

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

ING Bank A.Ş. and Its Financial Subsidiaries

Publicly Announced Consolidated Financial
Statements as of and for the Six-Month Period Ended
30 June 2021 and Independent
Auditors' Review Report

9 August 2021

This report consists of 2 pages of "Independent Auditors' Review Report" and 86 pages of consolidated financial statements and related disclosures and footnotes.

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

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors of ING Bank Anonim Şirketi

Introduction

We have reviewed the consolidated balance sheet of ING Bank Anonim Şirketi (the "Bank") and its financial subsidiaries (together the "Group") as at 30 June 2021 and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity, cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month period then ended. The Group Management is responsible for the preparation and fair presentation of consolidated interim financial information in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority ("BRSA"), and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation (together referred as "BRSA Accounting and Reporting Legislation"). Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information does not present fairly, in all material respects the consolidated financial position of ING Bank Anonim Őirketi and its financial subsidiaries as at 30 June 2021 and its consolidated financial performance and its consolidated cash flows for the six-month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

KPMG Bađımsız Denetim ve Serbest Muhasebeci Mali Műşavirlik Anonim Őirketi

Orhan Akova, SMMM
Engagement Partner
9 August 2021
Istanbul, Turkey

Additional paragraph for convenience translation to English:

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

The consolidated financial report of ING Bank A.Ş. prepared as of and for the six-month period ended 30 June 2021

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

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

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

<u>Subsidiaries</u>	<u>Investments in associates</u>	<u>Joint ventures</u>
1. ING European Financial Services Plc.	None	None
2. ING Finansal Kiralama A.Ş.		
3. ING Faktoring A.Ş.		
4. ING Menkul Değerler A.Ş.		

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

<u>John T. Mc CARTHY</u> Chairman of the Board	<u>Alper İhsan GÖKGÖZ</u> CEO	<u>K. Atıl ÖZUS</u> CFO	<u>M. Gökçe ÇAKIT</u> Financial Reporting and Tax Director
	<u>M. Semra KURAN</u> Chairman of the Audit Committee	<u>Martijn Bastiaan KAMPS</u> Audit Committee Member	

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

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ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements

as of and for the six-month period ended 30 June 2021

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

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.

(Convenience translation of the consolidated interim financial statements and related disclosures originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements

as of and for the six-month period ended 30 June 2021

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

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

The main shareholders and capital structure as of 30 June 2021 and 31 December 2020 are as follows:

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

As of 30 June 2021, the Parent Bank's paid-in capital consists of 3,486,267,797 shares with a nominal value of TL 1 (Full TL) each.

The Parent Bank's paid-in capital is TL 3,486,268 as of 30 June 2021 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 Edibođlu, the members of the Board Martijn Bastiaan Kamps and Sali Salieski with a nominal value of TL 1 (Full TL) each.

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.

(Convenience translation of the consolidated interim financial statements and related disclosures originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Notes to consolidated financial statements

as of and for the six-month period ended 30 June 2021 (continued)

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

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

As of 30 June 2021, 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 Edibođlu	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 Gökğöz	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
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 Ađar	Executive Vice President	Credits
Umut Pasin	Executive Vice President	Financial Risk Management

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.

Technology Executive Vice President of the Parent Bank, İ. Bahadır Şamlı, has resigned from his duty as of 15 April 2021 to be appointed as Head of Information Technologies of ING Belgium.

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

(Convenience translation of the consolidated interim financial statements and related disclosures originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to consolidated financial statements
as of and for the six-month period ended 30 June 2021 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

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

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(Convenience translation of the consolidated interim financial statements and related disclosures 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 30 June 2021

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

Assets	Note (section five)	Reviewed			Audited		
		TL	FC	Total	TL	FC	Total
				Current period (30/06/2021)			Prior period (31/12/2020)
I. Financial assets (net)		11,224,812	9,910,036	21,134,848	9,020,517	10,200,528	19,221,045
1.1 Cash and cash equivalents		7,884,643	9,575,589	17,460,232	6,142,611	9,811,403	15,954,014
1.1.1 Cash and balances at Central Bank	(I-1)	1,642,858	8,430,916	10,073,774	986,318	8,123,476	9,109,794
1.1.2 Banks	(I-3)	178,078	1,144,673	1,322,751	135,568	1,687,927	1,823,495
1.1.3 Money market placements		6,068,024	-	6,068,024	5,024,385	-	5,024,385
1.1.4 Expected credit losses (-)	(I-5)	(4,317)	-	(4,317)	(3,660)	-	(3,660)
1.2 Financial assets at fair value through profit or loss	(I-2)	16,908	89,448	106,356	26,805	79,000	105,805
1.2.1 Government securities		16,864	89,448	106,312	26,743	79,000	105,743
1.2.2 Equity instruments		44	-	44	62	-	62
1.2.3 Other financial assets		-	-	-	-	-	-
1.3 Financial assets at fair value through other comprehensive income	(I-4)	842,178	589	842,767	582,633	313	582,946
1.3.1 Government securities		829,421	-	829,421	569,876	-	569,876
1.3.2 Equity instruments		12,757	589	13,346	12,757	313	13,070
1.3.3 Other financial assets		-	-	-	-	-	-
1.4 Derivative financial assets		2,481,083	244,410	2,725,493	2,268,468	309,812	2,578,280
1.4.1 Derivative financial assets measured at fair value through profit or loss	(I-2)	2,419,358	244,410	2,663,768	2,242,600	309,812	2,552,412
1.4.2 Derivative financial assets measured at fair value through other comprehensive income	(I-11)	61,725	-	61,725	25,868	-	25,868
II. Financial assets measured at amortised cost		26,639,211	19,421,840	46,061,051	28,592,521	16,870,977	45,463,498
2.1 Loans	(I-5)	23,301,705	18,795,604	42,097,309	26,050,358	15,962,966	42,013,324
2.2 Receivables from leasing transactions	(I-10)	85,298	626,037	711,335	84,180	706,985	791,165
2.3 Factoring receivables		46,835	199	47,034	302,995	201,026	504,021
2.4 Other financial assets measured at amortised cost	(I-6)	5,282,386	-	5,282,386	4,253,314	-	4,253,314
2.4.1 Government securities		5,282,386	-	5,282,386	4,253,314	-	4,253,314
2.4.2 Other financial assets		-	-	-	-	-	-
2.5 Expected credit losses (-)	(I-5)	(2,077,013)	-	(2,077,013)	(2,098,326)	-	(2,098,326)
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)	757,554	24	757,578	821,209	25	821,234
VI. Intangible assets (net)	(I-13)	40,281	-	40,281	46,468	-	46,468
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		40,281	-	40,281	46,468	-	46,468
VII. Investment property (net)	(I-14)	-	-	-	-	-	-
VIII. Current tax asset	(I-15)	29,753	-	29,753	-	-	-
IX. Deferred tax asset	(I-15)	1,056	-	1,056	1,770	-	1,770
X. Other assets (net)	(I-17)	715,582	55,355	770,937	604,311	29,164	633,475
Total assets		39,408,909	29,387,255	68,796,164	39,087,456	27,100,694	66,188,150

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

(Convenience translation of the consolidated interim financial statements and related disclosures 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 30 June 2021

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

Liabilities	Note (section five)	Reviewed			Audited		
		TL	FC	Total	TL	FC	Total
				Current period (30/06/2021)			Prior period (31/12/2020)
I. Deposits	(II-1)	24,203,660	20,644,071	44,847,731	19,229,755	20,901,128	40,130,883
II. Loans received	(II-3)	170,390	11,197,511	11,367,901	1,799,764	7,969,696	9,769,460
III. Money market funds		12,646	65,196	77,842	9,438	57,784	67,222
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		575,757	199,583	775,340	791,574	174,586	966,160
7.1 Derivative financial liabilities at fair value through profit or loss	(II-2)	437,803	199,583	637,386	678,575	170,418	848,993
7.2 Derivative financial liabilities at fair value through other comprehensive income	(II-7)	137,954	-	137,954	112,999	4,168	117,167
VIII. Factoring payables		2	152	154	24	617	641
IX. Lease payables (net)	(II-6)	190,434	-	190,434	229,076	-	229,076
X. Provisions	(II-8)	240,963	489	241,452	251,172	426	251,598
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		77,055	-	77,055	61,926	-	61,926
10.3 Insurance technical reserves (net)		-	-	-	-	-	-
10.4 Other provisions		163,908	489	164,397	189,246	426	189,672
XI. Current tax liability	(II-9)	86,485	1,052	87,537	158,224	130	158,354
XII. Deferred tax liability	(II-9)	294,828	-	294,828	179,664	-	179,664
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
14.1 Loans		-	-	-	-	4,019,844	4,019,844
14.2 Other debt instruments		-	-	-	-	-	-
XV. Other liabilities	(II-5)	956,828	147,793	1,104,621	896,519	106,481	1,003,000
XVI. Shareholders' equity	(II-12)	9,808,324	-	9,808,324	9,416,020	(3,772)	9,412,248
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		121,709	-	121,709	118,345	-	118,345
16.4 Other comprehensive income/expense items to be recycled in profit or loss		40,757	-	40,757	(7,592)	(3,772)	(11,364)
16.5 Profit reserves		5,775,994	-	5,775,994	5,050,863	-	5,050,863
16.5.1 Legal reserves		368,858	-	368,858	334,352	-	334,352
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		5,407,136	-	5,407,136	4,716,511	-	4,716,511
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or (loss)		383,596	-	383,596	768,136	-	768,136
16.6.1 Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2 Current period profit or (loss)		383,596	-	383,596	768,136	-	768,136
16.7 Minority interest		-	-	-	-	-	-
Total liabilities and shareholders' equity		36,540,317	32,255,847	68,796,164	32,961,230	33,226,920	66,188,150

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

(Convenience translation of the consolidated interim financial statements and related disclosures 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 30 June 2021

