,328
Amount subject to operational risk (Amount*12.5)						**7,066,601**

8. Interest rate risk arising from banking book

Interest rate risk in the banking book is managed within the framework of sensitivity based risk limits which is internally determined by the Board of Directors, and results are shared periodically with senior management, Asset Liability Committee, Audit Committee and Board of Directors. In addition, interest rate risk in the banking book is calculated according to the interest structure profile of all interest sensitive assets and liabilities and the period remaining for their maturity or re-pricing dates under the Regulation on Measurement and Evaluation of the Interest Rate Risk in the Banking Book through Standard Shock Method published by the BRSA in the Official Gazette no: 28034 and dated 23 August 2011.

Under the regulation, core deposit is calculated only for demand deposits and also separately for each currency. Maturity profile of demand deposit assumptions have been determined by taking into account the analyses conducted by the Bank through using historical data for demand deposit portfolio and the maximum hypothetical maturity limit stated in the Regulation.

In addition, analysis being performed about asset and liability accounts comprising different customer behavior characteristics such as internal interest sensitivity and optionality, and effects on balance sheet risk are evaluated within the framework of analysis results and business lines' expectations.

Interest rate risk in the banking book standard ratio is calculated at the end of months by measuring and evaluating the interest rate risk resulting from balance sheet and off-balance sheet positions in the banking books through standard shock method. Profits/losses refer to the profit/loss risk that might occur in the market value of financial assets and liabilities in the balance sheet as a result of applying upward/downward scenarios to the market interest rate.

Currency	Applied shock (+/-x basis points)	Gains/ (Losses)	Gains/Equity (Losses)/Equity
TL	(-) 400	866,073	7.03%
TL	(+) 500	(938,579)	(7.61)%
EURO	(-) 200	(11,916)	(0.10)%
EURO	(+) 200	(46,400)	(0.38)%
USD	(-) 200	3,759	0.03%
USD	(+) 200	(27,042)	(0.22)%
Total (for negative shocks)		**857,916**	**6.96%**
Total (for positive shocks)		**(1,012,021)**	**(8.21)%**

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

XI. Explanations on hedge transactions

Breakdown of the derivative transactions used in cash flow hedges

	Current period			Prior period		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate swaps	3,245,834	25,868	117,167	7,285,819	36,433	355,378
Cross currency swaps	-	-	-	-	-	-
Total	**3,245,834**	**25,868**	**117,167**	**7,285,819**	**36,433**	**355,378**

Explanations on derivative transactions used in cash flow hedges

Current period

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	15,117	115,088	198,147	(33,397)	(4,493)
Interest rate swaps	TL revolving loans	Cash flow risk due to the changes in the interest rates of TL revolving loans	10,751	2,079	2,375	-	-
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(42,356)	-	-
Total			**25,868**	**117,167**	**158,166**	**(33,397)**	**(4,493)**

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

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XI. Explanations on hedge transactions (continued)

Prior period

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	9,043	355,378	(708,869)	49,675	21,119
Interest rate swaps	TL revolving loans	Cash flow risk due to the changes in the interest rates of TL revolving loans	27,390	-	(42,988)	4,959	-
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(214,877)	1,094	-
Total			**36,433**	**355,378**	**(966,734)**	**55,728**	**21,119**

Contractual maturity analysis of the derivative transactions subject to cash flow hedges:

Maturity analysis of the derivative transactions subject to cash flow hedges is provided in the Note VI of Section Four.

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

XII. Explanations on segment reporting

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

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

Current period - 31 December 2020	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	961,638	1,503,882	335,915	2,801,435
Net fees and commissions income and other operating income	537,753	310,831	147,852	996,436
Trading gain/loss	143,672	75,856	5,880	225,408
Dividend income	-	-	215	215
Expected credit loss	(707,199)	(405,446)	(30,532)	(1,143,177)
Segment results	935,864	1,485,123	459,330	2,880,317
Other operating expenses (*) (**)	-	-	-	(2,053,686)
Income from continuing operations before tax	-	-	-	826,631
Tax provision (*)	-	-	-	(199,986)
Net profit				**626,645**

Prior period - 31 December 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	1,198,919	1,502,986	452,498	3,154,403
Net fees and commissions income and other operating income	641,956	442,299	94,553	1,178,808
Trading gain/loss	106,517	46,661	461,908	615,086
Dividend income	-	-	67,860	67,860
Expected credit loss	(883,269)	(314,129)	(6,905)	(1,204,303)
Segment results	1,064,123	1,677,817	1,069,914	3,811,854
Other operating expenses (*) (**)	-	-	-	(1,935,786)
Income from continuing operations before tax	-	-	-	1,876,068
Tax provision (*)	-	-	-	(399,757)
Net profit				**1,476,311**

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

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

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

XII. Explanations on segment reporting (continued)

Current period - 31 December 2020	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	26,250,297	12,342,747	22,632,006	61,225,050
Liability	11,540,729	28,809,496	11,920,760	52,270,985
Equity	-	-	8,954,065	8,954,065

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

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

Section five

Information and disclosures related to unconsolidated financial statements

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

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

1.1. Information on cash equivalents

	Current period		Prior period	
	TL	FC	TL	FC
Cash in TL/foreign currency	224,383	1,157,572	305,784	947,584
Balances with the Central Bank of Turkey	761,934	6,965,900	344,422	5,829,761
Other	-	-	-	-
Total	**986,317**	**8,123,472**	**650,206**	**6,777,345**

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	761,934	2,064,549	344,422	1,465,328
Restricted time deposit	-	2,050,448	-	1,336,860
Reserve requirement	-	2,850,903	-	3,027,573
Total	**761,934**	**6,965,900**	**344,422**	**5,829,761**

As per the "Communiqué on Reserve Requirements" promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date at a rate ranging between 1% and 6% for Turkish lira deposits and liabilities depending on their maturity. The reserve rates vary between 5% and 21% for foreign currency deposits and other foreign currency liabilities and vary between 18% and 22% for gold liabilities depending on their maturity.

In accordance with the "Communiqué Regarding the Reserve Requirements", the reserve requirements can be maintained as TL, USD, EUR and standard gold. Interest rate which is applied to required reserves denominated by Turkish lira has been determined as 12% for all banks as of 27 November 2020. The Central Bank also decreased the commission rate applied to reserve requirements maintained against USD-denominated deposit/participation fund liabilities to 0% from 1.25%.

TL 761,598 (31 December 2019: TL 344,181) of the TL reserve deposits provided over the average balance and TL 2,064,549 (31 December 2019: TL 1,465,328) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

(Convenience translation of the unconsolidated financial statements and related disclosures and footnotes originally issued in Turkish, See Note 1.b of section three)
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Notes to the Unconsolidated Financial Statements as of and for the Year Ended 31 December 2020

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

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

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

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

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

	Current period	Prior period
Unrestricted portfolio	67,198	52,090
Collateral/blocked	38,607	70,634
Total	**105,805**	**122,724**

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	185,704	-	71,372
Swap transactions	2,242,982	123,811	2,467,192	114,566
Futures transactions	-	-	-	-
Options	-	373	134	2,240
Other	-	-	-	-
Total	**2,242,982**	**309,888**	**2,467,326**	**188,178**

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	636	1,426,865	242	895,503
Domestic	516	37	242	30
Foreign	120	1,426,828	-	895,473
Headquarters and branches abroad	-	-	-	-
Total	**636**	**1,426,865**	**242**	**895,503**

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

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

3.2. Information on foreign banks

	Unrestricted amount		Restricted amount	
	Current period	Prior period	Current period	Prior period
EU countries	1,184,056	324,592	222,045	406,420
USA, Canada	10,717	23,226	388	396
OECD Countries [*]	8,611	139,304	-	-
Off-shore banking regions	-	-	-	-
Other	1,131	1,535	-	-
Total	**1,204,515**	**488,657**	**222,433**	**406,816**

[*] OECD countries except EU countries, USA and Canada

As of 31 December 2020, restricted bank balance amounting to TL 222,433 (31 December 2019: TL 406,816) all of which is comprised of (31 December 2019: all amount) collaterals that is held by counter banks under CSA (credit support annex) contracts and is calculated based on related derivatives market price.

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	447,474	1,324,062
Repo transactions	-	14,219
Collateral/blocked	133,163	-
Total	**580,637**	**1,338,281**

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

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

4.2. 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	570,257	1,329,581
Quoted to stock exchange	570,257	1,329,581
Not quoted	-	-
Equity certificates	10,761	9,081
Quoted to stock exchange	-	-
Not quoted	10,761	9,081
Provision for impairment (-)	(381)	(381)
Total	**580,637**	**1,338,281**

5. Information on loans

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

	Current period		Prior period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders of the Bank	3,714	944,813	120	569,874
Corporate shareholders	3,692	944,813	-	569,874
Real person shareholders	22	-	120	-
Indirect loans granted to shareholders of the Bank	8,949	358,190	39	201,879
Loans granted to employees of the Bank	40,689	-	32,606	-
Total	**53,352**	**1,303,003**	**32,765**	**771,753**

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

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

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

		Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	
Cash loans	Standard loans		Revised contract terms	Refinance
Non-specialized loans	31,274,560	4,248,400	994,236	-
Business loans	11,191,722	2,661,302	605,343	-
Export loans	5,742,086	416,538	75,903	-
Import loans	-	-	-	-
Loans given to financial sector	1,798,129	117,276	-	-
Consumer loans	10,100,460	974,505	287,387	-
Credit cards	512,454	62,188	25,603	-
Other	1,929,709	16,591	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**31,274,560**	**4,248,400**	**994,236**	**-**

	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	156,633	58	134,255	5
Loans	*148,595*	-	*120,823*	-
Other assets	*4,629*	*58*	*4,673*	*5*
Banks and money market placements	*2,854*	-	*8,487*	-
Marketable securities	*555*	-	*272*	-
Lifetime expected credit losses significant increase in credit risk	-	285,187	-	193,094
Loans	-	*285,187*	-	*193,094*
Total	**156,633**	**285,245**	**134,255**	**193,099**

5.3. Loans according to their maturity structure

		Loans and other receivables under close monitoring	
Cash loans	Standard loans	Loans and receivables not subject to restructuring	Restructured loans and receivables
Short-term loans and other receivables	11,733,315	1,448,029	119,455
Medium and long-term loans and other receivables	19,541,245	2,800,371	874,781
Total	**31,274,560**	**4,248,400**	**994,236**

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

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

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

	Short term	Medium and long term	Total
Consumer loans - TL	**398,027**	**10,761,032**	**11,159,059**
Mortgage loans	111	3,836,870	3,836,981
Automotive loans	38,687	451,361	490,048
General purpose loans	359,229	6,472,801	6,832,030
Other	-	-	-
Consumer loans - indexed to FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans - FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards - TL	**540,183**	**18,315**	**558,498**
With installments	179,712	18,315	198,027
Without installments	360,471	-	360,471
Consumer credit cards - FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Personnel loans - TL	**3,431**	**28,607**	**32,038**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	3,431	28,607	32,038
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	**8,673**	**-**	**8,673**
With installments	2,908	-	2,908
Without installments	5,765	-	5,765
Personnel credit cards - FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts - TL (real person)	**171,255**	**-**	**171,255**
Overdraft accounts - FC (real person)	**-**	**-**	**-**
Total	**1,121,569**	**10,807,954**	**11,929,523**

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

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

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

	Short term	Medium and long term	Total
Commercial installment loans - TL	**1,045,377**	**2,392,710**	**3,438,087**
Real estate loans	-	10,036	10,036
Automotive loans	466	161,411	161,877
General purpose loans	-	-	-
Other	1,044,911	2,221,263	3,266,174
Commercial installment loans - indexed to FC	**4**	**22,304**	**22,308**
Real estate loans	-	-	-
Automotive loans	-	64	64
General purpose loans	-	-	-
Other	4	22,240	22,244
Commercial installment loans - FC	**-**	**8,053**	**8,053**
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	8,053	8,053
Corporate credit cards - TL	**33,074**	**-**	**33,074**
With installments	16,022	-	16,022
Without installments	17,052	-	17,052
Corporate credit cards - FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft loans - TL (legal entity)	**44,463**	**-**	**44,463**
Overdraft loans - FC (legal entity)	**-**	**-**	**-**
Total	**1,122,918**	**2,423,067**	**3,545,985**

5.6. Loans according to borrowers

	Current period	Prior period
Public	1,791,031	1,288,869
Private	34,726,165	30,473,565
Total	**36,517,196**	**31,762,434**

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	36,497,039	31,420,640
Foreign loans	20,157	341,794
Total	**36,517,196**	**31,762,434**

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

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

5.8. Loans granted to subsidiaries and associates

	Current period	Prior period
Direct loans granted to subsidiaries and associates	783,360	342,373
Indirect loans granted to subsidiaries and associates	-	-
Total	**783,360**	**342,373**

5.9. Specific provisions set aside against loans

	Current period	Prior period
Loans and receivables with limited collectability	15,806	136,197
Loans and receivables with doubtful collectability	36,622	260,303
Uncollectible loans and receivables	1,514,137	1,180,710
Total	**1,566,565**	**1,577,210**

5.10. Information on non-performing loans (net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Gross amounts before specific provision	-	209	47,928
Restructured loans	-	209	47,928
Prior period			
Gross amounts before specific provision	12,870	2,100	9,016
Restructured loans	12,870	2,100	9,016

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

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

5.10.2. Information on total non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior period end balance	**415,051**	**617,099**	**1,912,465**
Additions (+)	200,473	7,589	28,535
Transfers to other categories of non-performing loans (+)	-	515,644	998,330
Transfers from other categories of non-performing loans (-)	(515,644)	(998,330)	-
Collections (-)	(70,628)	(71,021)	(493,643)
Write-offs (-)	(72)	(19)	(22,846)
Sold Portfolio (-) (*)	-	(7,378)	(307,391)
Corporate and commercial loans	-	(7,378)	(120,012)
Retail loans	-	-	(154,993)
Credit cards	-	-	(32,386)
Other	-	-	-
Current period end balance	**29,180**	**63,584**	**2,115,450**
Provisions (-)	(15,806)	(36,622)	(1,514,137)
Net balance on balance sheet	**13,374**	**26,962**	**601,313**

(*) The Bank sold non-performing loan portfolio amounting to TL 314,769 (31 December 2019: TL 149,567) to domestic asset management companies at 20 October 2020.

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	2,654	6,447	165,675
Provision (-)	(1,947)	(5,142)	(106,500)
Net balance on balance sheet	**707**	**1,305**	**59,175**
Prior period			
Balance at the end of the period	60,901	51,548	67,013
Provision (-)	(48,975)	(25,391)	(34,605)
Net balance on balance sheet	**11,926**	**26,157**	**32,408**

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

(Convenience translation of the unconsolidated financial statements and related disclosures and footnotes originally issued in Turkish, See Note 1.b of section three)
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I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.10.4. 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)	**13,374**	**26,962**	**601,313**
Loans granted to corporate entities and real person (gross)	29,180	63,584	2,115,450
Provision amount (-)	(15,806)	(36,622)	(1,514,137)
Loans granted to corporate entities and real person (net)	13,374	26,962	601,313
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision amount (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)	**278,854**	**356,796**	**731,755**
Loans granted to corporate entities and real person (gross)	415,051	617,099	1,912,465
Provision amount (-)	(136,197)	(260,303)	(1,180,710)
Loans granted to corporate entities and real person (net)	278,854	356,796	731,755
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision amount (-)	-	-	-
Other loans (net)	-	-	-

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Current period (Net)	**1,949**	**3,249**	**29,102**
Interest accruals and valuation differences	4,262	7,503	82,158
Provision (-)	(2,313)	(4,254)	(53,056)
Prior period (Net)	**15,129**	**18,365**	**22,846**
Interest accruals and valuation differences	20,026	31,094	41,301
Provision (-)	(4,897)	(12,729)	(18,455)

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

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

5.11. Liquidation policy for uncollectible loans and receivables

In case there are collaterals in accordance with the Article 8 of "Regulation on Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and Provision for these Loans and other Receivables" the receivable shall be collected as soon as possible by either administrative or legal interferences by liquidating such collaterals.

In case there are no collaterals, even if the evidence of insolvency is provided, information gathered in various periods and legal procedures are followed to identify the assets acquired by the borrower after the insolvency.

Before and after the legal procedures, the Bank attempts to collect its receivables by means of restructuring the loans and receivables from the companies showing an indication of operating on ongoing basis and having a productive contribution in the economic environment.

5.12. Information on the write-off policy

In order to collect loans and other receivables classified as "Uncollectible Loans and Receivables", the Bank applies all legal procedures. At the end of the legal procedures, if the loans and receivables cannot be collected, the provisions provided for these receivables are reversed and the gross receivable amount is written down to 1 Kr (Trace cost) upon the receipt of the evidence of insolvency from the customers. The legal procedures start again for these loans and receivables carried at their trace costs if an improvement in the situation of the debtors or guarantors is identified.

The Bank writes down the loans and receivables to nil before initiating a legal follow-up in case the expected amount of recovery is lower than the expected cost of the legal follow-up. The Board of Directors has authorized the senior management to make the necessary assessments within certain limits.

In current period, the amount of write-off made according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 27 November 2019 and numbered 30961 is TL 22,937 (31 December 2019: TL 12,310) and its effect on the NPL ratio is 0.06% (31 December 2019: 0.03%).

6. Financial assets measured at amortised cost (net)

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

	Current period	Prior period
Investments subject to repurchase agreements	9,081	-
Collateralised/blocked investments (*)	1,274,855	350,729
Total	**1,283,936**	**350,729**

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

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

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

6.2. Government securities measured at amortised cost

	Current period	Prior period
Government bonds	4,253,314	2,114,571
Treasury bills	-	-
Other government securities	-	-
Total	**4,253,314**	**2,114,571**

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	4,253,314	2,114,571
Quoted to stock exchange	4,253,314	2,114,571
Not quoted	-	-
Impairment provision (-)	-	-
Total	**4,253,314**	**2,114,571**

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	2,114,571	1,194,996
Foreign currency differences on monetary assets	-	-
Purchases during the period	3,644,739	912,878
Disposals through sales and redemptions	(1,553,437)	(36,299)
Provision for impairment (-)	-	-
Valuation effect	47,441	42,996
Period end balance	**4,253,314**	**2,114,571**

7. Information on associates (net)

7.1. Explanations related to the associates

The Bank does not have any associates.

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

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

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 31 December 2020 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Factoring (*)	ING Leasing	ING Securities
Paid in capital and adjustment to paid-in capital	1,760	50,000	30,000	31,907
Profit reserves, capital reserves and prior year profit/loss	108,041	97,486	139,628	2,170
Profit	53,271	12,753	30,833	25,994
Development cost of operating lease (-)	-	(2)	(1)	-
Intangible assets (-)	-	(461)	(422)	(4)
Total core capital	**163,072**	**159,776**	**200,038**	**60,067**
Supplementary capital	**-**	**-**	**-**	**-**
Capital	**163,072**	**159,776**	**200,038**	**60,067**
Net usable shareholder's equity	**163,072**	**159,776**	**200,038**	**60,067**

(*) In accordance with the Bank's Board of Directors decision dated 3 December 2020; it has been decided for initiating the liquidation process of its subsidiary, ING Factoring A.Ş., applying for the approval of the BRSA on this matter by taking a decision in the ING Faktoring A.Ş.'s Board of Directors for the liquidation of the company and giving authorization to General Management to carry out the liquidation procedures and processes. The liquidation process still continues.

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

8.2. Information on consolidated subsidiaries

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

As of 31 December 2020 financial information on consolidated subsidiaries as follows (*):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
(1)	4,225,153	163,072	25	222,904	-	53,271	62,924	-
(2)	601,327	160,239	2,925	51,322	-	12,753	28,330	-
(3)	986,540	200,461	1,822	55,892	-	30,833	37,262	-
(4)	215,309	60,071	548	6,002	-	25,994	7,724	-

(*) The financial information of ING Factoring, ING Leasing, ING Brokerage and ING European Financial Services Plc are obtained from 31 December 2020 audited financial statements.

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

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

8.3. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	83,599	95,907
Movements during the period	27,407	(12,308)
Purchases	-	-
Bonus shares obtained	27,407	-
Dividends from current year income	-	-
Sales (*)	-	(12,308)
Revaluation increase	-	-
Provisions for impairment	-	-
Balance at the end of the period	111,006	83,599
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

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

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

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies	50,000	40,000
Leasing companies	30,000	22,500
Finance companies	-	-
Other financial subsidiaries	31,006	21,099

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

10. Information on finance lease receivables (net)

The Bank has no receivables from finance lease.

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

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

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	25,868	-	35,316	1,117
Net investment hedge	-	-	-	-
Total	**25,868**	**-**	**35,316**	**1,117**

12. Information on tangible assets (net)

Current period	Real estates	Right-of-use assets	Other fixed assets	Total
Cost				
Opening balance	282,843	349,428	948,214	1,580,485
Additions	3,988	153,546	184,668	342,202
Disposals	(586)	(199,360)	(210,072)	(410,018)
Transfers	-	-	(395)	(395)
Currency differences	-	-	-	-
Provisions for impairment	154	-	-	154
Closing balance	286,399	303,614	922,415	1,512,428
Accumulated depreciation				
Opening balance	(124,641)	(55,150)	(454,217)	(634,008)
Current year depreciation expense	(6,882)	(64,990)	(62,312)	(134,184)
Disposals	262	33,967	38,370	72,599
Transfers	-	-	652	652
Currency differences	-	-	-	-
Closing balance	(131,261)	(86,173)	(477,507)	(694,941)
Net book value	**155,138**	**217,441**	**444,908**	**817,487**

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

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

Prior period	Real estates	Leased tangible assets	Right-of-use assets	Other fixed assets	Total
Cost					
Opening balance	272,473	51,329	-	912,699	1,236,501
Additions	7,486	-	524,791	348,472	880,749
Disposals	-	(51,329)	(175,363)	(314,278)	(540,970)
Transfers	-	-	-	(200)	(200)
Currency differences	-	-	-	21	21
Provisions for impairment	2,884	-	-	1,500	4,384
Closing balance	282,843	-	349,428	948,214	1,580,485
Accumulated depreciation					
Opening balance	(117,981)	(50,781)	-	(384,267)	(553,029)
Current year depreciation expense	(6,660)	(40)	(70,382)	(53,924)	(131,006)
Disposals	-	50,821	15,232	34,663	100,716
Transfers	-	-	-	(50,668)	(50,668)
Currency differences	-	-	-	(21)	(21)
Closing balance	(124,641)	-	(55,150)	(454,217)	(634,008)
Net book value	**158,202**	-	**294,278**	**493,997**	**946,477**

13. Information on intangible assets (net)

	Current period	Prior period
Cost		
Opening balance	246,970	203,107
Additions	19,694	43,863
Disposals	(15)	-
Closing balance	266,649	246,970
Accumulated amortization		
Opening balance	(192,708)	(163,303)
Current year's amortization expense	(28,376)	(29,405)
Disposals	15	-
Closing balance	(221,069)	(192,708)
Net book value	**45,580**	**54,262**

14. Information on investment properties (net)

The Bank does not have investment properties.

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

As of 31 December 2020, current tax asset and corporation tax payable are netted of and accounted as current tax liability in the balance sheet. The explanations about current tax asset/liability for the current and previous period are disclosed in Note II.9 of Section Five.

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

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

15.2. Explanations on deferred tax asset

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

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

16.1. Explanations on assets held for sale

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

16.2. Explanations on discontinued operations

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

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

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

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

1. Information on deposits

1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months - 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	1,019,238	-	12,916,901	3,257,890	66,226	27,754	14,045	-	17,302,054
Foreign currency deposits	4,318,662	-	9,103,314	2,951,563	100,843	50,860	29,907	-	16,555,149
Residents in Turkey	4,036,918	-	9,041,070	2,839,428	91,135	41,595	26,110	-	16,076,256
Residents abroad	281,744	-	62,244	112,135	9,708	9,265	3,797	-	478,893
Public sector deposits	75,720	-	6	16,019	86	-	-	-	91,831
Commercial deposits	658,156	-	1,125,935	41,269	2,209	89	-	-	1,827,658
Other institutions deposits	8,944	-	6,550	2,795	32	35	52	-	18,408
Precious metals deposits	1,959,808	-	787,258	-	-	-	-	-	2,747,066
Interbank deposits	1,662,936	-	-	-	-	-	-	-	1,662,936
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	10	-	-	-	-	-	-	-	10
Foreign banks	1,662,926	-	-	-	-	-	-	-	1,662,926
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**9,703,464**	**-**	**23,939,964**	**6,269,536**	**169,396**	**78,738**	**44,004**	**-**	**40,205,102**

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

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

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

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

Saving deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit insurance	
	Current period	Prior period	Current period	Prior period
Saving deposit	11,915,530	15,320,004	5,380,088	5,935,983
Foreign currency saving deposits	6,027,959	4,343,663	7,678,193	5,705,258
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

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

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

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

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

1.4. 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	22,033	18,655
Saving deposits and other accounts in scope of the property holdings derived from crime defined in Article 282 of Turkish Criminal Law No: 5237, dated 26 September 2004	-	-
Saving deposits in deposit bank established in Turkey in order to engage solely in off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	40,999	-	39,986
Swap transactions	678,567	128,082	470,639	113,360
Future transactions	-	-	-	-
Options	7	1,337	327	3,044
Other	-	-	-	-
Total	**678,574**	**170,418**	**470,966**	**156,390**

3. Banks and other financial institutions

3.1. Information on banks and other financial institutions

	Current period		Prior period	
	TL	FC	TL	FC
Funds borrowed from Central Bank of Turkey	-	-	-	-
Funds borrowed from domestic banks and institutions	140,946	7,814	184,763	18,842
Funds borrowed from foreign banks, institutions and funds	1,658,818	3,491,299	4,601	2,525,046
Total	**1,799,764**	**3,499,113**	**189,364**	**2,543,888**

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

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

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	1,798,732	65,300	189,364	15,849
Medium and long term	1,032	3,433,813	-	2,528,039
Total	**1,799,764**	**3,499,113**	**189,364**	**2,543,888**

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

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

4. Explanations on securities issued (net)

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

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

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

6. Explanations on lease liabilities (net)

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	2,509	2,343	850	806
Between 1-4 years	103,996	84,738	117,963	97,473
More than 4 year	227,229	141,995	322,533	200,440
Total	**333,734**	**229,076**	**441,346**	**298,719**

7. Information on derivative financial liabilities held for hedging

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

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	112,999	4,168	348,720	6,658
Net investment hedge	-	-	-	-
Total	**112,999**	**4,168**	**348,720**	**6,658**

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

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

8. Information on provisions

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

None (31 December 2019: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans	28,933	32,363
Provision for credit card score promotion	1,291	1,373
Other provisions	231,016	186,765
Allowance for expected credit losses (Stage 1 and Stage 2) (*)	*114,663*	*88,023*
Other	*116,353*	*98,742*
Total	**261,240**	**220,501**

(*) Non-cash loan provisions are included.

Amount to TL 73,642 (31 December 2019: TL 69,225) of the other provisions consist of provisions set aside as a result of the legal assessment for the lawsuits that are likely to result against the Bank.

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

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

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

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

In the First Case, the first instance court ruled in favor of the Bank, which has been later reversed by the Supreme Court of Appeals (Yargıtay). The First Case has been returned to the first instance court following the appellate decision, where the court of first instance decided to obtain an expert opinion in accordance with the Supreme Court of Appeals' decision. Following the court appointed expert's examination of the case, the expert report has been completed and it was in favor of the Bank. The first instance court decided in favor of the Bank however SDIF appealed against the decision and the appeal of the SDIF has been rejected in favor of the Bank. Against this decision, the Court of Cassation, the way of correction of the decision was clear. Currently the SDIF made a decision correction, the decision is expected to be finalized in favor of the Bank in the year of 2021. 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. The Regional Appeal Court decided in favor of the bank in second, third and the fourth cases.

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

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

8.3. Information on provisions for employee benefits

As of 31 December 2020, TL 31,054 (31 December 2019: TL 29,879) of TL 59,554 (31 December 2019: TL 55,089) provisions for employee benefits is the unused vacation provision. Full provision is provided for the unused vacation liability.

TL 28,500 (31 December 2019: TL 25,210) of the provisions for employee benefits is the termination benefit provision. In accordance with the labor law, the Bank is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 7,117.17 (Full TL) at 31 December 2020 and TL 6,379.86 (Full TL) at 31 December 2019 per year of employment at the rate of pay applicable at the date of retirement or termination.

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

	Current period	Prior period
Net discount rate	3.27%	3.71%
Inflation rate	9.40%	8.20%
Interest rate	12.98%	12.21%
Probability of severance	35.03%	32.92%

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

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

Movement of the provision for termination benefit:

	Current period	Prior period
Balance at the beginning of the period	25,210	21,485
Change during the year	12,605	19,086
Actuarial gain	352	1,180
Benefits paid during the year	(9,667)	(16,541)
Balance at the end of the period	**28,500**	**25,210**

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

The Bank has current corporate tax liability as of 31 December 2020 amounting to TL 84,739 (31 December 2019: TL 37,900).

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	84,739	37,900
Taxation of securities	17,344	35,451
Banking insurance transaction tax ("BITT")	17,861	21,682
Foreign exchange transaction tax	2,642	2,312
Value added tax payable	2,604	5,840
Property tax	512	839
Other	11,000	10,682
Total	**136,702**	**114,706**

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	5,062	4,850
Social security premiums-employer	7,518	7,187
Bank social aid pension fund premium-employee	-	-
Bank social aid pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	356	342
Unemployment insurance-employer	714	686
Other	-	-
Total	**13,650**	**13,065**

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

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

9.2. Explanations on deferred tax liabilities

As of 31 December 2020, the net deferred tax liabilities of the Bank amounts to TL 185,063 (31 December 2019: TL 190,647) which is calculated based on the deductible temporary differences.

	Current period		Prior period	
Timing differences constituting the basis for deferred tax	Accumulated temporary differences	Deferred tax asset/(liability)	Accumulated temporary differences	Deferred tax asset/(liability)
Provisions (*)	147,258	29,452	142,710	31,023
Fair value differences for financial assets and liabilities	(33,301)	(6,698)	67,935	14,095
Derivative valuation differences	(1,645,778)	(329,156)	(1,657,516)	(339,656)
Expected credit losses of Stage I and II	556,541	111,308	415,377	83,491
Other	57,420	10,031	103,232	20,400
Total deferred tax assets/(liabilities) net		**(185,063)**		**(190,647)**

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

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

Deferred tax assets/(liabilities)	Current period (1 January - 31 December 2020)	Prior period (1 January - 31 December 2019)
Opening balance	**(190,647)**	**(430,595)**
Deferred tax income/(expense) net	22,571	59,732
Deferred tax recognized under equity	(16,987)	180,216
Balance at the end of the period	**(185,063)**	**(190,647)**

10. Information on liabilities regarding assets held for sale

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

11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	FC	TL	FC
To be included in the calculation of additional capital borrowing instruments	**-**	**-**	**-**	**-**
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation (*)	**-**	**4,019,844**	**-**	**4,237,398**
Subordinated loans	-	4,019,844	-	4,237,398
Subordinated debt instruments	-	-	-	-
Total	**-**	**4,019,844**	**-**	**4,237,398**

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the Bank amounting to USD 91 million and EUR 85 million is amortised by 40% and then included in Tier II Capital as its remaining maturity is less than 4 years and USD 62 million and EUR 231 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than 5 years as of 31 December 2020.

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

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

12. Information on shareholders' equity

12.1. Paid-in capital

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

(*) The amount represents nominal capital.

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

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

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

None.

12.4. Information on share capital increases from capital reserves

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

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

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

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

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

12.7. Information on preferred shares

There are no preferred shares.