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

Off-balance sheet items	Note (section five)	Reviewed			Audited		
		TL	FC	Total	TL	FC	Total
A. Off-balance sheet commitments (I+II+III)		26,170,708	73,422,103	99,592,811	31,391,799	65,371,786	96,763,585
I. Guarantees and warranties	(III-1)	1,331,867	5,204,265	6,536,132	1,357,433	7,062,942	8,420,375
1.1 Letters of guarantee		1,331,784	4,723,773	6,055,557	1,343,434	6,107,892	7,451,326
1.1.1 Guarantees subject to state tender law		3,347	-	3,347	3,477	-	3,477
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		1,328,437	4,723,773	6,052,210	1,339,957	6,107,892	7,447,849
1.2 Bank acceptances		-	1,031	1,031	-	1,269	1,269
1.2.1 Import letter of acceptance		-	1,031	1,031	-	1,269	1,269
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	369,023	369,023	4,491	718,677	723,168
1.3.1 Documentary letters of credit		-	369,023	369,023	4,491	718,677	723,168
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		83	4,838	4,921	5,147	87,805	92,952
1.8 Other guarantees		-	58,425	58,425	-	74,940	74,940
1.9 Other warranties		-	47,175	47,175	4,361	72,359	76,720
II. Commitments	(III-1)	3,587,771	3,310,221	6,897,992	3,541,893	2,240,674	5,782,567
2.1 Irrevocable commitments		3,587,771	3,310,221	6,897,992	3,541,893	2,240,674	5,782,567
2.1.1 Forward asset purchase commitments		334,730	2,976,936	3,311,666	262,390	1,359,233	1,621,623
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		1,879,556	330,022	2,209,578	1,869,623	878,692	2,748,315
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		231,434	-	231,434	231,822	-	231,822
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		1,111,318	-	1,111,318	1,146,771	-	1,146,771
2.1.10 Commitments for credit cards and banking services promotions		6,383	-	6,383	5,929	-	5,929
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		570	3,263	3,833	1,578	2,749	4,327
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. Derivative financial instruments	(III-2)	21,251,070	64,907,617	86,158,687	26,492,473	56,068,170	82,560,643
3.1 Derivative financial instruments for hedging purposes		3,530,000	-	3,530,000	1,970,000	1,275,834	3,245,834
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		3,530,000	-	3,530,000	1,970,000	1,275,834	3,245,834
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Derivative financial instruments for trading purposes		17,721,070	64,907,617	82,628,687	24,522,473	54,792,336	79,314,809
3.2.1 Forward foreign currency buy/sell transactions		3,883,698	11,291,202	15,174,900	2,675,190	7,758,902	10,434,092
3.2.1.1 Forward foreign currency transactions-buy		3,233,216	4,373,072	7,606,288	1,799,674	3,508,433	5,308,107
3.2.1.2 Forward foreign currency transactions-sell		650,482	6,918,130	7,568,612	875,516	4,250,469	5,125,985
3.2.2 Swap transactions related to foreign currency and interest rates		13,669,516	48,063,325	61,732,841	21,824,587	43,563,616	65,388,203
3.2.2.1 Foreign currency swap-buy		2,220,714	22,275,780	24,496,494	3,584,027	19,764,590	23,348,617
3.2.2.2 Foreign currency swap-sell		5,622,802	16,862,841	22,485,643	9,228,560	12,589,974	21,818,534
3.2.2.3 Interest rate swap-buy		2,913,000	4,462,352	7,375,352	4,506,000	5,604,526	10,110,526
3.2.2.4 Interest rate swap-sell		2,913,000	4,462,352	7,375,352	4,506,000	5,604,526	10,110,526
3.2.3 Foreign currency, interest rate and securities options		167,856	5,553,090	5,720,946	22,696	3,469,818	3,492,514
3.2.3.1 Foreign currency options-buy		83,928	2,776,545	2,860,473	11,348	1,734,909	1,746,257
3.2.3.2 Foreign currency options-sell		83,928	2,776,545	2,860,473	11,348	1,734,909	1,746,257
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		-	-	-	-	-	-
IV. Custody and pledged items (IV+V+VI)		197,670,218	48,873,231	246,543,449	192,025,001	42,875,735	234,900,736
Items held in custody		2,692,854	3,456,410	6,149,264	2,240,258	2,805,683	5,045,941
4.1 Customer fund and portfolio balances		2,316,661	-	2,316,661	1,940,931	-	1,940,931
4.2 Investment securities held in custody		30,269	812,985	843,254	30,936	679,754	710,690
4.3 Checks received for collection		169,728	733,053	902,781	108,756	491,295	600,051
4.4 Commercial notes received for collection		163,714	1,879,446	2,043,160	147,153	1,610,428	1,757,581
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		12,482	30,926	43,408	12,482	24,206	36,688
4.8 Custodians		-	-	-	-	-	-
V. Pledged received		22,525,316	9,148,379	31,673,695	22,671,501	8,328,932	31,000,433
5.1 Marketable securities		132,034	21,841	153,875	132,034	32,216	164,250
5.2 Guarantee notes		210,087	362,858	572,945	209,030	317,950	526,980
5.3 Commodity		910	-	910	910	-	910
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		18,624,556	7,086,361	25,710,917	19,113,316	6,566,119	25,679,435
5.6 Other pledged items		3,557,729	1,677,319	5,235,048	3,216,211	1,412,647	4,628,858
5.7 Pledged items-depository		-	-	-	-	-	-
VI. Accepted independent guarantees and warranties		172,452,048	36,268,442	208,720,490	167,113,242	31,741,120	198,854,362
Total off-balance sheet items (A+V)		223,840,926	122,295,334	346,136,260	223,416,800	108,247,521	331,664,321

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

(Convenience translation of the consolidated interim financial statements and related disclosures originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of profit or loss for the six-month period ended 30 June 2021

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

Income and expense items	Note (section five)	Reviewed	Reviewed	Reviewed	Reviewed
		Current period (01/01/2021- 30/06/2021)	Current period (01/04/2021- 30/06/2021)	Prior period (01/01/2020- 30/06/2020)	Prior period (01/04/2020- 30/06/2020)
I. Interest income	(IV-1)	3,050,356	1,601,170	2,766,680	1,287,986
1.1 Interest on loans		2,091,641	1,057,288	2,166,088	1,054,229
1.2 Interest on reserve requirements		68,496	42,161	-	-
1.3 Interest on banks		20,650	11,799	11,673	6,266
1.4 Interest on money market transactions		530,522	320,168	261,697	62,226
1.5 Interest on marketable securities portfolio		303,757	154,871	283,342	144,492
1.5.1 Financial assets at fair value through profit or loss		3,463	678	9,190	2,057
1.5.2 Financial assets at fair value through other comprehensive income		58,138	39,572	67,222	21,671
1.5.3 Financial assets measured at amortised cost		242,156	114,621	206,930	120,764
1.6 Finance lease income		22,846	11,223	19,701	9,888
1.7 Other interest income		12,444	3,660	24,179	10,885
II. Interest expense (-)	(IV-2)	(1,773,638)	(977,287)	(1,093,361)	(485,336)
2.1 Interest on deposits		(1,585,302)	(878,913)	(885,554)	(381,248)
2.2 Interest on funds borrowed		(171,724)	(91,048)	(152,574)	(72,502)
2.3 Interest on money market transactions		(1,022)	(445)	(11,294)	(10,992)
2.4 Interest on securities issued		-	-	-	-
2.5 Finance lease expense		(13,900)	(6,114)	(21,870)	(9,021)
2.6 Other interest expenses		(1,690)	(767)	(22,069)	(11,573)
III. Net interest income/expense (I - II)		1,276,718	623,883	1,673,319	802,650
IV. Net fees and commissions income/expense		190,713	83,553	209,942	106,520
4.1 Fees and commissions received		279,094	130,647	317,464	160,679
4.1.1 Non-cash loans		59,209	23,442	66,580	32,419
4.1.2 Other	(IV-12)	219,885	107,205	250,884	128,260
4.2 Fees and commissions paid (-)		(88,381)	(47,094)	(107,522)	(54,159)
4.2.1 Non-cash loans		(292)	(94)	(516)	(320)
4.2.2 Other	(IV-12)	(88,089)	(47,000)	(107,006)	(53,839)
V. Dividend income	(IV-3)	506	505	476	476
VI. Trading gain/(loss) (net)	(IV-4)	83,378	68,545	104,344	31,164
7.1 Trading gain/(loss) on securities		95,989	92,773	17,957	22,050
7.2 Gain/(loss) on derivative financial transactions		432,164	233,715	526,079	110,212
7.3 Foreign exchange gain/(loss)		(444,775)	(257,943)	(439,692)	(101,098)
VII. Other operating income	(IV-5)	321,409	98,596	368,945	83,505
VIII. Gross operating income (III+IV+V+VI+VII)		1,872,724	875,082	2,357,026	1,024,315
IX. Expected credit loss (-)	(IV-6)	(296,849)	(99,601)	(592,506)	(218,677)
X. Other provision expenses (-)		(5,582)	(710)	(2,323)	(87)
XI. Personnel expenses (-)		(393,334)	(204,151)	(365,777)	(187,289)
XII. Other operating expenses	(IV-7)	(624,296)	(320,228)	(647,010)	(311,906)
XIII. Net operating profit/(loss) (VIII-IX-X-XI-XII)		552,663	250,392	749,410	306,356
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)	552,663	250,392	749,410	306,356
XVIII. Provision for taxes of continued operations (±)	(IV-9)	(169,067)	(108,857)	(177,101)	(79,991)
18.1 Current tax provision		(68,457)	(24,771)	(135,344)	(96,958)
18.2 Expense effect of deferred tax (+)		(108,134)	(87,144)	(45,515)	15,554
18.3 Income effect of deferred tax (-)		7,524	3,058	3,758	1,413
XIX. Net profit/(loss) from continuing operations (XVII±XVIII)	(IV-10)	383,596	141,535	572,309	226,365
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)	383,596	141,535	572,309	226,365
25.1 Profit/(Loss) from the Group		383,596	141,535	572,309	226,365
25.2 Income/(Loss) from Minority Interest (-)		-	-	-	-
Earnings per share		0.1100	0.0406	0.1642	0.0649

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

(Convenience translation of the consolidated interim financial statements and related disclosures originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2021

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

Profit or loss and other comprehensive income		Reviewed	Reviewed
		Current period (01/01/2021- 30/06/2021)	Prior period (01/01/2020- 30/06/2020)
I.	Current period profit/loss	383,596	572,309
II.	Other comprehensive income	74,480	91,638
2.1	Other income/expense items not to be recycled to profit or loss	(2,219)	3,135
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)	(2,703)	(146)
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	484	16
2.2	Other income/expense items to be recycled to profit or loss	76,699	88,503
2.2.1	Translation differences	24,578	13,002
2.2.2	Income/(expenses) from valuation and/or reclassification of financial assets measured at FVOCI	(22,605)	933
2.2.3	Gains/(losses) from cash flow hedges	90,103	94,041
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	(15,377)	(19,473)
III.	Total comprehensive income (I+II)	458,076	663,947

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

(Convenience translation of the consolidated interim financial statements and related disclosures 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 six-month period ended 30 June 2021

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

Changes in equity

Statement of changes in shareholders' equity		Other comprehensive income/expense items not to be recycled to profit or loss				Other comprehensive income/expense items to be recycled to profit or loss				Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI		Profit reserves	Prior period profit or (loss)	Current period profit or (loss)	Total equity except minority interest	Minority interest	Total shareholders' equity
Reviewed	Note	Paid-in capital	Share premium	Share cancellation profits	Other capital reserves	Revaluation surplus on tangible and intangible assets	Defined benefit plans' actuarial gains/losses	Other (1)	Translation differences	measured at FVOCI	Other (2)		(loss)	(loss)			
Prior period																	
(01/01/2020-30/06/2020)																	
I.		3,486,268	-	-	-	141,898	(2,310)	(241)	324	81,518	(159,623)	3,448,841	-	1,541,866	8,538,541	-	8,538,541
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,486,268	-	-	-	141,898	(2,310)	(241)	324	81,518	(159,623)	3,448,841	-	1,541,866	8,538,541	-	8,538,541
IV.		-	-	-	-	-	(111)	3,246	-	733	74,768	-	-	572,309	650,945	-	650,945
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	13,002	-	13,002	-	13,002
XI.		-	-	-	-	(24,087)	-	-	-	-	-	-	1,565,953	(1,541,866)	-	-	-
11.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	(II-12)	-	-	-	-	(24,087)	-	-	-	-	-	-	1,565,953	(1,541,866)	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-end balance (III+IV+.....+X+XI)		3,486,268	-	-	-	117,811	(2,421)	3,005	324	82,251	(84,855)	5,027,796	-	572,309	9,202,488	-	9,202,488
Current period																	
(01/01/2021-30/06/2021)																	
I.		3,486,268	-	-	-	117,811	(2,471)	3,005	324	22,044	(33,732)	5,050,863	-	768,136	9,412,248	-	9,412,248
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,486,268	-	-	-	117,811	(2,471)	3,005	324	22,044	(33,732)	5,050,863	-	768,136	9,412,248	-	9,412,248
IV.		-	-	-	-	-	(2,219)	-	-	(18,395)	70,516	-	-	383,596	433,498	-	433,498
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	24,578	-	24,578	-	24,578
XI.		-	-	-	-	5,583	-	-	-	-	-	-	700,553	(768,136)	(62,000)	-	(62,000)
11.1		-	-	-	-	-	-	-	-	-	-	-	(62,000)	-	(62,000)	-	(62,000)
11.2	(II-12)	-	-	-	-	5,583	-	-	-	-	-	-	762,553	(768,136)	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-end balance (III+IV+.....+X+XI)		3,486,268	-	-	-	123,394	(4,690)	3,005	324	3,649	36,784	5,775,994	-	383,596	9,808,324	-	9,808,324

(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.