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	21,801	-	79,689	-
Foreign exchange difference	-	-	-	-
Total	**21,801**	**-**	**79,689**	**-**

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

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

12.9. Profit reserves and profit distribution

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

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

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

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

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	1,621,623	4,392,239
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	1,873,607	1,700,412
Commitments for cheque payments	231,822	271,795
Commitments for credit card limits	1,146,789	1,300,968
Commitments for credit cards and banking services promotions	5,929	5,732
Other irrevocable commitments	26,529	25,911
Total	**4,906,299**	**7,697,057**

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

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

	Current period	Prior period
Commitments and contingencies	2,610,238	5,377,420
Letter of credits	723,168	1,125,746
Bank acceptance loans	1,269	4,008
Total	**3,334,675**	**6,507,174**

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

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

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

	Current period	Prior period
Irrevocable letters of guarantees	6,184,978	5,199,241
Cash loans letters of guarantees	561,537	1,301,515
Advance letters of guarantees	576,439	473,458
Temporary letters of guarantees	46,459	27,687
Other	84,168	84,636
Total	**7,453,581**	**7,086,537**

1.3. Explanation on non-cash loans

1.3.1. Total amount of non-cash loans

	Current period	Prior period
Non-cash loans given against cash loans	3,095,056	6,479,567
With original maturity of 1 year or less than 1 year	45,314	334,422
With original maturity of more than 1 year	3,049,742	6,145,145
Other non-cash loans	7,693,200	7,114,144
Total	**10,788,256**	**13,593,711**

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

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

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

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	**6,928**	**0.51**	**838**	**0.01**	**6,744**	**0.41**	**11,176**	**0.08**
Farming and raising	6,240	0.46	838	0.01	3,241	0.20	11,176	0.08
Forestry	34	-	-	-	34	-	-	-
Fishing	654	0.05	-	-	3,469	0.21	-	-
Manufacturing	**239,131**	**17.65**	**4,900,910**	**51.95**	**260,944**	**15.76**	**6,867,638**	**57.52**
Mining	4,251	0.31	2,566,686	27.21	8,049	0.49	2,953,664	24.74
Production	202,304	14.94	2,328,234	24.68	230,479	13.92	3,646,274	30.54
Electric, gas and water	32,576	2.40	5,990	0.06	22,416	1.35	267,700	2.24
Construction	**186,030**	**13.73**	**606,823**	**6.43**	**219,062**	**13.23**	**687,075**	**5.76**
Services	**915,059**	**67.56**	**3,921,361**	**41.57**	**1,158,675**	**69.96**	**4,369,667**	**36.62**
Wholesale and retail trade	563,257	41.58	395,717	4.21	748,516	45.20	940,702	7.88
Hotel, food and beverage	7,667	0.57	32,254	0.34	13,541	0.82	91,559	0.77
Transportation and telecommunication	87,372	6.45	554,914	5.88	89,191	5.39	594,959	4.98
Financial institutions	219,267	16.19	1,558,793	16.52	207,270	12.52	1,685,128	14.12
Real estate and renting services	9,591	0.71	6,953	0.07	20,154	1.22	8,407	0.07
Self-employment services	25,864	1.91	889,842	9.43	69,845	4.22	635,732	5.33
Education services	25	-	-	-	44	-	-	-
Health and social services	2,016	0.15	482,888	5.12	10,114	0.61	413,180	3.47
Other	**7,393**	**0.55**	**3,783**	**0.04**	**10,654**	**0.64**	**2,076**	**0.02**
Total	**1,354,541**	**100.00**	**9,433,715**	**100.00**	**1,656,079**	**100.00**	**11,937,632**	**100.00**

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

	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans	1,300,954	9,025,649	19,682	395,486
Letter of guarantees	1,292,102	5,974,008	19,682	123,217
Bank acceptances	-	1,269	-	-
Letter of credits	4,491	716,764	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other	4,361	2,333,608	-	272,269

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

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

2. Information on derivative transactions

	Current period	Prior period
Types of hedging transactions		
Fair value hedges (I)	**-**	**-**
Purchase transactions	-	-
Sale transactions	-	-
Cash flow hedges (II)	**3,245,834**	**7,285,819**
Purchase transactions	1,622,917	3,642,909
Sale transactions	1,622,917	3,642,910
Net investment hedges (III)	**-**	**-**
Purchase transactions	-	-
Sale transactions	-	-
A. Total derivatives held for hedging (I+II+III)	**3,245,834**	**7,285,819**
Derivative transactions held for trading		
Trading transactions (I)	**59,321,825**	**55,395,649**
Forward foreign currency transactions - buy	5,308,107	4,317,942
Forward foreign currency transactions - sell	5,125,985	4,319,914
Swap transactions- buy	23,462,816	22,175,235
Swap transactions - sell	21,932,403	20,348,468
Foreign currency options - buy	1,746,257	2,117,045
Foreign currency options - sell	1,746,257	2,117,045
Foreign currency futures - buy	-	-
Foreign currency futures - sell	-	-
Interest rate derivatives (II)	**20,221,052**	**30,932,456**
Interest rate swap - buy	10,110,526	15,466,228
Interest rate swap - sell	10,110,526	15,466,228
Interest rate options - buy	-	-
Interest rate options - sell	-	-
Securities options - buy	-	-
Securities options - sell	-	-
Interest futures - buy	-	-
Interest futures - sell	-	-
Other trading derivative transactions (III)	**-**	**-**
B. Total derivative transactions held for trading (I+II+III)	**79,542,877**	**86,328,105**
Total derivative transactions (A+B)	**82,788,711**	**93,613,924**

3. Information on credit swaps and related risks

As of 31 December 2020 and 31 December 2019, there are no credit derivative transactions.

4. Information on contingent liabilities and assets

As of 31 December 2020, a total provision of TL 73,642 (31 December 2019: TL 69,225) separated other provisions are under the item, considering legal assessment for the lawsuits with a high probability of resulting against the Bank and as a result of the audits of public authorities.

5. Information on the services provided on behalf of others

Related information is provided in note IX of section four.

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

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

1. Information on interest income

1.1. Information on interest income from loans

	Current period		Prior period	
	TL	FC	TL	FC
Interest on loans [*]	3,527,380	451,781	4,814,598	453,043
Short term loans	880,393	122,089	1,410,192	100,283
Medium and long term loans	2,418,959	329,692	3,170,258	352,760
Interest on loans under follow-up	228,028	-	234,148	-
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	1,985	176	41,656	907
From foreign banks	126	8,594	454	38,520
From branches abroad	-	-	-	-
Total	**2,111**	**8,770**	**42,110**	**39,427**

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	12,508	1,263	19,866	597
Financial assets measured at fair value through other comprehensive income	106,453	-	152,865	-
Financial assets measured at amortised cost	432,895	-	270,761	-
Total	**551,856**	**1,263**	**443,492**	**597**

1.4. Information on interest income received from associates and subsidiaries

	Current period	Prior period
Interest income from associates and subsidiaries	7,679	4,963

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

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

2. Information on interest expenses

2.1. Information on interest on funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Banks [*]	58,843	129,059	38,675	269,677
Central Bank of Turkey	-	-	-	-
Domestic banks	16,244	325	19,809	1,184
Foreign banks	42,599	128,734	18,866	268,493
Branches and offices abroad	-	-	-	-
Other institutions [*]	-	3,072	-	5,002
Total	**58,843**	**132,131**	**38,675**	**274,679**

[*] Commissions and fees paid for cash funds borrowed are included.

2.2. Information on interest expenses paid to associates and subsidiaries

	Current period	Prior period
Interest expenses paid to associates and subsidiaries	5,803	19,853

2.3. Information on interest on securities issued

There is no interest on securities issued on current period.

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

		Time deposit						
Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Accumulated deposits	Total
Turkish lira								
Bank deposits	-	2,657	-	-	-	-	-	2,657
Saving deposits	-	1,274,095	316,023	5,445	2,074	3,315	-	1,600,952
Public sector deposits	-	-	614	4	-	-	-	618
Commercial deposits	-	98,026	9,217	144	6	42	-	107,435
Other deposits	-	809	342	2	1	4	-	1,158
7 days call accounts	-	-	-	-	-	-	-	-
Total	**-**	**1,375,587**	**326,196**	**5,595**	**2,081**	**3,361**	**-**	**1,712,820**
Foreign currency								
Foreign currency deposits	-	25,222	29,301	1,126	720	452	-	56,821
Banks deposits	-	3,481	-	-	-	-	-	3,481
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	**-**	**28,703**	**29,301**	**1,126**	**720**	**452**	**-**	**60,302**
Grand total	**-**	**1,404,290**	**355,497**	**6,721**	**2,801**	**3,813**	**-**	**1,773,122**

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

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

3. Information on dividend income

	Current period	Prior period
Financial assets at fair value through profit and loss	-	-
Financial assets at fair value through other comprehensive income	215	3,000
Other	-	64,860
Total	**215**	**67,860**

4. Information on trading income/loss (net)

	Current period	Prior period
Income	**53,081,183**	**26,628,255**
Gains on capital market transactions	183,390	68,028
Gains on derivative financial instruments	15,296,141	13,958,825
Foreign exchange gains	37,601,652	12,601,402
Loss (-)	**(52,855,775)**	**(26,013,169)**
Loss on capital market transactions	(84,984)	(70,709)
Loss on derivative financial instruments	(14,795,160)	(12,908,267)
Foreign exchange loss	(37,975,631)	(13,034,193)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 714,724 (31 December 2019: TL 20,133 net loss).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	450,389	464,961
Income arising from sale of assets	60,174	55,314
Banking services income	1,758	2,945
Other non-interest income	57,799	66,984
Total	**570,120**	**590,204**

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

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

6. Allowance for expected credit losses

	Current period	Prior period
Expected credit losses	1,143,132	1,204,103
12-Month expected credit loss (Stage 1)	44,779	59,281
Expected credit loss significant increase in credit risk (Stage 2)	192,714	14,468
Expected credit loss impaired credits (Stage 3)	905,639	1,130,354
Impairment losses on securities	45	200
Financial assets measured at fair value through profit/loss	45	200
Financial assets measured at fair value through other comprehensive income	-	-
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	-	-
Total	**1,143,177**	**1,204,303**

7. Information on other operating expenses

	Current period	Prior period
Reserves for employee termination benefits	2,938	2,545
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	3,600	5,500
Depreciation expense of tangible assets	134,184	131,006
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	28,376	29,405
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	846,327	761,197
Operating lease expenses related with TFRS 16 exception	17,415	15,808
Repair and maintenance expenses	29,357	32,862
Advertisement expenses	92,656	101,739
Other expenses	706,899	610,788
Loss on sales of assets	10,550	21,818
Other [*]	295,887	257,943
Total	**1,321,862**	**1,209,414**

[*] Includes saving-deposits-insurance-fund related expenses of TL 131,304 (31 December 2019: TL 116,674)

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

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

As of 31 December 2020, the income before taxes is TL 826,631 (31 December 2019: TL 1,876,068).

9. Information on tax provision for continued and discontinued operations

As of 31 December 2020, the corporate tax provision expense for the period is TL 222,557 (31 December 2019: TL 459,489), and the deferred tax income is TL 22,571 (31 December 2019: TL 59,732 deferred tax income).

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

As of 31 December 2020, the net operating income after taxes is TL 626,645 (31 December 2019: TL 1,476,311).

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

Interest income from regular banking transactions is TL 4,896,134 (31 December 2019: TL 6,964,124), while the interest expense is TL 2,094,699 (31 December 2019: TL 3,809,721).

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 412,044 (31 December 2019: TL 537,801) has included TL 109,726 (31 December 2019: TL 197,911) resulting from the credit card fees and commissions, TL 31,556 (31 December 2019: TL 92,639) resulting from service fees and commissions from contracted merchants and TL 136,957 (31 December 2019: TL 144,548) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 166,000 (31 December 2019: TL 172,732) has included TL 73,823 (31 December 2019: TL 115,225) resulting from credit card exchange commissions.

V. Explanations and notes related to unconsolidated statement of changes in shareholders' equity

Under the Turkish Commercial Code ("TCC"), legal reserves comprise 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.

The Ordinary General Assembly Meeting of the Bank was held on 26 March 2020. In the Ordinary General Assembly meeting, it was decided to transfer TL 1,476,311 unconsolidated net income from 2019 operations to statutory legal reserves, extraordinary reserves and revaluation surplus on tangible and intangible assets as a real estate sale income and utilized from the tax exemption amounting to TL 73,816 TL 1,401,809 and TL 686 respectively.

General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements.

As of the balance sheet date, unconsolidated legal reserves amount to TL 317,508 (31 December 2019: TL 243,692), and TL 73,816 (31 December 2019: TL 53,088) of this amount consists of the amount transferred from the previous year profit within the current period.

As of the balance sheet date, extraordinary reserves amount to TL 4,390,588 (31 December 2019: TL 2,964,006).

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

VI. Explanations and notes related to the unconsolidated statement of cash flows

1. Information on cash flow statements

Components of cash and cash equivalents are cash, cash in foreign currency, money in transit, cheques purchased, demand deposits including unrestricted deposits in the Central Bank of Turkey and time deposits in banks with original maturities less than three months.

1.1. Cash and cash equivalents at the beginning of the period

	31 December 2019	31 December 2018
Cash	**1,253,368**	**1,641,069**
Cash in vault	305,784	291,076
Cash in foreign currency	947,584	1,349,993
Cash equivalents	**11,837,915**	**8,989,314**
Central Bank of Turkey	3,146,437	4,517,388
Banks	488,927	281,926
Interbank money market	8,202,551	4,190,000
Total	**13,091,283**	**10,630,383**

1.2. Cash and cash equivalents at the end of period

	31 December 2020	31 December 2019
Cash	**1,381,955**	**1,253,368**
Cash in vault	224,383	305,784
Cash in foreign currency	1,157,572	947,584
Cash equivalents	**11,026,833**	**11,837,915**
Central Bank of Turkey	4,869,324	3,146,437
Banks	1,205,069	488,927
Interbank money market	4,952,440	8,202,551
Total	**12,408,788**	**13,091,283**

2. Explanation about other line items included in the cash flow and about the effect of changes in foreign exchange rates on cash and cash equivalents line item included in the cash flow statement:

Amounting to TL 119,862 increase (31 December 2019: TL 126,975 increase) under "Operating profit before changes in operating assets and liabilities" consists of other operational incomes.

Amounting to TL 1,154,200 increase (31 December 2019: TL 1,471,620 decrease) under "Operating profit before changes in operating assets and liabilities" consists of profit/loss from capital market transactions, profit/loss from derivative transactions and other operational expenses.

Amounting to TL 120,411 decrease (31 December 2019: TL 3,070,160 increase) under "Changes in operating assets and liabilities" consists of mainly changes in prepaid expenses and changes in exchange accounts under other assets.

Amounting to TL 184,866 increase (31 December 2019: TL 1,064,939 decrease) under "Changes in operating assets and liabilities" consists of mainly changes in fees and commissions obtained in advance and changes in exchange account under other liabilities.

Amounting to TL 47,168 decrease (31 December 2019: TL 43,863 decrease) under "Net cash flow from investment activities" consists of mainly purchase of intangible assets.

As of 31 December 2020, the effect of changes in the foreign currency rates on the cash and cash equivalents has been determined by the sum of exchange rate differences of translation into TL of cash and cash equivalents denominated in foreign currency in the beginning and the end of the period quarterly and as approximately TL 1,030,782 (31 December 2019: TL 931,358).

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

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

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

1.1. Current period

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	342,373	2,441	120	569,874	39	201,879
End of the period	783,360	8,094	3,714	944,813	8,949	358,190
Interest and commission income	7,679	78,035	41	2,788	-	421

1.2 Prior period

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Beginning of the period	535,713	23,051	71	570,374	47	200,958
End of the period	342,373	2,441	120	569,874	39	201,879
Interest and commission income	4,963	90,494	4	1,260	-	280

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

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposit						
Beginning of the period	238,282	61,826	102,613	25,152	29,018	2,400
End of the period	74,219	238,282	49,817	102,613	67,237	29,018
Interest expense on deposits	5,803	19,853	355	497	2,361	688

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

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

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

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at fair value through profit/loss						
Beginning of the period	36,724	-	23,135,735	11,502,875	27,994	20,039
End of the period	228,066	36,724	12,046,297	23,135,735	-	27,994
Total profit/loss	(4,457)	14,133	(37,591)	88,037	45,053	41,236
Transactions with hedging purposes						
Beginning of the period	-	-	2,005,290	-	-	-
End of the period	-	-	1,002,441	2,005,290	-	-
Total profit/loss	-	-	(36,269)	(31,269)	-	-

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

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Banks						
Beginning of the period	-	-	20,051	13,735	8,121	4,087
End of the period	-	-	112,480	20,051	15,623	8,121
Interest income received	-	-	130	698	28	236

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

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans						
Beginning of the period	-	-	1,563,448	5,309,702	3,901	7,702
End of the period	-	-	3,804,444	1,563,448	19,104	3,901
Interest and commission paid	-	-	71,275	94,244	362	1,495

The Bank also has subordinated loan amounting to TL 4,019,844 from its shareholder ING Bank NV as of 31 December 2020 (31 December 2019: TL 4,237,398).

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

Benefits paid to key management personnel for the period ended as of 31 December 2020 is amounting to TL 24,102 (31 December 2019: TL 33,246).

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

VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Bank

	Number	Number of employees
Domestic branches	191	3,442

			Country
Foreign representative offices	-	-	-

			Total assets	Capital
Foreign branches	-	-	-	-
Off-shore banking region branches	-	-	-	-

Section six

Other Explanations

I. Other explanations on the Bank's operations

None.

II. Explanations and notes related to subsequent events

Umut Pasin has been appointed as Financial Risk Management Executive Vice President per the Board of Directors resolution No. 107/1 and dated 23 December 2020 and after completion of the BRSA process, he started his duty as of 8 February 2021.

Section seven

Independent auditors' report

I. Explanations on the independent auditors' report

The unconsolidated financial statements of the Bank as of 31 December 2020, have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and the independent auditors' report dated 15 February 2021 is presented at the beginning of this report.

II. Explanations and notes prepared by independent auditors

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

PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS, RELATED DISCLOSURES AND INDEPENDENT AUDITORS' REPORT THEREON AS OF AND FOR THE YEAR ENDED 31 December 2020

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

Independent Auditor's Report

KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
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Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English

To the General Assembly of ING Bank Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ING Bank Anonim Şirketi ("the Bank") and its subsidiaries (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2020 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of ING Bank Anonim Şirketi and its subsidiaries as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by Banking Regulation and Supervision Agency ("BRSA") and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans measured at amortised cost

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost are presented in Section III, No: VIII to the consolidated financial statements.

Key audit matter	*How the matter is addressed in our audit*
As at 31 December 2020, loans measured at amortised cost comprise 63% of the Group's total assets. The Group recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard"). The Group applies the "expected credit loss model" in determining the impairment of financial assets in accordance with the Regulation and Standard. The model which contains significant assumptions and estimates is reviewed by the Bank management annually. The significant assumptions and estimates of the Group's management are as follows: - significant increase in credit risk - incorporating the forward looking macroeconomic information in calculation of credit risk - design and implementation of expected credit loss model The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the initial recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets. The Group calculates expected credit losses on both individual and collective basis. Individual provisions consider the estimated future cash flows of the asset and the market value of the collateral provided for credit transactions. The collective basis expected credit loss calculation is based on processes which are modelled by using current and past data sets and incorporating the future expectations. Impairment on loans measured at amortised cost was considered to be a key audit matter, due to its complex structure, the level of judgments of management and significance of the estimates and assumptions, including the impact of COVID-19, used as explained above.	Our procedures for auditing the impairment of loans measured at amortised cost include below: - We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. - We evaluated the adequacy of the subjective and objective criteria that is defined in the Group's impairment accounting policy compared with the Regulation and Standard. - We evaluated the Group's business model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialists. - We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and evaluation of their classification. In this context, the current status of the loan customer has been evaluated by including the impact of COVID-19 on prospective information and macroeconomic variables. - We evaluated the accuracy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis including the impact of COVID-19 on the assumptions and estimates. - We tested the accuracy and completeness of the data in calculation of the data in the calculation models for the loans which are assessed on collective basis. We recalculated the expected credit loss calculation. The models used for the calculation of the risk parameters were examined and recalculated. - We assessed the macroeconomic models including the effects of COVID-19, that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method. - We evaluated the qualitative and quantitative criteria, including the effects of COVID-19, which are used in determining the significant increase in credit risk. - We evaluated the adequacy of the disclosures in the consolidated financial statements related to impairment provisions.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2020 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated 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.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member firm of KPMG International Cooperative

Orhan Akova, SMMM
Sorumlu Denetçi

15 Şubat 2021
İstanbul, Türkiye

The Consolidated Year End Financial Report of Ing Bank A.Ş. and It's Financial Subsidiaries Prepared as of and for the Year Ended 31 December 2020

Address of the Bank	:	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8 34467 Sarıyer/İstanbul
Phone and fax numbers of the Bank	:	(212) 335 10 00 (212) 286 61 00
Web-site of the Bank	:	www.ing.com.tr
E-mail	:	disyazisma@ing.com.tr

The consolidated year end 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 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
- Other explanations
- Independent Auditors' 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. 2. ING Finansal Kiralama A.Ş. 3. ING Faktoring A.Ş. 4. ING Menkul Değerler A.Ş.	None	None

The accompanying year end consolidated 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 audited.

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

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

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

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

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Section one

General information

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

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

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

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

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

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

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

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

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

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

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

As of 31 December 2020, 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 December 2020 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 BoD A. Canan Ediboğlu, the members of the Board Martijn Bastiaan Kamps and Sali Salieski with a nominal value of TL 1 (Full TL) each.

One share amounting to TL 1 (full TL), belonging to the Vice Chairman of the BoD Adrianus J. A. Kas, who resigned from his duty on 8 June 2020, was transferred to Martijn Bastiaan Kamps on 26 June 2020.

As one of the world's leading financial services institutions, ING Group operates in the retail banking, wholesale and mid-corporate banking, investment banking and portfolio management segments. ING Group was established in 1991 as a result of a merger between NMB Postbank, which has a distinguished 150-year history, and the Netherlands' leading insurance company, Nationale-Nederlanden. Both companies were providing services in international markets before the merger, but ING became a leading global financial service provider with the merger.

(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 December 2020, 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
A. Canan Ediboğlu	Vice Chairman of the BoD	Legally declared
M. Semra Kuran	BoD Member and Chairman of the Audit Committee	Legally declared
Martijn Bastiaan Kamps	BoD Member and Audit Committee Member	Legally declared
Sali Salieski	BoD Member	Legally declared
Alper İhsan Gökgöz	Chief Executive Officer and BoD Member	Legally declared
Ayşegül Akay	Executive Vice President	Corporate Banking
Bohdan Robert Stepkowski	Executive Vice President	Financial Markets
Günce Çakır	Executive Vice President	Legal
İ. Bahadır Şamlı	Executive Vice President	Technology
İhsan Çakır	Executive Vice President	Business Banking
İlker Kayseri	Executive Vice President	Treasury
K. Atıl Özus	Chief Financial Officer	Financial Control and Treasury
Meltem Öztürk	Executive Vice President	Human Resources
Murat Tursun	Chief Audit Executive	Internal Audit
N. Yücel Ölçer	Executive Vice President	Operation
Ozan Kırmızı	Executive Vice President	Retail Banking
Öcal Ağar	Executive Vice President	Credits

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

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

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

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

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

Financial Risk Management Executive Vice President of the Parent Bank, Nermin Güney, has resigned from her duty and has been appointed as Chief Risk Officer of ING France starting from 1 October 2020.

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 (continued)

Digital Banking and Branch Sales Management Director of the Parent Bank, Ozan Kırmızı, has been appointed as Retail Banking Executive Vice President per the Board of Directors resolution No. 85/1 and dated 12 October 2020, after completion of the BRSA process, he started his duty as of 26 October 2020.

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 191 domestic branches.

The Parent Bank and its subsidiaries ING European Financial Services Plc., 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
VII. Statement of profit distribution

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated Balance Sheet (Statement of Financial Position) As of 31 December 2020

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

	Assets	Note (section five)	Audited Current period (31/12/2020) TL	FC	Total	Audited Prior period (31/12/2019) TL	FC	Total
I.	**Financial assets (net)**		**9,020,517**	**10,200,528**	**19,221,045**	**12,787,477**	**8,199,141**	**20,986,618**
1.1	**Cash and cash equivalents**		**6,142,611**	**9,811,403**	**15,954,014**	**8,911,743**	**7,919,624**	**16,831,367**
1.1.1	Cash and balances at Central Bank	(I-1)	986,318	8,123,476	9,109,794	650,207	6,777,349	7,427,556
1.1.2	Banks	(I-3)	135,568	1,687,927	1,823,495	13,802	1,142,275	1,156,077
1.1.3	Money market placements		5,024,385	-	5,024,385	8,256,577	-	8,256,577
1.1.4	Expected credit losses (-)	(I-5)	(3,660)	-	(3,660)	(8,843)	-	(8,843)
1.2	**Financial assets at fair value through profit or loss**	**(I-2)**	**26,805**	**79,000**	**105,805**	**32,731**	**89,993**	**122,724**
1.2.1	Government securities		26,743	79,000	105,743	32,696	89,993	122,689
1.2.2	Equity instruments		62	-	62	35	-	35
1.2.3	Other financial assets		-	-	-	-	-	-
1.3	**Financial assets at fair value through other comprehensive income**	**(I-4)**	**582,633**	**313**	**582,946**	**1,340,361**	**229**	**1,340,590**
1.3.1	Government securities		569,876	-	569,876	1,329,200	-	1,329,200
1.3.2	Equity instruments		12,757	313	13,070	11,161	229	11,390
1.3.3	Other financial assets		-	-	-	-	-	-
1.4	**Derivative financial assets**		**2,268,468**	**309,812**	**2,578,280**	**2,502,642**	**189,295**	**2,691,937**
1.4.1	Derivative financial assets measured at fair value through profit or loss	(I-2)	2,242,600	309,812	2,552,412	2,467,326	188,178	2,655,504
1.4.2	Derivative financial assets measured at fair value through other comprehensive income	(I-11)	25,868	-	25,868	35,316	1,117	36,433
II.	**Financial assets measured at amortised cost**		**28,592,521**	**16,870,977**	**45,463,498**	**24,094,454**	**18,836,493**	**42,930,947**
2.1	**Loans**	**(I-5)**	**26,050,358**	**15,962,966**	**42,013,324**	**23,645,713**	**17,911,812**	**41,557,525**
2.2	**Receivables from leasing transactions**	**(I-10)**	**84,180**	**706,985**	**791,165**	**39,828**	**813,238**	**853,066**
2.3	**Factoring receivables**		**302,995**	**201,026**	**504,021**	**277,074**	**111,443**	**388,517**
2.4	**Other financial assets measured at amortised cost**	**(I-6)**	**4,253,314**	**-**	**4,253,314**	**2,114,571**	**-**	**2,114,571**
2.4.1	Government securities		4,253,314	-	4,253,314	2,114,571	-	2,114,571
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	**Expected credit losses (-)**	**(I-5)**	**(2,098,326)**	**-**	**(2,098,326)**	**(1,982,732)**	**-**	**(1,982,732)**
III.	**Assets held for sale and assets of discontinued operations (net)**	**(I-16)**	**660**	**-**	**660**	**660**	**-**	**660**
3.1	Assets held for sale		660	-	660	660	-	660
3.2	Assets from discontinued operations		-	-	-	-	-	-
IV.	**Equity investments**		**-**	**-**	**-**	**-**	**-**	**-**
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)**	**821,209**	**25**	**821,234**	**946,973**	**5**	**946,978**
VI.	**Intangible assets (net)**	**(I-13)**	**46,468**	**-**	**46,468**	**55,171**	**-**	**55,171**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		46,468	-	46,468	55,171	-	55,171
VII.	**Investment property (net)**	**(I-14)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Current tax asset**	**(I-15)**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Deferred tax asset**	**(I-15)**	**1,770**	**-**	**1,770**	**47**	**-**	**47**
X.	**Other assets (net)**	**(I-17)**	**604,311**	**29,164**	**633,475**	**499,399**	**13,994**	**513,393**
	Total assets		**39,087,456**	**27,100,694**	**66,188,150**	**38,384,181**	**27,049,633**	**65,433,814**

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated Balance Sheet (Statement of Financial Position) As of 31 December 2020

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

	Liabilities	Note (section five)	Audited Current period (31/12/2020) TL	FC	Total	Audited Prior period (31/12/2019) TL	FC	Total
I.	**Deposits**	**(II-1)**	**19,229,755**	**20,901,128**	**40,130,883**	**23,355,995**	**15,613,731**	**38,969,726**
II.	**Loans received**	**(II-3)**	**1,799,764**	**7,969,696**	**9,769,460**	**313,517**	**10,544,127**	**10,857,644**
III.	**Money market funds**		**9,438**	**57,784**	**67,222**	**14,228**	**82,601**	**96,829**
IV.	**Securities Issued (net)**	**(II-4)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1	Bills		-	-	-	-	-	-
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	**Funds**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrower funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**Financial liabilities at fair value through profit or loss**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Derivative financial liabilities**		**791,574**	**174,586**	**966,160**	**819,686**	**162,690**	**982,376**
7.1	Derivative financial liabilities at fair value through profit or loss	(II-2)	678,575	170,418	848,993	470,966	156,032	626,998
7.2	Derivative financial liabilities at fair value through other comprehensive income	(II-7)	112,999	4,168	117,167	348,720	6,658	355,378
VIII.	**Factoring payables**		**24**	**617**	**641**	**23**	**2,290**	**2,313**
IX.	**Lease payables (net)**	**(II-6)**	**229,076**	**-**	**229,076**	**298,779**	**-**	**298,779**
X.	**Provisions**	**(II-8)**	**251,172**	**426**	**251,598**	**225,321**	**319**	**225,640**
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		61,926	-	61,926	57,205	-	57,205
10.3	Insurance technical reserves (net)		-	-	-	-	-	-
10.4	Other provisions		189,246	426	189,672	168,116	319	168,435
XI.	**Current tax liability**	**(II-9)**	**158,224**	**130**	**158,354**	**132,517**	**1,276**	**133,793**
XII.	**Deferred tax liability**	**(II-9)**	**179,664**	**-**	**179,664**	**191,341**	**-**	**191,341**
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)**	**-**	**4,019,844**	**4,019,844**	**-**	**4,237,398**	**4,237,398**
14.1	Loans		-	4,019,844	4,019,844	-	4,237,398	4,237,398
14.2	Other debt instruments		-	-	-	-	-	-
XV.	**Other liabilities**	**(II-5)**	**896,519**	**106,481**	**1,003,000**	**751,226**	**148,208**	**899,434**
XVI.	**Shareholders' equity**	**(II-12)**	**9,416,020**	**(3,772)**	**9,412,248**	**8,544,988**	**(6,447)**	**8,538,541**
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		118,345	-	118,345	139,347	-	139,347
16.4	Other comprehensive income/expense items to be recycled in profit or loss		(7,592)	(3,772)	(11,364)	(71,334)	(6,447)	(77,781)
16.5	Profit reserves		5,050,863	-	5,050,863	3,448,841	-	3,448,841
16.5.1	Legal reserves		334,352	-	334,352	256,871	-	256,871
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary reserves		4,716,511	-	4,716,511	3,191,970	-	3,191,970
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or (loss)		768,136	-	768,136	1,541,866	-	1,541,866
16.6.1	Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2	Current period profit or (loss)		768,136	-	768,136	1,541,866	-	1,541,866
16.7	Minority interest		-	-	-	-	-	-
	Total liabilities and shareholders' equity		**32,961,230**	**33,226,920**	**66,188,150**	**34,647,621**	**30,786,193**	**65,433,814**