(Convenience translation of the consolidated interim financial statements and related disclosures originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of cash flows for the six-month period ended 30 June 2021

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

Statement of cash flows	Note	Reviewed	Reviewed
		Current period (01/01/2021- 30/06/2021)	Prior period (01/01/2020- 30/06/2020)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		6,410,365	6,596,699
1.1.1 Interest received		3,061,261	2,856,409
1.1.2 Interest paid		(1,747,020)	(1,121,010)
1.1.3 Dividend received		506	476
1.1.4 Fees and commissions received		279,275	317,738
1.1.5 Other income		29,378	33,071
1.1.6 Collections from previously written-off loans and other receivables		237,183	293,142
1.1.7 Payments to personnel and service suppliers		(779,051)	(763,344)
1.1.8 Taxes paid		(219,307)	(112,367)
1.1.9 Other		5,548,140	5,092,584
1.2 Changes in operating assets and liabilities		(5,297,712)	(10,394,040)
1.2.1 Net (increase)/decrease in financial assets at fair value through profit or loss		(940)	(4,454)
1.2.2 Net (increase)/decrease in due from bank		7,974	81,824
1.2.3 Net (increase)/decrease in loans		(1,937,625)	(2,599,569)
1.2.4 Net (increase)/decrease in other assets		(949,907)	(414,421)
1.2.5 Net increase/(decrease) in bank deposits		(8,497)	(513,189)
1.2.6 Net increase/(decrease) in other deposits		1,780,325	(2,914,835)
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		(4,387,713)	(4,443,587)
1.2.9 Net increase/(decrease) in matured payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		198,671	414,191
I. Net cash provided from banking operations		1,112,653	(3,797,341)
B. Cash flow from investing activities			
II. Net cash provided from investing activities		(1,246,798)	(3,562,439)
2.1 Cash paid for acquisition of subsidiaries, investments in associates and joint ventures		-	-
2.2 Cash obtained from disposal of subsidiaries, investments in associates and joint ventures		-	-
2.3 Purchases of property and equipment		(154,446)	(153,493)
2.4 Disposals of property and equipment		244,689	146,308
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(627,378)	(544,814)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		337,493	804,586
2.7 Cash paid for purchase of financial assets measured at amortised cost	(I-6)	(2,859,666)	(4,074,571)
2.8 Cash obtained from sale of financial assets measured at amortised cost	(I-6)	1,821,900	265,278
2.9 Other		(9,390)	(5,733)
C. Cash flows from financing activities			
III. Net cash provided from financing activities		(104,391)	(53,063)
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)	(62,000)	-
3.5 Payments for finance leases		(42,391)	(53,063)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		1,075,234	803,225
V. Net increase in cash and cash equivalents (I+II+III+IV)		836,698	(6,609,618)
VI. Cash and cash equivalents at beginning of the period		12,875,355	13,405,619
VII. Cash and cash equivalents at the end of the period		13,712,053	6,796,001

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 30 June 2021, 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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 2021 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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 to 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 to 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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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 TRLibor average interest 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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VII. Explanations on financial instruments (continued)

Classification of financial instruments

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

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

Assessment of business model

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

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

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

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

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

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

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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VII. Explanations on financial instruments (continued)

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 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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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.

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VIII. Explanations on impairment of financial assets (continued)

Quantitative criteria: The change in lifetime probability of default is the main trigger the transfer between Stage 1 and Stage 2. The trigger compares probability of default at the origination date versus probability of default at the reporting date, considering the remaining maturity. Assets can be transferred in both directions between Stage 1 and Stage 2. In order to determine if movements can be considered as significant, 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.

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 9624 and dated 17 June 2021, this period was extended until 30 September 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 their lifetime expected credit losses until 31 December 2020. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021.

As of 30 June 2021, 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.

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VIII. Explanations on impairment of financial assets (continued)

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 9624 and dated 17 June 2021, this period was extended until 30 September 2021.

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 9624 and dated 17 June 2021, this period was extended until 30 September 2021.

As of 30 June 2021, 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.

Disclosures on write-off policy:

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on 27 November 2019. Pursuant to the regulation, as of the first reporting period (interim or year-end reporting period), the Parent Bank may write-off the portion of the loans, classified as “Group V Loan” (Loans Classified as Loss), for which there is no reasonable expectation of recovery, from the balance sheet within the scope of TFRS 9. The Parent Bank performs objective and subjective assessments whether there is reasonable expectation.

Partial write-off transactions from the financial statements mean that the financial asset will be reimbursed at a certain rate by the debtor, and the amount remaining after the payment of the amount in question or the part of the bank that is classified under group 5 and which does not have reasonable expectations to be recovered.

IX. Explanations on offsetting financial assets

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

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

Marketable securities sold under repurchase agreements (“Repo”) are classified as financial assets whose fair value difference is reflected on profit-loss, and which are 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.

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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	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.

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 “IFRS 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 IFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under “Other Operating Expenses”.

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 borne 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 IAS 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.

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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.

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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.

As of 30 June 2021, the current corporate tax rate is 25%. In accordance with the Law No. 7316 published in the Official Gazette dated 22 April 2021, starting from the declarations that must be submitted as of 1 July 2021 and to be valid for the taxation period starting from 1 January 2021, the corporate tax rate is 25% for the taxation period of 2021 and this rate will be applied as 23% for the taxation period of 2022.

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. In accordance with the Law No. 7316 published in the Official Gazette dated 22 April 2021, the corporate tax rate is 25% for the taxation period of 2021 and this rate will be applied as 23% for the taxation period of 2022, and 20% for the following periods. As of 30 June 2021, the Group has evaluated its assets and liabilities according to their maturities and calculated deferred tax at the rates of 25%, 23% or 20% corresponding to the relevant maturities.

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.

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization Form” 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 2021.

XX. Explanations on guarantees and acceptances

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

XXI. Explanations on government incentives

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

XXII. Explanations on segment reporting

An operating segment is a component of an entity:

- a. That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- b. Whose operating results are regularly reviewed by the entity's authorised decision maker for the purpose of taking decisions about resources to be allocated to the segment and assessing its performance, and
- c. For which discrete financial information is available.

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

XXIII. Profit reserves and distribution of profit

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

XXIV. Explanations on other disclosures

None.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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Section four

Information on financial position and risk management of the Group

I. Explanations on consolidated capital

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

In accordance with the BRSA Decision numbered 9624 and dated 17 June 2021, it has been resolved to continue until 30 September 2021 that the simple arithmetic average of the Central Bank of Turkey's rates for the last 252 business days may be used for the risk weighted assets in capital adequacy ratio calculation.

The Group does not take into consideration the related measures in regulatory capital adequacy ratio calculation as of 30 June 2021.

As of 30 June 2021, the Group's total capital is TL 10,226,297 and the consolidated capital adequacy ratio is 19.65%. As of 31 December 2020, the Group's total capital amounted to TL 12,830,267 and capital adequacy ratio was 24.18%.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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**Notes to the consolidated financial statements
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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	5,775,994	
Other comprehensive income according to TAS	129,886	
Profit	383,596	
Net profit for the period	383,596	
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	9,777,340	
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	5,800	
Leasehold improvements on operational leases	44,553	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	40,863	40,863
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 4 th clause of the 56 th 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 2 nd 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	91,216	
Total common equity tier I capital	9,686,124	
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)	9,686,124	

(*) 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 independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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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	-	-
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)	545,575	-
Tier II Capital Before Deductions	545,575	-
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	-
Bank's investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	-
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	-
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	545,575	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	10,231,699	-
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 (-)	5,402	-
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	10,226,297	-
Total risk weighted amounts	52,037,987	-
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	18.61	-
Tier I Capital Adequacy Ratio (%)	18.61	-
Capital Adequacy Ratio (%)	19.65	-
BUFFERS		
Total buffer requirement	2.55	-
Capital protection buffer requirement (%)	2.50	-
Bank specific cyclical buffer requirement (%)	0.05	-
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 (%)	11.66	-
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	205,402	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	545,575	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	545,575	-
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".

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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**Notes to the consolidated financial statements
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(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	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 4 th clause of the 56 th 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 2 nd 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 independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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Notes to the consolidated financial statements
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on consolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	2,922,714	-
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 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".

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**Notes to the consolidated financial statements
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I. Explanations on consolidated capital (continued)

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

The subordinated loan amounting to USD 62 million obtained from ING Bank N.V. on 26 May 2015 was paid on 26 May 2021, by using the early redemption option, in accordance with the BRSA's approval letter dated 10 March 2021. Remaining amount of EUR 231 million of subordinated loan obtained from ING Bank N.V. on 26 May 2015 and the subordinated loans amounting to EUR 85 million and USD 91 million obtained from ING Bank N.V. on 25 May 2014 were paid on 28 June 2021, by using the early redemption option, in accordance with the BRSA's same approval letters. There is no debt instruments that will be included in total capital calculation as of 30 June 2021.

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders' equity	9,808,324	9,808,324
Gains from cash flow hedge transactions	36,784	(36,784)
Leasehold improvements on operational leases	44,553	(44,553)
Goodwill and intangible assets	40,281	(40,863)
General provision	545,575	545,575
Subordinated debt	-	-
Other deductions from shareholders' equity	5,402	(5,402)
Capital		10,226,297

II. Explanations on consolidated currency risk

Management of foreign currency risk is differentiated on the basis of "Banking Book" and "Trading Book", where trading book is managed in accordance with foreign currency trading position limits as well as value at risk ("VaR") and banking book is 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 8.6169 (Full TL) and 10.3746 (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" (30 June 2021)	8.6848	10.3210
Previous days;		
29 June 2021	8.7155	10.3610
28 June 2021	8.7037	10.3887
25 June 2021	8.7037	10.3887
24 June 2021	8.6965	10.3802
23 June 2021	8.6465	10.3334

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**Notes to the consolidated financial statements
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II. Explanations 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	5,697,788	2,118,821	614,307	8,430,916
Banks	420,081	424,696	299,896	1,144,673
Financial assets at fair value through profit or loss	73,256	49,542	-	122,798
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	589	-	-	589
Loans	13,673,942	5,766,206	11,606	19,451,754
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets (net)	24	-	-	24
Intangible assets (net)	-	-	-	-
Other assets	24,715	30,438	96	55,249
Total assets	19,890,395	8,389,703	925,905	29,206,003
Liabilities				
Bank deposit	1,731,937	192,925	-	1,924,862
Foreign currency deposits	6,443,499	8,884,733	3,390,977	18,719,209
Funds from interbank money market	65,196	-	-	65,196
Borrowings	6,814,489	4,383,022	-	11,197,511
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	31,101	34,159	1,196	66,456
Hedging derivative financial liabilities	-	-	-	-
Other liabilities	47,151	43,141	491	90,783
Total liabilities	15,133,373	13,537,980	3,392,664	32,064,017
Net on balance sheet position	4,757,022	(5,148,277)	(2,466,759)	(2,858,014)
Net off-balance sheet position	(4,545,478)	5,171,970	2,469,919	3,096,411
Financial derivative assets	8,635,550	18,778,905	3,613,675	31,028,130
Financial derivative liabilities	13,181,028	13,606,935	1,143,756	27,931,719
Non-cash loans	1,645,887	3,282,773	275,605	5,204,265
Prior period				
Total assets	18,067,559	7,284,925	1,545,976	26,898,460
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

In the foreign currency risk table:

The principal and accrual amount of the foreign currency indexed loans amounting to TL 29,914 (31 December 2020: TL 51,640) is presented in the loans line.