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

Consolidated Statement of Off-Balance Sheet Items

As of 31 December 2020

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

				Audited				Audited
				Current period				Prior period
	Off-balance sheet items	Note		(31/12/2020)				(31/12/2019)
		(section five)	TL	FC	Total	TL	FC	Total
A.	**Off-balance sheet commitments (I+II+III)**		**31,391,799**	**65,371,786**	**96,763,585**	**34,478,415**	**75,741,500**	**110,219,915**
I.	**Guarantees and warranties**	**(III-1)**	**1,357,433**	**7,062,942**	**8,420,375**	**1,669,594**	**6,670,880**	**8,340,474**
1.1	Letters of guarantee		1,343,434	6,107,892	7,451,326	1,649,564	5,076,444	6,726,008
1.1.1	Guarantees subject to state tender law		3,477	-	3,477	4,075	-	4,075
1.1.2	Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3	Other letters of guarantee		1,339,957	6,107,892	7,447,849	1,645,489	5,076,444	6,721,933
1.2	Bank acceptances		-	1,269	1,269	-	4,008	4,008
1.2.1	Import letter of acceptance		-	1,269	1,269	-	4,008	4,008
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		4,491	718,677	723,168	445	1,125,301	1,125,746
1.3.1	Documentary letters of credit		4,491	718,677	723,168	445	1,125,301	1,125,746
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Pre-financing given as guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Purchase guarantees for securities issued		-	-	-	-	-	-
1.7	Factoring guarantees		5,147	87,805	92,952	15,956	72,095	88,051
1.8	Other guarantees		-	74,940	74,940	-	197,295	197,295
1.9	Other warranties		4,361	72,359	76,720	3,629	195,737	199,366
II.	**Commitments**	**(III-1)**	**3,541,893**	**2,240,674**	**5,782,567**	**3,705,313**	**4,635,183**	**8,340,496**
2.1	Irrevocable commitments		3,541,893	2,240,674	5,782,567	3,705,313	4,635,183	8,340,496
2.1.1	Forward asset purchase commitments		262,390	1,359,233	1,621,623	405,769	3,986,470	4,392,239
2.1.2	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		1,869,623	878,692	2,748,315	1,695,522	646,582	2,342,104
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		231,822	-	231,822	271,795	-	271,795
2.1.8	Tax and fund liabilities from export commitments		23,780	-	23,780	23,780	-	23,780
2.1.9	Commitments for credit card limits		1,146,771	-	1,146,771	1,300,950	-	1,300,950
2.1.10	Commitments for credit cards and banking services promotions		5,929	-	5,929	5,732	-	5,732
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		1,578	2,749	4,327	1,765	2,131	3,896
2.2	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	**(III-2)**	**26,492,473**	**56,068,170**	**82,560,643**	**29,103,508**	**64,435,437**	**93,538,945**
3.1	Derivative financial instruments for hedging purposes		1,970,000	1,275,834	3,245,834	5,080,000	2,205,819	7,285,819
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		1,970,000	1,275,834	3,245,834	5,080,000	2,205,819	7,285,819
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Derivative financial instruments for trading purposes		24,522,473	54,792,336	79,314,809	24,023,508	62,229,618	86,253,126
3.2.1	Forward foreign currency buy/sell transactions		2,675,190	7,758,902	10,434,092	1,887,129	6,750,727	8,637,856
3.2.1.1	Forward foreign currency transactions-buy		1,799,674	3,508,433	5,308,107	1,152,631	3,165,311	4,317,942
3.2.1.2	Forward foreign currency transactions-sell		875,516	4,250,469	5,125,985	734,498	3,585,416	4,319,914

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated Statement of Off-Balance Sheet Items

As of 31 December 2020

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

	Off-balance sheet items	Note (section five)	Audited Current period (31/12/2020) TL	FC	Total	Audited Prior period (31/12/2019) TL	FC	Total
3.2.2	Swap transactions related to foreign currency and interest rates		21,824,587	43,563,616	65,388,203	21,428,055	51,953,125	73,381,180
3.2.2.1	Foreign currency swap-buy		3,584,027	19,764,590	23,348,617	1,995,789	20,142,032	22,137,821
3.2.2.2	Foreign currency swap-sell		9,228,560	12,589,974	21,818,534	4,018,266	16,292,637	20,310,903
3.2.2.3	Interest rate swap-buy		4,506,000	5,604,526	10,110,526	7,707,000	7,759,228	15,466,228
3.2.2.4	Interest rate swap-sell		4,506,000	5,604,526	10,110,526	7,707,000	7,759,228	15,466,228
3.2.3	Foreign currency, interest rate and securities options		22,696	3,469,818	3,492,514	708,324	3,525,766	4,234,090
3.2.3.1	Foreign currency options-buy		11,348	1,734,909	1,746,257	354,162	1,762,883	2,117,045
3.2.3.2	Foreign currency options-sell		11,348	1,734,909	1,746,257	354,162	1,762,883	2,117,045
3.2.3.3	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	**Custody and pledged items (IV+V+VI)**		**192,025,001**	**42,875,735**	**234,900,736**	**191,850,928**	**32,720,240**	**224,571,168**
IV.	**Items held in custody**		**2,240,258**	**2,805,683**	**5,045,941**	**1,617,573**	**2,108,482**	**3,726,055**
4.1	Customer fund and portfolio balances		1,940,931	-	1,940,931	1,314,449	-	1,314,449
4.2	Investment securities held in custody		30,936	679,754	710,690	57,473	320,291	377,764
4.3	Checks received for collection		108,756	491,295	600,051	95,899	433,100	528,999
4.4	Commercial notes received for collection		147,153	1,610,428	1,757,581	137,270	1,288,791	1,426,061
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		12,482	24,206	36,688	12,482	66,300	78,782
4.8	Custodians		-	-	-	-	-	-
V.	**Pledged received**		**22,671,501**	**8,328,932**	**31,000,433**	**25,845,046**	**7,230,622**	**33,075,668**
5.1	Marketable securities		132,034	32,216	164,250	133,731	57,440	191,171
5.2	Guarantee notes		209,030	317,950	526,980	215,042	245,927	460,969
5.3	Commodity		910	-	910	910	-	910
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		19,113,316	6,566,119	25,679,435	22,542,362	6,200,939	28,743,301
5.6	Other pledged items		3,216,211	1,412,647	4,628,858	2,953,001	726,316	3,679,317
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	**Accepted independent guarantees and warranties**		**167,113,242**	**31,741,120**	**198,854,362**	**164,388,309**	**23,381,136**	**187,769,445**
	Total off-balance sheet items (A+B)		**223,416,800**	**108,247,521**	**331,664,321**	**226,329,343**	**108,461,740**	**334,791,083**

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

Consolidated Statement of Profit or Loss

For the Year Ended 31 December 2020

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

	Income and expense items	Note (section five)	Audited Current period (01/01/2020-31/12/2020)	Audited Prior period (01/01/2019-31/12/2019)
I.	**Interest income**	**(IV-1)**	**5,225,358**	**7,424,141**
1.1	Interest on loans		4,197,542	5,577,024
1.2	Interest on reserve requirements		7,607	64,659
1.3	Interest on banks		34,631	98,851
1.4	Interest on money market transactions		345,708	1,104,530
1.5	Interest on marketable securities portfolio		553,119	444,089
1.5.1	Financial assets at fair value through profit or loss		13,771	20,463
1.5.2	Financial assets at fair value through other comprehensive income		106,453	152,865
1.5.3	Financial assets measured at amortised cost		432,895	270,761
1.6	Finance lease income		42,800	43,740
1.7	Other interest income		43,951	91,248
II.	**Interest expense (-)**	**(IV-2)**	**(2,170,377)**	**(3,961,663)**
2.1	Interest on deposits		(1,775,586)	(3,419,570)
2.2	Interest on funds borrowed		(264,181)	(481,981)
2.3	Interest on money market transactions		(59,735)	(9,340)
2.4	Interest on securities issued		-	-
2.5	Finance lease expense		(28,929)	(48,526)
2.6	Other interest expenses		(41,946)	(2,246)
III.	**Net interest income/expense (I + II)**		**3,054,981**	**3,462,478**
IV.	**Net fees and commissions income/expense**		**367,695**	**487,583**
4.1	Fees and commissions received		550,735	684,035
4.1.1	Non-cash loans		103,693	133,740
4.1.2	Other	(IV-12)	447,042	550,295
4.2	Fees and commissions paid (-)		(183,040)	(196,452)
4.2.1	Non-cash loans		(978)	(699)
4.2.2	Other	(IV-12)	(182,062)	(195,753)
V	**Dividend income**	**(IV-3)**	**476**	**3,115**
VI.	**Trading gain/(loss) (net)**	**(IV-4)**	**216,896**	**605,830**
6.1	Trading gain/(loss) on securities		98,407	(2,680)
6.2	Gain/(loss) on derivative financial transactions		521,932	928,396
6.3	Foreign exchange gain/(loss)		(403,443)	(319,886)
VII.	**Other operating income**	**(IV-5)**	**587,554**	**604,888**
VIII.	**Gross operating income (III+IV+V+VI+VII)**		**4,227,602**	**5,163,894**
IX.	**Expected credit loss (-)**	**(IV-6)**	**(1,152,058)**	**(1,217,243)**
X.	**Other provision expenses (-)**		**(10,790)**	**(9,334)**
XI.	**Personnel expenses (-)**		**(746,349)**	**(742,014)**
XII	**Other operating expenses**	**(IV-7)**	**(1,331,460)**	**(1,219,373)**
XIII.	**Net operating profit/(loss) (VIII-IX-X-XI-XII)**		**986,945**	**1,975,930**
XIV.	**Income resulted from mergers**		**-**	**-**
XV.	**Income/loss from investments under equity accounting**		**-**	**-**
XVI.	**Gain/loss on net monetary position**		**-**	**-**
XVII.	**Operating profit/loss before taxes (XIII+...+XVI)**	**(IV-8)**	**986,945**	**1,975,930**
XVIII.	**Provision for taxes of continued operations (±)**	**(IV-9)**	**(218,809)**	**(434,064)**
18.1	Current tax provision		(250,762)	(482,086)
18.2	Expense effect of deferred tax (+)		(35,527)	(261,649)
18.3	Income effect of deferred tax (-)		67,480	309,671
XIX.	**Net profit/(loss) from continuing operations (XVII±XVIII)**	**(IV-10)**	**768,136**	**1,541,866**
XX.	**Income from discontinued operations**		**-**	**-**
20.1	Income from non-current assets held for resale		-	-
20.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
20.3	Income from other discontinued operations		-	-
XXI.	**Expenses for discontinued operations (-)**		**-**	**-**
21.1	Expenses for non-current assets held for resale		-	-
21.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
21.3	Loss from other discontinued operations		-	-
XXII.	**Profit/(loss) before tax from discontinued operations (XX-XXI)**		**-**	**-**
XXIII.	**Tax provision for discontinued operations (±)**		**-**	**-**
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	**Net profit/(loss) from discontinued operations (XXII±XXIII)**		**-**	**-**
XXV.	**Net profit/(loss) (XIX+XXIV)**	**(IV-11)**	**768,136**	**1,541,866**
25.1	Profit/(Loss) from the Group		768,136	1,541,866
25.2	Income/(Loss) from Minority Interest (-)		-	-
	Earnings per share		0.2203	0.4423

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated Statement Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2020

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

	Profit or loss and other comprehensive income	Audited Current period (01/01/2020-31/12/2020)	Audited Prior period (01/01/2019-31/12/2019)
I.	**Current period profit/loss**	**768,136**	**1,541,866**
II.	**Other comprehensive income**	**105,571**	**(660,937)**
2.1	**Other income/expense items not to be recycled to profit or loss**	**3,085**	**(906)**
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)	(377)	(1,138)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	3,265	-
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	197	232
2.2	**Other income/expense items to be recycled to profit or loss**	**102,486**	**(660,031)**
2.2.1	Translation differences	36,069	7,858
2.2.2	Income/(expenses) from valuation and/or reclassification of financial assets measured at FVOCI	(74,587)	119,091
2.2.3	Gains/(losses) from cash flow hedges	158,166	(966,734)
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	(17,162)	179,754
III.	**Total comprehensive income (I+II)**	**873,707**	**880,929**

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2020

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

Changes in equity

	Statement of changes in shareholders' equity						Other comprehensive income/expense items not to be recycled to profit or loss		
	Audited	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)
	Prior period (01/01/2019-31/12/2019								
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**140,921**	**(1,404)**	**(241)**
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)**
IV.	Total comprehensive income		-	-	-	-	-	(906)	-
V.	Capital increase by cash		-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	977	-	-
11.1	Dividends paid		-	-	-	-	-	-	-
11.2	Transfers to reserves	(II-12)	-	-	-	-	977	-	-
11.3	Other		-	-	-	-	-	-	-
	Period-end balance (III+IV+......+X+XI)		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,310)**	**(241)**
	Current period (01/01/2020-31/12/2020)								
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,310)**	**(241)**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of corrections		-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**141,898**	**(2,310)**	**(241)**
IV.	Total comprehensive income		-	-	-	-	-	(161)	3,246
V.	Capital increase by cash		-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	(24,087)	-	-
11.1	Dividends paid		-	-	-	-	-	-	-
11.2	Transfers to reserves	(II-12)	-	-	-	-	(24,087)	-	-
11.3	Other		-	-	-	-	-	-	-
	Period-end balance (III+IV+......+X+XI)		**3,486,268**	**-**	**-**	**-**	**117,811**	**(2,471)**	**3,005**

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

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

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

Other comprehensive income/expense items to be recycled to profit or loss								
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 minority interest	Minority interest	Total shareholders' equity
3,858	**(13,180)**	**602,964**	**2,297,792**	**-**	**1,140,634**	**7,657,612**	**-**	**7,657,612**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,858	**(13,180)**	**602,964**	**2,297,792**	**-**	**1,140,634**	**7,657,612**	**-**	**7,657,612**
(3,534)	94,698	(762,587)	-	-	1,541,866	869,537	-	869,537
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	11,392	-	-	11,392	-	11,392
-	-	-	1,139,657	-	(1,140,634)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,139,657	-	(1,140,634)	-	-	-
-	-	-	-	-	-	-	-	-
324	**81,518**	**(159,623)**	**3,448,841**	**-**	**1,541,866**	**8,538,541**	**-**	**8,538,541**
324	**81,518**	**(159,623)**	**3,448,841**	**-**	**1,541,866**	**8,538,541**	**-**	**8,538,541**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
324	**81,518**	**(159,623)**	**3,448,841**	**-**	**1,541,866**	**8,538,541**	**-**	**8,538,541**
-	(59,474)	125,891	-	-	768,136	837,638	-	837,638
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	36,069	-	-	36,069	-	36,069
-	-	-	1,565,953	-	(1,541,866)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,565,953	-	(1,541,866)	-	-	-
-	-	-	-	-	-	-	-	-
324	**22,044**	**(33,732)**	**5,050,863**	**-**	**768,136**	**9,412,248**	**-**	**9,412,248**

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2020

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

	Statement of cash flows	Note	Audited Current period (01/01/2020-31/12/2020)	Audited Prior period (01/01/2019-31/12/2019)
A.	**Cash flows from banking operations**			
1.1	**Operating profit before changes in operating assets and liabilities**		**4,874,458**	**1,391,191**
1.1.1	Interest received		5,342,582	7,544,919
1.1.2	Interest paid		(2,182,860)	(4,039,980)
1.1.3	Dividend received		476	3,115
1.1.4	Fees and commissions received		551,193	659,877
1.1.5	Other income	(VI-2)	120,929	126,267
1.1.6	Collections from previously written-off loans and other receivables		661,699	793,590
1.1.7	Payments to personnel and service suppliers		(1,587,216)	(1,490,754)
1.1.8	Taxes paid		(224,613)	(600,029)
1.1.9	Other	(VI-2)	2,192,268	(1,605,814)
1.2	**Changes in operating assets and liabilities**		**(5,025,941)**	**1,202,535**
1.2.1	Net (increase)/decrease in financial assets at fair value through profit or loss		17,666	(93,803)
1.2.2	Net (increase)/decrease in due from bank		179,022	(160,384)
1.2.3	Net (increase)/decrease in loans		1,448,431	6,002,134
1.2.4	Net (increase)/decrease in other assets	(VI-2)	(287,614)	3,046,096
1.2.5	Net increase/(decrease) in bank deposits		(748,092)	(447,237)
1.2.6	Net increase/(decrease) in other deposits		(599,785)	5,509,844
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		(5,258,110)	(11,481,044)
1.2.9	Net increase/(decrease) in matured payables		-	-
1.2.10	Net increase/(decrease) in other liabilities	(VI-2)	222,541	(1,173,071)
I.	**Net cash provided from banking operations**		**(151,483)**	**2,593,726**
B.	**Cash flow from investing activities**			
II.	**Net cash provided from investing activities**		**(1,364,405)**	**(1,467,022)**
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		-	13,223
2.3	Purchases of property and equipment		(346,093)	(356,161)
2.4	Disposals of property and equipment		444,949	333,853
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income		(1,297,866)	(553,547)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income		1,946,210	15,836
2.7	Cash paid for purchase of financial assets measured at amortised cost		(3,644,739)	(912,878)
2.8	Cash obtained from sale of financial assets measured at amortised cost		1,553,437	36,299
2.9	Other	(VI-2)	(20,303)	(43,647)
C.	**Cash flows from financing activities**			
III.	**Net cash provided from financing activities**		**(104,575)**	**(106,097)**
3.1	Cash obtained from funds borrowed and securities issued	(II-4)	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	(II-4)	-	-
3.3	Issued equity instruments		-	-
3.4	Dividends paid	(II-12)	-	-
3.5	Payments for finance leases		(104,575)	(106,097)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**(VI-2)**	**1,090,199**	**964,621**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**(530,264)**	**1,985,228**
VI.	**Cash and cash equivalents at beginning of the period**	**(VI-1)**	**13,405,619**	**11,420,391**
VII.	**Cash and cash equivalents at the end of the period**	**(VI-1)**	**12,875,355**	**13,405,619**

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Statement of Profit Distribution For the Year Ended 31 December 2020

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

	Profit distribution table	Audited Current period (31/12/2020) (*)	Audited Prior period (31/12/2019) (*)
I.	**Distribution of current year profit**		
1.1	Current year profit	826,631	1,876,068
1.2	Taxes and duties payable (-)	199,986	399,757
1.2.1	Corporate tax (Income tax)	222,557	459,489
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(22,571)	(59,732)
A.	**Net profit for the year (1.1-1.2)**	**626,645**	**1,476,311**
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	73,816
1.5	Other statutory reserves (-)	-	-
B.	**Net profit available for distribution (A-(1.3+1.4+1.5))**	**626,645**	**1,402,495**
1.6	First dividend to shareholders (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	Dividend to board of directors (-)	-	-
1.9	Second dividend to shareholders (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Statutory reserves (-)	-	-
1.11	Extraordinary reserves	-	1,401,809
1.12	Other reserves	-	-
1.13	Special funds	-	686
II.	**Distribution of reserves**		
2.1	Appropriated reserves	-	-
2.2	Dividends to shareholders (-)	-	-
2.2.1	To owners of ordinary shares	-	-
2.2.2	To owners of privileged shares	-	-
2.2.3	To owners of preferred shares	-	-
2.2.4	To profit sharing bonds	-	-
2.2.5	To holders of profit and loss sharing certificates	-	-
2.3	Dividends to personnel (-)	-	-
2.4	Dividends to board of directors (-)	-	-
III.	**Earnings per share**		
3.1	To owners of ordinary shares	0.18	0.42
3.2	To owners of ordinary shares (%)	17.97%	42.35%
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	**Dividend per share**		
4.1	To owners of ordinary shares	-	-
4.2	To owners of ordinary shares (%)	-	-
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

(*) Profit distribution is realized in accordance with Bank's General Meeting decision and as of the preparation date of the financial statements, 2020 annual ordinary general meeting has not been held yet. In accordance with the regulations in Turkey, companies do not make profit distribution based on consolidated financials. In this respect, the profit distribution tables stated above belong to the Bank.

(**) According to Ordinary General Meeting dated 26 March 2020, amounting to TL 174,313 of distributable profit for the year 2019, has been classified as first dividend share and related amount has been kept as extraordinary reserves with TL 1,227,496.

(***) According to Ordinary General Meeting dated 26 March 2020, amounting to TL 686 of distributable profit for the year 2019 is composed of the benefit of Corporate Tax exemption on real estate sales profit and related amount is transferred to separate fund under equity in accordance with Corporate Tax Law 5520 article 5. and 1. paragraph clause (e).

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

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 Financial Reporting Standards ("TFRS") 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. TFRS contains Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards and explanations and interpretations related to the standards.

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.

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

While preparing the financial statements as of 31 December 2020, the Group reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. The estimates and assumptions used in the calculation of expected credit losses are explained in the explanations on impairment of financial assets section.

b. Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying financial statements. Accordingly, the accompanying 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 XXIV below.

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

I. Explanations on basis of presentation (continued)

d. Changes in accounting policies and disclosures

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2020 have no material effect on accounting policies, financial position and financial performance of the Group. New and revised TAS and TFRS issued but not yet effective as of the finalization date of the financial statements will not have material effect on accounting policies, financial position and financial performance of the Group.

In addition, the Indicator Interest Rate Reform - 2nd Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published by the POA in the Official Gazette dated 14 December 2019 and numbered 30978 and early implementation of the changes is allowed. With the modifications made, certain exceptions are provided for the basis used in the determination of contractual cash flows and hedge accounting implementations. The effects of the changes on the Parent Bank's financials have been evaluated and it has been concluded that there is no need for early application. On the other hand, the process for the Indicative Interest Rate Reform is expected to be completed as of 31 December 2021, and the Parent Bank's studies continue within the scope of compliance with the changes.

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 management policy, 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.

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.

III. Explanations on consolidated subsidiaries (continued)

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 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 Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies, communique on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies, 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 Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies, communique on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies, TFRS and other regulations, communiqués, explanations and circulars promulgated by the BRSA in relation to accounting and financial reporting principles. The required adjustments and re-classifications have been made on the financial statements of the Company in order comply with the financial statements of the Parent Bank.

ING Menkul Değerler A.Ş. (ING Securities)

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

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

The financial statements of the Company are prepared in accordance with the Capital Markets Board legislation with respect to TFRS 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" per TFRS 9.

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

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

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

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 Financial Instruments: Recognition and Measurement ("TAS 39").

The Group applies cash flow hedge accounting using interest rate and cross currency swap transactions, in order to hedge its TL floating rate deposits and revolving loans. Within the scope of cash flow hedge accounting, change in fair value of the hedging instrument, being positive or negative, is accounted in "Derivative financial assets measured at fair value through other comprehensive income" or "Derivative financial liabilities at fair value through other comprehensive income", respectively, in the balance sheet. The Group implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "accumulated other comprehensive income or expense to be reclassified to profit or loss" whereas the amount concerning ineffective parts is recognised in profit or loss statement. The changes recognized in shareholders' equity is removed and included in profit or loss 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 profit or loss statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity until the cash flows of the hedged item are realized and presented under "accumulated other comprehensive income or expense to be reclassified to profit or loss" are continued to be kept in this account.

When the cash flows of hedged item incur, the gain/losses accounted for under shareholders' equity are recognised in profit or loss 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.

VII. Explanations on financial instruments (continued)

Assessment of business model

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

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

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

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

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

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

Other business models:

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

Measurement categories of financial assets and liabilities

According to TFRS 9, the Bank's financial assets are classified in three main categories as listed below:
- Financial assets measured at fair value through profit/loss
- Financial assets measured at fair value through other comprehensive income and
- Financial assets measured at amortized cost (including credits).

VII. Explanations on financial instruments (continued)

Financial assets measured at fair value through profit/loss:

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

Due to adverse effects of the COVID-19 outbreak, the Group has reviewed the valuation of its financial assets measured at fair value through profit/loss, and no change is required in the fair value measurement of these financial assets as of the reporting date.

Financial assets measured at fair value through other comprehensive income:

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

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

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

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

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

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.

The 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 credit loss stage:

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

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

Group considers the following criteria.

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

VIII. Explanations on impairment of financial assets (continued)

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

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

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

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

In accordance with the BRSA Decision numbered 8948 and dated 17 March 2020, starting from 17 March 2020, the Group records a loss allowance for loans which have days past due between 90-180 days and classified under Stage 2 at an amount equal to their lifetime expected credit losses where the probability of default is taken into account as 100% until 31 December 2020. Based on the BRSA Decision numbered 9312 and dated 8 December 2020, this period was extended until 30 June 2021.

In accordance with the BRSA Decision numbered 8970 and dated 27 March 2020, the Group records a loss allowance for loans which have days past due between 30 to 90 days and classified under Stage 1 at an amount equal to 12-month expected credit losses until 31 December 2020. Based on the BRSA Decision numbered 9312 and dated 8 December 2020, this period was extended until 30 June 2021.

As of 31 December 2020, the Group has made its classifications in accordance with the related changes and reflected the effects in its consolidated financial statements.

Use of present, past, future information and macroeconomic predictions: Expected loss estimations take into consideration multiple macroeconomic scenarios for which the probability is measured according to past events, existing conditions and predictions about future economic conditions for economic variables (such as unemployment rates, GDP growth, real estate prices index and 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.

According to the Group's risk policies, lifetime loan loss provision is calculated for the loans which have overdue between 30 to 90 days and classified under Stage 1 in accordance with BRSA Decision numbered 8970 and dated 27 March 2020. Based on the BRSA Decision numbered 9312 and dated 8 December 2020, this period was extended until 30 June 2021.

VIII. Explanations on impairment of financial assets (continued)

According to the Group's risk policies, lifetime loan loss provisions is calculated by taking into account the probability of default as 100% for the loans which have overdue between 90 to 180 days and classified under Stage 2 in accordance with BRSA Decision numbered 8948 and dated 17 March 2020. Based on the BRSA Decision numbered 9312 and dated 8 December 2020, this period was extended until 30 June 2021.

As of 31 December 2020, the Group has used the updated macroeconomic data including the negative effects of the COVID-19 outbreak in the expected credit loss allowance calculation and reflected the related effects to the expected credit losses with the best estimation approach.

IX. Explanations on offsetting financial assets

Financial assets and liabilities are shown on the balance sheet at their net amounts when the 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 are reflected to the interest income on marketable securities and expenses paid in relation to repurchase agreements are recognized in "interest on money market borrowings" accounts.

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

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

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

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

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

The properties obtained from the 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 performs financial leasing operations as a "Lessor" through ING Finansal Kiralama A.Ş. which is a consolidated subsidiary. Transactions are accounted for in accordance with the relevant accounting standards.

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".

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 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.

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.

XIV. Explanations on leasing transactions (continued)

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

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

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

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

(d) Purchasing option's cost if the 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.

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 President has been authorized to reduce the rate of 22% down to 20%.

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

The corporate tax rate is applied to the net corporate income after the addition of expenses not subject to deduction according to tax legislation, deduction of exemptions in tax laws (such as participation earnings exemption) and application of tax relief (reduction). No further tax is paid if the profit is not distributed.

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

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

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

b. Deferred tax

The 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. As of 31 December 2020, within the scope of TAS 12, the Group calculated its deferred tax assets or liabilities at 20%, which is the tax rate that will be valid as of 2021, according to the tax law in force.

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

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

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

XVII. Explanations on taxation (continued)

c. Transfer pricing

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

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

XVIII. Explanations on borrowings

The 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 2020.

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 XII of Section Four.

XXIII. Profit reserves and distribution of profit

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

XXIV. Explanations on other disclosures

None.

Section four

Information on financial position and risk management of the 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".

Within the context of the measures that are announced by BRSA with the numbered 9312 and dated 8 December 2020, in capital adequacy ratio calculation until 30 June 2021;

- The negative valuation differences of the securities stems from "Financial Assets at Fair Value through Other Comprehensive Income" portfolio may not be taken into consideration in the equity amount that is used in the capital adequacy ratio calculation as of 23 March 2020,
- In capital adequacy ratio calculation, the banks may calculate their risk weighted assets by using the simple arithmetic average of Central Bank rates for the last 252 business days

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

The Group does not take into consideration the related measures in regulatory capital adequacy ratio calculation as of 31 December 2020.

As of 31 December 2020, the Group's total capital is TL 12,830,267 and the consolidated capital adequacy ratio is 24.18%. As of 31 December 2019, the Group's total capital amounted to TL 12,787,247 and capital adequacy ratio was 25.57%.

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

I. Explanations on consolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	5,050,863	
Other comprehensive income according to TAS	141,588	
Profit	768,136	
Net profit for the period	768,136	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	1,596	
Minority interest	-	
Common equity tier I capital before deductions	**9,448,451**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	2,471	
Leasehold improvements on operational leases (-)	50,151	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	46,638	46,638
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	**99,260**	
Total common equity tier I capital	**9,349,191**	
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)	**9,349,191**	

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the Consolidated Financial Statements as of and for the Year Ended 31 December 2020

(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	2,922,714	
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)	567,534	
Tier II Capital Before Deductions	**3,490,248**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	**-**	
Total Tier II Capital	**3,490,248**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**12,839,439**	
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 (-)	9,172	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	12,830,267	
Total risk weighted amounts	53,053,228	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	17.62	
Tier I Capital Adequacy Ratio (%)	17.62	
Capital Adequacy Ratio (%)	24.18	
BUFFERS		
Total buffer requirement	2.57	
Capital protection buffer requirement (%)	2.50	
Bank specific cyclical buffer requirement (%)	0.07	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	11.62	
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	174,780	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	577,541	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	567,534	
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	3,448,841	
Other comprehensive income according to TAS	223,499	
Profit	1,541,866	
Net profit for the period	1,541,866	
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	**8,700,474**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	2,310	
Leasehold improvements on operational leases	55,075	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	55,155	55,155
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	**112,540**	
Total common equity tier I capital	**8,587,934**	
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)	**8,587,934**	

(*) 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	3,767,469	
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)	437,239	
Tier II Capital Before Deductions	**4,204,708**	
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	**4,204,708**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**12,792,642**	
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 (-)	5,395	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period		
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	12,787,247	
Total risk weighted amounts	50,014,595	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	17.17	
Tier I Capital Adequacy Ratio (%)	17.17	
Capital Adequacy Ratio (%)	25.57	
BUFFERS		
Total buffer requirement	2.607	
Capital protection buffer requirement (%)	2.500	
Bank specific cyclical buffer requirement (%)	0.107	
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	11.17	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	176,061	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	437,239	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	437,239	
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.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-
Governing law(s) of the instrument	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No
Eligible at stand-alone/consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 55 million (TL 406 million) and EUR 51 million (TL 465 million)	USD 50 million (TL 368 million) and EUR 185 million (TL 1,684 million)
Par value of instrument (Currency in million)	USD 91 million (TL 676 million) and EUR 85 million (TL 775 million)	USD 62 million (TL 460 million) and EUR 231 million (TL 2,105 million)
Accounting classification	Subordinated Loans	Subordinated Loans
Original date of issuance	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated
Original maturity date	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year
Coupons/dividends	-	-
Fixed or floating dividend/coupon	Floating	Floating
Coupon rate and any related index	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
Noncumulative or cumulative	-	-
Convertible or non-convertible	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
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
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-

(*) The subordinated loans amounting to USD 102 million and EUR 90 million obtained from ING Bank N.V. on 11 March 2014 were paid on interest payment date of the subordinated loans, respectively 11 March 2020 and 11 September 2020, by using the early redemption option, in accordance with the BRSA's approval letters dated 9 March 2020 and 31 March 2020.

(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	9,412,248	9,412,248
Gains from cash flow hedge transactions	(33,732)	33,732
Leasehold improvements on operational leases	50,151	(50,151)
Goodwill and intangible assets	46,468	(46,638)
General provision	577,541	567,534
Subordinated debt (*)	4,019,844	2,922,714
Other deductions from shareholders' equity	9,172	(9,172)
Capital		**12,830,267**

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the Parent Bank amounting to USD 91 million and EUR 85 million is amortised by 40% and then included in Tier II Capital as its remaining maturity is less than 4 years and USD 62 million and EUR 231 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than 5 years as of 31 December 2020.

II. Explanations on consolidated credit risk

1. The Parent Bank's credit risk management strategy consists of limit settings within legal limitations, conservative credit allocation structure, proper documentation structure in line with the standards and strong monitoring and follow-up systems. Risk management strategy also includes sector-specific, currency and customer diversification. With the credit evaluations and monthly reporting to the top level management, loans having high exposures and factors that may cause deterioration in the loan quality are closely monitored, preventing the credit quality to decrease. Additionally, various analysis about concentration risks is made for monitoring portfolio risk as well as within the scope of Internal Capital Adequacy Assessment Process ("ICAAP") and these activities are supported by stress tests. The sectoral distributions of loans are reported monthly and can be limited according to the conjunctions. However, geographical limitation is not implemented. Documentation for risk management strategy is revised at least once a year under the supervision of the Audit Committee.

As prescribed in the related legislation, the credit worthiness of the debtors is monitored regularly. The credit limits are determined by the Board of Directors, the Parent Bank's Credit Committee and other related credit departments. The account statements related to given loans are obtained and reviewed as prescribed in the legislation. The Parent Bank receives sufficient collateral for the loans given and other receivables. The received collaterals comprise of personal and legal entity guarantees, pledge of vehicle, mortgages, cash blockage, customer checks and Credit Guarantee Fund suretyship having Treasury guarantee.

Loans that have overdue principal, interest or both for less than 90 days after the maturity or due date are considered past due loans by the Parent Bank. Loans that have overdue principal, interest or both for more than 90 days after the maturity or due date or the debtors of which are deemed unworthy by the Parent Bank are considered impaired loans.

The Parent Bank has started to apply TFRS 9 Financial Instruments ("TFRS 9") published by POA in the accompanying consolidated financial statements starting from 1 January 2018. Bank calculates Expected Credit Loss based provisions for credit losses.

The sum of risk exposures that are offset and for which credit risk mitigation is not applied are presented monthly to the Audit Committee per different risk categories and types and monthly, periodically and annual changes are monitored by the senior management.

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

II. Explanations on consolidated credit risk (continued)

Risk classifications	Current period risk amount (*)	Current period average (**)	Prior period risk amount (*)	Prior period average (**)
Conditional and unconditional receivables from central governments and Central Banks	12,597,570	13,187,583	9,617,305	9,942,739
Conditional and unconditional receivables from regional or local governments	942,635	972,254	1,096,530	939,945
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	1
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	11,102,849	11,087,264	15,558,624	14,592,786
Conditional and unconditional receivables from corporates	27,543,116	27,008,529	24,462,248	24,871,205
Conditional and unconditional receivables from retail portfolios	14,059,718	14,366,148	14,571,744	15,273,726
Conditional and unconditional receivables secured by mortgages	2,717,007	2,987,321	2,589,507	3,321,536
Past due receivables	132,330	220,540	253,061	249,671
Receivables defined under high risk category by BRSA	513,297	861,197	1,124,324	1,012,257
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Stock transactions	13,070	12,372	11,390	9,886
Other receivables	2,797,876	2,843,211	2,666,356	3,624,313
Total	**72,419,468**	**73,546,419**	**71,951,089**	**73,838,065**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(**) The average risk amount was calculated by taking the arithmetic average of the values in the monthly reports prepared in balance sheet period in regards to "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

The average risk amount was calculated by taking the arithmetic average of the values in the monthly reports prepared in balance sheet period in regards to "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

2. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.

3. Related to forward transactions, options and similar agreements, the bank operates the daily collateral management policies in accordance with ISDA agreements (CSA) and where needed the credit exposure is reduced by the usage of rights and performing of the acts.

4. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

When there is an issue or it is evaluated that the company might have an issue on repayments of the loan that are given in Corporate, Commercial, SME Banking segments, such companies have been transferred to Credits Restructuring and Recovery Group. The rating of all companies that were transferred to Credits Restructuring and Recovery Group have been reassessed. As a rule, the rating of the company has been reduced at the time of transfer, company's restructuring decision has been reconsidered and after decision is made, the monitoring methods in the legislation have been applied. Existing ratings of the companies that are in legal follow up and are not restructured have been reduced again. On the other hand, companies that have issues on their financial positions or business operations but not restructured, have been monitored closely in terms of company operations and cash flows.

II. Explanations on consolidated credit risk (continued)

The Group considers that long-term commitments are more exposed to credit risk than short-term commitments, and risk decomposition has been made according to that.

5. Transactions in foreign countries have been made with many correspondent banks in many countries. The counterparty limits have been set for the risks that may arise in transactions with banks. Credit risks have been managed according to credit worthiness and limits of the counterparties.

The Group does not have any material credit risk concentration as an active participant of international banking market when considered with financial operations of other financial institutions.

6. The proportion of the Group's top 100 and 200 cash loan balances in total cash loans is 40% and 48% respectively (31 December 2019: 42% and 49%).

The proportion of the Group's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 84% and 90% (31 December 2019: 76% and 83%).

The proportion of the Group's top 100 and 200 customers' cash and non-cash loan balances in total cash and non-cash loans 48% and 54% (31 December 2019: 48% and 54%).

7. Stage 1 and Stage 2 expected losses for consolidated credit risk amount to TL 567,534 (31 December 2019: TL 437,239).

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

II. Explanations on consolidated credit risk (continued)

8. Amount of profile on significant risks in significant regions

Profile on significant risks in significant regions (*)

	Risk categories (**)						
	1	2	3	4	5	6	7
Current period							
Domestic	12,597,570	942,635	-	-	-	6,229,513	26,267,849
European Union Countries	-	-	-	-	-	4,353,092	132,423
OECD Countries (***)	-	-	-	-	-	162,889	-
Off- Shore banking regions	-	-	-	-	-	6,547	-
USA, Canada	-	-	-	-	-	332,841	-
Other Countries	-	-	-	-	-	17,967	1,142,844
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-
Undistributed assets/liabilities	-	-	-	-	-	-	-
Total	**12,597,570**	**942,635**	**-**	**-**	**-**	**11,102,849**	**27,543,116**

	Risk categories (**)						
	1	2	3	4	5	6	7
Prior period							
Domestic	9,617,305	1,096,530	-	-	-	11,215,028	23,354,235
European Union Countries	-	-	-	-	-	3,652,103	189,402
OECD Countries (***)	-	-	-	-	-	231,393	-
Off- Shore banking regions	-	-	-	-	-	7,262	-
USA, Canada	-	-	-	-	-	423,814	-
Other Countries	-	-	-	-	-	29,024	918,611
Investment in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-
Undistributed assets/liabilities	-	-	-	-	-	-	-
Total	**9,617,305**	**1,096,530**	**-**	**-**	**-**	**15,558,624**	**24,462,248**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor
(**) Risk categories that are defined in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks"
(***) EU countries, OECD countries other than USA and Canada
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

Risk categories (**)										
8	9	10	11	12	13	14	15	16	17	Total
14,055,912	2,714,562	132,310	513,297	-	-	-	-	12,757	2,797,876	66,264,281
2,765	192	-	-	-	-	-	-	313	-	4,488,785
65	-	-	-	-	-	-	-	-	-	162,954
-	-	-	-	-	-	-	-	-	-	6,547
11	-	-	-	-	-	-	-	-	-	332,852
965	2,253	20	-	-	-	-	-	-	-	1,164,049
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
14,059,718	**2,717,007**	**132,330**	**513,297**	**-**	**-**	**-**	**-**	**13,070**	**2,797,876**	**72,419,468**

Risk categories (**)										
8	9	10	11	12	13	14	15	16	17	Total
14,568,231	2,589,240	252,980	1,124,323	-	-	-	-	11,160	2,666,356	66,495,388
2,330	267	38	1	-	-	-	-	230	-	3,844,371
107	-	-	-	-	-	-	-	-	-	231,500
-	-	-	-	-	-	-	-	-	-	7,262
8	-	-	-	-	-	-	-	-	-	423,822
1,068	-	43	-	-	-	-	-	-	-	948,746
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
14,571,744	**2,589,507**	**253,061**	**1,124,324**	**-**	**-**	**-**	**-**	**11,390**	**2,666,356**	**71,951,089**

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

II. Explanations on consolidated credit risk (continued)

9. Risk profile according to sectors and counterparties [*]

	Risk categories [**]								
Current period	1	2	3	4	5	6	7	8	9
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**330,461**	**26,365**	**4,894**
Farming and raising livestock	-	-	-	-	-	-	177,005	20,789	4,894
Forestry	-	-	-	-	-	-	30	4,768	-
Fishing	-	-	-	-	-	-	153,426	808	-
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**14,444,397**	**1,648,157**	**553,607**
Mining	-	-	-	-	-	-	3,352,308	23,332	2,600
Production	-	-	-	-	-	-	10,496,671	1,610,026	550,871
Electricity, gas, water	-	-	-	-	-	-	595,418	14,799	136
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**1,808,426**	**183,174**	**104,927**
Services	**7,772,610**	**-**	**-**	**-**	**-**	**11,091,975**	**10,845,976**	**1,466,842**	**838,704**
Wholesale and retail trade	-	-	-	-	-	-	4,063,922	1,156,288	272,368
Hotel food, beverage services	-	-	-	-	-	-	525,489	73,332	483,346
Transportation and telecommunication	-	-	-	-	-	-	1,623,258	149,445	61,933
Financial institutions	7,772,610	-	-	-	-	11,091,975	1,814,154	13,135	1,729
Real estate and renting service	-	-	-	-	-	-	657,813	16,776	10,254
Self-employment service	-	-	-	-	-	-	1,420,354	51,096	7,753
Education services	-	-	-	-	-	-	24,960	1,105	636
Health and social services	-	-	-	-	-	-	716,026	5,665	685
Other	**4,824,960**	**942,635**	**-**	**-**	**-**	**10,874**	**113,856**	**10,735,180**	**1,214,875**
Total	**12,597,570**	**942,635**	**-**	**-**	**-**	**11,102,849**	**27,543,116**	**14,059,718**	**2,717,007**

[*] The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
[**] Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

Risk categories (**)										
10	11	12	13	14	15	16	17	TL	FC	Total
-	**4,984**	**-**	**-**	**-**	**-**	**-**	**3**	**159,623**	**207,084**	**366,707**
-	4,005	-	-	-	-	-	3	133,805	72,891	206,696
-	227	-	-	-	-	-	-	5,025	-	5,025
-	752	-	-	-	-	-	-	20,793	134,193	154,986
-	**158,050**	**-**	**-**	**-**	**-**	**-**	**711**	**5,542,192**	**11,262,730**	**16,804,922**
-	7,048	-	-	-	-	-	12	80,650	3,304,650	3,385,300
-	150,131	-	-	-	-	-	689	5,313,999	7,494,389	12,808,388
-	871	-	-	-	-	-	10	147,543	463,691	611,234
10	**32,072**	**-**	**-**	**-**	**-**	**-**	**126**	**649,515**	**1,479,220**	**2,128,735**
-	**299,647**	**-**	**-**	**-**	**-**	**13,070**	**12,368**	**15,004,378**	**17,336,814**	**32,341,192**
-	232,345	-	-	-	-	-	698	4,200,612	1,525,009	5,725,621
-	18,864	-	-	-	-	-	361	148,734	952,658	1,101,392
-	25,719	-	-	-	-	-	118	443,826	1,416,647	1,860,473
-	669	-	-	-	-	13,070	10,965	9,543,956	11,174,351	20,718,307
-	6,217	-	-	-	-	-	104	307,499	383,665	691,164
-	14,395	-	-	-	-	-	89	138,339	1,355,348	1,493,687
-	459	-	-	-	-	-	11	14,017	13,154	27,171
-	979	-	-	-	-	-	22	207,395	515,982	723,377
132,320	**18,544**	**-**	**-**	**-**	**-**	**-**	**2,784,668**	**19,354,530**	**1,423,382**	**20,777,912**
132,330	**513,297**	**-**	**-**	**-**	**-**	**13,070**	**2,797,876**	**40,710,238**	**31,709,230**	**72,419,468**

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

II. Explanations on consolidated credit risk (continued)

9. Risk profile according to sectors and counterparties [*]

	Risk categories [**]								
Prior period	1	2	3	4	5	6	7	8	9
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**238,954**	**37,152**	**12,230**
Farming and raising livestock	-	-	-	-	-	-	133,516	30,272	12,133
Forestry	-	-	-	-	-	-	5,036	3,159	97
Fishing	-	-	-	-	-	-	100,402	3,721	-
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**13,122,369**	**1,878,620**	**663,526**
Mining	-	-	-	-	-	-	3,219,588	62,870	7,873
Production	-	-	-	-	-	-	9,535,262	1,792,670	650,841
Electricity, gas, water	-	-	-	-	-	-	367,519	23,080	4,812
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**1,677,671**	**256,647**	**94,937**
Services	**6,174,182**	**-**	**-**	**-**	**-**	**15,558,614**	**9,373,973**	**2,229,233**	**875,412**
Wholesale and retail trade	-	-	-	-	-	-	3,548,953	1,716,626	380,567
Hotel food, beverage services	-	-	-	-	-	-	405,160	101,830	396,297
Transportation and telecommunication	-	-	-	-	-	-	1,507,584	223,778	68,937
Financial institutions	6,174,182	-	-	-	-	15,558,614	1,070,471	24,478	3,887
Real estate and renting service	-	-	-	-	-	-	703,952	42,327	15,797
Self-employment service	-	-	-	-	-	-	1,524,736	83,343	6,764
Education services	-	-	-	-	-	-	21,772	13,092	1,637
Health and social services	-	-	-	-	-	-	591,345	23,759	1,526
Other	**3,443,123**	**1,096,530**	**-**	**-**	**-**	**10**	**49,281**	**10,170,092**	**943,402**
Total	**9,617,305**	**1,096,530**	**-**	**-**	**-**	**15,558,624**	**24,462,248**	**14,571,744**	**2,589,507**

[*] The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
[**] Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

Risk categories (**)										
10	11	12	13	14	15	16	17	TL	FC	Total
-	**16,720**	**-**	**-**	**-**	**-**	**-**	**12**	**91,343**	**213,725**	**305,068**
-	13,732	-	-	-	-	-	9	76,295	113,367	189,662
-	49	-	-	-	-	-	2	8,343	-	8,343
-	2,939	-	-	-	-	-	1	6,705	100,358	107,063
-	**329,749**	**-**	**-**	**-**	**-**	**-**	**911**	**3,874,767**	**12,120,408**	**15,995,175**
-	13,003	-	-	-	-	-	20	187,507	3,115,847	3,303,354
-	312,632	-	-	-	-	-	849	3,598,091	8,694,163	12,292,254
-	4,114	-	-	-	-	-	42	89,169	310,398	399,567
10	**107,179**	**-**	**-**	**-**	**-**	**-**	**194**	**725,791**	**1,410,847**	**2,136,638**
2	**649,583**	**-**	**-**	**-**	**-**	**10,854**	**10,374**	**18,135,889**	**16,746,338**	**34,882,227**
2	515,366	-	-	-	-	-	1,044	4,276,996	1,885,562	6,162,558
-	30,062	-	-	-	-	-	394	274,946	658,797	933,743
-	51,606	-	-	-	-	-	204	545,769	1,306,340	1,852,109
-	1,574	-	-	-	-	10,854	8,479	12,230,498	10,622,041	22,852,539
-	10,548	-	-	-	-	-	115	407,968	364,771	772,739
-	36,669	-	-	-	-	-	103	225,196	1,426,419	1,651,615
-	1,457	-	-	-	-	-	15	24,725	13,248	37,973
-	2,301	-	-	-	-	-	20	149,791	469,160	618,951
253,049	**21,093**	**-**	**-**	**-**	**-**	**536**	**2,654,865**	**17,463,895**	**1,168,086**	**18,631,981**
253,061	**1,124,324**	**-**	**-**	**-**	**-**	**11,390**	**2,666,356**	**40,291,685**	**31,659,404**	**71,951,089**

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

II. Explanations on consolidated credit risk (continued)

10. Term distribution of risks with term structure (*)

Current period	Time to maturity						
Risk categories	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Demand	Total
Credit risk weighted assets							
Conditional and unconditional receivables from central governments and Central Banks	7,744,108	351,772	1,582,341	193,354	2,723,888	2,107	12,597,570
Conditional and unconditional receivables from regional or local governments	-	-	53,932	-	888,703	-	942,635
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	5,814,125	280,169	411,490	724,555	1,916,883	1,955,627	11,102,849
Conditional and unconditional receivables from corporates	1,281,836	3,725,139	2,546,528	3,279,371	11,283,402	5,426,840	27,543,116
Conditional and unconditional receivables from retail portfolios	436,786	554,671	951,831	1,762,882	9,549,349	804,199	14,059,718
Conditional and unconditional receivables secured by mortgages	11,463	61,113	106,229	245,653	1,830,069	462,480	2,717,007
Past due receivables	-	-	-	-	-	132,330	132,330
Receivables defined under high risk category by BRSA	-	-	-	-	-	513,297	513,297
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	13,070	13,070
Other receivables	-	-	-	-	-	2,797,876	2,797,876
Total	**15,288,318**	**4,972,864**	**5,652,351**	**6,205,815**	**28,192,294**	**12,107,826**	**72,419,468**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

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

II. Explanations on consolidated credit risk (continued)

Prior period	Time to maturity						
Risk categories	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	Demand	Total
Credit risk weighted assets							
Conditional and unconditional receivables from central governments and Central Banks	6,178,915	519,002	151,947	1,326,484	1,440,957	-	9,617,305
Conditional and unconditional receivables from regional or local governments	-	-	-	-	1,096,530	-	1,096,530
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	-	-	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	9,415,755	380,798	534,284	1,813,364	2,168,048	1,246,375	15,558,624
Conditional and unconditional receivables from corporates	729,807	1,605,663	3,166,383	3,784,647	12,540,590	2,635,158	24,462,248
Conditional and unconditional receivables from retail portfolios	403,325	753,871	921,842	1,903,191	9,807,329	782,186	14,571,744
Conditional and unconditional receivables secured by mortgages	19,995	89,574	94,750	210,364	1,870,020	304,804	2,589,507
Past due receivables	-	-	-	-	-	253,061	253,061
Receivables defined under high risk category by BRSA	-	-	-	-	-	1,124,324	1,124,324
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	11,390	11,390
Other receivables	-	-	-	-	-	2,666,356	2,666,356
Total	**16,747,797**	**3,348,908**	**4,869,206**	**9,038,050**	**28,923,474**	**9,023,654**	**71,951,089**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

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

II. Explanations on consolidated credit risk (continued)

11. Explanations on risk categories as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks

In determining the risk weights of the risk categories mentioned in article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, the Parent Bank uses the ratings provided by international rating firm, Fitch Ratings in the Credit Risk Based Amount calculations as of 31 December 2020. Fitch ratings are used for the risk exposures to banks where the counterparties are resident in abroad. Furthermore, Fitch ratings are used for foreign currency securities issued by Treasury and other foreign currency risks that are associated with Central governments.

Matching of the risk ratings used in calculations with the credit quality grades stated in the Regulation on Measurement and Assessment of Capital Adequacy of Banks is presented below.

Credit quality level	1	2	3	4	5	6
Fitch rating note	AAA and AA-	A+ and A-	BBB+ and BBB-	BB+ and BB-	B+ and B-	CCC+ and below

Risk amounts based on risk weights

Current period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from equity
Amount before credit risk mitigation	11,898,893	-	8,236,033	-	3,960,735	15,588,339	32,575,430	160,038	-	-	-	108,432
Amount after credit risk mitigation	12,614,829	-	3,225,812	1,293,912	5,143,826	13,556,627	31,138,545	159,356	-	-	-	108,432

Prior period	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from equity
Amount before credit risk mitigation	9,533,830	-	10,668,839	-	3,777,579	15,925,949	31,640,690	404,202	-	-	-	117,935
Amount after credit risk mitigation	11,586,213	-	2,383,688	1,037,933	5,130,728	12,990,101	29,842,188	404,202	-	-	-	117,935

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

II. Explanations on consolidated credit risk (continued)

12. Miscellaneous information regarding important sectors or counterparty type

The Parent Bank evaluates its financial assets in 3 stages based on TFRS 9 as explained in section three note VIII. In this respect, the life time expected credit losses are recognized for impaired loans (defaulted) and the probability of default is considered as 100%.

When the loan is not defaulted yet, but there is a significant increase in the credit risk since origination date, the life time expected credit losses are calculated for these loans (stage 2).

For loans in stage 1, 12-month default probability is calculated. The expected credit loss within 12 months from the date of reporting is recognized in the financial statements.

Current period	Loans (*)		
	Impaired (TFRS 9)		
Important sectors/Counterparties	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	Expected credit losses (TFRS 9)
Agriculture	**6,020**	**20,869**	**18,513**
Farming and raising livestock	5,691	18,273	15,715
Forestry	-	310	95
Fishing	329	2,286	2,703
Manufacturing	**1,680,115**	**510,759**	**552,677**
Mining	293,798	43,106	94,251
Production	1,373,207	431,160	412,864
Electricity, gas, water	13,110	36,493	45,562
Construction	**868,067**	**187,921**	**182,522**
Services	**2,947,210**	**977,358**	**854,690**
Wholesale and retail trade	544,813	755,226	572,760
Hotel food, beverage services	555,424	75,423	96,040
Transportation and telecommunication	800,410	78,247	86,922
Financial institutions	119,234	1,293	4,999
Real estate and lending service	186,131	18,608	22,004
Self-employment service	26,412	42,020	41,420
Education service	13,039	2,234	3,069
Health and social services	701,747	4,307	27,476
Other	**1,382,746**	**523,970**	**489,369**
Total	**6,884,158**	**2,220,877**	**2,097,771**

(*) Represents the distribution of cash loans, factoring receivables and receivables from leasing transactions.

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

II. Explanations on consolidated credit risk (continued)

Prior period	Loans [*]		
	Impaired (TFRS 9)		
Important sectors/Counterparties	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	Expected credit losses (TFRS 9)
Agriculture	**13,809**	**32,857**	**17,839**
Farming and raising livestock	13,225	27,247	14,425
Forestry	534	988	989
Fishing	50	4,622	2,425
Manufacturing	**1,137,798**	**648,254**	**428,718**
Mining	259,026	44,171	55,919
Production	868,218	562,455	334,720
Electricity, gas, water	10,554	41,628	38,079
Construction	**276,799**	**252,626**	**162,253**
Services	**1,749,935**	**1,356,270**	**861,570**
Wholesale and retail trade	641,428	1,067,327	594,255
Hotel food, beverage services	249,495	84,201	65,256
Transportation and telecommunication	343,065	97,517	96,011
Financial institutions	233,389	2,584	14,385
Real estate and lending service	176,274	18,147	21,645
Self-employment service	48,405	77,602	56,006
Education service	18,536	3,145	3,565
Health and social services	39,343	5,747	10,447
Other	**1,365,869**	**683,609**	**512,080**
Total	**4,544,210**	**2,973,616**	**1,982,460**

[*] Represents the distribution of cash loans, factoring receivables and receivables from leasing transactions.

13. Information related to value adjustments and credit provisions

Current period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments [*]	Closing balance
Stage 3 provision	1,628,594	820,181	(844,592)	-	**1,604,183**
Stage 1 and stage 2 provisions [**]	445,990	437,924	(303,104)	-	**580,810**

Prior period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments [*]	Closing balance
Stage 3 provision	1,093,143	1,169,666	(634,215)	-	**1,628,594**
Stage 1 and stage 2 provisions [**]	622,581	241,560	(418,151)	-	**445,990**

[*] Determined according to currency differences, merges, acquisitions and selling of subsidiaries.

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

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

II. Explanations on consolidated credit risk (continued)

14. Exposures subject to countercyclical capital buffer

Country name	RWA calculations for private sector loans in banking book	RWA calculations for trading book	Total
Turkey	39,107,192	457,500	39,564,692
Azerbaijan	1,143,636	-	1,143,636
United Kingdom	251,890	785,088	1,036,978
France	38,024	284,437	322,461
USA	17,529	135,341	152,870
Holland	110,115	15,163	125,278
Germany	88,330	-	88,330
Romania	52,463	-	52,463
Greece	23,682	-	23,682
Korea	18,807	-	18,807
Other	65,992	297	66,289

III. 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 also managed in terms of foreign currency position limits scope. The results of limit utilizations are shared periodically with related 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 7.7087 (Full TL) and 9.3852 (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 December 2020)	7.4265	9.1131
Previous days;		
30 December 2020	7.3545	9.0321
29 December 2020	7.3560	9.0177
28 December 2020	7.4682	9.1254
25 December 2020	7.5679	9.2275
24 December 2020	7.5847	9.2275

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

III. 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	5,372,051	2,374,205	377,220	8,123,476
Banks	396,089	191,065	1,100,773	1,687,927
Financial assets at fair value through profit or loss	61,930	73,037	-	134,967
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	313	-	-	313
Loans	12,209,947	4,644,861	67,809	16,922,617
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets (net)	25	-	-	25
Intangible assets (net)	-	-	-	-
Other assets	27,204	1,757	174	29,135
Total assets	**18,067,559**	**7,284,925**	**1,545,976**	**26,898,460**
Liabilities				
Bank deposit	1,499,352	150,957	-	1,650,309
Foreign currency deposits	7,068,582	9,034,257	3,147,980	19,250,819
Funds from interbank money market	57,784	-	-	57,784
Borrowings	7,175,160	4,773,327	41,053	11,989,540
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	7,175	35,084	379	42,638
Hedging derivative financial liabilities	4,168	-	-	4,168
Other liabilities	30,283	43,642	1,916	75,841
Total liabilities	**15,842,504**	**14,037,267**	**3,191,328**	**33,071,099**
Net on-balance sheet position	**2,225,055**	**(6,752,342)**	**(1,645,352)**	**(6,172,639)**
Net off-balance sheet position	**(2,017,763)**	**6,750,343**	**1,648,073**	**6,380,653**
Financial derivative assets	6,244,111	16,925,699	2,491,775	25,661,585
Financial derivative liabilities	8,261,874	10,175,356	843,702	19,280,932
Non-cash loans	**1,915,239**	**4,885,958**	**261,745**	**7,062,942**
Prior period				
Total assets	**18,790,330**	**6,752,311**	**1,521,436**	**27,064,077**
Total liabilities	**14,575,764**	**15,295,715**	**772,398**	**30,643,877**
Net on-balance sheet position	**4,214,566**	**(8,543,404)**	**749,038**	**(3,579,800)**
Net off-balance sheet position	**(4,150,149)**	**8,509,846**	**(746,180)**	**3,613,517**
Financial derivative assets	8,256,456	17,482,865	1,416,254	27,155,575
Financial derivative liabilities	12,406,605	8,973,019	2,162,434	23,542,058
Non-cash loans	**1,966,600**	**4,500,994**	**203,286**	**6,670,880**

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

III. Explanation on consolidated currency risk (continued)

In the foreign currency risk table:

The principal and accrual amount of the foreign currency indexed loans amounting to TL 51,640 (31 December 2019: TL 130,287) is presented in the loans line.

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

Held-for-trading derivative financial assets: TL 253,845 (31 December 2019: TL 115,268).

Prepaid expenses: TL 29 (31 December 2019: TL 575).

Held-for trading derivative financial liabilities: TL 159,593 (31 December 2019: TL 148,763).

Hedge funds: TL (3,772) (31 December 2019: TL (6,447)).

Interest rate swap (buy) transactions and options (buy): TL 6,242,443 (31 December 2019: TL 8,862,138).

Interest rate swap (sell) transactions and options (sell): TL 6,242,443 (31 December 2019: TL 8,862,138).

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

Forward foreign currency-buy transactions: TL 653,653 (31 December 2019: TL 2,085,348).

Forward foreign currency-sell transactions: TL 705,580 (31 December 2019: TL 1,901,122).

Sensitivity to currency risk

Table below shows the sensitivity of the Group to a 10% change in USD and EUR rates.

	Percentage change in exchange rates	Effect on profit/loss before tax		Effect on equity (*)	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD	10% increase	(200)	(3,356)	-	-
USD	10% decrease	200	3,356	-	-
EURO	10% increase	20,729	6,442	(377)	(645)
EURO	10% decrease	(20,729)	(6,442)	377	645

(*) Represents effect on equity excluding profit/loss before tax.

IV. Explanations on consolidated interest rate risk

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

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

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

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

IV. Explanations on consolidated interest rate risk (continued)

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

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	7,719,891	7,607	-	-	-	1,382,296	9,109,794
Banks	527,373	10,000	-	-	-	1,286,122	1,823,495
Financial assets at fair value through profit and loss	723,345	1,711,243	128,551	81,557	13,459	62	2,658,217
Money market placements	5,022,936	1,449	-	-	-	-	5,024,385
Financial assets measured at fair value through other comprehensive income	5,102	20,766	-	569,876	-	13,070	608,814
Loans	7,402,652	8,030,285	14,050,529	10,713,961	847,543	165,769	41,210,739
Financial assets measured at amortised cost	33,547	404,107	1,691,674	2,123,431	-	-	4,252,759
Other assets (*)	-	-	-	-	-	1,499,947	1,499,947
Total assets	**21,434,846**	**10,185,457**	**15,870,754**	**13,488,825**	**861,002**	**4,347,266**	**66,188,150**
Liabilities							
Bank deposits	1,650,302	-	-	-	-	12,634	1,662,936
Other deposits	28,820,149	1,588,399	125,616	-	-	7,933,783	38,467,947
Money market borrowings	9,438	-	-	57,784	-	-	67,222
Miscellaneous payables	161,221	-	-	-	-	416,079	577,300
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	7,643,925	4,660,508	1,002,827	482,044	-	-	13,789,304
Other liabilities (**)	469,643	367,884	357,048	1,302	-	10,427,564	11,623,441
Total liabilities	**38,754,678**	**6,616,791**	**1,485,491**	**541,130**	**-**	**18,790,060**	**66,188,150**
Balance sheet long position	-	3,568,666	14,385,263	12,947,695	861,002	-	31,762,626
Balance sheet short position	(17,319,832)	-	-	-	-	(14,442,794)	(31,762,626)
Off-balance sheet long position	-	1,100,645	656,959	341,014	-	-	2,098,618
Off-balance sheet short position	(339,878)	-	-	-	(30,000)	-	(369,878)
Total positions	**(17,659,710)**	**4,669,311**	**15,042,222**	**13,288,709**	**831,002**	**(14,442,794)**	**1,728,740**

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

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

(Convenience translation of the unconsolidated financial statements and related disclosures and footnotes originally issued in Turkish, See Note 1.b of section three)
ING Bank A.Ş. and its Financial Subsidiaries

Notes to the Consolidated Financial Statements as of and for the Year Ended 31 December 2020

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

IV. Explanations on consolidated interest rate risk (continued)

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

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 y ears	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	6,173,942	-	-	-	-	1,253,614	7,427,556
Due from other banks and financial institutions	764,357	-	-	-	-	391,720	1,156,077
Financial assets at fair value through profit and loss	600,153	1,885,382	89,787	191,066	11,805	35	2,778,228
Money market placements	8,256,577	-	-	-	-	-	8,256,577
Available-for-sale financial assets	149,177	303,234	191,169	722,053	-	11,390	1,377,023
Loans and receivables	11,494,092	4,363,350	11,735,125	11,374,379	751,546	1,097,884	40,816,376
Held-to-maturity investments	39,629	1,202,325	381,325	491,292	-	-	2,114,571
Other assets (*)	-	-	-	-	-	1,507,406	1,507,406
Total assets	**27,477,927**	**7,754,291**	**12,397,406**	**12,778,790**	**763,351**	**4,262,049**	**65,433,814**
Liabilities							
Bank deposits	2,119,017	-	-	-	-	6,297	2,125,314
Other deposits	30,431,202	1,432,378	187,090	1,107	-	4,792,635	36,844,412
Money market borrowings	14,228	-	-	82,601	-	-	96,829
Miscellaneous payables	94,267	-	-	-	-	429,521	523,788
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	8,083,545	4,546,414	1,276,179	1,188,904	-	-	15,095,042
Other liabilities (**)	430,637	555,167	68,734	75,904	-	9,617,987	10,748,429
Total liabilities	**41,172,896**	**6,533,959**	**1,532,003**	**1,348,516**	**-**	**14,846,440**	**65,433,814**
Balance sheet long position	-	1,220,332	10,865,403	11,430,274	763,351	-	24,279,360
Balance sheet short position	(13,694,969)	-	-	-	-	(10,584,391)	(24,279,360)
Off-balance sheet long position	234,833	2,659,036	-	879,280	-	-	3,773,149
Off-balance sheet short position	-	-	(1,688,216)	-	(281,638)	-	(1,969,854)
Total position	**(13,460,136)**	**3,879,368**	**9,177,187**	**12,309,554**	**481,713**	**(10,584,391)**	**1,803,295**

(*) 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, lease payables, taxes payable and equity.