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II. Explanations on consolidated currency risk (continued)

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 211,060 (31 December 2020: TL 253,845).
Prepaid expenses: TL 106 (31 December 2020: TL 29).
Held-for trading derivative financial liabilities: TL 191,830 (31 December 2020: TL 159,593).
Hedge funds: None (31 December 2020: TL (3,772)).
Interest rate swap (buy) transactions and options (buy): TL 4,462,352 (31 December 2020: TL 6,242,443).
Interest rate swap (sell) transactions and options (sell): TL 4,462,352 (31 December 2020: TL 6,242,443).

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

Forward foreign currency-buy transactions: TL 1,602,733 (31 December 2020: TL 653,653).
Forward foreign currency-sell transactions: TL 1,374,203 (31 December 2020: TL 705,580).

III. 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.

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Explanations on consolidated interest rate risk (continued)

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

Current period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	8,132,946	42,161	-	-	-	1,898,667	10,073,774
Banks	614,868	65,000	36,187	-	-	606,696	1,322,751
Financial assets at fair value through profit and loss	825,187	1,623,098	217,776	95,383	8,636	44	2,770,124
Money market placements	6,068,024	-	-	-	-	-	6,068,024
Financial assets measured at fair value through other comprehensive income	845,211	40,426	5,205	304	-	13,346	904,492
Loans	8,665,955	7,967,934	12,305,115	10,594,696	1,139,498	106,161	40,779,359
Financial assets measured at amortised cost	1,101	3,747,733	239,275	1,293,583	-	-	5,281,692
Other assets (*)	-	-	-	-	-	1,595,948	1,595,948
Total assets	25,153,292	13,486,352	12,803,558	11,983,966	1,148,134	4,220,862	68,796,164
Liabilities							
Bank deposits	1,924,854	-	-	-	-	21,820	1,946,674
Other deposits	31,511,486	2,277,626	191,432	1,403	-	8,919,110	42,901,057
Money market borrowings	12,646	-	-	65,196	-	-	77,842
Miscellaneous payables	143,980	-	-	-	-	498,113	642,093
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	6,295,588	3,437,435	1,262,498	372,380	-	-	11,367,901
Other liabilities (**)	444,728	454,042	64,933	2,225	-	10,894,669	11,860,597
Total liabilities	40,333,282	6,169,103	1,518,863	441,204	-	20,333,712	68,796,164
Balance sheet long position	-	7,317,249	11,284,695	11,542,762	1,148,134	-	31,292,840
Balance sheet short position	(15,179,990)	-	-	-	-	(16,112,850)	(31,292,840)
Off-balance sheet long position	-	500,718	655,705	1,406,333	-	-	2,562,756
Off-balance sheet short position	(482,588)	-	-	-	(30,000)	-	(512,588)
Total position	(15,662,578)	7,817,967	11,940,400	12,949,095	1,118,134	(16,112,850)	2,050,168

(*) 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.

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

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	7,719,891	7,607	-	-	-	1,382,296	9,109,794
Due from other banks and financial institutions	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
Available-for-sale financial assets	5,102	20,766	-	569,876	-	13,070	608,814
Loans and receivables	7,402,652	8,030,285	14,050,529	10,713,961	847,543	165,769	41,210,739
Held-to-maturity investments	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 position	(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, lease payables, taxes payable and equity.

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III. Explanations on consolidated interest rate risk (continued)

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

Current period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	13.50
Banks	0.01	0.23	-	15.96
Financial assets at fair value through profit and loss	2.43	5.91	-	11.23
Money market placements	-	-	-	18.66
Financial assets measured at fair value through other comprehensive income	-	-	-	19.10
Loans	2.74	3.77	-	15.73
Financial assets measured at amortised cost	-	-	-	18.55
Liabilities				
Bank deposits	(0.57)	0.05	-	-
Other deposits	0.19	0.63	-	14.45
Money market borrowings	-	-	-	11.00
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	0.64	1.44	-	14.77

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	-	-	-	12.00
Due from other banks and financial institutions	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 available-for-sale	-	-	-	14.74
Loans and receivables	2.89	4.06	-	13.93
Held-to-maturity investments	-	-	-	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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

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

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

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

Current period	Carrying value	Fair value (*)	Market value
Quoted	-	-	-
Equity investments	-	-	-
Not quoted	13,346	3,196	3,196
Equity investments	13,346	3,196	3,196
Financials subsidiaries	-	-	-
Financials subsidiaries	-	-	-
Prior 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	-	-	-

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

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

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

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	13,346	13,346	1,068
Prior 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

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

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

1. Information on matters related to consolidated liquidity risk

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

A policy ("Market Risk Management Policy") 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 Capital and 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 Capital and Funding Plan monitoring metrics are not limited to this scope but also include other liquidity risk indicators. The Contingency Capital and Funding Plan monitoring metrics can trigger decision-making conditions on whether the Parent Bank will implement the Contingency Capital and 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.

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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

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

Almost all of the Parent Bank's liabilities are in 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 CBRT 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 Capital and 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 Capital and 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 Capital and Funding Plan.

f. Overview on contingency funding plan

The Parent Bank has established the Contingency Capital and 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 capital and 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 capital and funding plan are reviewed annually in terms of changes in market and stress conditions.

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Notes to the consolidated financial statements

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

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

2. Liquidity coverage ratio

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

Dates and values of the lowest and highest 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	245.65%	30 April 2021	262.61%	30 June 2021
FC	257.24%	30 April 2021	269.08%	31 May 2021

Liquidity coverage ratio

Current period	Total unweighted value (*)		Total weighted value (*)	
	TL+FC	FC	TL+FC	FC
High quality liquid assets				
High quality liquid assets			23,259,135	9,812,092
Cash Outflows				
Real person and retail deposits	36,065,672	14,357,920	3,095,035	1,435,792
Stable deposits	10,230,646	-	511,532	-
Less stable deposits	25,835,026	14,357,920	2,583,503	1,435,792
Unsecured funding other than real person and retail deposits	12,172,639	8,222,509	7,891,500	4,989,884
Operational deposits	69,930	8,947	17,482	2,237
Non-operational deposits	9,526,022	7,677,615	5,347,947	4,462,315
Other unsecured debt	2,576,687	535,947	2,526,071	525,332
Secured funding			-	-
Other cash outflows	16,885,179	8,051,634	8,254,763	3,586,233
Derivative exposures and collateral completion liabilities	6,854,222	2,544,001	6,854,222	2,544,000
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	10,030,957	5,507,633	1,400,541	1,042,233
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			19,241,298	10,011,909
Cash inflows				
Secured lending	6,724,615	-	-	-
Unsecured lending	5,439,875	2,252,441	3,505,347	1,744,311
Other cash inflows	6,824,493	4,497,830	6,524,520	4,484,901
Total cash inflows	18,988,983	6,750,271	10,029,867	6,229,212
			Total adjusted value	
Total high quality liquid assets stock			23,259,135	9,812,092
Total net cash outflows			9,211,431	3,894,858
Liquidity coverage ratio (%)			255.19	264.75

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

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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

Prior period	Total unweighted value (*)		Total weighted value (*)	
	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.

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

3. Other explanations on consolidated liquidity coverage ratio

Short term liquidity is managed within the regulatory limits in the Group, the liquid assets are managed by using "Liquidity Coverage Ratio" calculations to 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 30 June 2021 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 35% of the Group's total foreign currency liabilities consist of funds obtained from other financial institutions and subordinated loans and 64% is composed of deposits. Loans, factoring receivables and leasing receivables comprise 66% and cash and cash equivalents comprise 33% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency.

Details of the Group's Turkish Lira balance sheet as of 30 June 2021 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 66% of the Group's total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Group has borrowing facilities both in domestic & foreign banks and Takasbank & BIST repo market. 54% of the assets in Turkish Lira balance sheet are net loans, factoring receivables and leasing receivables, 16% 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.

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**Notes to the consolidated financial statements
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V. Explanations on consolidated liquidity risk management and liquidity coverage ratio (continued)

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

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	4,722,065	5,351,709	-	-	-	-	-	10,073,774
Banks	910,664	310,900	65,000	36,187	-	-	-	1,322,751
Financial assets at fair value through profit or loss	-	483,951	161,299	1,154,685	961,509	8,636	44	2,770,124
Money market placements	-	6,068,024	-	-	-	-	-	6,068,024
Financial assets measured at fair value through other comprehensive income	-	25,803	3,361	11,402	849,467	1,113	13,346	904,492
Loans	45,725	7,098,949	4,437,319	11,897,246	15,777,655	1,462,029	60,436	40,779,359
Financial assets measured at amortised cost	-	1,099	93,631	322,805	3,672,951	1,191,206	-	5,281,692
Other assets (*)	-	-	-	-	-	-	1,595,948	1,595,948
Total assets	5,678,454	19,340,435	4,760,610	13,422,325	21,261,582	2,662,984	1,669,774	68,796,164
Liabilities								
Bank deposits	1,946,674	-	-	-	-	-	-	1,946,674
Other deposits	9,061,377	31,369,219	2,277,626	191,432	1,403	-	-	42,901,057
Borrowings	-	529,400	391,437	5,714,390	4,410,143	322,531	-	11,367,901
Funds from interbank money market	-	12,646	-	-	65,196	-	-	77,842
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	282,031	-	-	-	-	-	360,062	642,093
Other liabilities (**)	-	318,707	87,039	66,265	456,672	37,245	10,894,669	11,860,597
Total liabilities	11,290,082	32,229,972	2,756,102	5,972,087	4,933,414	359,776	11,254,731	68,796,164
Liquidity deficit/surplus	(5,611,628)	(12,889,537)	2,004,508	7,450,238	16,328,168	2,303,208	(9,584,957)	-
Net Off Balance Sheet Position								
Derivative financial assets	-	392,716	82,287	1,080,214	493,310	-	-	2,048,527
Derivative financial liabilities	-	20,218,807	6,095,566	9,650,430	7,868,804	270,000	-	44,103,607
Derivative financial liabilities	-	19,826,091	6,013,279	8,570,216	7,375,494	270,000	-	42,055,080
Non-cash loans	89,974	387,847	639,867	3,514,335	782,966	1,121,143	-	6,536,132
Prior period								
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
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								
Derivative financial assets	-	(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

(*) 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 payables, other foreign liabilities and shareholders' equity.