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

IV. 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	-	-	-	12.00
Banks	0.41	0.10	-	16.86
Financial assets at fair value through profit and loss	2.34	5.87	-	10.48
Money market placements	-	-	-	18.15
Financial assets measured at fair value through other comprehensive income	-	-	-	14.74
Loans	2.89	4.06	-	13.93
Financial assets measured at amortised cost	-	-	-	13.87
Liabilities				
Bank deposits	(0.47)	0.08	-	-
Other deposits	0.12	0.56	-	12.69
Money market borrowings	-	-	-	11.00
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.55	1.63	-	3.13

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	-	-	-	-
Due from other banks and financial institutions	(0.19)	1.21	-	10.91
Financial assets at fair value through profit and loss	2.04	6.46	-	-
Money market placements	-	-	-	10.83
Financial assets available-for-sale	-	-	-	16.07
Loans and receivables	3.12	5.52	-	16.91
Held-to-maturity investments	-	-	-	17.79
Liabilities				
Bank deposits	-	1.75	-	-
Other deposits	0.31	1.65	0.05	9.83
Money market borrowings	-	-	-	8.50
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.70	3.28	-	12.69

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the Consolidated Financial Statements as of and for the Year Ended 31 December 2020

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

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

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

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

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

Current period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Equity investments	-	-	-
Not quoted	**13,070**	**3,196**	**3,196**
Equity investments	13,070	3,196	3,196
Financials subsidiaries	**-**	**-**	**-**
Financials subsidiaries	-	-	-

Prior period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Equity investments	-	-	-
Not quoted	**11,390**	**3,196**	**3,196**
Equity investments	11,390	3,196	3,196
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

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

		Revaluation increases		Unrealized gains/losses		
Prior period	Realized 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)**	**-**

V. Explanations on equity securities position risk derived from consolidated banking books (continued)

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement [*]
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	13,070	13,070	1,046

Prior period	Carrying value	Total RWA	Minimum capital requirement [*]
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	11,390	11,390	911

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

VI. Explanations on consolidated liquidity risk management and liquidity coverage ratio

1. Information on matters related to consolidated liquidity risk

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

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

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

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

To ensure proactive management of funding liquidity risk, risk thresholds specified on the deposit flows 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 Parent Bank will implement the Contingency Funding Plan in order to anticipate the potential development in liquidity stressed conditions.

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

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

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

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

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

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

d. Information on liquidity risk mitigation techniques

The first measure towards the mitigation of the liquidity risk as part of the budget process is planning the reduction of maturity mismatch and funding diversity. Within this context, syndication, other foreign funding, parent funding and other domestic funding facilities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, Contingency Funding Plan monitoring indicators are continuously monitored and reported regularly to Asset Liability Committee and Board of Directors. With these indicators, intervals indicating the actions to be taken according to the triggering levels and measurement methods such as actual deposit inflows and outflows, stress test, liquidity buffer level, regulatory and structural liquidity ratios and so on are defined and these intervals support the decision making process. Moreover, a set of mitigating actions was set in the Contingency Funding Plan to bring the Parent Bank's liquidity buffer back to reasonable levels during the crisis period. The important factors that will support the decision making mechanism, including the feasibility of these actions depending on the financial impact and stress scenarios, execution time of the actions are also 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 responsibilities that is approved by Asset Liability Committee. To ensure that the existing positions remain within risk tolerance, the Market Risk Management and Product Control Directorate plans, designs, manages the stress tests, reports the results to Asset Liability Committee and Board of Directors on a regularly basis and reviews the stress tests annually. Stress test scenarios of the Parent Bank consider Bank specific, market-wide and combined scenario, and reflect short term or long term consequences, are used in stress testing where the scenario and parameters are reviewed annually with the participation of the Asset and Liability Management and related business lines. On the other hand, results of stress testing are used as the leading indicator within the process of activating the Contingency Funding Plan.

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

f. Overview on contingency funding plan

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

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

VI. 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 FC and total liquidity coverage ratio calculated monthly over the last three months are presented in the below table.

	Minimum	Date	Maximum	Date
TL+FC	167.81%	31 October 2020	191.09%	31 December 2020
FC	155.12%	31 October 2020	207.51%	30 November 2020

Liquidity coverage ratio

	Total unweighted value (*)		Total weighted value (*)	
Current period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets				
High quality liquid assets			15,540,632	7,680,175
Cash Outflows				
Real person and retail deposits	32,286,694	14,491,076	2,728,268	1,449,108
Stable deposits	10,008,033	-	500,402	-
Less stable deposits	22,278,661	14,491,076	2,227,866	1,449,108
Unsecured funding other than real person and retail deposits	10,624,458	6,815,625	7,082,030	4,369,326
Operational deposits	58,102	6,556	14,525	1,639
Non-operational deposits	7,962,701	6,144,919	4,542,445	3,712,749
Other unsecured debt	2,603,655	664,150	2,525,060	654,938
Secured funding			-	-
Other cash outflows	19,583,421	10,909,484	9,246,441	4,728,594
Derivative exposures and collateral completion liabilities	7,372,989	3,220,358	7,372,989	3,220,358
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	12,210,432	7,689,126	1,873,452	1,508,236
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**19,056,739**	**10,547,028**
Cash inflows				
Secured lending	2,048,130	-	-	-
Unsecured lending	5,035,760	2,338,109	3,422,675	1,918,379
Other cash inflows	7,298,209	4,459,584	7,004,631	4,454,292
Total cash inflows	**14,382,099**	**6,797,693**	**10,427,306**	**6,372,671**
			Total adjusted value	
Total high quality liquid assets stock			15,540,632	7,680,175
Total net cash outflows			8,629,433	4,176,416
Liquidity coverage ratio (%)			**180.70**	**190.01**

(*) 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.)

VI. 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			21,030,497	8,931,765
Cash Outflows				
Real person and retail deposits	31,533,658	10,406,764	2,598,352	1,040,676
Stable deposits	11,100,283	-	555,014	-
Less stable deposits	20,433,375	10,406,764	2,043,338	1,040,676
Unsecured funding other than real person and retail deposits	8,848,662	6,247,063	6,145,060	4,568,459
Operational deposits	136,952	7,742	34,238	1,936
Non-operational deposits	7,045,852	5,434,776	4,526,093	3,778,346
Other unsecured debt	1,665,858	804,545	1,584,729	788,177
Secured funding			-	-
Other cash outflows	16,156,005	8,886,681	6,259,249	3,650,950
Derivative exposures and collateral completion liabilities	4,679,082	2,473,231	4,679,082	2,473,232
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,476,923	6,413,450	1,580,167	1,177,718
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**15,002,661**	**9,260,085**
Cash inflows				
Secured lending	7,918,533	-	-	-
Unsecured lending	4,078,226	1,716,077	2,745,217	1,293,743
Other cash inflows	4,316,203	2,175,522	4,037,055	2,171,412
Total cash inflows	**16,312,962**	**3,891,599**	**6,782,272**	**3,465,155**
			Total adjusted value	
Total high quality liquid assets stock			21,030,497	8,931,765
Total net cash outflows			8,220,389	5,794,930
Liquidity coverage ratio (%)			**260.55**	**156.18**

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

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

3. Other explanations on consolidated liquidity coverage ratio

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

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

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

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

Details of the Group's foreign currency balance sheet as of 31 December 2020 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 36% of the Group's total foreign currency liabilities consist of funds obtained from other financial institutions and subordinated loans and 63% is composed of deposits. Loans, factoring receivables and leasing receivables comprise 62% and cash and cash equivalents comprise 36% 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 December 2020 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 58% of the Group's total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Group has borrowing facilities both in domestic & foreign banks and Takasbank & BIST repo market. 62% of the assets in Turkish Lira balance sheet are net loans, factoring receivables and leasing receivables, 12% 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 shortages 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 impact of subsidiaries on the liquidity profile 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.)

VI. 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	4,208,443	4,901,351	-	-	-	-	-	9,109,794
Banks	1,518,233	295,262	10,000	-	-	-	-	1,823,495
Financial assets at fair value through profit or loss	-	178,805	289,354	768,507	1,406,880	14,609	62	2,658,217
Money market placements	-	5,022,936	1,449	-	-	-	-	5,024,385
Financial assets measured at fair value through other comprehensive income	-	150	2,024	1,164	591,102	1,304	13,070	608,814
Loans	42,663	5,401,970	5,799,743	14,336,259	14,631,881	875,117	123,106	41,210,739
Financial assets measured at amortised cost	-	33,547	404,107	1,691,674	2,123,431	-	-	4,252,759
Other assets (*)	-	-	-	-	-	-	1,499,947	1,499,947
Total assets	**5,769,339**	**15,834,021**	**6,506,677**	**16,797,604**	**18,753,294**	**891,030**	**1,636,185**	**66,188,150**
Liabilities								
Bank deposits	1,662,936	-	-	-	-	-	-	1,662,936
Other deposits	8,033,091	28,720,841	1,588,399	125,616	-	-	-	38,467,947
Borrowings	-	1,800,807	1,566,237	2,168,233	8,226,341	27,686	-	13,789,304
Funds from interbank money market	-	9,438	-	-	57,784	-	-	67,222
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	303,316	-	-	-	-	-	273,984	577,300
Other liabilities (**)	-	400,502	195,755	204,687	349,023	45,910	10,427,564	11,623,441
Total liabilities	**9,999,343**	**30,931,588**	**3,350,391**	**2,498,536**	**8,633,148**	**73,596**	**10,701,548**	**66,188,150**
Liquidity deficit/surplus	**(4,230,004)**	**(15,097,567)**	**3,156,286**	**14,299,068**	**10,120,146**	**817,434**	**(9,065,363)**	**-**
Net Off Balance Sheet Position	**-**	**(12,257)**	**66,341**	**580,980**	**1,077,141**	**-**	**-**	**1,712,205**
Derivative financial assets	-	16,535,293	6,056,788	10,651,521	8,622,822	270,000	-	42,136,424
Derivative financial liabilities	-	16,547,550	5,990,447	10,070,541	7,545,681	270,000	-	40,424,219
Non-cash loans	**140,083**	**357,434**	**3,232,615**	**2,798,163**	**842,651**	**1,049,429**	**-**	**8,420,375**
Prior period								
Total assets	3,992,288	18,070,673	4,840,727	16,199,646	18,832,629	986,997	2,510,854	65,433,814
Total liabilities	7,181,421	31,162,074	2,343,154	4,058,575	8,747,655	2,182,695	9,758,240	65,433,814
Liquidity deficit/surplus	**(3,189,133)**	**(13,091,401)**	**2,497,573**	**12,141,071**	**10,084,974**	**(1,195,698)**	**(7,247,386)**	**-**
Net Off Balance Sheet Position	**-**	**(48,798)**	**224,210**	**289,024**	**1,360,511**	**-**	**-**	**1,824,947**
Derivative financial assets	-	15,608,412	7,431,759	13,060,966	11,058,809	522,000	-	47,681,946
Derivative financial liabilities	-	15,657,210	7,207,549	12,771,942	9,698,298	522,000	-	45,856,999
Non-cash loans	**237,381**	**357,424**	**901,563**	**4,728,876**	**1,253,702**	**861,528**	**-**	**8,340,474**

(*) 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, intangible assets, assets held for sale, expected loss provisions for non-credit financial assets and other assets.

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

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

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

5. Breakdown of liabilities according to their remaining contractual maturities

The remaining maturities of the contractual liabilities excluding derivative transactions are presented below. Interests on liabilities are included in the distribution. The "Adjustments" column presents probable cash flow on later periods. These amounts are included into the maturity analysis, but not included into the carrying value of liabilities in the balance sheet.

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total	Adjustments	Balance sheet value
Liabilities									
Deposits	9,696,027	28,748,466	1,607,249	129,759	-	-	40,181,501	(50,618)	40,130,883
Funds borrowed from other financial institutions	-	1,800,807	1,566,403	2,193,042	8,267,466	27,721	13,855,439	(66,135)	13,789,304
Funds from interbank money market	-	9,449	-	-	57,784	-	67,233	(11)	67,222
Securities issued	-	-	-	-	-	-	-	-	-
Factoring payables	-	395	246	-	-	-	641	-	641

Prior period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total	Adjustments	Balance sheet value
Liabilities									
Deposits	6,950,912	30,398,238	1,566,877	240,854	1,186	-	39,158,067	(188,341)	38,969,726
Funds borrowed from other financial institutions	-	334,241	837,631	3,571,433	8,259,369	2,356,919	15,359,593	(264,551)	15,095,042
Funds from interbank money market	-	14,232	-	-	82,601	-	96,833	(4)	96,829
Securities issued	-	-	-	-	-	-	-	-	-
Factoring payables	-	1,501	812	-	-	-	2,313	-	2,313

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the Consolidated Financial Statements as of and for the Year Ended 31 December 2020

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

6. Breakdown of derivative instruments according to their remaining contractual maturities

Current period	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	**17,804**	**41,118**	**1,525,823**	**2,240,558**	**602,597**	**4,427,900**
Buying transactions	6,661	30,157	748,153	1,077,718	283,808	2,146,497
Selling transactions	11,143	10,961	777,670	1,162,840	318,789	2,281,403
Transactions for foreign net investment hedge (III)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	**17,804**	**41,118**	**1,525,823**	**2,240,558**	**602,597**	**4,427,900**
Derivative transactions held for trading						
Trading transactions (I)	**32,395,535**	**11,217,646**	**9,824,330**	**6,056,977**	**-**	**59,494,488**
Forward foreign currency transactions - buy	1,953,062	1,472,472	1,691,201	191,372	-	5,308,107
Forward foreign currency transactions - sell	1,907,484	1,425,477	1,595,002	198,022	-	5,125,985
Swap transactions- buy	12,504,742	4,159,993	3,495,285	3,411,323	-	23,571,343
Swap transactions - sell	12,544,445	4,152,991	3,042,842	2,256,260	-	21,996,538
Foreign currency options - buy	1,715,422	3,312	-	-	-	1,718,734
Foreign currency options - sell	1,770,380	3,401	-	-	-	1,773,781
Foreign currency futures - buy	-	-	-	-	-	-
Foreign currency futures - sell	-	-	-	-	-	-
Interest rate derivatives (II)	**883,782.00**	**1,112,582**	**11,006,308**	**9,473,675**	**89,140**	**22,565,487**
Interest rate swap - buy	440,040	548,708	5,486,454	4,700,351	45,690	11,221,243
Interest rate swap - sell	443,742	563,874	5,519,854	4,773,324	43,450	11,344,244
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	**-**	**-**	**-**	**-**	**-**	**-**
B. Total trading derivative transactions (I+II+III)	**33,279,317**	**12,330,228**	**20,830,638**	**15,530,652**	**89,140**	**82,059,975**
Derivative transaction total (A+B)	**33,297,121**	**12,371,346**	**22,356,461**	**17,771,210**	**691,737**	**86,487,875**

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

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

Prior period	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	**43,289**	**1,257,882**	**2,597,504**	**4,729,007**	**739,794**	**9,367,476**
Buying transactions	40,560	647,012	1,176,778	2,271,466	344,142	4,479,958
Selling transactions	2,729	610,870	1,420,726	2,457,541	395,652	4,887,518
Transactions for foreign net investment hedge (III)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	**43,289**	**1,257,882**	**2,597,504**	**4,729,007**	**739,794**	**9,367,476**
Derivative transactions held for trading						
Trading transactions (I)	**27,958,159**	**9,027,637**	**11,580,627**	**7,613,267**	**-**	**56,179,690**
Forward foreign currency transactions - buy	1,225,880	1,209,021	1,779,093	103,948	-	4,317,942
Forward foreign currency transactions - sell	1,217,809	1,195,191	1,772,070	134,844	-	4,319,914
Swap transactions- buy	10,883,710	3,152,336	4,118,813	4,371,119	-	22,525,978
Swap transactions - sell	10,940,506	2,957,859	3,880,045	3,003,356	-	20,781,766
Foreign currency options - buy	1,825,203	252,602	15,173	-	-	2,092,978
Foreign currency options - sell	1,865,051	260,628	15,433	-	-	2,141,112
Foreign currency futures - buy	-	-	-	-	-	-
Foreign currency futures - sell	-	-	-	-	-	-
Interest rate derivatives (II)	**3,646,151**	**5,067,727**	**13,778,423**	**11,128,342**	**568,998**	**34,189,641**
Interest rate swap - buy	1,875,314	2,566,186	6,936,607	5,537,099	273,926	17,189,132
Interest rate swap - sell	1,770,837	2,501,541	6,841,816	5,591,243	295,072	17,000,509
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	**-**	**-**	**-**	**-**	**-**	**-**
B. Total derivative transactions held for trading (I+II+III)	**31,604,310**	**14,095,364**	**25,359,050**	**18,741,609**	**568,998**	**90,369,331**
Derivative transaction total (A+B)	**31,647,599**	**15,353,246**	**27,956,554**	**23,470,616**	**1,308,792**	**99,736,807**

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

VII. 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 December 2020, the Group's consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-months is 10.70% (31 December 2019: 9.61%). This ratio is above the minimum ratio. While the capital increased by 9% mainly as a result of increase in net profits, total risk amount decreased by 2%. Therefore, the current period leverage ratio increased by 109 basis points compared to prior period.

	Current period (**)	Prior period (**)
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	105,931,331	116,633,385
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	64,005	111,992
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	(18,586,945)	(28,012,348)
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	112,236	469,851
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	(86,548)	(83,802)
Total exposures	**87,434,079**	**89,119,078**

(*) 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)	*68,090,997*	*66,490,891*
Asset deducted from core capital	*(86,548)*	*(83,802)*
The total amount of risk on-balance sheet exposures	68,004,449	66,407,089
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	*3,027,462*	*2,677,428*
The potential credit risk amount of derivative financial instruments and credit derivatives	*470,284*	*539,567*
The total risk amount of derivative financial instruments and credit derivatives	3,497,746	3,216,995
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	*112,236*	*469,851*
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	112,236	469,851
Off-balance sheet items		
Gross notional amount for off-balance sheet items	*15,819,648*	*19,025,143*
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	15,819,648	19,025,143
Capital and total exposures		
Core capital	9,354,129	8,552,846
Total exposures	87,434,079	89,119,078
Leverage ratio		
Leverage ratio	10.70	9.61

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

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

VIII. Explanations on presentation of financial assets and liabilities at their fair values

1. In the current and the prior period, the fair values of financial assets and liabilities are calculated as stated below.

The fair value of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost (financial assets available for sale in the prior period) are determined based on market prices.

The fair value of the loans with fixed interest rates is determined by the discounted cash flows using the current market interest rates. For the loans with floating interest rates, the fair value is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the loan.

The fair value of demand deposit represents the carrying value. The fair values of time deposits and funds are calculated by the discounted cash flows using the current market interest rates.

The fair value of funds borrowed from other financial institutions with fixed interest rates are determined by discounted cash flows using the current market interest rates. For funds with floating interest rates, it is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the borrowing.

Carrying value of miscellaneous payables represents their fair value.

2. The following table summarizes the carrying values and fair values of financial assets and liabilities:

	Carrying value Current period	Fair value Current period	Carrying value Prior period	Fair value Prior period
Financial assets	**52,894,324**	**51,590,487**	**53,684,191**	**54,730,613**
Money market placements	5,024,385	5,023,185	8,256,577	8,254,545
Due from banks	1,823,495	1,822,863	1,156,077	1,155,812
Financial assets at fair value through other comprehensive income	582,946	582,946	1,340,590	1,340,590
Financial assets measured at amortised cost	4,252,759	4,382,198	2,114,299	2,268,208
Loans	39,915,553	38,428,935	39,575,065	40,411,209
Factoring receivables	504,021	537,911	388,517	401,249
Leasing receivables	791,165	812,449	853,066	899,000
Financial liabilities	**54,794,426**	**53,195,379**	**54,986,477**	**53,708,714**
Bank deposits	1,662,936	1,661,610	2,125,314	2,124,107
Other deposits	38,467,947	36,828,052	36,844,412	35,491,063
Funds borrowed	13,789,304	13,831,486	15,095,042	15,172,242
Money market borrowings	67,222	67,214	96,829	96,422
Securities issued	-	-	-	-
Miscellaneous payables	577,300	577,300	523,788	523,788
Liabilities from leasing transactions	229,076	229,076	298,779	298,779
Factoring payables	641	641	2,313	2,313

3. Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities:

Level 1: Quoted market prices (non-adjusted) for identical assets or liabilities

Level 2: Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the Level 1

Level 3: Data not based on observable data regarding assets or liabilities

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

VIII. Explanations on presentation of financial assets and liabilities at their fair values (continued)

Fair value hierarchy of the financial assets and liabilities of the Group carried at fair value in financial statements as of 31 December 2020 and 31 December 2019 is presented in the table below:

Current period	Level 1	Level 2	Level 3	Total
Total assets	**675,681**	**2,578,280**	**13,070**	**3,267,031**
Financial assets at fair value through profit or loss	105,805	2,552,412	-	2,658,217
Government debt securities	105,743	-	-	105,743
Trading derivative financial assets	-	2,552,412	-	2,552,412
Equity instruments	62	-	-	62
Other marketable securities	-	-	-	-
Financial assets at fair value through other comprehensive income	569,876	-	13,070	582,946
Equity instruments	-	-	13,070	13,070
Government debt securities	569,876	-	-	569,876
Hedging derivative financial assets	-	25,868	-	25,868
Cash flow hedges	-	25,868	-	25,868
Total liabilities	**-**	**966,160**	**-**	**966,160**
Trading derivative financial liabilities	-	848,993	-	848,993
Hedging derivative financial liabilities	-	117,167	-	117,167
Cash flow hedges	-	117,167	-	117,167

Prior period	Level 1	Level 2	Level 3	Total
Total assets	**1,451,924**	**2,691,937**	**11,390**	**4,155,251**
Financial assets at fair value through profit or loss	122,724	2,655,504	-	2,778,228
Government debt securities	122,689	-	-	122,689
Trading derivative financial assets	-	2,655,504	-	2,655,504
Equity instruments	35	-	-	35
Other marketable securities	-	-	-	-
Financial assets at fair value through other comprehensive income	1,329,200	-	11,390	1,340,590
Equity instruments	-	-	11,390	11,390
Government debt securities	1,329,200	-	-	1,329,200
Hedging derivative financial assets	-	36,433	-	36,433
Cash flow hedges	-	36,433	-	36,433
Total liabilities	**-**	**982,376**	**-**	**982,376**
Trading derivative financial liabilities	-	626,998	-	626,998
Hedging derivative financial liabilities	-	355,378	-	355,378
Cash flow hedges	-	355,378	-	355,378

There are no transfers between the 1st and the 2nd levels as of 31 December 2020 and 31 December 2019.

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

VIII. Explanations on presentation of financial assets and liabilities at their fair values (continued)

The movement table of financial assets at Level 3 is presented below.

	Current period	Prior period
Balance at the end of the prior period	11,390	8,286
Purchases	1,596	2,939
Redemption/sale	-	-
Valuation difference	84	165
Transfers	-	-
Balance at the end of the current period	**13,070**	**11,390**

IX. Explanations on the transactions carried out on behalf and account of other persons and fiduciary transactions

The Group performs purchase, sale, custody, and fund management services on behalf of its customers, and information about these transactions are shown in the off-balance sheet statement.

The Group has no trust transactions.

X. Explanations on consolidated risk management

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

1. General explanations on Parent Bank's risk management and risk weighted assets

a. Group's risk management approach

The Parent Bank's risk management strategy and activities have been formed under the responsibility of the Board of Directors. The risk management strategy applied in the Parent Bank is based on three lines of defence model.

First line of defence

Business units are the first line of defence and primarily responsible for performance, operation, compliance and control of the risks affecting the business line.

Second line of defence

Risk Management, Financial Control and Asset Liability Management and Legal functions, which are the second line of defence, support the first line of defence in terms of implementation, training, advising, monitoring and reporting.

Risk Management is responsible for identifying, measuring, monitoring, controlling and reporting risks at corporate level. The Parent Bank's Risk Management consists of Financial Risk Management, Operational and Information Risk Management, Compliance departments and reports to the Audit Committee. Financial Risk Management includes Market Risk Management and Product Control, Credit Risk Control, Validation, Risk&Capital Integration and Reporting departments.

X. Explanations on consolidated risk management (continued)

Third line of defence

Internal Audit Department is the third line of defence. Internal Audit Department carries out both risk based and general audits. In addition, Internal Audit Department is responsible for reviewing and ensuring the integrity of the whole governance structure including risk governance, and presence, effectiveness and implementation of policies and procedures.

According to this strategy, these lines of defence carry out their activities through certain decision making committees such as the Executive Committee, Asset Liability Committee, Credit Committee and Non-Financial Risk Committee. External auditors and relevant Regulators and Regulating Entities are considered as third line of defence.

Senior Management and Board of Directors are notified on the market risks monthly or on a more frequent basis; and this notification consists of balance sheet developments, market developments, assessment of the risks incurred despite the determined risk appetite and other risk developments. Furthermore, credit risk reports focusing on development of performing and non-performing loan portfolios, rating distribution of portfolios, transitions and trends of ratings, concentration risks, business units and product based risk parameters and risk appetite indicators are closely followed.

In addition to measurement and assessment of the risks under normal market conditions, stress tests under the scope of ICAAP and also for internal purposes are performed to evaluate the possible risks under adverse market conditions. In this stress test, all kinds of financial risks that can be faced by the Parent Bank are taken into account and evaluated under adverse and extremely adverse scenarios. Also reverse stress test is performed which defines the conditions that the Parent Bank's regulatory limits is breached. The Parent Bank prepares stress test reports within the context of ICAAP on a consolidated basis as per the guideline, numbered 6656, dated 14 January 2016 on the Stress Test to be Used in Parent Banks' Capital and Liquidity Planning. The Stress Test provides a prospective perspective in possible adverse incidents or adverse situations.

It is aimed that all important risks are defined and relations between them are established in order to perform sensitivity analyses in the most effective manner throughout the Parent Bank. Accordingly, the Parent Bank performs the stress test together with all relevant units in a consolidated manner.

Detailed explanations on the Parent Bank's risk appetite and credit risk can be found in section "Credit Risk", and detailed explanations on market risk can be found in section "Market Risk" while detailed explanations on operational risk can be found in section "Operational Risk".

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

X. Explanations on consolidated risk management (continued)

b. Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	Prior period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	**43,447,018**	**41,851,196**	**3,475,761**
Standardized approach (SA)	43,447,018	41,851,196	3,475,761
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	**1,955,729**	**1,927,209**	**156,458**
Standardized approach for counterparty credit risk (SA-CCR)	1,955,729	1,927,209	156,458
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	**366,613**	**213,788**	**29,329**
Standardized approach (SA)	366,613	213,788	29,329
Internal model approaches (IMM)	-	-	-
Operational risk	**7,283,868**	**6,022,402**	**582,709**
Basic indicator approach	7,283,868	6,022,402	582,709
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	**53,053,228**	**50,014,595**	**4,244,257**

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the Consolidated Financial Statements as of and for the Year Ended 31 December 2020

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

X. Explanations on consolidated risk management (continued)

2. Linkages between financial statements and risk amounts

a. Differences and linkage between scope of accounting consolidation and regulatory consolidation

			Revalued amount in accordance with TAS				
Assets	Revalued amount in accordance with TAS as reported in published financial statements	Revalued amount in accordance with TAS under scope of regulatory consolidation	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Cash and balances with Central Bank	9,109,794	9,109,794	9,109,794	-	-	-	-
Financial assets at fair value through profit and loss	2,658,217	2,626,820	-	2,552,412	-	2,658,217	-
Banks	1,823,495	1,823,495	1,823,495	-	-	-	-
Money market placements	5,024,385	5,024,385	59,934	4,964,451	-	-	-
Financial assets measured at fair value through other comprehensive income	582,946	581,349	582,946	-	-	-	-
Financial assets measured at amortised cost	4,253,314	4,253,314	4,253,314	-	-	-	-
Expected credit losses (-)	3,660	-	-	-	-	-	3,660
Loans (Net)	**41,210,184**	**41,686,715**	**41,733,260**	**-**	**-**	**-**	**(513,904)**
Loans	39,792,447	40,322,160	39,792,447	-	-	-	9,172
Lease receivables	791,165	791,165	791,165	-	-	-	-
Factoring receivables	504,021	504,021	504,021	-	-	-	-
Non performing receivables	2,220,877	2,220,877	2,220,877	-	-	-	-
Expected credit losses (-)	2,098,326	2,151,508	1,575,250	-	-	-	523,076
Associates (net)	-	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-	-
Joint ventures (net)	-	-	-	-	-	-	-
Derivative financial assets held for hedging	25,868	34,529	-	25,868	-	-	-
Tangible assets (net)	821,234	1,153,275	771,083	-	-	-	50,151
Intangible assets (net)	46,468	46,468	-	-	-	-	46,638
Investment property (net)	-	-	-	-	-	-	-
Tax asset	1,770	8,324	47	-	-	-	1,723
Property and equipment held for sale and related to discontinued operations (net)	660	660	660	-	-	-	-
Other assets	633,475	678,351	641,887	-	-	-	(8,412)
Total assets	**66,188,150**	**67,027,479**	**58,976,420**	**7,542,731**	**-**	**2,658,217**	**(427,464)**
Liabilities							
Deposit	40,130,883	40,130,883	-	-	-	-	40,130,883
Derivative financial liabilities at fair value through profit or loss	848,993	878,457	-	-	-	-	848,993
Loans received	9,769,460	10,299,173	-	-	-	-	9,769,460
Money market funds	67,222	9,438	-	67,222	-	-	-
Securities issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Factoring payables	641	641	-	-	-	-	641
Lease payables	229,076	229,076	-	-	-	-	229,076
Derivative financial liabilities at fair value through other comprehensive income	117,167	128,333	-	-	-	-	117,167
Provisions	251,598	214,480	28,933	-	-	-	180,271
Tax liability	338,018	375,942	-	-	-	-	338,018
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-	-
Subordinated debt	4,019,844	4,019,844	-	-	-	-	4,019,844
Other liabilities	1,003,000	996,641	-	-	-	-	-
Shareholders' equity	9,412,248	9,744,571	-	-	-	-	7,834,999
Total liabilities	**66,188,150**	**67,027,479**	**28,933**	**67,222**	**-**	**-**	**63,469,352**

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

X. Explanations on consolidated risk management (continued)

b. Main differences between risk amounts and the amounts revalued in accordance with TAS financial statement

	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk [*]
Assets carrying value in accordance with TAS	**66,615,614**	**58,976,420**	**-**	**7,542,731**	**2,658,217**
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	2,718,798	28,933	-	67,222	-
Total net amount under scope of regulatory consolidation	**63,896,816**	**58,947,487**	**-**	**7,475,509**	**2,658,217**
Off-balance sheet amount	14,174,007	5,206,874	-	816,592	-
Differences due to risk mitigation	-	(294,123)	-	(5,019,432)	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Parent Bank	-	-	-	-	(2,291,604)
Exposure amounts	**-**	**63,860,238**	**-**	**3,272,669**	**366,613**

[*] The amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

c. Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities:

There are no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

3. Explanations about credit risk

3.1. General Information on Credit Risk

a. General Qualitative Information on Credit Risk

The Parent Bank's Credit Risk Management reports to the Audit Committee. In order to carry out its functions and responsibilities more effectively, Credit Risk Management is structured as Credit Risk Control and Risk&Capital Integration and Reporting Department. Credit Risk Control team is responsible for developing, monitoring and sustaining the models to be used in Internal Ratings Based Method and TFRS 9 calculations and the integration of rating models in the bank systems. Risk&Capital Integration is responsible to form ICAAP process to carry out stress testing, IRB calculations based on QRM system which is a credit portfolio corporate risk management solution allowing bank based risk management and reporting.

Risk appetite expresses the total risk level assumed by the Parent Bank in order to realise its strategies. To ensure that the Parent Bank's risk appetite is equal to or below risk capacity, in general there is a buffer between the risk capacity and risk appetite. The Parent Bank's risk appetite is compatible with the main shareholder's risk appetite, and the Parent Bank pays sufficient attention to protect the interests of all stakeholders such as deposit holders and legal regulators.

Risk appetite is determined according to the risk identification and assessment results, the risk capacity formed by the Parent Bank considering the legal qualitative and quantitative limits and similarly the Bank's risk management and control abilities. If it is possible to implement, risk appetite indicators are approved by the management units (committees) formed for the relevant risk type. Both the risk appetite structure and risk appetite indicators are revised by the Audit Committee and presented by the Audit Committee to the Board of Directors. The approval authority for risk appetite structure and indicators is the Board of Directors.

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

X. Explanations on consolidated risk management (continued)

The Parent Bank's risk profile is regularly measured, monitored in comparison with the risk appetite and reported to the Board of Directors and certain senior committees. Under credit risk, general condition of the credit portfolio, non-performing loans, risk appetite indicators, firm and group concentrations, legal credit ratios, development of capital adequacy ratio, development and distribution of ratings based on business units, rating and risk transitions, Probability of Default ("PD"), loss given default ("LGD") and Exposure at Default ("EAD") parameters are followed. Reports prepared in scope of ICAAP study are presented to the senior management and Board of Directors before they are sent to the BRSA.

Many rating models and scorecards are used in different processes such as allocation, monitoring, collection, pricing etc. for the purpose of managing credit risk. With these models, internal data sources and external data sources (such as CB credit risk and limit report, Credit Bureau) are used and creditworthiness of new clients is measured; and development of the existing credit portfolio is closely monitored. Performance of models is regularly monitored by Model Risk Management team under Financial Risk Management in addition to the teams developing the models.

b. Credit quality of assets

	Gross carrying values of (according to TAS)		Provisions/ amortization and impairment	Net values
	Defaulted	Non-defaulted		
Loans	2,220,877	41,087,633	2,097,771	41,210,739
Debt securities (*)	-	4,823,190	3,825	4,819,365
Off-balance sheet exposures	99,353	14,103,589	71,328	14,131,614
Total	**2,320,230**	**60,014,412**	**2,172,924**	**60,161,718**

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

c. Changes in stock of defaulted loans and debt securities

	Current period	Prior Period
Defaulted loans and debt securities at the end of the previous reporting period	2,973,616	2,088,790
Loans and debt securities defaulted since the last reporting period	246,666	1,840,293
Transferred to non-defaulted status	-	-
Amounts written off (*)	(337,706)	(161,877)
Other changes (**)	(661,699)	(793,590)
Defaulted loans and debt securities at the end of the reporting period	**2,220,877**	**2,973,616**

(*) Specific provisions for undrawn non-cash loans are not included in the table. Amounts written off also includes the NPL sale of the Parent Bank amounting to TL 314,769 (31 December 2019: TL 149,567).

(**) Collections within the period have included "Other changes" account.

ç. Additional explanations on the creditworthiness of assets

Definitions of overdue and provision set aside are presented in Section Four - II explanations on credit risk footnote.

Definitions of the methods used in determining the provision amounts:

The methods used are presented in the footnote of Section Three VIII - explanations on impairment in financial assets.

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

X. Explanations on consolidated risk management (continued)

Definitions of the restructured receivables:

The Parent Bank can restructure the first and second group loans and other receivables, as well as non-performing loans and receivables. All loan products are considered together and a single restructuring protocol is formed; according to the legislation and general economic situation, variable or fixed terms are provided to enhance customers' ability to repay the loan.

Breakdown of receivables according to geographical regions, sector and remaining maturity:

Breakdown of receivables according to geographical regions, sector and remaining maturity is presented in footnote in Section Four II - explanations on credit risk.

Receivable amounts for which provisions are set aside on geographical regions and sectors and amounts written off with the provisions:

Breakdown of receivables according to geographical regions

	Non-performing loans (**)	Specific provision
Domestic	2,217,664	1,572,004
EU Countries	3,113	3,168
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other countries	100	78
Total	**2,220,877**	**1,575,250**

(*) OECD countries other than EU countries, USA and Canada.

(**) Non-cash loans are not included.

Sectoral receivables and related provisions are presented in Section Four - II. explanations on credit risk disclosure.

Aging of overdue exposures

	Current period	Prior period
Overdue 31 - 60 days	165,301	294,350
Overdue 61 - 90 days	50,883	115,937
Total	**216,184**	**410,287**

Breakdown of restructured receivables by whether or not provisions are allocated

	Current period	Prior period
Loans structured from standard loans and other receivables	-	-
Loans structured from closely monitored loans and other receivables	994,236	1,071,845
Loans restructured from non-performing loans	48,137	23,986

Group classifies all of its loans and receivables as Stage 2 if they meet the restructured loan conditions while being in the performing loan portfolio according to the "Provision Regulation". Restructured loans classified as Stage 2 are subject to Stage 2 expected credit losses while restructured loans classified as non-performing loans are subject to specific provision.

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

X. Explanations on consolidated risk management (continued)

Information on expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Opening balance (*)	**232,884**	**213,106**	**1,628,594**	**2,074,584**
Additional provision during the period	141,650	296,274	820,181	1,258,105
Disposals (-)	(118,438)	(113,500)	(550,596)	(782,534)
Amounts written off (-)	-	-	(293,908)	(293,908)
Transferred to Stage 1	-	(8,202)	-	(8,202)
Transferred to Stage 2	(21,930)	-	(88)	(22,018)
Transferred to Stage 3	(10,070)	(30,964)	-	(41,034)
Ending balance	**224,096**	**356,714**	**1,604,183**	**2,184,993**

(*) Includes provisions for non-cash loans and provisions accounted under equity for financial assets at fair value through other comprehensive income.

3.2. Credit risk mitigation techniques

a. Qualitative disclosure requirements related to credit risk mitigation techniques

The Group pays specific attention to the fact that the risk is completely covered by the collaterals and the easiness of collateral conversion into cash in case of default. In addition, the primary repayment source of loan is the cash flows from operations. Therefore, the financial status and retrospective and prospective cash flows of the firms to which credit proposal is made (the debtor) are analysed with due care during loan disbursement.

Collaterals in the Group are divided into two groups as financial collaterals and guarantees. Collaterals are considered as allowed by the related regulations.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Collaterals are entered in the main banking application Finsoft through branches. Collaterals are activated after the Credit Operation Centre ("CROM") teams' check and approval of the collateral entries.

The Group monitors up to date value of the collaterals by type. As a general principle, the Parent Bank revises all collaterals at least once a year. For the firms which still have a credit risk, the existing collaterals are not released unless the guarantees in the credit notification are fully ensured or risk amount is decreased.

The Group makes the assessment according to the latest expert value in the real estate guarantees taken as a real property.

The Group's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Parent Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

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

X. Explanations on consolidated risk management (continued)

b. Credit risk mitigation techniques

	Exposures unsecured carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collaterals	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans (*)	35,808,932	5,401,807	4,335,527	1,088,085	976,498	-	-
Debt securities (*)	4,819,365	-	-	-	-	-	-
Total	**40,628,297**	**5,401,807**	**4,335,527**	**1,088,085**	**976,498**	**-**	**-**
Of which defaulted	2,220,877	-	-	-	-	-	-

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

c. Qualitative disclosures on Banks' use of external credit ratings under the standardised approach for credit risk

Explanations are disclosed in Section Four II - explanations on credit risk disclosures.

ç. Credit risk exposure and credit risk mitigation effects

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns and Central Banks	12,567,372	325,539	13,543,871	30,197	2,311,008	17.03%
Claims on regional governments or local authorities	942,635	-	864,205	-	491,839	56.91%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	9,458,969	4,234,468	4,448,746	1,643,880	1,392,068	22.85%
Claims on corporates	24,065,184	6,880,810	23,408,824	3,462,919	25,807,306	96.04%
Claims on retails	13,627,781	3,105,627	13,133,939	422,745	10,138,823	74.79%
Claims secured by residential property	1,296,167	10,106	1,296,168	3,376	458,501	35.28%
Claims secured by commercial property	1,401,247	52,068	1,401,247	16,217	825,808	58.26%
Past due loans	132,330	-	132,330	-	128,517	97.12%
Higher risk categories decided by the Board	513,297	-	513,297	-	464,167	90.43%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	2,792,944	24,661	2,792,944	4,932	1,415,911	50.61%
Equity securities	13,070	-	13,070	-	13,070	100.00%
Total	**66,810,996**	**14,633,279**	**61,548,641**	**5,584,266**	**43,447,018**	**64.72%**

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the Consolidated Financial Statements as of and for the Year Ended 31 December 2020

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

X. Explanations on consolidated risk management (continued)

d. Standard approach exposures by asset classes and risk weights

Risk classes	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit exposures amount (post CCF and post-CRM)
Claims on sovereigns and Central Banks	11,232,863	-	-	-	-	-	2,341,205	-	-	-	13,574,068
Claims on regional governments or local authorities	-	-	-	-	744,733	-	119,472	-	-	-	864,205
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2,942,692	-	2,382,035	-	752,111	15,788	-	-	6,092,626
Claims on corporates	-	-	283,120	-	588,218	-	25,996,486	3,919	-	-	26,871,743
Claims on retails	-	-	-	-	-	13,556,627	54	3	-	-	13,556,684
Claims secured by residential property	-	-	-	1,293,912	-	-	5,632	-	-	-	1,299,544
Claims secured by commercial property	-	-	-	-	1,183,312	-	234,152	-	-	-	1,417,464
Past due loans	-	-	-	-	8,401	-	123,154	775	-	-	132,330
Higher risk categories decided by the Board	-	-	-	-	237,127	-	137,302	138,868	-	-	513,297
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	1,381,966	-	-	-	-	-	1,415,907	3	-	-	2,797,876
Equity securities	-	-	-	-	-	-	13,070	-	-	-	13,070
Total	**12,614,829**	**-**	**3,225,812**	**1,293,912**	**5,143,826**	**13,556,627**	**31,138,545**	**159,356**	**-**	**-**	**67,132,907**

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

X. Explanations on consolidated risk management (continued)

4. Evaluation of counterparty credit risk according to measurement methods

a. Qualitative disclosure on counterparty credit risk

According to Appendix 2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, promulgated in the Official Gazette, no. 29511, dated 23 October 2015, the counterparty credit risk arising from the transactions that binding both parties such as derivatives and repo, is calculated. The sum of renewal cost for derivative transactions and potential credit risk amount is considered as the risk amount. Renewal cost is calculated with valuation of contracts at fair value and potential credit risk amount is calculated by multiplying the contract amounts with the credit conversion ratios stated in the appendix of the regulation.

For the forward, option and other derivative contracts, collateral management is conducted daily according to the International Swap and Derivative Association ("ISDA") and Credit Support Annex ("CSA") agreements concluded with international counterparties, and when needed, short term total credit risk is reduced by usage of rights and performance of duties.

For the forward, option and other derivative transactions which are done by local agreements and not according to ISDA agreement, the credit risk is controlled via "Pre-Settlement" limit monitoring. Pre-settlement limit is allocated for the firms and organizations according to analysis and allocation processes. The basic rule for the Bank is that client risks do not exceed such limits. Risks are monitored simultaneously with the market and developed models are used in calculation.

The maximum risk that the counterparty may incur due to futures, options and other derivative transactions are limited monitored with daily and instant reports. Possible limit breaches are reported to the high level committees and senior management of the bank and related actions taken to mitigate the risk.

b. Counterparty credit risk (CCR) approach analysis

	Replacement cost	Potential future exposure	EEPE [*]	Alpha used for computing regulatory EAD	Exposure after CRM	RWA
Standardised Approach - CCR (for derivatives)	2,578,279	459,269	-	1.40	3,037,548	1,720,951
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	235,121	47,025
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						**1,767,976**

[*] Effective expected positive exposure

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

X. Explanations on consolidated risk management (continued)

c. Credit valuation adjustment (CVA) for capital charge

	Exposure at default post-CRM	RWA
Total portfolios subject to the advanced CVA capital charge	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the standardised CVA capital charge	3,037,548	187,753
Total subject to the CVA capital charge	3,037,548	187,753

ç. Analysis of counterparty credit risk (CCR) exposure

Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure [*]
Claims on sovereigns and Central Banks	14,577	-	-	-	-	30,199	-	-	44,776
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	536,591	2,101,526	-	5,199	-	-	2,643,316
Claims on corporates	-	-	-	1,023	-	545,278	-	-	546,301
Claims included in the regulatory retail portfolios	-	-	-	-	38,276	-	-	-	38,276
Claims secured by residential property	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	**14,577**	**-**	**536,591**	**2,102,549**	**38,276**	**580,676**	**-**	**-**	**3,272,669**

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

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

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

d. Collaterals for counterparty credit risk (CCR)

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

e. Credit derivatives

There is no credit derivative transaction.

X. Explanations on consolidated risk management (continued)

5. Explanations on securitization

There is no securitization transaction.

6. Explanations on market risk

The Parent Bank has reviewed activities of market risk management and has taken necessary precautions in order to mitigate the market risk within the framework of financial risk management, according to the "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Valuation Process" and the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette No. 29057 and dated 11 July 2014.

Market risk is managed based on different product mandates based on banking books and trading books and within the risk limits including sensitivity that is approved by Board of Directions in where related limits are monitored on a regular basis and the results are shared with senior management and the Board of Directors. In addition, the impacts of change in balance sheet due to banking activities on risk appetite are simulated.

Audit Committee monitors and evaluates market risk closely. Recommendations are presented to the Asset Liability Committee and Board of Directors in terms of the risk management.

Risk management strategies and policies are updated regarding to regulations stated above and is approved by Board of Director's. In relation to the regulatory capital requirements, on a consolidated and the bank only basis, standard method is used in measuring the market risk. In addition to the standard method, for internal reporting purposes, value-at-risk (VaR) is used in daily calculation of amount subject to market risk and are reported to the senior management. Stress tests and scenario analyses are also applied within the scope of ICAAP to complement the risk analysis. In addition, compliance on ING Group's policies related to market risk, especially for the international regulations, is reviewed regularly. All these analysis are reflected in the relevant written procedures and policies. Due to the increase in the regulations and the need for pursuing more sophisticated risk management in recent years, the project of a software has been launched to manage risks related to asset liability management in a more integrated structure and currently enhancements are in progress.

	RWA
Outright products	**366,613**
Interest rate risk (general and specific)	155,100
Equity risk (general and specific)	-
Foreign exchange risk	211,513
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
Total	**366,613**

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

X. Explanations on consolidated risk management (continued)

7. Explanations on operational risk

The "Basic Indicator Method" that is stated in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2020 is calculated by using the gross income of the Parent Bank in 2017, 2018 and 2019.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non-interest income.

Current period	2017 amount	2018 amount	2019 amount	Total/Number of years of positive gross income	Ratio (%)	Total
Gross income	2,995,349	4,035,249	4,623,593	3,884,730	15	582,709
Amount subject to operational risk (Amount*12.5)						**7,283,868**

8. Interest rate risk arising from banking book

Interest rate risk in the banking book is managed within the framework of sensitivity based risk limits which is internally determined by the Board of Directors, and results are shared periodically with senior management, Asset Liability Committee, Audit Committee and Board of Directors. In addition, interest rate risk in the banking book is calculated according to the interest structure profile of all interest sensitive assets and liabilities and the period remaining for their maturity or re-pricing dates under the Regulation on Measurement and Evaluation of the Interest Rate Risk in the Banking Book through Standard Shock Method published by the BRSA in the Official Gazette no: 28034 and dated 23 August 2011.

Under the regulation, core deposit is calculated only for demand deposits and also separately for each currency. Maturity profile of demand deposit assumptions have been determined by taking into account the analyses conducted by the Bank through using historical data for demand deposit portfolio and the maximum hypothetical maturity limit stated in the Regulation.

In addition, analysis being performed about asset and liability accounts comprising different customer behavior characteristics such as internal interest sensitivity and optionality, and effects on balance sheet risk are evaluated within the framework of analysis results and business lines' expectations.

Interest rate risk in the banking book standard ratio is calculated at the end of months by measuring and evaluating the interest rate risk resulting from balance sheet and off-balance sheet positions in the banking books through standard shock method. Profits/losses refer to the profit/loss risk that might occur in the market value of financial assets and liabilities in the balance sheet as a result of applying upward/downward scenarios to the market interest rate.

Currency	Applied shock (+/-x basis points)	Gains/ (Losses)	Gains/Equity (Losses)/Equity
TL	(-) 400	866,073	7.03%
TL	(+) 500	(938,579)	(7.61)%
EURO	(-) 200	(11,916)	(0.10)%
EURO	(+) 200	(46,400)	(0.38)%
USD	(-) 200	3,759	0.03%
USD	(+) 200	(27,042)	(0.22)%
Total (for negative shocks)		**857,916**	**6.96%**
Total (for positive shocks)		**(1,012,021)**	**(8.21)%**

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

XI. Explanations on hedge transactions

Breakdown of the derivative transactions used in cash flow hedges

	Current period			Prior period		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate swaps	3,245,834	25,868	117,167	7,285,819	36,433	355,378
Cross currency swaps	-	-	-	-	-	-
Total	**3,245,834**	**25,868**	**117,167**	**7,285,819**	**36,433**	**355,378**

Explanations on derivative transactions used in cash flow hedges

Current period

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV Assets	Hedging instrument FV Liabilities	Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	15,117	115,088	198,147	(33,397)	(4,493)
Interest rate swaps	TL revolving loans	Cash flow risk due to the changes in the interest rates of TL revolving loans	10,751	2,079	2,375	-	-
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(42,356)	-	-
Total			**25,868**	**117,167**	**158,166**	**(33,397)**	**(4,493)**

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

XI. Explanations on hedge transactions (continued)

Prior period

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/ (loss) recognized in OCI during the period	Net gain/ (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	9,043	355,378	(708,869)	49,675	21,119
Interest rate swaps	TL revolving loans	Cash flow risk due to the changes in the interest rates of TL revolving loans	27,390	-	(42,988)	4,959	-
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(214,877)	1,094	-
Total			**36,433**	**355,378**	**(966,734)**	**55,728**	**21,119**

Contractual maturity analysis of the derivative transactions subject to cash flow hedges:

Maturity analysis of the derivative transactions subject to cash flow hedges is provided in the Note VI of Section Four.

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

XII. 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 December 2020	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	1,209,183	1,503,882	341,916	3,054,981
Net fees and commissions income and other operating income	448,257	310,831	196,161	955,249
Trading gain/loss	134,706	75,856	6,334	216,896
Dividend income	-	-	476	476
Expected credit loss	(716,080)	(405,446)	(30,532)	(1,152,058)
Segment results	1,076,066	1,485,123	514,355	3,075,544
Other operating expenses (*) (**)				(2,088,599)
Income from continuing operations before tax				986,945
Tax provision (*)				(218,809)
Net profit				**768,136**

Prior period - 31 December 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	1,499,663	1,502,986	459,829	3,462,478
Net fees and commissions income and other operating income	532,371	442,299	117,801	1,092,471
Trading gain/loss	97,248	46,661	461,921	605,830
Dividend income	-	-	3,115	3,115
Expected credit loss	(896,111)	(314,129)	(7,003)	(1,217,243)
Segment results	1,233,171	1,677,817	1,035,663	3,946,651
Other operating expenses (*) (**)				(1,970,721)
Income from continuing operations before tax				1,975,930
Tax provision (*)				(434,064)
Net profit				**1,541,866**

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

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

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

XII. Explanations on segment reporting (continued)

Current period - 31 December 2020	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	31,992,394	12,342,747	21,853,009	66,188,150
Liability	16,053,254	28,809,496	11,913,152	56,775,902
Equity	-	-	9,412,248	9,412,248

Prior period - 31 December 2019	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	31,590,192	11,631,450	22,212,172	65,433,814
Liability	18,623,619	28,957,843	9,313,811	56,895,273
Equity	-	-	8,538,541	8,538,541

(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	224,384	1,157,576	305,785	947,588
Balances with the Central Bank of Turkey	761,934	6,965,900	344,422	5,829,761
Other	-	-	-	-
Total	**986,318**	**8,123,476**	**650,207**	**6,777,349**

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	761,934	2,064,549	344,422	1,465,328
Restricted time deposit	-	2,050,448	-	1,336,860
Reserve requirement	-	2,850,903	-	3,027,573
Total	**761,934**	**6,965,900**	**344,422**	**5,829,761**

As per the "Communiqué on Reserve Requirements" promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date at a rate ranging between 1% and 6% for Turkish lira deposits and liabilities depending on their maturity. The reserve rates vary between 5% and 21% for foreign currency deposits and other foreign currency liabilities and vary between 18% and 22% for gold liabilities depending on their maturity.

In accordance with the "Communiqué Regarding the Reserve Requirements", the reserve requirements can be maintained as TL, USD, EUR and standard gold. Interest rate which is applied to required reserves denominated by Turkish lira has been determined as 12% for all banks as of 27 November 2020. The Central Bank also decreased the commission rate applied to reserve requirements maintained against USD-denominated deposit/participation fund liabilities to 0% from 1.25%.

TL 761,598 (31 December 2019: TL 344,181) of the TL reserve deposits provided over the average balance and TL 2,064,549 (31 December 2019: TL 1,465,328) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

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

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

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

	Current period	Prior period
Unrestricted portfolio	67,198	52,090
Collateral/blocked	38,607	70,634
Total	**105,805**	**122,724**

(Convenience translation of the unconsolidated financial statements and related disclosures and footnotes originally issued in Turkish, See Note 1.b of section three)
ING Bank A.Ş. and its Financial Subsidiaries
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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	185,704	-	71,372
Swap transactions	2,242,600	123,735	2,467,192	114,566
Futures transactions	-	-	-	-
Options	-	373	134	2,240
Other	-	-	-	-
Total	**2,242,600**	**309,812**	**2,467,326**	**188,178**

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	135,568	1,687,927	13,802	1,142,275
Domestic	135,448	100,482	13,801	173,601
Foreign	120	1,587,445	1	968,674
Headquarters and branches abroad	-	-	-	-
Total	**135,568**	**1,687,927**	**13,802**	**1,142,275**

3.2. Information on foreign banks

	Unrestricted amount		Restricted amount	
	Current period	Prior period	Current period	Prior period
EU countries	1,344,673	397,794	222,045	406,420
USA, Canada	10,717	23,226	388	396
OECD Countries (*)	8,611	139,304	-	-
Off-shore banking regions	-	-	-	-
Other	1,131	1,535	-	-
Total	**1,365,132**	**561,859**	**222,433**	**406,816**

(*) OECD countries except EU countries, USA and Canada

As of 31 December 2020, restricted bank balance amounting to TL 222,433 (31 December 2019: TL 406,816) all of which is comprised of (31 December 2019: all amount) collaterals that is held by counter banks under CSA (credit support annex) 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	449,783	1,326,372
Repo transactions	-	14,218
Collateral/blocked	133,163	-
Total	**582,946**	**1,340,590**

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	570,257	1,329,581
Quoted to stock exchange	570,257	1,329,581
Not quoted	-	-
Equity certificates	13,070	11,390
Quoted to stock exchange	-	-
Not quoted	13,070	11,390
Provision for impairment (-)	(381)	(381)
Total	**582,946**	**1,340,590**

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	3,714	944,813	120	569,874
Corporate shareholders	3,692	944,813	-	569,874
Real person shareholders	22	-	120	-
Indirect loans granted to shareholders of the Parent Bank	8,949	358,190	39	201,879
Loans granted to employees of the Parent Bank	40,689	-	32,606	-
Total	**53,352**	**1,303,003**	**32,765**	**771,753**

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the Consolidated Financial Statements as of and for the Year Ended 31 December 2020

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

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

		Loans and other receivables under close monitoring		
			Restructured loans and receivables	
Cash loans	**Standard loans**	**Loans and receivables not subject to restructuring**	**Revised contract terms**	**Refinance**
Non-specialized loans	33,168,874	5,629,337	994,236	-
Business loans	12,905,940	3,669,511	605,343	-
Export loans	5,742,086	416,538	75,903	-
Import loans	-	-	-	-
Loans given to financial sector	1,978,225	490,004	-	-
Consumer loans	10,100,460	974,505	287,387	-
Credit cards	512,454	62,188	25,603	-
Other	1,929,709	16,591	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**33,168,874**	**5,629,337**	**994,236**	**-**

	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	196,047	58	199,332	6
Loans	*183,480*	-	*183,722*	-
Other assets	*8,352*	*58*	*6,495*	*6*
Banks and money market placements	*3,660*	-	*8,843*	-
Marketable securities	*555*	-	*272*	-
Lifetime expected credit losses significant increase in credit risk	-	339,041	-	202,508
Loans	-	*339,041*	-	*202,508*
Total	**196,047**	**339,099**	**199,332**	**202,514**

5.3. Loans according to their maturity structure

		Loans and other receivables under close monitoring	
Cash loans	**Standard loans**	**Loans and receivables not subject to restructuring**	**Restructured loans and receivables**
Short-term loans and other receivables	11,650,903	1,448,031	119,455
Medium and long-term loans and other receivables	21,517,971	4,181,306	874,781
Total	**33,168,874**	**5,629,337**	**994,236**

(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	**398,027**	**10,761,032**	**11,159,059**
Mortgage loans	111	3,836,870	3,836,981
Automotive loans	38,687	451,361	490,048
General purpose loans	359,229	6,472,801	6,832,030
Other	-	-	-
Consumer loans - indexed to FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans - FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards - TL	**540,183**	**18,315**	**558,498**
With installments	179,712	18,315	198,027
Without installments	360,471	-	360,471
Consumer credit cards - FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Personnel loans - TL	**3,431**	**28,607**	**32,038**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	3,431	28,607	32,038
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	**8,673**	**-**	**8,673**
With installments	2,908	-	2,908
Without installments	5,765	-	5,765
Personnel credit cards - FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts - TL (real person)	**171,255**	**-**	**171,255**
Overdraft accounts - FC (real person)	**-**	**-**	**-**
Total	**1,121,569**	**10,807,954**	**11,929,523**

(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	**1,045,377**	**2,392,710**	**3,438,087**
Real estate loans	-	10,036	10,036
Automotive loans	466	161,411	161,877
General purpose loans	-	-	-
Other	1,044,911	2,221,263	3,266,174
Commercial installment loans - indexed to FC	**4**	**22,304**	**22,308**
Real estate loans	-	-	-
Automotive loans	-	64	64
General purpose loans	-	-	-
Other	4	22,240	22,244
Commercial installment loans-FC	**-**	**8,053**	**8,053**
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	8,053	8,053
Corporate credit cards - TL	**33,074**	**-**	**33,074**
With installments	16,022	-	16,022
Without installments	17,052	-	17,052
Corporate credit cards - FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft loans - TL (legal entity)	**44,463**	**-**	**44,463**
Overdraft loans - FC (legal entity)	**-**	**-**	**-**
Total	**1,122,918**	**2,423,067**	**3,545,985**

5.6. Loans according to borrowers

	Current period	Prior period
Public	2,381,984	3,447,352
Private	37,410,463	35,136,557
Total	**39,792,447**	**38,583,909**

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	39,772,290	38,577,999
Foreign loans	20,157	5,910
Total	**39,792,447**	**38,583,909**

(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	21,897	147,895
Loans and receivables with doubtful collectability	36,622	260,303
Uncollectible loans and receivables	1,516,731	1,188,033
Total	**1,575,250**	**1,596,231**

5.10. Information on non-performing loans (net)

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

	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	-	209	47,928
Restructured loans	-	209	47,928
Prior period			
Gross amounts before specific provision	12,870	2,100	9,016
Restructured loans	12,870	2,100	9,016

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	**436,729**	**617,099**	**1,919,788**
Additions (+)	210,542	7,589	28,535
Transfers to other categories of non-performing loans (+)	-	515,644	998,330
Transfers from other categories of non-performing loans (-)	(515,644)	(998,330)	-
Collections (-)	(92,306)	(71,021)	(498,372)
Write-offs (-)	(72)	(19)	(22,846)
Sold Portfolio (-) (*)	-	(7,378)	(307,391)
Corporate and commercial loans	-	(7,378)	(120,012)
Retail loans	-	-	(154,993)
Credit cards	-	-	(32,386)
Other	-	-	-
Current period end balance	**39,249**	**63,584**	**2,118,044**
Provisions (-)	(21,897)	(36,622)	(1,516,731)
Net balance on balance sheet	**17,352**	**26,962**	**601,313**

(*) The Parent Bank sold non-performing loan portfolio amounting to TL 314,769 (31 December 2019: TL 149,567) to domestic asset management companies at 20 October 2020.

(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	2,654	6,447	165,675
Provision (-)	(1,947)	(5,142)	(106,500)
Net balance on balance sheet	**707**	**1,305**	**59,175**
Prior period			
Balance at the end of the period	60,901	51,548	67,013
Provision (-)	(48,975)	(25,391)	(34,605)
Net balance on balance sheet	**11,926**	**26,157**	**32,408**

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

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)	**17,352**	**26,962**	**601,313**
Loans granted to corporate entities and real person (gross)	29,180	63,584	2,115,450
Provision amount (-)	(20,186)	(36,622)	(1,514,137)
Loans granted to corporate entities and real person (net)	8,994	26,962	601,313
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	10,069	-	2,594
Provision amount (-)	(1,711)	-	(2,594)
Other loans (net)	8,358	-	-
Prior period (net)	**288,834**	**356,796**	**731,755**
Loans granted to corporate entities and real person (gross)	415,051	617,099	1,912,465
Provision amount (-)	(143,342)	(260,303)	(1,180,710)
Loans granted to corporate entities and real person (net)	271,709	356,796	731,755
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	21,678	-	7,323
Provision amount (-)	(4,553)	-	(7,323)
Other loans (net)	17,125	-	-

(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)	**1,949**	**3,249**	**29,102**
Interest accruals and valuation differences	4,262	7,503	82,158
Provision (-)	(2,313)	(4,254)	(53,056)
Prior period (Net)	**15,324**	**18,375**	**22,847**
Interest accruals and valuation differences	20,026	31,094	41,301
Provision (-)	(4,702)	(12,719)	(18,454)

5.11. Liquidation policy for uncollectible loans and receivables

In case there are collaterals in accordance with the Article 8 of "Regulation on Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and Provision for these Loans and other Receivables" the receivable shall be collected as soon as possible by either administrative or legal interferences by liquidating such collaterals.

In case there are no collaterals, even if the evidence of insolvency is provided, information gathered in various periods and legal procedures are followed to identify the assets acquired by the borrower after the insolvency.

Before and after the legal procedures, the Parent Bank attempts to collect its receivables by means of restructuring the loans and receivables from the companies showing an indication of operating on ongoing basis and having a productive contribution in the economic environment.

5.12. Information on the write-off policy

In order to collect loans and other receivables classified as "Uncollectible Loans and Receivables", the Parent Bank applies all legal procedures. At the end of the legal procedures, if the loans and receivables cannot be collected, the provisions provided for these receivables are reversed and the gross receivable amount is written down to 1 Kr (Trace cost) upon the receipt of the evidence of insolvency from the customers. The legal procedures start again for these loans and receivables carried at their trace costs if an improvement in the situation of the debtors or guarantors is identified.

The Parent Bank writes down the loans and receivables to nil before initiating a legal follow-up in case the expected amount of recovery is lower than the expected cost of the legal follow-up. The Board of Directors has authorized the senior management to make the necessary assessments within certain limits.

In current period, the amount of write-off made according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 27 November 2019 and numbered 30961 is TL 22,937 (31 December 2019: TL 12,310) and its effect on the NPL ratio is 0.05% (31 December 2019: 0.03%).

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

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

6. Financial assets measured at amortised cost

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

	Current period	Prior period
Investments subject to repurchase agreements	9,081	-
Collateralised/blocked investments (*)	1,274,855	350,729
Total	**1,283,936**	**350,729**

(*) 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.

6.2. Government securities measured at amortised cost

	Current period	Prior period
Government bonds	4,253,314	2,114,571
Treasury bills	-	-
Other government securities	-	-
Total	**4,253,314**	**2,114,571**

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	4,253,314	2,114,571
Quoted to stock exchange	4,253,314	2,114,571
Not quoted	-	-
Impairment provision (-)	-	-
Total	**4,253,314**	**2,114,571**

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	2,114,571	1,194,996
Foreign currency differences on monetary assets	-	-
Purchases during the period	3,644,739	912,878
Disposals through sales and/redemptions	(1,553,437)	(36,299)
Provision for impairment (-)	-	-
Valuation effect	47,441	42,996
Period end balance	**4,253,314**	**2,114,571**

7. Information on associates (net)

7.1. Explanations related to the associates

The Parent Bank does not have any associates.

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

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

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 31 December 2020 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Factoring (*)	ING Leasing	ING Securities
Paid in capital and adjustment to paid-in capital	1,760	50,000	30,000	31,907
Profit reserves, capital reserves and prior year profit/loss	108,041	97,486	139,628	2,170
Profit	53,271	12,753	30,833	25,994
Development cost of operating lease (-)	-	(2)	(1)	-
Intangible assets (-)	-	(461)	(422)	(4)
Total core capital	**163,072**	**159,776**	**200,038**	**60,067**
Supplementary capital	**-**	**-**	**-**	**-**
Capital	**163,072**	**159,776**	**200,038**	**60,067**
Net usable shareholder's equity	**163,072**	**159,776**	**200,038**	**60,067**

(*) In accordance with the Parent Bank's Board of Directors decision dated 3 December 2020; it has been decided for initiating the liquidation process of its subsidiary, ING Factoring A.Ş., applying for the approval of the BRSA on this matter by taking a decision in the ING Faktoring A.Ş.'s Board of Directors for the liquidation of the company and giving authorization to General Management to carry out the liquidation procedures and processes. The liquidation process still continues.