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VI. Explanations on consolidated leverage ratio

Leverage ratio table prepared in accordance with the communique "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette No.28812 dated 5 November 2013 is presented below. As of 30 June 2021, the Group's consolidated leverage ratio is calculated by taking average of end of month leverage ratios for the last three months is 10.99% (31 December 2020: 10.70%). This ratio is above the minimum ratio of 3%. While the capital increased by 3% mainly as a result of increase in net profits, total risk amount remained at the same level compared to the prior period. Therefore, the current period leverage ratio increased by 31 basis points compared to prior period.

	Current period (**)	Prior period (**)
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	109,155,263	105,931,331
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	(44,086)	64,005
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	(22,120,333)	(18,586,945)
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	324,045	112,236
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	(86,769)	(86,548)
Total exposures	87,228,120	87,434,079

(*) 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		
<i>On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)</i>	71,594,086	68,090,997
<i>Asset deducted from core capital</i>	(86,769)	(86,548)
The total amount of risk on-balance sheet exposures	71,507,317	68,004,449
Derivative financial instruments and credit derivative exposures		
<i>Replacement cost associated with derivative financial instruments and credit derivatives</i>	2,738,646	3,027,462
<i>The potential credit risk amount of derivative financial instruments and credit derivatives</i>	436,500	470,284
The total risk amount of derivative financial instruments and credit derivatives	3,175,146	3,497,746
Securities or commodity guaranteed financing transactions		
<i>Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)</i>	324,045	112,236
<i>Risk amount of exchange brokerage operations</i>	-	-
The total risk amount of securities or commodity collateral financing transactions	324,045	112,236
Off-balance sheet items		
<i>Gross notional amount for off-balance sheet items</i>	12,221,612	15,819,648
<i>Adjustments for conversion to credit equivalent amounts</i>	-	-
The total amount of risk for off-balance sheet items	12,221,612	15,819,648
Capital and total exposures		
Core capital	9,607,021	9,354,129
Total exposures	87,228,120	87,434,079
Leverage ratio		
Leverage ratio	11.01	10.70

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
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VII. Explanations on consolidated risk management

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

1. Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	Prior period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	42,006,981	43,447,018	3,360,558
Standardized approach (SA)	42,006,981	43,447,018	3,360,558
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	1,960,469	1,955,729	156,838
Standardized approach for counterparty credit risk (SA-CCR)	1,960,469	1,955,729	156,838
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	413,650	366,613	33,092
Standardized approach (SA)	413,650	366,613	33,092
Internal model approaches (IMM)	-	-	-
Operational risk	7,656,887	7,283,868	612,551
Basic indicator approach	7,656,887	7,283,868	612,551
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	52,037,987	53,053,228	4,163,039

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
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VII. Explanations on consolidated risk management (continued)

2. Credit risk explanations

a. Credit quality of assets

Current period	Gross carrying value of (according to TAS)		Provisions/ amortisation and impairment	Net values
	Defaulted	Non-defaulted		
Loans (*)	2,136,755	40,718,923	2,076,319	40,779,359
Debt securities (**)	-	6,111,807	6,859	6,104,948
Off-balance sheet exposures	230,583	13,203,541	60,603	13,373,521
Total	2,367,338	60,034,271	2,143,781	60,257,828

(*) Factoring and leasing receivables are included in "loans account".

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

b. Changes in stock of defaulted loans and debt securities

	Current period	Prior period
Defaulted loans and debt securities at the end of the previous reporting period	2,220,877	2,973,616
Loans and debt securities defaulted since the last reporting period	171,074	246,666
Transferred to non-defaulted status	-	-
Amounts written off (*)	(3,493)	(337,706)
Other changes (**)	(251,703)	(661,699)
Defaulted loans and debt securities at the end of the reporting period	2,136,755	2,220,877

(*) Specific provisions for undrawn non-cash loans are not included in the table.

(**) Collections within the period have included "Other changes" account.

c. Credit risk mitigation techniques

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Loans (*)	35,249,296	5,530,063	4,375,314	506,530	456,937	-	-
Debt securities (*)	6,104,948	-	-	-	-	-	-
Total	41,354,244	5,530,063	4,375,314	506,530	456,937	-	-
Of which defaulted	2,136,755	-	-	-	-	-	-

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

ç. Credit risk exposure and credit risk mitigation effects

Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns and Central Banks	14,388,560	3,908	14,845,498	3,907	1,988,788	13.39%
Claims on regional governments or local authorities	699,712	-	625,691	-	369,206	59.01%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	10,667,499	5,217,271	4,679,208	1,221,277	1,397,192	23.68%
Claims on corporates	23,412,274	5,455,044	22,972,256	2,646,357	24,985,271	97.53%
Claims on retails	12,872,258	3,096,541	12,348,405	386,785	9,523,850	74.78%
Claims secured by residential property	1,950,694	-	1,950,694	-	682,743	35.00%
Claims secured by commercial property	1,559,853	47,466	1,559,853	14,310	938,672	59.63%
Past due loans	552,858	-	552,858	-	602,570	108.99%
Higher risk categories decided by the Board	11,754	-	11,754	-	10,509	89.41%
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	3,388,185	24,641	3,388,184	4,928	1,494,834	44.05%
Stock investments	13,346	-	13,346	-	13,346	100.00%
Total	69,516,993	13,844,871	62,947,747	4,277,564	42,006,981	62.49%

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VII. Explanations on consolidated 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	12,856,709	-	-	-	-	-	1,992,696	-	-	-	14,849,405
Claims on regional governments or local authorities	-	-	-	-	512,971	-	112,720	-	-	-	625,691
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2,403,045	-	2,602,274	-	852,646	42,520	-	-	5,900,485
Claims on corporates	-	-	-	-	412,875	-	25,138,405	67,333	-	-	25,618,613
Claims on retails	-	-	-	-	-	12,734,688	426	76	-	-	12,735,190
Claims secured by residential property	-	-	-	1,950,694	-	-	-	-	-	-	1,950,694
Claims secured by commercial property	-	-	-	-	1,270,983	-	303,180	-	-	-	1,574,163
Past due loans	-	-	-	-	6,230	-	440,975	105,653	-	-	552,858
Higher risk categories decided by the Board	-	-	-	-	5,426	-	3,386	2,942	-	-	11,754
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	1,898,254	-	28	-	-	-	1,494,830	-	-	-	3,393,112
Equity securities	-	-	-	-	-	-	13,346	-	-	-	13,346
Total	14,754,963	-	2,403,073	1,950,694	4,810,759	12,734,688	30,352,610	218,524	-	-	67,225,311

3. Counterparty credit risk (CCR) approach analysis

	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
Standardised Approach - CCR (for derivatives)	2,725,492	444,721	-	1.40	3,170,213	1,737,856
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)	-	-	-	-	274,563	55,312
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						1,793,168

(*) Effective expected positive exposure

4. Credit valuation adjustment (CVA) capital charge

	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) VaR component (including the 3×multiplier)	-	-
(ii) Stressed VaR component (including the 3×multiplier)	-	-
All portfolios subject to the Standardised CVA capital charge	3,170,213	167,301
Total subject to the CVA capital charge	3,170,213	167,301

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VII. Explanations on consolidated risk management (continued)

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

Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims on sovereigns and Central Banks	19,792	-	-	-	-	3,907	-	-	23,699
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	-	-	544,837	2,371,868	-	6,081	-	-	2,922,786
Claims on corporates	-	-	-	1,555	-	459,795	-	-	461,350
Claims included in the regulatory retail portfolios	-	-	-	-	36,941	-	-	-	36,941
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	19,792	-	544,837	2,373,423	36,941	469,783	-	-	3,444,776

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

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

6. Collaterals for counterparty credit risk (CCR)

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

7. Credit derivatives

There is no credit derivative transaction.

8. Exposures to central counterparties (CCP)

There is no exposure to central counterparties.

9. Explanations on securitisation

There is no securitisation transaction.

10. Explanations on market risk

	RWA
Outright products	413,650
Interest rate risk (general and specific)	172,025
Equity risk (general and specific)	-
Foreign exchange risk	241,625
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
Total	413,650

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements

as of and for the six-month period ended 30 June 2021 (continued)

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VIII. Explanations on segment reporting

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

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

Current period – 30 June 2021	Corporate, Business Banking	Retail Banking	Other	Total
Net interest income	551,346	509,143	216,229	1,276,718
Net fees and commissions income and other operating income	276,390	206,247	29,485	512,122
Trading gain/loss	114,309	42,658	(73,589)	83,378
Dividend income	-	-	506	506
Expected credit loss	(220,760)	(75,401)	(688)	(296,849)
Segment results	721,285	682,647	171,943	1,575,875
Other operating expenses (*) (**)				(1,023,212)
Income from continuing operations before tax				552,663
Tax provision (*)				(169,067)
Net profit				383,596

Prior period – 30 June 2020	Corporate, Business Banking	Retail Banking	Other	Total
Net interest income	565,412	808,120	299,787	1,673,319
Net fees and commissions income and other operating income	241,123	186,009	151,755	578,887
Trading gain/loss	51,112	31,814	21,418	104,344
Dividend income	-	-	476	476
Expected credit loss	(283,969)	(300,759)	(7,778)	(592,506)
Segment results	573,678	725,184	465,658	1,764,520
Other operating expenses (*) (**)				(1,015,110)
Income from continuing operations before tax				749,410
Tax provision (*)				(177,101)
Net profit				572,309

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

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

Current period – 30 June 2021	Corporate, Business Banking	Retail Banking	Other	Total
Asset	31,825,393	12,416,661	24,554,110	68,796,164
Liability	16,909,870	33,020,739	9,057,231	58,987,840
Equity	-	-	9,808,324	9,808,324

Prior period – 31 December 2020	Corporate, Business 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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
as of and for the six-month period ended 30 June 2021 (continued)
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Section five

Information and disclosures related to consolidated financial statements

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

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

1.1. Information on cash equivalents

	Current period		Prior period	
	TL	FC	TL	FC
Cash in TL / foreign currency	144,725	1,753,522	224,384	1,157,576
Balances with the Central Bank of Turkey	1,498,133	6,677,366	761,934	6,965,900
Other	-	28	-	-
Total	1,642,858	8,430,916	986,318	8,123,476

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	1,498,133	1,325,657	761,934	2,064,549
Restricted time deposit	-	1,857,780	-	2,050,448
Reserve requirement	-	3,493,929	-	2,850,903
Total	1,498,133	6,677,366	761,934	6,965,900

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 3% and 8% 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.