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

8.2. Information on consolidated subsidiaries

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

As of 31 December 2020 financial information on consolidated subsidiaries as follows (*):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
(1)	4,225,153	163,072	25	222,904	-	53,271	62,924	-
(2)	601,327	160,239	2,925	51,322	-	12,753	28,330	-
(3)	986,540	200,461	1,822	55,892	-	30,833	37,262	-
(4)	215,309	60,071	548	6,002	-	25,994	7,724	-

(*) The financial information of ING Factoring, ING Leasing, ING Brokerage and ING European Financial Services Plc are obtained from 31 December 2020 audited financial statements.

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

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

8.3. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	83,599	95,907
Movements during the period	27,407	(12,308)
Purchases	-	-
Bonus shares obtained	27,407	-
Dividends from current year income	-	-
Sales (*)	-	(12,308)
Revaluation increase	-	-
Provisions for impairment	-	-
Balance at the end of the period	111,006	83,599
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

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

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

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies	50,000	40,000
Leasing companies	30,000	22,500
Finance companies	-	-
Other financial subsidiaries	31,006	21,099

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

10. Information on 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	59,619	58,819	59,001	57,789
1-5 years	791,483	732,346	839,032	785,486
More than 5 years	-	-	13,529	9,791
Total	**851,102**	**791,165**	**911,562**	**853,066**

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

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

10.2 Information of the net investments made in finance lease

	Current period	Prior period
Gross financial lease investment	851,102	911,562
Unearned financial lease income (-)	(59,937)	(58,496)
Cancelled leases (-)	-	-
Net financial lease investment	**791,165**	**853,066**

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	25,868	-	35,316	1,117
Net investment hedge	-	-	-	-
Total	**25,868**	**-**	**35,316**	**1,117**

12. Information on tangible assets (net)

Current period	Real estates	Right-of-use assets	Other fixed assets	Total
Cost				
Opening balance	282,843	349,427	949,757	1,582,027
Additions	3,988	154,012	188,093	346,093
Currency differences	-	-	76	76
Disposals	(586)	(199,360)	(210,466)	(410,412)
Transfers	-	-	(395)	(395)
Provisions for impairment	154	-	-	154
Closing balance	286,399	304,079	927,065	1,517,543
Accumulated depreciation				
Opening balance	(124,641)	(55,283)	(455,125)	(635,049)
Current year depreciation expense	(6,882)	(65,063)	(62,863)	(134,808)
Currency differences	-	-	(52)	(52)
Disposals	262	33,968	38,718	72,948
Transfers	-	-	652	652
Closing balance	(131,261)	(86,378)	(478,670)	(696,309)
Net book value	**155,138**	**217,701**	**448,395**	**821,234**

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

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

Prior period	Real estates	Leased tangible assets	Right-of-use assets	Other fixed assets	Total
Cost					
Opening balance	272,473	51,329	-	915,131	1,238,933
Additions	7,486	189	524,791	348,486	880,952
Currency differences	-	-	-	23	23
Disposals	-	(51,329)	(175,364)	(315,572)	(542,265)
Provisions for impairment	2,884	-	-	1,500	4,384
Closing balance	282,843	189	349,427	949,568	1,582,027
Accumulated depreciation					
Opening balance	(117,981)	(50,781)	-	(385,874)	(554,636)
Current year depreciation expense	(6,660)	(40)	(70,515)	(54,145)	(131,360)
Currency differences	-	-	-	(23)	(23)
Disposals	-	50,821	15,232	(15,083)	50,970
Closing balance	(124,641)	-	(55,283)	(455,125)	(635,049)
Net book value	**158,202**	**189**	**294,144**	**494,443**	**946,978**

13. Information on intangible assets (net)

	Current period	Prior period
Cost		
Opening balance	252,022	208,374
Additions	20,303	44,396
Currency differences	26	-
Disposals	(41)	(748)
Closing balance	272,310	252,022
Accumulated amortization		
Opening balance	(196,851)	(167,586)
Current year's amortization expense	(29,006)	(29,955)
Currency differences	(26)	-
Disposals	41	690
Closing balance	(225,842)	(196,851)
Net book value	**46,468**	**55,171**

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 December 2020, 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.

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

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

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 prior period are disclosed in Note II.9 of Section Five.

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

16.1. Explanations on assets held for sale

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

16.2. Explanations on discontinued operations

The 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.

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	1,019,238	-	12,916,901	3,257,890	66,226	27,754	14,045	-	17,302,054
Foreign currency deposits	4,317,867	-	9,052,713	2,951,563	100,843	50,860	29,907	-	16,503,753
Residents in Turkey	4,036,123	-	8,990,469	2,839,428	91,135	41,595	26,110	-	16,024,860
Residents abroad	281,744	-	62,244	112,135	9,708	9,265	3,797	-	478,893
Public sector deposits	75,720	-	6	16,019	86	-	-	-	91,831
Commercial deposits	651,514	-	1,109,754	41,269	2,209	89	-	-	1,804,835
Other institutions deposits	8,944	-	6,550	2,795	32	35	52	-	18,408
Precious metals deposits	1,959,808	-	787,258	-	-	-	-	-	2,747,066
Interbank deposits	1,662,936	-	-	-	-	-	-	-	1,662,936
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	10	-	-	-	-	-	-	-	10
Foreign banks	1,662,926	-	-	-	-	-	-	-	1,662,926
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**9,696,027**	**-**	**23,873,182**	**6,269,536**	**169,396**	**78,738**	**44,004**	**-**	**40,130,883**

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

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

Prior period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	831,751	-	16,240,073	4,026,182	99,910	44,510	24,430	-	21,266,856
Foreign currency deposits	2,887,424	-	6,294,457	3,655,967	182,604	69,118	21,210	-	13,110,780
Residents in Turkey	2,674,621	-	6,215,787	3,523,314	154,601	60,151	19,799	-	12,648,273
Residents abroad	212,803	-	78,670	132,653	28,003	8,967	1,411	-	462,507
Public sector deposits	227,064	-	-	11,718	82	-	-	-	238,864
Commercial deposits	603,973	-	1,113,385	92,821	2,704	2,877	-	-	1,815,760
Other institutions deposits	11,704	-	914	15,328	90	132	95	-	28,263
Precious metals deposits	383,889	-	-	-	-	-	-	-	383,889
Interbank deposits	2,005,107	-	119,046	-	-	-	1,161	-	2,125,314
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	2	-	119,046	-	-	-	-	-	119,048
Foreign banks	2,005,105	-	-	-	-	-	1,161	-	2,006,266
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**6,950,912**	**-**	**23,767,875**	**7,802,016**	**285,390**	**116,637**	**46,896**	**-**	**38,969,726**

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 insurance	
Saving deposits	Current period	Prior period	Current period	Prior period
Saving deposit	11,915,530	15,320,004	5,380,088	5,935,983
Foreign currency saving deposits	6,027,959	4,343,663	7,678,193	5,705,258
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

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.

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

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

1.4. 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	22,033	18,655
Saving deposits and other accounts in scope of the property holdings derived from crime defined in Article 282 of Turkish Criminal Law No: 5237, dated 26 September 2004	-	-
Saving deposits in deposit bank established in Turkey in order to engage solely in off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	40,999	-	39,986
Swap transactions	678,568	128,082	470,640	113,004
Future transactions	-	-	-	-
Options	7	1,337	326	3,042
Other	-	-	-	-
Total	**678,575**	**170,418**	**470,966**	**156,032**

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	140,946	74,119	248,911	137,111
Funds borrowed from foreign banks, institutions and funds	1,658,818	7,895,577	64,606	10,407,016
Total	**1,799,764**	**7,969,696**	**313,517**	**10,544,127**

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	1,798,732	106,353	282,873	68,576
Medium and long term	1,032	7,863,343	30,644	10,475,551
Total	**1,799,764**	**7,969,696**	**313,517**	**10,544,127**

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

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

3.3. Funding industry group where the Group liabilities are concentrated

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

4. Explanations on securities issued (net)

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

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

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

6. Explanations on lease liabilities (net)

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	2,509	2,343	850	806
Between 1-4 years	103,996	84,738	117,963	97,473
More than 4 year	227,229	141,995	322,830	200,500
Total	**333,734**	**229,076**	**441,643**	**298,779**

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	112,999	4,168	348,720	6,658
Net investment hedge	-	-	-	-
Total	**112,999**	**4,168**	**348,720**	**6,658**

8. Information on provisions

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

None (31 December 2019: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans	28,933	32,363
Provision for credit card score promotion	1,291	1,373
Other provisions	159,448	134,699
Allowance for expected credit losses (Stage 1 and Stage 2) (*)	*42,395*	*35,393*
Other	*117,053*	*99,306*
Total	**189,672**	**168,435**

(*) Non-cash loan provisions are included.

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

Amount to TL 74,277 (31 December 2019: TL 69,601) 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 eight enforcement proceedings to claim the amount it had indemnified, a total of approximately TL 478 million (Full TL). 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 seven of such lawsuits: (i) the first case relates to the first enforcement proceeding of approximately TL 21.9 million (Full TL) (the "First Case"), (ii) the second case relates to the second enforcement proceeding of approximately TL 21.8 million (Full TL) (the "Second Case"), (iii) the third case relates to the third and fifth enforcement proceedings of a total of approximately TL 97.7 million (Full TL) (the "Third Case") and (iv) the fourth case relates to the fourth enforcement proceeding of approximately TL 109.5 million (Full TL) (the "Fourth Case"). SDIF has not yet initiated a case in connection with the sixth enforcement proceeding of approximately TL 126 million (Full TL) against which the 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 and the Parent Bank objected to this payment request and the case was filed by the SDIF. The case is going on the first instance court. SDIF initiated the eighth enforcement procedure for approximately TL 49 million (Full TL) and the Parent Bank objected to this payment request. The mediation meeting was taken in 9 July 2020 between parties (mediation before mandatory proceedings) and a minute was drawn up in order not to agree between the bank and the SDIF. A lawsuit has been filed by the SDIF for the cancellation of the Parent Bank's objection to this execution proceeding.

In the First Case, the first instance court ruled in favor of the Parent Bank, which has been later reversed by the Supreme Court of Appeals (Yargıtay). The First Case has been returned to the first instance court following the appellate decision, where the court of first instance decided to obtain an expert opinion in accordance with the Supreme Court of Appeals' decision. Following the court appointed expert's examination of the case, the expert report has been completed and it was in favor of the Parent Bank. The first instance court decided in favor of the Parent Bank however SDIF appealed against the decision and the appeal of the SDIF has been rejected in favor of the Parent Bank. Against this decision, the Court of Cassation, the way of correction of the decision was clear. Currently the SDIF made a decision correction, the decision is expected to be finalized in favor of the Parent Bank in the year of 2021. 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 Parent Bank for each case. Also in the sixth case, the first instance court decided in favor of the bank. The court's decision in the Second Case and in the other cases are subject to a two-tiered appeal, i.e., appeal before the regional appellate court and the Supreme Court of Appeals. The Regional Appeal Court decided in favor of the Parent Bank in second, third and the fourth cases.

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 favor of the Parent Bank to annul the SDIF Fund Board Decision, the Council of State (i.e., the Administrative Supreme Court of Appeals, Danıştay) reversed the first instance court's decision on the grounds that the administrative courts lack jurisdiction because the dispute was a matter of private law and not one of administrative law. The 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.

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

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

8.3. Information on provisions for employee benefits

As of 31 December 2020, TL 31,992 (31 December 2019: TL 30,898) of TL 61,926 (31 December 2019: TL 57,205) provisions for employee benefits is the unused vacation provisions. Full provision is provided for the unused vacation liability.

TL 29,934 (31 December 2019: TL 26,307) 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 7,117.17 (Full TL) at 31 December 2020 and TL 6,379.86 (Full TL) at 31 December 2019 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements dated 31 December 2020 and 31 December 2019, 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.

	Current period	Prior period
Net discount rate	3.27%	3.71%
Inflation rate	9.40%	8.20%
Interest rate	12.98%	12.21%
Probability of severance	35.03%	32.92%

Movement of the provision for termination benefit:

	Current period	Prior period
Balance at the beginning of the period	26,307	22,885
Change during the year	13,281	18,988
Actuarial gain	377	1,138
Benefits paid during the year	(10,031)	(16,704)
Balance at the end of the period	**29,934**	**26,307**

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

Explanations on taxation and calculations are explained in Note XVII of Section Three. As of 31 December 2020, as a result of the setoff of the Group's corporate tax liability and temporary taxes paid, the remaining corporate tax liability amounts to TL 90,439 and as a result of the such setoff being made on each entity and tax authority basis.

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	90,439	42,308
Taxation of securities	17,344	35,451
Banking insurance transaction tax ("BITT")	18,183	21,917
Foreign exchange transaction tax	2,642	2,312
Value added tax payable	3,116	6,390
Property tax	512	839
Other	12,042	11,123
Total	**144,278**	**120,340**

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

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

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	5,263	5,030
Social security premiums-employer	7,703	7,361
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	382	363
Unemployment insurance-employer	728	699
Other	-	-
Total	**14,076**	**13,453**

9.2. Explanations on deferred tax liabilities

As of 31 December 2020, deferred tax asset and deferred tax liability of the Group amounts to TL 1,770 and TL 179,664 respectively (31 December 2019: deferred tax asset is TL 47 and deferred tax liability is TL 191,341) which is calculated based on the deductible temporary differences.

	Current period		Prior period	
Timing differences constituting the basis for deferred tax	Accumulated temporary differences	Deferred tax asset/(liability)	Accumulated temporary differences	Deferred tax asset/(liability)
Provisions (*)	150,828	30,206	147,050	31,955
Fair value differences for financial assets and liabilities	(33,774)	(6,542)	66,265	14,011
Derivative valuation differences	(1,644,582)	(328,916)	(1,657,747)	(339,707)
Expected credit losses of Stage I and II	577,541	115,508	416,470	83,731
Other	66,516	11,850	95,577	18,716
Total deferred tax assets/(liabilities) net		**(177,894)**		**(191,294)**

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

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

Deferred tax assets/(liabilities) net	Current period (1 January - 31 December 2020)	Prior period (1 January - 31 December 2019)
Opening balance	**(191,294)**	**(419,302)**
Deferred tax income/(expense) net	31,953	48,022
Deferred tax recognized under equity	(16,965)	179,986
Currency differences	(1,588)	-
Balance at the end of the period	**(177,894)**	**(191,294)**

10. Information on liabilities regarding assets held for sale

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the Consolidated Financial Statements as of and for the Year Ended 31 December 2020

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

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

11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	FC	TL	FC
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 (*)	**-**	**4,019,844**	**-**	**4,237,398**
Subordinated loans	-	4,019,844	-	4,237,398
Subordinated debt instruments	-	-	-	-
Total	**-**	**4,019,844**	**-**	**4,237,398**

(*) In accordance with the 9th Clause of the 8th Article of the "Regulation on Equity of Banks", subordinated loans of the Parent Bank amounting to USD 91 million and EUR 85 million is amortised by 40% and then included in Tier II Capital as its remaining maturity is less than 4 years and USD 62 million and EUR 231 million are amortised by 20% and then included in Tier II Capital as their remaining maturity is less than 5 years as of 31 December 2020.

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

None.

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.

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

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

12.7. 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	23,453	-	81,277	-
Foreign exchange difference	-	-	-	-
Total	**23,453**	**-**	**81,277**	**-**

12.9. Profit reserves and profit distribution

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

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

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

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

III. Explanations and notes related to 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	1,621,623	4,392,239
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	2,748,315	2,342,104
Commitments for cheque payments	231,822	271,795
Commitments for credit card limits	1,146,771	1,300,950
Commitments for credit cards and banking services promotions	5,929	5,732
Other irrevocable commitments	28,107	27,676
Total	**5,782,567**	**8,340,496**

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	723,168	1,125,746
Commitments and contingencies	244,612	484,712
Bank acceptance loans	1,269	4,008
Total	**969,049**	**1,614,466**

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

	Current period	Prior period
Irrevocable letters of guarantees	6,182,723	5,196,801
Cash loans letters of guarantees	561,537	943,427
Advance letters of guarantees	576,439	473,458
Temporary letters of guarantees	46,459	27,687
Other	84,168	84,635
Total	**7,451,326**	**6,726,008**

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	636,479	1,140,722
With original maturity of 1 year or less than 1 year	45,314	334,422
With original maturity of more than 1 year	591,165	806,300
Other non-cash loans	7,783,896	7,199,752
Total	**8,420,375**	**8,340,474**

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

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

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

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	**6,928**	**0.51**	**838**	**0.01**	**6,744**	**0.40**	**11,176**	**0.17**
Farming and raising	6,240	0.46	838	0.01	3,241	0.19	11,176	0.17
Forestry	34	-	-	-	34	-	-	-
Fishing	654	0.05	-	-	3,469	0.21	-	-
Manufacturing	**243,965**	**17.97**	**3,657,236**	**51.77**	**264,510**	**15.84**	**4,060,323**	**60.87**
Mining	4,251	0.31	2,314,633	32.77	8,049	0.48	1,852,903	27.78
Production	207,116	15.26	1,336,613	18.92	234,023	14.02	1,939,720	29.08
Electric, gas and water	32,598	2.40	5,990	0.08	22,438	1.34	267,700	4.01
Construction	**186,030**	**13.70**	**606,823**	8.59	**219,062**	**13.12**	**687,075**	**10.29**
Services	**913,117**	**67.27**	**2,792,368**	**39.54**	**1,168,624**	**70.00**	**1,908,843**	**28.62**
Wholesale and retail trade	563,474	41.51	413,472	5.85	760,787	45.57	563,522	8.45
Hotel, food and beverage	7,667	0.56	32,254	0.46	13,541	0.81	91,559	1.37
Transportation and telecommunication	87,467	6.44	79,156	1.12	89,305	5.35	97,498	1.46
Financial institutions	217,013	15.99	1,552,953	21.99	204,829	12.27	1,016,698	15.24
Real estate and renting services	9,591	0.71	6,953	0.10	20,154	1.21	8,407	0.13
Self-employment services	25,864	1.91	707,580	10.02	69,850	4.18	131,159	1.97
Education services	25	-	-	-	44	-	-	-
Health and social services	2,016	0.15	-	-	10,114	0.61	-	-
Other	**7,393**	**0.54**	**5,677**	**0.09**	**10,654**	**0.64**	**3,463**	**0.05**
Total	**1,357,433**	**99.99**	**7,062,942**	**100.00**	**1,669,594**	**100.00**	**6,670,880**	**100.00**

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

	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans	1,303,846	6,927,137	19,682	123,217
Letter of guarantees	1,289,847	5,974,008	19,682	123,217
Bank acceptances	-	1,269	-	-
Letter of credits	4,491	716,764	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	5,147	87,797	-	-
Other	4,361	147,299	-	-

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

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

2. Information on derivative transactions

	Current period	Prior period
Types of hedging transactions		
Fair value hedges (I)	**-**	**-**
Purchase transactions	-	-
Sale transactions	-	-
Cash flow hedges (II)	**3,245,834**	**7,285,819**
Purchase transactions	1,622,917	3,642,910
Sale transactions	1,622,917	3,642,909
Net investment hedges (III)	**-**	**-**
Purchase transactions	-	-
Sale transactions	-	-
A. Total derivatives held for hedging (I+II+III)	**3,245,834**	**7,285,819**
Derivative transactions held for trading		
Trading transactions (I)	**59,093,757**	**55,320,670**
Forward foreign currency transactions - buy	5,308,107	4,317,942
Forward foreign currency transactions - sell	5,125,985	4,319,914
Swap transactions- buy	23,348,617	22,137,821
Swap transactions - sell	21,818,534	20,310,903
Foreign currency options - buy	1,746,257	2,117,045
Foreign currency options - sell	1,746,257	2,117,045
Foreign currency futures - buy	-	-
Foreign currency futures - sell	-	-
Interest rate derivatives (II)	**20,221,052**	**30,932,456**
Interest rate swap - buy	10,110,526	15,466,228
Interest rate swap - sell	10,110,526	15,466,228
Interest rate options - buy	-	-
Interest rate options - sell	-	-
Securities options - buy	-	-
Securities options - sell	-	-
Interest futures - buy	-	-
Interest futures - sell	-	-
Other trading derivative transactions (III)	**-**	**-**
B. Total derivative transactions held for trading (I+II+III)	**79,314,809**	**86,253,126**
Total derivative transactions (A+B)	**82,560,643**	**93,538,945**

3. Information on credit swaps and related risks

As of 31 December 2020 and 31 December 2019, there are no credit derivative transactions.

4. Information on contingent liabilities and assets

As of 31 December 2020, a total provision of TL 74,277 (31 December 2019: TL 69,601) separated other provisions are under the item, considering legal assessment for the lawsuits with a high probability of resulting against the Group and as a result of the audits of public authorities.

5. Information on the services provided on behalf of others

Related information is provided in note IX of section four.

(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 [*]	3,527,003	670,539	4,813,123	763,901
Short term loans	880,393	126,395	1,410,495	100,283
Medium and long term loans	2,418,582	544,144	3,168,480	663,618
Interest on loans under follow-up	228,028	-	234,148	-
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	25,329	582	53,418	6,459
From foreign banks	126	8,594	455	38,519
From branches abroad	-	-	-	-
Total	**25,455**	**9,176**	**53,873**	**44,978**

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	12,508	1,263	19,866	597
Financial assets measured at fair value through other comprehensive income	106,453	-	152,865	-
Financial assets measured at amortised cost	432,895	-	270,761	-
Total	**551,856**	**1,263**	**443,492**	**597**

1.4. Information on interest income received from associates and subsidiaries

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

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

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

2. Information on interest expenses

2.1. Information on interest on funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Banks (*)	68,750	192,359	64,338	412,640
Central Bank of Turkey	-	-	-	-
Domestic banks	22,893	2,754	29,031	4,458
Foreign banks	45,857	189,605	35,307	408,182
Branches and offices abroad	-	-	-	-
Other institutions (*)	-	3,072	-	5,003
Total	**68,750**	**195,431**	**64,338**	**417,643**

(*) 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

There is no interest on securities issued on current period.

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

		Time deposit						
Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Accumulated deposits	Total
Turkish lira								
Bank deposits	-	2,657	-	-	-	-	-	2,657
Saving deposits	-	1,274,095	316,023	5,445	2,074	3,315	-	1,600,952
Public sector deposits	-	-	614	4	-	-	-	618
Commercial deposits	-	97,750	11,943	144	6	42	-	109,885
Other deposits	-	809	342	2	1	4	-	1,158
7 days call accounts	-	-	-	-	-	-	-	-
Total	**-**	**1,375,311**	**328,922**	**5,595**	**2,081**	**3,361**	**-**	**1,715,270**
Foreign currency								
Foreign currency deposits	-	25,236	29,301	1,126	720	452	-	56,835
Banks deposits	-	3,481	-	-	-	-	-	3,481
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	**-**	**28,717**	**29,301**	**1,126**	**720**	**452**	**-**	**60,316**
Grand total	**-**	**1,404,028**	**358,223**	**6,721**	**2,801**	**3,813**	**-**	**1,775,586**

(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

	Current period	Prior period
Financial assets at fair value through profit and loss	-	-
Financial assets at fair value through other comprehensive income	476	3,115
Other	-	-
Total	**476**	**3,115**

4. Information on trading income/loss (net)

	Current period	Prior period
Income	**53,544,228**	**26,693,474**
Gains on capital market transactions	183,390	68,029
Gains on derivative financial instruments	15,340,062	13,753,231
Foreign exchange gains	38,020,776	12,872,214
Loss (-)	**(53,327,332)**	**(26,087,644)**
Loss on capital market transactions	(84,983)	(70,709)
Loss on derivative financial instruments	(14,818,130)	(12,824,835)
Foreign exchange loss	(38,424,219)	(13,192,100)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 736,067 (31 December 2019: TL 18,994 net profit).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	474,848	480,435
Income arising from sale of assets	60,406	55,314
Banking services income	1,758	2,944
Other non-interest income	50,542	66,195
Total	**587,554**	**604,888**

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

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

6. Allowance for expected credit losses

	Current period	Prior period
Expected credit losses	1,152,013	1,217,044
12-Month expected credit loss (Stage 1)	53,220	68,159
Expected credit loss significant increase in credit risk (Stage 2)	192,714	14,469
Expected credit loss impaired credits (Stage 3)	906,079	1,134,416
Impairment losses on securities	45	199
Financial assets measured at fair value through profit/loss	45	199
Financial assets measured at fair value through other comprehensive income	-	-
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	-	-
Total	**1,152,058**	**1,217,243**

7. Information on other operating expenses

	Current period	Prior period
Reserves for employee termination benefits	3,250	2,284
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	3,600	5,500
Depreciation expense of tangible assets	134,808	131,360
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	29,006	29,955
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	850,530	765,281
Operating lease expenses related with TFRS 16 exception	17,761	16,011
Repair and maintenance expenses	31,361	34,653
Advertisement expenses	92,659	101,741
Other expenses	708,749	612,876
Loss on sales of assets	10,647	22,977
Other (*)	299,619	262,016
Total	**1,331,460**	**1,219,373**

(*) Includes saving-deposits-insurance-fund related expenses of TL 131,304 (31 December 2019: TL 116,674).

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

As of 31 December 2020, the income before taxes is TL 986,945 (31 December 2019: TL 1,975,930).

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

9. Information on tax provision for continued and discontinued operations

As of 31 December 2020, the corporate tax provision expense for the period is TL 250,762 (31 December 2019: TL 482,086), and the deferred tax income is TL 31,953 TL (31 December 2019: TL 48,022 deferred tax income).

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

As of 31 December 2020, the net operating income after taxes is TL 768,136 (31 December 2019: TL 1,541,866).

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

Interest income from regular banking transactions is TL 5,225,358 (31 December 2019: TL 7,424,141), while the interest expense is TL 2,170,377 (31 December 2019: TL 3,961,663).

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 447,042 (31 December 2019: TL 550,295) has included TL 109,726 (31 December 2019: TL 197,911) resulting from the credit card fees and commissions, TL 31,556 (31 December 2019: TL 92,639) resulting from service fees and commissions from contracted merchants and TL 136,957 (31 December 2019: TL 144,548) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 182,062 (31 December 2019: TL 195,753) has included TL 73,823 (31 December 2019: TL 115,225) resulting from credit card exchange commissions.

V. Explanations and notes related to consolidated statement of changes in shareholders' equity

Under the Turkish Commercial Code ("TCC"), legal reserves comprise 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.

The Ordinary General Assembly Meeting of the Parent Bank was held on 26 March 2020. In the Ordinary General Assembly meeting, it was decided to transfer TL 1,476,311 unconsolidated net income from 2019 operations to statutory legal reserves, extraordinary reserves and revaluation surplus on tangible and intangible assets as a real estate sale income and utilized from the tax exemption amounting to TL 73,816, TL 1,401,809 and TL 686, respectively.

General Assembly of the Parent Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting of the Parent Bank has not been held as of the date of these financial statements.

As of the balance sheet date, consolidated legal reserves amount to TL 334,352 (31 December 2019: TL 256,871)

As of the balance sheet date, consolidated extraordinary reserves amount to TL 4,716,511 (31 December 2019: TL 3,191,970).

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

VI. Explanations and notes related to the consolidated statement of cash flows

1. Information on cash flow statements

Components of cash and cash equivalents are cash, cash in foreign currency, money in transit, cheques purchased, demand deposits including unrestricted deposits in the Central Bank of Turkey and time deposits in banks with original maturities less than three months.

1.1. Cash and cash equivalents at the beginning of the period

	31 December 2019	31 December 2018
Cash	**1,253,373**	**1,641,075**
Cash in vault	305,785	291,079
Cash in foreign currency	947,588	1,349,996
Cash equivalents	**12,152,246**	**9,779,316**
Central Bank of Turkey	3,146,437	4,517,388
Banks	749,232	914,276
Interbank money market	8,256,577	4,347,652
Total	**13,405,619**	**11,420,391**

1.2. Cash and cash equivalents at the end of period

	31 December 2020	31 December 2019
Cash	**1,381,960**	**1,253,373**
Cash in vault	224,384	305,785
Cash in foreign currency	1,157,576	947,588
Cash equivalents	**11,493,395**	**12,152,246**
Central Bank of Turkey	4,869,324	3,146,437
Banks	1,599,686	749,232
Interbank money market	5,024,385	8,256,577
Total	**12,875,355**	**13,405,619**

2. Explanation about other line items included in the cash flow and about the effect of changes in foreign exchange rates on cash and cash equivalents line item included in the cash flow statement

Amounting to TL 120,929 increase (31 December 2019: TL 126,267 increase) under "Operating profit before changes in operating assets and liabilities" consists of other operational incomes.

Amounting to TL 2,192,268 increase (31 December 2019: TL 1,605,814 decrease) under "Operating profit before changes in operating assets and liabilities" consists of profit/loss from capital market transactions, profit/loss from derivative transactions and other operational expenses.

Amounting to TL 287,614 decrease (31 December 2019: TL 3,046,096 increase) under "Changes in operating assets and liabilities" consists of mainly changes in prepaid expenses, factoring and leasing receivables and changes in exchange accounts under other assets.

Amounting to TL 222,541 increase (31 December 2019: TL 1,173,071 decrease) under "Changes in operating assets and liabilities" consists of mainly changes in fees and commissions obtained in advance and changes in exchange account under other liabilities.

Amounting to TL 20,303 decrease (31 December 2019: TL 43,647 decrease) under "Net cash flow from investment activities" consists of mainly purchase of intangible assets.

As of 31 December 2020, the effect of changes in the foreign currency rates on the cash and cash equivalents has been determined by the sum of exchange rate differences of translation into TL of cash and cash equivalents denominated in foreign currency in the beginning and the end of the period quarterly and as approximately TL 1,090,199 (31 December 2019: TL 964,621).

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

VII. 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	-	-	120	569,874	39	201,879
End of the period	-	-	3,714	944,813	8,949	358,190
Interest and commission income	-	-	41	2,788	-	421

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	-	-	71	570,374	47	200,958
End of the period	-	-	120	569,874	39	201,879
Interest and commission income	-	-	4	1,260	-	280

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	-	-	102,613	25,152	29,018	2,400
End of the period	-	-	49,817	102,613	67,237	29,018
Interest expense on deposits	-	-	355	497	2,361	688

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the Consolidated Financial Statements as of and for the Year Ended 31 December 2020

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

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

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

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at fair value through profit and loss						
Beginning of the period	-	-	23,135,735	11,502,875	27,994	20,039
End of the period	-	-	12,046,297	23,135,735	-	27,994
Total profit/loss	-	-	(37,591)	88,037	45,053	41,236
Transactions with hedging purposes						
Beginning of the period	-	-	2,005,290	-	-	-
End of the period	-	-	1,002,441	2,005,290	-	-
Total profit/loss	-	-	(36,269)	(31,269)	-	-

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	-	-	93,206	13,741	8,121	67,664
End of the period	-	-	273,041	93,206	15,623	8,121
Interest income received	-	-	130	698	28	142

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	-	-	9,411,987	14,502,679	3,901	7,702
End of the period	-	-	8,208,721	9,411,987	19,104	3,901
Interest and commission paid	-	-	122,244	132,503	362	1,495

The Group also has subordinated loan amounting to TL 4,019,844 from its shareholder ING Bank NV as of 31 December 2020 (31 December 2019: TL 4,237,398).

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

Benefits paid to key management personnel for the period ended as of 31 December 2020 is amounting to TL 29,229 (31 December 2019: TL 39,933).

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

VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Parent Bank

	Number	Number of employees	Country	Total assets	Capital
Domestic branches	191	3,531			
Foreign representative offices	-	-	-		
Foreign branches	-	-		-	-
Off-shore banking region branches	-	-		-	-

Section six

Other Explanations

I. Other explanations on the Parent Bank's operations

None.