TL 1,497,741 (31 December 2020: TL 761,598) of the TL reserve deposits provided over the average balance and TL 1,325,657 (31 December 2020: TL 2,064,549) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

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Notes to the consolidated financial statements

as of and for the six-month period ended 30 June 2021 (continued)

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

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

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

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

	Current period	Prior period
Unrestricted portfolio	76,082	67,198
Collateral / blocked	30,274	38,607
Total	106,356	105,805

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	56,696	-	185,704
Swap transactions	2,419,320	177,909	2,242,600	123,735
Futures transactions	-	-	-	-
Options	38	9,805	-	373
Other	-	-	-	-
Total	2,419,358	244,410	2,242,600	309,812

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	178,078	1,144,673	135,568	1,687,927
Domestic	178,078	271,741	135,448	100,482
Foreign	-	872,932	120	1,587,445
Headquarters and branches abroad	-	-	-	-
Total	178,078	1,144,673	135,568	1,687,927

As of 30 June 2021, restricted bank balance amounting to TL 214,917 (31 December 2020: TL 222,433) all of which is comprised of (31 December 2020: all amount) collaterals that is held by counter banks under CSA (credit support annex) contracts and is calculated based on related derivatives market price.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements

as of and for the six-month period ended 30 June 2021 (continued)

(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	842,767	449,783
Repo transactions	-	-
Collateral / blocked	-	133,163
Total	842,767	582,946

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	829,812	570,257
Quoted to stock exchange	829,812	570,257
Not quoted	-	-
Equity certificates	13,346	13,070
Quoted to stock exchange	-	-
Not quoted	13,346	13,070
Provision for impairment (-)	(391)	(381)
Total	842,767	582,946

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	21	957,375	3,714	944,813
Corporate shareholders	-	957,256	3,692	944,813
Real person shareholders	21	119	22	-
Indirect loans granted to shareholders of the Parent Bank	281	376,218	8,949	358,190
Loans granted to employees of the Parent Bank	38,480	-	40,689	-
Total	38,782	1,333,593	53,352	1,303,003

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Notes to the consolidated financial statements

as of and for the six-month period ended 30 June 2021 (continued)

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

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

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

Cash loans	Standard loans	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	
			Revised contract terms	Refinance
Non-specialized loans	32,434,487	6,637,563	704,905	183,599
Business loans	11,580,699	4,022,716	423,238	169,746
Export loans	6,837,056	597,949	61,856	13,853
Import loans	-	-	-	-
Loans given to financial sector	1,746,425	771,707	-	-
Consumer loans	10,121,606	1,159,056	200,266	-
Credit cards	481,096	62,306	19,545	-
Other	1,667,605	23,829	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	32,434,487	6,637,563	704,905	183,599

	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	164,750	42	196,047	58
Loans	150,024	-	183,480	-
Other assets	9,715	42	8,352	58
Banks and money market placements	4,317	-	3,660	-
Marketable securities	694	-	555	-
Lifetime expected credit losses significant increase in credit risk	-	354,152	-	339,041
Loans	-	354,152	-	339,041
Total	164,750	354,194	196,047	339,099

5.3. Loans according to their maturity structure

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements

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(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	415,373	10,860,213	11,275,586
Mortgage loans	416	4,271,583	4,271,999
Automotive loans	53,026	485,226	538,252
General purpose loans	361,931	6,103,404	6,465,335
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	514,349	13,657	528,006
With installments	143,908	13,657	157,565
Without installments	370,441	-	370,441
Consumer credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	3,007	26,424	29,431
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	3,007	26,424	29,431
Other	-	-	-
Personnel loans – indexed to FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	9,070	-	9,070
With installments	2,957	-	2,957
Without installments	6,113	-	6,113
Personnel credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	175,911	-	175,911
Overdraft accounts – FC (real person)	-	-	-
Total	1,117,710	10,900,294	12,018,004

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

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

	Short term	Medium and long term	Total
Commercial installment loans - TL	1,085,725	1,788,909	2,874,634
Real estate loans	-	8,649	8,649
Automotive loans	729	158,934	159,663
General purpose loans	-	-	-
Other	1,084,996	1,621,326	2,706,322
Commercial installment loans – indexed to FC	-	12,136	12,136
Real estate loans	-	-	-
Automotive loans	-	64	64
General purpose loans	-	-	-
Other	-	12,072	12,072
Commercial installment loans-FC	-	3,262	3,262
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	3,262	3,262
Corporate credit cards – TL	25,871	-	25,871
With installments	12,001	-	12,001
Without installments	13,870	-	13,870
Corporate credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	50,203	-	50,203
Overdraft loans – FC (legal entity)	-	-	-
Total	1,161,799	1,804,307	2,966,106

5.6. Loans according to borrowers

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

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	39,956,862	39,772,290
Foreign loans	3,692	20,157
Total	39,960,554	39,792,447

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

5.8. Loans granted to subsidiaries and associates

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

5.9. Specific provisions set aside against loans

	Current period	Prior period
Loans and receivables with limited collectability	18,330	21,897
Loans and receivables with doubtful collectability	74,005	36,622
Uncollectible loans and receivables	1,479,808	1,516,731
Total	1,572,143	1,575,250

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	10	-	50,317
Restructured loans	10	-	50,317
Prior period			
Gross amounts before specific provision	-	209	47,928
Restructured loans	-	209	47,928

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	39,249	63,584	2,118,044
Additions (+)	158,020	890	12,164
Transfers to other categories of non-performing loans (+)	-	141,521	57,298
Transfers from other categories of non-performing loans (-)	(141,521)	(57,298)	-
Collections (-)	(21,483)	(7,631)	(222,589)
Write-offs (-)	-	(19)	(3,474)
Sold Portfolio (-) (*)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	34,265	141,047	1,961,443
Provisions (-)	(18,330)	(74,005)	(1,479,808)
Net balance on balance sheet	15,935	67,042	481,635

(*) 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 467 and its effect on the NPL ratio is 0.001% (31 December 2020: TL 36,135 and its effect on the NPL ratio is 0.08%).

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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	-	36,307	140,377
Provision (-)	-	(16,058)	(98,293)
Net balance on balance sheet	-	20,249	42,084
Prior 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

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)			
Loans granted to corporate entities and real person (gross)	25,546	141,047	1,958,849
Provision amount (-)	(17,051)	(74,005)	(1,477,214)
Loans granted to corporate entities and real person (net)	8,495	67,042	481,635
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	8,719	-	2,594
Provision amount (-)	(1,279)	-	(2,594)
Other loans (net)	7,440	-	-
Prior period (net)			
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	-	-

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(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)	908	4,512	25,722
Interest accruals and valuation differences	2,122	10,043	87,170
Provision (-)	(1,214)	(5,531)	(61,448)
Prior 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)

5.11. Liquidation policy for uncollectible loans and receivables

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

5.12. Information on the write-off policy

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

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	13,189	9,081
Collateralised / blocked investments (*)	947,117	1,274,855
Total	960,306	1,283,936

(*) 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	5,282,386	4,253,314
Treasury bills	-	-
Other government securities	-	-
Total	5,282,386	4,253,314

6.3. Financial assets measured at amortised cost

	Current period	Prior period
Debt securities	5,282,386	4,253,314
Quoted to stock exchange	5,282,386	4,253,314
Not quoted	-	-
Impairment provision (-)	-	-
Total	5,282,386	4,253,314

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

6.4. Movement of financial assets measured at amortised cost

	Current period	Prior period
Balances at the beginning of the period	4,253,314	2,114,571
Foreign currency differences on monetary assets	-	-
Purchases during the period	2,859,666	3,644,739
Disposals through sales and /redemptions	(1,821,900)	(1,553,437)
Provision for impairment (-)	-	-
Valuation effect	(8,694)	47,441
Period end balance	5,282,386	4,253,314

7. Information on associates (net)

7.1. Explanations related to the associates

The Parent Bank does not have any associates.

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 30 June 2021 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	1,993	50,000	30,000	31,907
Profit reserves, capital reserves and prior year profit / loss	185,658	104,192	170,449	28,142
Profit	27,118	8,816	18,517	16,834
Development cost of operating lease (-)	-	-	-	-
Intangible assets (-)	-	-	(394)	-
Total core capital	214,769	163,008	218,572	76,883
Supplementary capital	-	-	-	-
Capital	214,769	163,008	218,572	76,883
Net usable shareholder's equity	214,769	163,008	218,572	76,883

(*) 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. As of 30 June 2021, the liquidation process of ING Faktoring A.Ş. has not been completed yet, and ING Faktoring A.Ş. is active and included in the Parent Bank's consolidation.

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%

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements

as of and for the six-month period ended 30 June 2021 (continued)

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

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

As of 30 June 2021 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)	4,790,008	214,769	24	69,077	-	27,118	32,167	-
(2)	296,637	163,008	1,036	16,827	-	8,816	6,686	-
(3)	1,036,581	218,966	1,543	32,280	-	18,517	15,002	-
(4)	296,200	76,883	715	7,211	-	16,834	8,759	-

(*) The financial information of ING European Financial Services Plc., ING Factoring and ING Leasing are obtained from 30 June 2021 unreviewed financial statements, the financial information of and ING Securities are obtained from 30 June 2021 reviewed financial statements

8.3. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	111,006	83,599
Movements during the period	-	27,407
Purchases	-	-
Bonus shares obtained	-	27,407
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provisions for impairment	-	-
Balance at the end of the period	111,006	111,006
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

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

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies	50,000	50,000
Leasing companies	30,000	30,000
Finance companies	-	-
Other financial subsidiaries	31,006	31,006

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.

(Convenience translation of the independent auditors' report and consolidated financial statements 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
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I. Explanations and notes related to assets of the consolidated balance sheet (continued)

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	180,267	178,078	59,619	58,819
1-5 years	577,380	533,257	791,483	732,346
More than 5 years	-	-	-	-
Total	757,647	711,335	851,102	791,165

10.2 Information of the net investments made in finance lease

	Current period	Prior period
Gross financial lease investment	757,647	851,102
Unearned financial lease income (-)	(46,312)	(59,937)
Cancelled leases (-)	-	-
Net financial lease investment	711,335	791,165

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	61,725	-	25,868	-
Net investment hedge	-	-	-	-
Total	61,725	-	25,868	-

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Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

12. Information on tangible assets (net)

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

13. Information on intangible assets (net)

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

14. Information on investment properties (net)

The Group does not have investment properties.

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

The Group has current tax relating to corporation tax by the amount of TL 29,753 (31 December 2020: None) under the asset items.