II. Explanations and notes related to subsequent events

Umut Pasin has been appointed as Financial Risk Management Executive Vice President per the Board of Directors resolution No. 107/1 and dated 23 December 2020 and after completion of the BRSA process, he started his duty as of 8 February 2021.

Section seven

Independent auditors' report

I. Explanations on the independent auditors' report

The consolidated financial statements of the Parent Bank and its financial subsidiaries as of 31 December 2020, have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and the independent auditors' report dated 15 February 2021 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.

Contact Info

Branch Name	Province	Address	Telephone
4. Levent	İstanbul	Sanayi Mahallesi Silahtaroğlu Sokak 11 Eş Bina No: 29/A 4. Levent - Kağıthane/İstanbul	(212) 325 35 55
Acıbadem	İstanbul	Bulgurlu Mah. Acıbadem Cad. No: 156 34660 Üsküdar/ İstanbul	(216) 545 27 55
Adana Özel Bankacılık Merkez	Adana	Çınarlı Mahallesi Fatih Terim Sokak Bulvar İş Merkezi No: 17/7 Seyhan/Adana	(322) 429 10 99
Adana Tüzel Bankacılık	Adana	Çınarlı Mahallesi Fatih Terim Sokak Bulvar İş Merkezi No: 17/801 Seyhan/Adana	(322) 363 20 17
Adapazarı	Sakarya	Tığcılar Mah. Atatürk Bulvarı No: 73 Adapazarı/Sakarya	(264) 279 89 10
Afyonkarahisar	Afyonkarahisar	Dumlupınar Mh. S. Gönçer Cd. Diler İş Merkezi No: 31/B Merkez/Afyonkarahisar	(272) 214 03 52
Akhisar	Manisa	Paşa Mah. 19. Cad. No: 78/A Akhisar/Manisa	(236) 413 59 55
Alaçatı	İzmir	Alaçatı Mah. Kemalpaşa Cad. No: 45 A Çeşme/İzmir	(232) 716 65 12
Alanya	Antalya	Atatürk Caddesi No: 80/A - B Alanya/Antalya	(242) 513 90 91
Aliağa	İzmir	Kültür Mahallesi Demokrasi Meydanı No: 2/1 (A - B) 35800 Aliağa/İzmir	(232) 616 35 77
Anadolu Yakası Kurumsal	İstanbul	Reşitpaşa Mah. Eski Büyükdere Cad. No: 8 34467 Sarıyer/ İstanbul	(216) 468 19 00
Ankara Kurumsal	Ankara	Gaziosmapaşa Mahallesi İran Caddesi No: 29/1, 29/2 Çankaya/Ankara	(312) 458 18 00
Ankara Optimum	Ankara	Optimum Outlet Center No: 93 Zemin Kat: 11/D Eryaman Ayaş Yolu Etimesgut/Ankara	(312) 281 30 66
Ankara Özel Bankacılık Merkez	Ankara	Gaziosmapaşa Mahallesi İran Caddesi No: 29/1, 29/2 Çankaya/Ankara	(312) 442 67 01
Ankara Tüzel Bankacılık	Ankara	Demirhendek Caddesi No: 62 06310 Siteler Altındağ/ Ankara	(312) 447 33 00
Antakya	Hatay	Yavuz Selim Caddesi No: 19 31050 Antakya/Hatay	(326) 225 32 04
Antalya	Antalya	Adnan Menderes Bulv. No: 11 07040 Merkez/Antalya	(242) 246 53 00
Antalya Özel Bankacılık Merkez	Antalya	Şirinyalı Mahallesi İsmet Gökşen Caddesi No: 66/101 Muratpaşa/Antalya	(242) 324 86 26
Antalya Tüzel Bankacılık	Antalya	Şirinyalı Mahallesi İsmet Gökşen Caddesi No: 66/Z1 Muratpaşa/Antalya	(242) 322 96 34
Atakum	Samsun	Mimar Sinan Mahallesi Atatürk Bulvarı No: 271 Atakum/ Samsun	(362) 999 29 94
Ataşehir	İstanbul	Ataşehir, Sedef Cad. 36. Ada Revaklı Çarşı Ata 2/5 Bl. No: 6-7-8 34750 Kadıköy/İstanbul	(216) 456 77 50
Atatürk Caddesi	İstanbul	Sahrayıcedit Mah. Atatürk Cad. No: 38/C Kadıköy/İstanbul	(216) 302 95 07
Avcılar Çarşı	İstanbul	Merkez Mahallesi Reşitpaşa Caddesi No: 52/B Avcılar/İstanbul	(212) 662 31 21
Aydın	Aydın	Cumhuriyet Mahallesi Adnan Menderes Bulvarı No: 8 Efeler/Aydın	(256) 225 16 15
Ayvalık	Balıkesir	Fevzipaşa Mahallesi Atatürk Bulvarı No: 5-7 Ayvalık/Balıkesir	(266) 312 17 54
Bağcılar	İstanbul	Çınar Mahallesi İstanbul Caddesi 6. Sokağı No: 27-29 A-B 34200 Bağcılar/İstanbul	(212) 634 50 01
Bağdat Caddesi Özel Bankacılık Merkez	İstanbul	Caddebostan Mahallesi Bağdat Caddesi No: 302/1 Kat: 2 B.B. No: 8-9 Kadıköy/İstanbul	(216) 362 82 02
Bahçelievler Ankara	Ankara	Yukarı Bahçelievler Mahallesi Aşkabat Caddesi No: 54 A Çankaya/Ankara	(312) 212 08 45
Bahçelievler İstanbul	İstanbul	Bahçelievler Mahallesi İzettin Çalışlar Cad. No: 46 A Bahçelievler/İstanbul	(212) 504 55 15
Bahçeşehir	İstanbul	Bahçeşehir 1. Kısım, Kemal Sunal Caddesi Defne 03 Villa 6 Başakşehir/İstanbul	(212) 669 89 23
Bakırköy	İstanbul	Cevizlik Mah. İstanbul Cad. No: 47/A Bakırköy/İstanbul	(212) 414 38 00

Contact Info

Branch Name	Province	Address	Telephone
Balıkesir	Balıkesir	Dumlupınar Mah. Anafartalar Cad. No: 34/E Karesi/ Balıkesir	(266) 245 96 11
Bandırma	Balıkesir	Haydar Çavuş Mahallesi İsmet İnönü Caddesi No: 68 Bandırma/Balıkesir	(266) 714 36 20
Bartın	Bartın	Orta Mahalle Karakaş Caddesi No: 10 Merkez/Bartın	(378) 227 01 11
Batman	Batman	GAP Mah. Turgut Özal Bulvarı No: 298/C Safir Plaza Merkez/Batman	(488) 212 47 01
Bayrampaşa Bireysel	İstanbul	Yenidoğan Mahallesi Abdi İpekçi Caddesi No: 14-16/A Bayrampaşa/İstanbul	(212) 674 78 50
Bebek Özel Bankacılık Merkez	İstanbul	Cevdetpaşa Caddesi No: 43/E Bebek 34342 Beşiktaş/İstanbul	(212) 287 73 77
Bergama	İzmir	Ertuğrul Mahallesi Kaymakam Kemalbey Caddesi No: 15/9 Bergama/İzmir	(232) 632 94 40
Beşevler Sanayi	Bursa	Üçevler Mahallesi Ersan Sokak No: 7 D Nilüfer/Bursa	(224) 441 87 23
Beşiktaş	İstanbul	Sinanpaşa Mah. Şehit Asım Cad. No: 23/1 34340 Beşiktaş/ İstanbul	(212) 259 88 03
Beylikdüzü	İstanbul	Beylikdüzü OSB Mah. Açelya Cad. No: 1 İç Kapı No: 4 Beylikdüzü/İstanbul	(212) 879 03 55
Beylikdüzü Tüzel Bankacılık	İstanbul	Yakuplu Mahallesi Haramidere Caddesi Dış Kapı No: 8 A İç Kapı No: 6 Beylikdüzü/İstanbul	(212) 590 39 29
Bodrum	Muğla	Cumhuriyet Mah. Kıbrıs Şehitleri Cad. L Apartmanı No: 218 Bodrum/Muğla	(252) 317 04 33
Bolu	Bolu	Tabaklar Mahallesi İzzet Baysal Cd. No: 78 Bolu	(374) 215 94 94
Bornova	İzmir	Ergene Mahallesi Mustafa Kemal Cd. No: 38/1 Bornova/ İzmir	(232) 397 40 00
Bostanlı	İzmir	1807/1 Sok. Bostanlı Meydanı No: 4/A 35540 Karşıyaka/ İzmir	(232) 362 40 05
Bursa	Bursa	Fevzi Çakmak Cd.No: 69/3 16050 Merkez/Bursa	(224) 275 48 00
Bursa Tüzel Bankacılık	Bursa	23 Nisan Mahallesi, 242. Sokak, No: 2 (İç Kapı No: 37,38,39,40 no.lu ofisler) Nilüfer/Bursa	(224) 999 11 85
Büyük Çekmece	İstanbul	19 Mayıs Mah. Saydağ Sok. A1 Blok No: 3/3 B-C Bağımsız Bölüm: 24-25 Büyükçekmece/İstanbul	(212) 881 68 55
Caddebostan	İstanbul	Bağdat Caddesi Hulusi Bey Apt. No: 253/A 34730 Kadıköy/ İstanbul	(216) 368 24 92
Cebeci	Ankara	Fakülteler Mahallesi Cemal Gürsel Caddesi No: 73/B Çankaya/Ankara	(312) 319 48 40
Mecidiyeköy Bireysel	İstanbul	Büyükdere Caddesi Akabe Ticaret Merkezi No: 78 Mecidiyeköy 34394 Şişli/İstanbul	(212) 373 60 00
Avrupa Tüzel Bankacılık	İstanbul	Fulya Mah. Büyükdere Cad. Akabe İşhanı Apt. No: 78 80 A Şişli/İstanbul	(212) 234 55 93
Çallı	Antalya	Güvenlik Mahallesi Vatan Bulvarı Ata İş Merkezi No: 45/B Muratpaşa/Antalya	(242) 334 30 03
Çamdibi	İzmir	Mersinli Mahallesi Fatih Caddesi No: 104 A Konak/İzmir	(232) 462 30 81
Çanakkale	Çanakkale	Kemalpaşa Mahallesi Çarşı Caddesi No: 79 Merkez/ Çanakkale	(286) 213 90 51
Çekmeköy	İstanbul	Mehmet Akif Mahallesi Şahinbey Caddesi No: 3 Çekmeköy/ İstanbul	(216) 642 31 22
Çerkezköy	Tekirdağ	Gazi Mustafa Kemal Paşa Mah. Atatürk Cad. No: 44/B Çerkezköy/Tekirdağ	(282) 726 73 07
Çeşme	İzmir	16 Eylül Mah. Cumhuriyet Meydanı No: 7 Çeşme/İzmir	(232) 712 66 29
Çetin Emeç	Ankara	Balgat Mahallesi Ceyhun Atıf Kansu Caddesi No: 94/13 06520 Çankaya/Ankara	(312) 285 54 74
Çorlu	Tekirdağ	Şeyhsinan Mahallesi Şehit Teğmen Yavuzer Caddesi No: 6 A Çorlu/Tekirdağ	(282) 653 39 66
Çorum	Çorum	Çepni Mah. İnönü Cad. No: 33 Merkez/Çorum	(364) 225 36 25

Branch Name	Province	Address	Telephone
Denizli	Denizli	Saraylar Mahallesi, Saltak Caddesi, 4/A Denizli	(258) 265 64 99
Diclekent	Diyarbakır	Peyas Mahallesi Urfa Caddesi No: 126/A Kayapınar/Diyarbakır	(412) 251 59 59
Dikmen	Ankara	İlkadım Mah. Dikmen Cad. No: 251/E Çankaya/Ankara	(312) 483 34 00
Diyarbakır	Diyarbakır	Kooperatifler Mahallesi Yaşar Kemal Caddesi No: 35 B Yenişehir/Diyarbakır	(412) 224 86 91
Edirne	Edirne	Sabuni Mahallesi Darüleytam Sokak No: 10 Merkez/Edirne	(284) 212 32 37
Elazığ	Elazığ	İzzetpaşa Mahallesi Gazi Caddesi No: 8/C Elazığ	(424) 238 70 50
Erzurum	Erzurum	Lala Paşa Mahallesi Orhan Şerifsoy Caddesi No: 25 A Yakutiye/Erzurum	(442) 233 57 58
Esenler	İstanbul	Menderes Mahallesi, Atışalanı Caddesi, No: 11 Esenler/İstanbul	(212) 674 78 80
Esenyurt	İstanbul	İnönü Mah. Doğan Araslı Bulvarı No: 94/B Esenyurt/İstanbul	(212) 999 29 95
Eskişehir	Eskişehir	Cumhuriye Mahallesi Sakarya-1 Caddesi No: 7/B Tepebaşı/Eskişehir	(222) 211 53 00
Fatih	İstanbul	Fevzi Paşa Cadddesi No: 66 34260 Fatih/İstanbul	(212) 453 19 00
Fethiye	Muğla	Cumhuriyet Mahallesi Çarşı Caddesi No: 29 Fethiye/Muğla	(252) 612 34 80
Florya	İstanbul	Florya Asfaltı No: 70/2 34810 Florya/İstanbul	(212) 662 13 64
Gaziantep	Gaziantep	İncilipınar Mh. Muammer Aksoy Blv. Osmanlı İş Merkezi No: 30/G - H 27100 Şehitkamil/Gaziantep	(342) 215 43 50
Gaziantep Tüzel Bankacılık	Gaziantep	İncilipınar Mh. Muammer Aksoy Blv. Osmanlı İş Merkezi No: 30/G - H 27100 Şehitkamil/Gaziantep	(342) 999 11 49
Gaziosmanpaşa	İstanbul	Merkez Mahallesi Cumhuriyet Meydanı No: 27/B Gaziosmanpaşa/İstanbul	(212) 417 61 20
Gebze	Kocaeli	Hacıhalil Mah. Atatürk Cad. Marmara Apt. No: 36/B Gebze/Kocaeli	(262) 676 74 00
Gebze Tüzel Bankacılık	Kocaeli	GOSB Meydan Binası 1600. Sokak No: 1601/613 Çayırova/Kocaeli	(262) 427 28 68
Göktürk	İstanbul	Göktürk Merkez Mah. İstanbul Cad. Arcadium Life-2 Çarşı No: 26/J Eyüpsultan/İstanbul	(212) 322 27 10
Gölcük	Kocaeli	Merkez Mah. Amiral Sağlam Cad. No: 4 B Gölcük/Kocaeli	(262) 414 83 50
Göztepe/İstanbul	İstanbul	Merdivenköy Mahallesi Fahrettin Kerim Gökay Caddesi No: 227/B Göztepe-Kadıköy/İstanbul	(216) 363 49 39
Güneşli	İstanbul	Bağlar Mahallesi Atatürk Caddesi No: 10/B Bağcılar/İstanbul	(212) 655 72 10
Hatay/İzmir	İzmir	İnönü Caddesi No: 338/B 35360 Konak/İzmir	(232) 243 55 55
Isparta	Isparta	Pirimehmet Mah. 101. Cad. No: 77 Merkez/Isparta	(246) 232 50 16
İmes	İstanbul	Dudullu Mah. İmes Sanayi Sitesi C Blok No: 7 34775 Ümraniye/İstanbul	(216) 379 95 79
İmes Tüzel Bankacılık	İstanbul	Dudullu Mah. İmes Sanayi Sitesi C Blok No: 7 34775 Ümraniye/İstanbul	(216) 365 78 60
İskenderun	Hatay	Savaş Mahallesi Şehit Pamir Caddesi No: 6 İskenderun/Hatay	(326) 629 20 00
Kozyatağı Tüzel Bankacılık	İstanbul	19 Mayıs Mah. İnönü Cad. No: 94 D: 11 Kadıköy/İstanbul	(216) 474 11 87
İstanbul Atatürk Havalimanı Serbest Bölge	İstanbul	Yeşilköy Sb Mah. Havalimanı Cd. No: 1 A Blok Sokak No: 1/54-55 Bakırköy/İStanbul	(212) 465 03 19
İzmir	İzmir	Cumhuriyet Bulvarı No: 67 Pasaport 35210 Konak/İzmir	(232) 455 69 00
İzmir Özel Bankacılık Merkez	İzmir	Cumhuriyet Bulvarı No: 67 Pasaport 35210 Konak/İzmir	(232) 464 42 60
İzmir Tüzel Bankacılık	İzmir	Cumhuriyet Bulvarı No: 67 Kat: 6 Pasaport Konak/İzmir	(232) 457 14 41
İzmit	Kocaeli	Karabaş Mah. Cumhuriyet Cad. No: 158/4 İzmit/Kocaeli	(262) 317 16 00
İzmit Tüzel Bankacılık	Kocaeli	Kemalpaşa Mahallesi Hürriyet Caddesi No: 29 İzmit/Kocaeli mevcut	(262) 323 52 20
Kadıköy Altıyol	İstanbul	Osmanağa Mahallesi Nal Sokak No: 11,11 A Kadıköy/İstanbul	(216) 347 32 00

Contact Info

Branch Name	Province	Address	Telephone
Kahramanmaraş	Kahramanmaraş	Trabzon Caddesi No: 35/A, B 46060 Merkez/ Kahramanmaraş	(344) 225 71 82
Kalamış	İstanbul	Fenerbahçe Mah. Ahmet Mithat Efendi Cad. No: 9 A Kadıköy/İstanbul	(216) 405 20 00
Karabağlar	İzmir	İzmir Karabağlar ilçesi, Aşık Veysel Mahallesi, Yeşillik Caddesi, No: 431-435 C Karabağlar/İzmir	(232) 237 28 28
Ege Tüzel Bankacılık	İzmir	İzmir Karabağlar ilçesi, Aşık Veysel Mahallesi, Yeşillik Caddesi, No: 431-435 C Karabağlar/İzmir	(232) 328 07 00
Karabük	Karabük	Bayır Mah. Menderes Cad. No: 2/I Merkez/Karabük	(370) 412 45 45
Karadeniz Ereğli	Zonguldak	Orhanlar Mah. Yalı Cad. No: 40 Ereğli/Zonguldak	(372) 323 92 97
Kars	Kars	Yusufpaşa Mahallesi Kazımpaşa Caddesi No: 130 Merkez/Kars	(474) 223 27 81
Karşıyaka	İzmir	Tuna Mahallesi, Kemalpaşa Caddesi No: 16 Karşıyaka/İzmir	(232) 368 11 70
Karşıyaka Çarşı	İzmir	1721 Sokak No: 12/A 35530 Karşıyaka/İzmir	(232) 368 38 98
Kartal	İstanbul	Kordonboyu Mahallesi Ankara Caddesi No: 98 34860 Kartal/İstanbul	(216) 387 56 76
Kartal Tüzel Bankacılık	İstanbul	Kordonboyu Mahallesi Ankara Caddesi No: 98 34860 Kartal/İstanbul	(212) 271 68 88
Kastamonu	Kastamonu	Aktekke Mahallesi Yalçın Caddesi No: 8-B Merkez/Kastamonu	(366) 214 40 83
Kavacık	İstanbul	Kavacık Mah. Orhan Veli Kanık Cad. No: 114 Beykoz/İstanbul	(216) 425 97 20
Kayseri	Kayseri	Nazmi Toker Caddesi No: 5/A 38040 Melikgazi/Kayseri	(352) 222 39 63
Kayseri Tüzel Bankacılık	Kayseri	Alpaslan Mahallesi Sivas Caddesi Kandil Sokak Bezciler Sitesi 1. Blok No: 2/A Melikgazi/Kayseri	(352) 223 50 12
Keçiören	Ankara	Şevkat Mahallesi Kızlarpınarı Caddesi No: 74 /14-15 Keçiören/Ankara	(312) 360 39 38
Kırklareli	Kırklareli	Cumhuriyet Caddesi No: 16 39020 Merkez/Kırklareli	(288) 212 74 55
Kırşehir	Kırşehir	Kuşdili Mahallesi Terme Caddesi No: 30 Merkez/Kırşehir	(386) 214 05 15
Kızılay	Ankara	Ziya Gökalp Caddesi 17/ A 06420 Kızılay - Çankaya/Ankara	(312) 999 66 75
Kızılay Tüzel Bankacılık	Ankara	Ziya Gökalp Caddesi 17/A Kat: 2 Kızılay-Çankaya/Ankara	(312) 416 74 00
Konya	Konya	Musalla Bağları Mahallesi Ahmet Hilmi Nalçacı Caddesi Erol Sitesi Kapı No: 90 İçkapı No: A Selçuklu/Konya	(332) 237 22 47
Konya Tüzel Bankacılık	Konya	Fevzi Çakmak Mahallesi Kosgeb Caddesi Kapı No: 3 İç Kapı No: B Karatay/Konya	(332) 237 90 50
Konyaaltı	Antalya	Altınkum Mahallesi Atatürk Bulvarı Begüm Apartmanı No: 237/1 Merkez/Antalya	(242) 229 58 89
Köprübaşı	Eskişehir	İstiklal Mahallesi, Şair Fuzuli Caddesi No: 36 A Odunpazarı/Eskişehir	(222) 999 11 07
Kuşadası	Aydın	Türkmen Mahallesi Atatürk Bulvarı Belvü Sitesi No: 68/38 Kuşadası/Aydın	(256) 612 44 34
Küçükyalı	İstanbul	Altıntepe Mah. Bağdat Cad. No: 93 B Maltepe/İstanbul	(216) 417 44 15
Kütahya	Kütahya	Cumhuriyet Caddesi No: 68 43100 Merkez/Kütahya	(274) 224 97 06
Lara	Antalya	Şirinyalı Mahallesi İsmet Gökşen Caddesi No: 66/A Muratpaşa/Antalya	(242) 316 25 45
Levent	İstanbul	Levent Mahallesi Çarşı Caddesi No: 18 Beşiktaş/İstanbul	(212) 270 05 65
Lüleburgaz	Kırklareli	Özerler Mahallesi Fatih Caddesi No: 9 Lüleburgaz/Kırklareli	(288) 417 45 48
Malatya	Malatya	Kavaklıbağ Mahallesi İnönü Caddesi No: 49/A Merkez/Malatya	(422) 326 42 06
Maltepe	İstanbul	Bağlarbaşı Mahallesi Bağdat Caddesi Gedik İş Merkezi No: 414/A Maltepe - Kadıköy/İstanbul	(216) 383 47 13
Manavgat	Antalya	Yukarı Hisar Mahallesi Antalya Caddesi No: 34 Manavgat/Antalya	(242) 746 75 17
Manisa	Manisa	Yarhasanlar Mah. Doğu Caddesi 8 Eylül İş Merkezi No: 14 45020 Şehzadeler/Manisa	(236) 231 57 81

Branch Name	Province	Address	Telephone
Marmaris	Muğla	Kemeraltı Mah. Atatürk Cad. No: 10/C 48700 Marmaris/Muğla	(252) 412 50 28
Maslak	İstanbul	Reşitpaşa Mah. Eski Büyükdere Cad. No: 8 34467 Sarıyer/İstanbul	(212) 335 80 00
Maslak Özel Bankacılık Merkez	İstanbul	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8 34467 Sarıyer/İstanbul	(212) 335 15 15
Maslak Tüzel Bankacılık	İstanbul	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8 Sarıyer/İstanbul	(212) 693 77 33
Merkez	İstanbul	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8 Sarıyer/İstanbul	(212) 335 80 50
Mersin	Mersin	İsmet İnönü Bulvarı Nail Göksu İş Hanı No: 58 33060 Akdeniz/Mersin	(324) 237 10 50
Metropol	Mersin	İhsaniye Mahallesi K. Milliye Caddesi 109/A Akdeniz/Mersin	(324) 336 11 00
Mezitli	Mersin	Menderes Mahallesi Gazi Mustafa Kemal Bulvarı No: 727 C Mezitli/Mersin	(324) 359 89 34
Muğla	Muğla	Şeyh Mahallesi İsmet İnönü Cad. No: 26/A1 Menteşe/Muğla	(252) 214 10 68
Nazilli	Aydın	Altıntaş Mahallesi İstasyon Bulvarı No: 21 09800 Nazilli/Aydın	(256) 313 20 00
Nevşehir	Nevşehir	Atatürk Bulvarı No: 36 50200 Merkez/Nevşehir	(384) 213 14 68
Niğde	Niğde	Yenice Mahallesi Ayhan Şahenk Bulvarı No: 23/A Merkez/Niğde	(388) 232 34 76
Nilüfer	Bursa	İhsaniye Mahallesi Fatih Sultan Mehmet Bulvarı No: 54 Nilüfer/Bursa	(224) 249 37 89
Nişantaşı	İstanbul	Vali Konağı Cad. Uğur Apt. No: 14/1 34367 Nişantaşı - Şişli/İstanbul	(212) 296 10 23
Ordu	Ordu	Düz Mahallesi Hükümet Caddesi No: 8 Merkez/Ordu	(452) 223 16 92
Ostim Tüzel Bankacılık	Ankara	100. Yıl Bulvarı Mahallesi No: 14 Yenimahalle/Ankara	(312) 385 39 14
Ostim Bulvarı	Ankara	Ostim OSB Mahallesi 1228. Cadde No: 1 A-1 B Yenimahalle/Ankara	(312) 999 16 79
Özel Hizmetler	İstanbul	Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8	(212) 367 74 24
Pendik	İstanbul	Doğu mahallesi Mesnevihan Sokak No: 3/A Pendik/İstanbul	(216) 491 87 04
Polatlı	Ankara	Cumhuriyet Mahallesi, Eti Caddesi, No: 19/A Polatlı/Ankara	(312) 623 49 54
Pozcu	Mersin	Güvenevler Mahallesi Gazi Mustafa Kemal Bulvarı No: 368/B Pozcu/Mersin	(324) 326 78 00
Salihli	Manisa	Mithatpaşa Mahallesi Mithatpaşa Caddesi No: 145 Salihli/Manisa	(236) 714 14 14
Samsun	Samsun	Kale Mahallesi Kazımpaşa Caddesi No: 40 İlkadım/Samsun	(362) 431 51 96
Sancaktepe	İstanbul	Meclis Mahallesi Ankara Caddesi No: 32 A 34785 Sancaktepe/İstanbul	(216) 266 36 60
Sefaköy	İstanbul	Ahmet Kocabıyık Sokak No: 25/3 - 4 - 5 34295 Küçükçekmece/İstanbul	(212) 426 49 39
Seyhan	Adana	Cemalpaşa Mah. Atatürk Cad. Sapmaz İş Merkezi No: 48/C Seyhan/Adana	(322) 999 17 18
Siirt	Siirt	Bahçelievler Mah. Hz. Fakirullah Cad. No: 41 A Merkez/Siirt	(484) 224 11 71
Sincan	Ankara	Gökyem mevkii Atatürk Mah. Onur Sokak No: 13/A Sincan/Ankara	(312) 276 61 66
Sivas	Sivas	Sularbaşı Mahallesi Belediye Sokak No: 6 Merkez/Sivas	(346) 221 40 13
Soma	Manisa	Nihat Danışman Mahallesi Atatürk Caddesi No: 7/B Soma/Manisa	(236) 613 14 00

Contact Info

Branch Name	Province	Address	Telephone
Söke	Aydın	Konak Mah. Cumhuriyet Cad. No: 5/2 Söke/Aydın	(256) 512 13 51
Suburcu	Gaziantep	Karagöz Mahallesi Suburcu Caddesi No: 8 Şahinbey/Gaziantep	(342) 220 02 07
Sultanbeyli	İstanbul	Abdurrahman Gazi Mah. Bosna Bulvarı No: 16 A Sultanbeyli/İstanbul	(216) 419 12 22
Sultangazi	İstanbul	Cebeci Mahallesi Eski Edirne Asfaltı Caddesi No: 720/C Sultangazi/İstanbul	(212) 999 31 28
Şanlıurfa	Şanlıurfa	Atatürk Mahallesi Atatürk Bulvarı No: 64/B Merkez Şanlıurfa	(414) 315 65 86
Şirinyer	İzmir	Kızılçulu Mahallesi Menderes Caddesi No: 274/B 35140 Şirinyer - Buca/İzmir	(232) 448 68 58
Şişli	İstanbul	Merkez Mahallesi Büyükdere Cad. C Blok Apt. No: 7/C Şişli/İstanbul	(212) 373 10 00
Tarsus	Mersin	Caminur Mah. Mersin Cad. No: 21/B Tarsus/Mersin	(324) 614 08 30
Tekirdağ	Tekirdağ	Aydoğdu Mahallesi Hükümet Caddesi No: 120 Süleymanpaşa/Tekirdağ	(282) 263 89 89
Tokat	Tokat	Kabe-i Mescid Mahallesi Gazi Osman Paşa Bulvarı No: 174/A Tokat	(356) 214 99 07
Topçular	İstanbul	Eyüp Rami Topçular Mah. Rami Kışla Cad. Tikveşli Sok. No: 1 Tikveşli Köyü - Eyüp/İstanbul	(212) 613 62 30
Topkapı Tüzel Bankacılık	İstanbul	Keresteciler Sitesi Fatih Cad. Aksoy İş Merkezi No: 11/B Merter 34010 Güngören/İstanbul	(212) 506 45 46
Torbalı	İzmir	Tepeköy Mahallesi Ağalar Caddesi No: 6/A Torbalı/İzmir	(232) 446 76 10
Trabzon	Trabzon	Kemerkaya Mah. Kahramanmaraş Cad. No: 17 61030 Merkez/Trabzon	(462) 326 55 78
Tunalı Hilmi	Ankara	Remzi Oğuz Arık Mah. Tunalı Hilmi Cad. No: 78 A Çankaya/Ankara	(312) 419 28 15
Turan Güneş	Ankara	Sancak Mahallesi Turan Güneş Bulvarı 64/B Yıldız-Çankaya/Ankara	(312) 440 99 27
Turgut Özal Bulvarı	Adana	Karalarbucağı Mah. T. Özal Bul. No: 105 Seyhan/Adana	(322) 232 99 49
Ulus	Ankara	Anafartalar Mahallesi Şehit Teğmen Kalmaz Caddesi No: 16 B Altındağ/Ankara	(312) 310 62 00
Urla	İzmir	Hacı İsa Mahallesi 75. Yıl Cumhuriyet Caddesi No: 1/B Urla/İzmir	(232) 754 16 40
Uşak	Uşak	Kurtuluş Mahallesi İsmet Paşa Caddesi No: 70/A Merkez/Uşak	(276) 223 39 40
Üçkuyular	İzmir	Mithatpaşa Caddesi No: 1177/B 35350 Üçkuyular/İzmir	(232) 279 00 49
Ümitköy	Ankara	Osmanağa Konakları 8. Cad. 43519 - 43520 Adalararası Sok. No: 9 06800 Ümitköy - Yenimahalle/Ankara	(312) 235 02 97
Ümraniye	İstanbul	İstiklal Mahallesi Alemdağ Caddesi No: 158 A Ümraniye/İstanbul	(216) 521 20 60
Üsküdar	İstanbul	Hakimiyeti Milliye Caddesi No: 58/B Kadri Vedat Kançal İşhanı 34660 Üsküdar/İstanbul	(216) 334 10 68
Yalova	Yalova	Süleymanbey Mahallesi, Yalı Caddesi No: 39 Merkez/Yalova	(226) 811 61 15
Yenibosna Tüzel Bankacılık	İstanbul	Bağlar Mahallesi Yavuz Sultan Selim Caddesi No: 15/81-86-85 Canel Plaza Kat: 8 (B.B. No: 47-48-49) Güneşli-Bağcılar/İstanbul	(212) 474 88 66
Yenimahalle	Ankara	Ragıp Tüzün Mah. Akın Cad. No: 28/A Yenimahalle/Ankara	(312) 343 36 00
Yıldırım	Bursa	Dua Çınarı Mah. Ankara Yolu Cad.No: 141/1 Yıldırım/Bursa	(224) 362 60 66
Zeytinburnu	İstanbul	Gökalp Mah. 58. Bulvar Cad. No: 15/1 34760 Zeytinburnu/İstanbul	(212) 679 26 60
Zonguldak	Zonguldak	Gazipaşa Cd. No: 17 67100 Merkez/Zonguldak	(372) 251 75 78

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