15.2. Explanations on deferred tax asset

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

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**Notes to the consolidated financial statements
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II. Explanations and notes related to liabilities of the consolidated balance sheet

1. Information on deposits

1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Cumulative deposits	Total
Saving deposits	1,252,491	-	15,679,264	4,329,695	96,032	66,892	51,509	-	21,475,883
Foreign currency deposits	5,083,393	-	7,347,167	3,472,853	105,825	95,331	35,043	-	16,139,612
Residents in Turkey	4,810,425	-	7,282,701	3,353,617	94,662	84,854	30,697	-	15,656,956
Residents abroad	272,968	-	64,466	119,236	11,163	10,477	4,346	-	482,656
Public sector deposits	230,071	-	-	-	-	-	-	-	230,071
Commercial deposits	723,650	-	1,595,366	116,308	17,156	8,462	31	-	2,460,973
Other institutions deposits	8,653	-	2,878	3,325	49	10	6	-	14,921
Precious metals deposits	1,763,119	-	816,478	-	-	-	-	-	2,579,597
Interbank deposits	1,946,674	-	-	-	-	-	-	-	1,946,674
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	11	-	-	-	-	-	-	-	11
Foreign banks	1,946,663	-	-	-	-	-	-	-	1,946,663
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	11,008,051	-	25,441,153	7,922,181	219,062	170,695	86,589	-	44,847,731

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	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

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

Saving deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit insurance	
	Current period	Prior period	Current period	Prior period
Saving deposit	13,805,126	11,915,530	7,665,004	5,380,088
Foreign currency saving deposits	5,182,960	6,027,959	9,036,440	7,678,193
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	-	-	-	-

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

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

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

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

	Current period	Prior period
Deposits and other accounts in foreign branches	-	-
Saving deposits and other accounts of controlling shareholders and their mothers, fathers, spouses, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, general manager and vice presidents, and their mothers, fathers, spouses and children in care	17,770	22,033
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	-	94,158	-	40,999
Swap transactions	437,728	94,781	678,568	128,082
Future transactions	-	-	-	-
Options	75	10,644	7	1,337
Other	-	-	-	-
Total	437,803	199,583	678,575	170,418

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	120,966	331,379	140,946	74,119
Funds borrowed from foreign banks, institutions and funds	49,424	10,866,132	1,658,818	7,895,577
Total	170,390	11,197,511	1,799,764	7,969,696

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	166,283	552,583	1,798,732	106,353
Medium and long term	4,107	10,644,928	1,032	7,863,343
Total	170,390	11,197,511	1,799,764	7,969,696

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 2020: 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	13,800	7,315	2,509	2,343
Between 1-4 years	72,167	54,698	103,996	84,738
More than 4 year	212,899	128,421	227,229	141,995
Total	298,866	190,434	333,734	229,076

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	137,954	-	112,999	4,168
Net investment hedge	-	-	-	-
Total	137,954	-	112,999	4,168

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as of and for the six-month period ended 30 June 2021 (continued)

(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. Information on provisions

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

None (31 December 2020: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans	33,972	28,933
Provision for credit card score promotion	1,470	1,291
Other provisions	128,955	159,448
<i>Allowance for expected credit losses (Stage 1 and Stage 2) (*)</i>	26,631	42,395
<i>Other</i>	102,324	117,053
Total	164,397	189,672

(*) Non-cash loan provisions are included.

Amount to TL 73,117 (31 December 2020: TL 74,277) 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 nine enforcement proceedings to claim the amount it had indemnified, a total of approximately TL 499 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 eight 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) in 2019 and the Parent Bank objected to this payment request. The mediation meeting was taken in 9 July 2020 between parties (mandatory mediation before 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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

In the First Case, the first instance court ruled in favor of the 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. SDIF made a decision correction, the decision. Saving Deposit Insurance Fund's request of revision of decision has been approved in April 2021 with the following justification: "Share Purchase Agreement executed by and between OYAK and ING Bank N.V. and dated 18 June 2007 should also be presented and an expert examining should be conducted by a new panel of experts". At this point, the lawsuit started to re-reviewed by Istanbul 1st Commercial Court of First Instance.

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 Parent 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. Also SDIF initiated the 9th enforcement procedure for approximately TL 20.9 million which is objected by ING Turkey.

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.

8.3. Information on provisions for employee benefits

As of 30 June 2021, TL 41,724 (31 December 2020: TL 31,992) of TL 77,055 (31 December 2020: TL 61,926) provisions for employee benefits is the unused vacation provisions. Full provision is provided for the unused vacation liability.

TL 35,331 (31 December 2020: TL 29,934) 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 7,638.96 (Full TL) at 30 June 2021 and TL 7,117.17 (Full TL) at 31 December 2020 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements dated 30 June 2021 and 31 December 2020, 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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements

as of and for the six-month period ended 30 June 2021 (continued)

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

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

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

Explanations on taxation and calculations are explained in Note XVII of Section Three. As of 30 June 2021, 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 7,406 and as a result of the such setoff being made on each entity and tax authority basis, the resulting current tax assets amounts to TL 29,753.

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	7,406	90,439
Taxation of securities	20,060	17,344
Banking insurance transaction tax ("BITT")	384	18,183
Foreign exchange transaction tax	22,293	2,642
Value added tax payable	1,850	3,116
Property tax	7,577	512
Other	11,640	12,042
Total	71,210	144,278

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	6,108	5,263
Social security premiums-employer	8,933	7,703
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	443	382
Unemployment insurance-employer	843	728
Other	-	-
Total	16,327	14,076

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements

as of and for the six-month period ended 30 June 2021 (continued)

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

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

9.2. Explanations on deferred tax liabilities

As of 30 June 2021, deferred tax asset and deferred tax liability of the Group amounts to TL 1,056 and TL 294,828 respectively (31 December 2020: deferred tax asset is TL 1,770 and deferred tax liability is TL 179,664) which is calculated based on the deductible temporary differences.

Timing differences constituting the basis for deferred tax	Current period		Prior period	
	Accumulated temporary differences	Deferred tax asset / (liability)	Accumulated temporary differences	Deferred tax asset / (liability)
Provisions (*)	180,376	44,176	150,828	30,206
Fair value differences for financial assets and liabilities	(58,373)	(13,697)	(33,774)	(6,542)
Derivative valuation differences	(2,070,368)	(482,276)	(1,644,582)	(328,916)
Expected credit losses of Stage I and II	545,575	123,664	577,541	115,508
Other	172,691	34,361	66,516	11,850
Total deferred tax assets / (liabilities) net		(293,772)		(177,894)

(*) 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	Prior period
	(1 January – 30 June 2021)	(1 January – 30 June 2020)
Opening balance	(177,894)	(191,294)
Deferred tax income / (expense) net	(100,610)	(41,757)
Deferred tax recognized under equity	(14,893)	(19,457)
Currency differences	(375)	-
Balance at the end of the period	(293,772)	(252,508)

10. Information on liabilities regarding assets held for sale

As of 30 June 2021 and 31 December 2020, 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
Subordinated loans	-	-	-	4,019,844
Subordinated debt instruments	-	-	-	-
Total	-	-	-	4,019,844

(*) The subordinated loan amounting to USD 62 million obtained from ING Bank N.V. on 26 May 2015 was paid on 26 May 2021, by using the early redemption option, in accordance with the BRSA's approval letter dated 10 March 2021. Remaining amount of EUR 231 million of subordinated loan obtained from ING Bank N.V. on 26 May 2015 and the subordinated loans amounting to EUR 85 million and USD 91 million obtained from ING Bank N.V. on 25 May 2014 were paid on 28 June 2021, by using the early redemption option, in accordance with the BRSA's same approval letters.

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Notes to the consolidated financial statements

as of and for the six-month period ended 30 June 2021 (continued)

(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. 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.

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	5,055	-	23,453	-
Foreign exchange difference	-	-	-	-
Total	5,055	-	23,453	-

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
as of and for the six-month period ended 30 June 2021 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

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

12.9. 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 25 March 2021, the distribution of the net profit of the year 2020, is as follows. Dividend distribution was made on 29 March 2021.

Profit distribution table of 2020	
2020 net profit	626,645
A – I. Legal Reserve (TCC 519/A) 5%	(31,332)
B – The First Dividend for Shareholders	(62,000)
C – Extraordinary Reserves	(525,858)
D – Special funds	(7,455)

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
as of and for the six-month period ended 30 June 2021 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

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

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	3,311,666	1,621,623
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	2,209,578	2,748,315
Commitments for cheque payments	231,434	231,822
Commitments for credit card limits	1,111,318	1,146,771
Commitments for credit cards and banking services promotions	6,383	5,929
Other irrevocable commitments	27,613	28,107
Total	6,897,992	5,782,567

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	369,023	723,168
Commitments and contingencies	110,521	244,612
Bank acceptance loans	1,031	1,269
Total	480,575	969,049

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

	Current period	Prior period
Irrevocable letters of guarantees	4,775,390	6,182,723
Cash loans letters of guarantees	615,799	561,537
Advance letters of guarantees	398,185	576,439
Temporary letters of guarantees	173,642	46,459
Other	92,541	84,168
Total	6,055,557	7,451,326

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	674,225	636,479
With original maturity of 1 year or less than 1 year	117,206	45,314
With original maturity of more than 1 year	557,019	591,165
Other non-cash loans	5,861,907	7,783,896
Total	6,536,132	8,420,375

(Convenience translation of the independent auditors' report and consolidated financial statements 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 six-month period ended 30 June 2021 (continued)
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III. Explanations and notes related to consolidated off-balance sheet accounts (continued)

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

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

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

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

1. Information on derivative transactions

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

3. Information on credit swaps and related risks

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

4. Information on contingent liabilities and assets

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

5. Information on the services provided on behalf of others

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
as of and for the six-month period ended 30 June 2021 (continued)
(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
Short term loans	669,980	76,765	372,266	52,374
Medium and long term loans	1,060,522	219,448	1,301,363	311,737
Interest on loans under follow-up	64,926	-	128,348	-
Premiums received from resource utilization support fund	-	-	-	-
Total	1,795,428	296,213	1,801,977	364,111

(*) 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	15,989	1,410	6,390	198
From foreign banks	-	3,251	126	4,959
From branches abroad	-	-	-	-
Total	15,989	4,661	6,516	5,157

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	2,670	793	8,309	881
Financial assets measured at fair value through other comprehensive income	58,138	-	67,222	-
Financial assets measured at amortised cost	242,156	-	206,930	-
Total	302,964	793	282,461	881

1.4 Information on interest income received from associates and subsidiaries

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
as of and for the six-month period ended 30 June 2021 (continued)
(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	106,776	64,463	23,020	128,223
Central Bank of Turkey	-	-	-	-
Domestic banks	7,074	1,767	13,155	1,616
Foreign banks	99,702	62,696	9,865	126,607
Branches and offices abroad	-	-	-	-
Other institutions	-	485	-	1,331
Total	106,776	64,948	23,020	129,554

(*) 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

Account name	Demand deposit	Time deposit					Accumulated deposits	Total
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year		
Turkish lira								
Bank deposits	-	749	-	-	-	-	-	749
Saving deposits	-	1,099,593	310,088	5,405	2,913	2,387	-	1,420,386
Public sector deposits	-	-	324	-	-	-	-	324
Commercial deposits	-	119,606	5,535	1,025	343	1	-	126,510
Other deposits	-	488	166	1	-	1	-	656
7 days call accounts	-	-	-	-	-	-	-	-
Total	-	1,220,436	316,113	6,431	3,256	2,389	-	1,548,625
Foreign currency								
Foreign currency deposits	-	17,186	16,912	205	310	101	-	34,714
Banks deposits	-	1,092	-	-	-	-	-	1,092
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	871	-	-	-	-	-	871
Total	-	19,149	16,912	205	310	101	-	36,677
Grand total	-	1,239,585	333,025	6,636	3,566	2,490	-	1,585,302

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
as of and for the six-month period ended 30 June 2021 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

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

3. Information on dividend income

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

4. Information on trading income/loss (net)

	Current period	Prior period
Income	18,065,597	38,048,647
Gains on capital market transactions	129,026	48,401
Gains on derivative financial instruments	9,407,294	8,547,458
Foreign exchange gains	8,529,277	29,452,788
Loss (-)	(17,982,219)	(37,944,303)
Loss on capital market transactions	(33,037)	(30,444)
Loss on derivative financial instruments	(8,975,130)	(8,021,379)
Foreign exchange loss	(8,974,052)	(29,892,480)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 276,704 (30 June 2020: TL 619,135 net profit).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	271,930	336,005
Income arising from sale of assets	21,170	3,942
Banking services income	848	915
Other non-interest income	27,461	28,083
Total	321,409	368,945

6. Allowance for expected credit losses and other provision expenses

	Current period	Prior period
Expected credit losses	296,849	592,506
12-Month expected credit loss (Stage 1)	5,198	72,775
Expected credit loss significant increase in credit risk (Stage 2)	31,332	119,226
Expected credit loss impaired credits (Stage 3)	260,319	400,505
Impairment losses on securities	268	107
Financial assets measured at fair value through profit/loss	268	99
Financial assets measured at fair value through other comprehensive income	-	8
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	5,314	2,216
Total	302,431	594,829

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

7. Information on other operating expenses

	Current period	Prior period
Reserves for employee termination benefits	2,364	1,400
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	-
Depreciation expense of tangible assets	61,930	68,386
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	15,115	14,478
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	390,037	399,763
Operating lease expenses related with TFRS 16 exception	8,175	8,222
Repair and maintenance expenses	15,984	15,113
Advertisement expenses	48,652	48,114
Other expenses	317,226	328,314
Loss on sales of assets	2,694	2,983
Other (*)	152,156	160,000
Total	624,296	647,010

(*) Includes saving-deposits-insurance-fund related expenses of TL 67,512 (30 June 2020: TL 66,926).

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

As of 30 June 2021, the income before taxes is TL 552,663 (30 June 2020: TL 749,410).

9. Information on tax provision for continued and discontinued operations

As of 30 June 2021, the corporate tax provision expense for the period is TL 68,457 (30 June 2020: TL 135,344), and the deferred tax income is TL 100,610 (30 June 2020: TL 41,757).

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

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

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

Interest income from regular banking transactions is TL 3,050,356 (30 June 2020: TL 2,766,680), while the interest expense is TL 1,773,638 (30 June 2020: TL 1,093,361).

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 219,885 (30 June 2020: TL 250,884) has included TL 56,817 (30 June 2020: TL 53,332) resulting from the credit card fees and commissions, TL 21,581 (30 June 2020: TL 15,569) resulting from service fees and commissions from contracted merchants and TL 52,152 (30 June 2020: TL 93,625) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 88,381 (30 June 2020: TL 107,006) has included TL 41,226 (30 June 2020: TL 33,955) resulting from credit card exchange commissions.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements

as of and for the six-month period ended 30 June 2021 (continued)

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

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

1.1. Current period

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and other receivables					
Beginning of the period	-	-	3,714	944,813	8,949	358,190
End of the period	-	-	21	957,375	281	376,218
Interest and commission income	-	-	4	1,423	-	272

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	-	-	120	569,874	39	201,879
End of the period	-	-	3,714	944,813	8,949	358,190
Interest and commission income	-	-	13	1,107	-	222

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	-	-	49,817	102,613	67,237	29,018
End of the period	-	-	33,566	49,817	62,416	67,237
Interest expense on deposits	-	-	195	126	1,800	1,164

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	-	-	12,046,297	23,135,735	-	27,994
End of the period	-	-	11,733,588	12,046,297	-	-
Total profit/loss	-	-	(11,763)	(19,386)	13,311	41,697
Transactions with hedging purposes						
Beginning of the period	-	-	1,002,441	2,005,290	-	-
End of the period	-	-	-	1,002,441	-	-
Total profit/loss	-	-	410	(53)	-	-

(Convenience translation of the independent auditors' report and consolidated financial statements 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 six-month period ended 30 June 2021 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

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

Risk group of the Group	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Parent Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Banks						
Beginning of the period	-	-	273,041	93,206	15,623	8,121
End of the period	-	-	278,803	273,041	30,746	15,623
Interest income received	-	-	5	127	1	27

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	-	-	8,208,721	9,411,987	19,104	3,901
End of the period	-	-	6,015,832	8,208,721	5,701	19,104
Interest and commission paid	-	-	112,615	76,014	506	168

The Group has no subordinated loan from its shareholder ING Bank NV as of 30 June 2021 (31 December 2020: TL 4,019,844).

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

Benefits paid to key management personnel for the period ended as of 30 June 2021 is amounting to TL 22,843 (30 June 2020: TL 17,372).

VI. Explanations and notes related to subsequent events

Chief Audit Executive of the Parent Bank, Murat Tursun, has resigned from his duty as of 1 July 2021 to continue his career as an ING Group CAS MT member. Vice President of Risk and Finance Internal Audit of the Parent Bank, Okan Korkmaz, has been appointed as Chief Audit Executive of the Parent Bank as of 1 July 2021.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish, See Note 1.b of section three)

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**Notes to the consolidated financial statements
as of and for the six-month period ended 30 June 2021 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

Section six

Interim review report

I. Explanations on the auditors' review report

The consolidated financial statements of the Parent Bank and its financial subsidiaries as of 30 June 2021, have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (The Turkish member firm of KPMG International Cooperative, a Swiss entity) and the review report dated 9 August 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.

(Convenience translation of the consolidated interim financial statements and related disclosures 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 six-month period ended 30 June 2021 (continued)
(All amounts expressed in full of Turkish Lira ("TL") unless otherwise stated)

Section seven

Interim activity report

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

1. Overview

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

Summary financial information on the consolidated financial statements of the Group for the period 30 June 2021 and 31 December 2020 is as follows.

Main balance sheet items

Million TL	Current period	Prior period
Net loans	40,779	41,210
Deposits	44,848	40,131
Equity	9,808	9,412
Total assets	68,796	66,188

Main financial ratios

	Current period	Prior period
Capital adequacy ratio	19.65%	24.18%
Loans / Total assets	59.27%	62.26%
Deposits / Total assets	65.19%	60.63%
Non-performing loans / Total loans	4.99%	5.13%
Income / Average capital (*)	7.95%	8.44%
Income / Average assets (*)	1.11%	1.17%
Expense / Income ratio (**)	63.52%	50.04%

(*) Items related to statement of profit or loss are included in the ratio calculation after annualization process.

(**) Prior period profit/loss amounts are for the six month period ended 30 June 2020.

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

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

(Convenience translation of the consolidated interim financial statements and related disclosures 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 six-month period ended 30 June 2021 (continued)
(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

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

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

Economic activity in both the U.S. and the Eurozone continues to support rapid recovery in global confidence indicators. With accelerating vaccine rollouts and the end of quarantine measures, supply chain challenges become even more prominent as the main risks adversely affecting industrial production. Regarding the inflation, projections on production costs, and services inflation reaches historical heights in the U.S., and in European countries while these developments result in an increase in consumer prices. However, global central banks consider this rise a temporary phenomenon.

Moving on to the Turkish market, although pandemic measures contributed to a slowdown in domestic demand in the second quarter, especially in the month of April, economic activity has been recovering recently. While the momentum in vaccination efforts evidently contributed to economic recovery in the tourism and the service sectors, there are also signs of an even border economic acceleration in tandem with the full removal of COVID-19 restrictions in June 2021. Considering last year's low base effect, markedly higher growth is expected in Q2 2021. This economic outlook is also likely to have a positive effect on the banking sector.

As ING in Turkey, we continue to take all possible measures to protect the health and safety of our employees and customers, while implementing practices that will support economic decisions by the government of the Turkish Republic.

With our belief in the country's economy in this difficult process, we will continue to invest in technology and digitalization, develop products and services in line with the new generation banking approach, and support the economy and our customers. I would like to thank all our stakeholders, especially our business partners, customers, employees, and main shareholder, for their support and contributions.

John T. Mc Carthy
Chairman of the Board of Directors

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements as of and for the six-month period ended 30 June 2021 (continued) (All amounts expressed in full of Turkish Lira ("TL") unless otherwise stated)

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

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

While the steps taken towards normalization in the world and in Turkey have created positive effects in many respects following the acceleration in vaccination rate, as ING in Turkey, we continued to contribute to the country's economy and support both our individual and corporate customers with our products and services.

According to the consolidated financial data for the first half of the year, our bank's total asset size was TL 68.8 billion, and its equity was TL 9.8 billion. Our profit before tax was TL 553 million while our capital adequacy ratio was 19.65%. While our bank's total cash loans amounted to TL 40.8 billion, our deposit volume increased to TL 44.8 billion.

As ING, we continue to take firm steps in our digitalization journey in addition to our financial results. Putting digital transformation at the foundation of our strategy, we strive to become Turkey's leading digital institution. Accordingly, we have implemented the remote customer acquisition service as of May 1st, which we believe is a milestone in the banking industry. Additionally, our digitalization efforts were awarded in 2 categories at the IDC Turkey Finance Technology Awards. We were ranked first place in the Management, Risk and Compliance category with our "The New Approach Is a New Era of AML" project, and third place in the Technology Service Delivery category with our "(ING-Next) Effective and Secure Management of Remote Office End-User Systems" project. I heartily congratulate all my colleagues who contributed to both projects. We will continue to use digitalization as an effective tool with new investments in our digital channels.

We care about supporting our customers as well as providing them with an effortless banking service by delivering an easy, smart, and personal experience anytime, anywhere. With the campaign we developed within this context, our first 5,000 new customers benefited from zero-interest consumer loans up to TL 5,000. We also supported SMEs with our products and services during this period. We implemented the POS Extra campaign offering 0% merchant fee for three months for our new SME customers.

As ING in Turkey, we believe in the transformative power of the banking industry in pursuit of a sustainable world. For this purpose, we secured a EUR 300 million syndicated loan consisting of USD 37 million and EUR 269 million with the participation of 22 banks from 11 countries, marking our bank's first sustainability-linked transaction. This new resource for the Turkish economy indicates once again the trust in ING in Turkey and the Turkish banking industry.

As an institution putting gender equality at the heart of our activities, we continue to run projects that will support the empowerment of women. In this regard, we said farewell to the female athletes to the Tokyo 2020 Olympics that we support as part of the ING Olympic Girls Project implemented in cooperation with the Turkish National Olympic Committee. We believe that our support to the female role models will strengthen gender equality and help reveal Turkey's real potential. We are proud of all the athletes representing our country.

In line with our digital leadership strategy, we also give utmost importance to the social investments that would contribute to our country's digital transformation. We believe that it is essential that our children acquire new generation competencies at a young age, and we raise them as productive individuals. In this context, we are thrilled to reach 700 more children by bringing the Technology Academy for Future program to Ağrı, which we had first started in Kahramanmaraş.

As we leave behind the first half of the year and in a period of accelerated normalization, I sincerely thank all my colleagues and business partners, on behalf of myself and the ING in Turkey management team, for their outstanding efforts and performance.

Alper İhsan Gökgöz
CEO

(Convenience translation of the consolidated interim financial statements and related disclosures 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 six-month period ended 30 June 2021 (continued)
(All amounts expressed in full of Turkish Lira (“TL”) unless otherwise stated)**

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

1.5 Explanations on the Parent Bank 's staff and branch number

The Parent Bank continues its services and operations with 3,330 employees and 191 domestic branches, as of 30 June 2021.

1.6 Information on research and development about new services and activities

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

2. Assessments about financial position and risk management

2.1 Information on Audit Committee's operations in accounting period

There has not been any change about Audit Committee's operations in accounting period.

2.2 An assessment on financial status, profitability and solvency

According to the consolidated financial statements as of 30 June 2021, the asset size of the Group is TL 68.8 billion, and profit before tax is TL 553 million. As of 30 June 2021, credits constitute 59% of total assets with TL 40.8 billion.

According to consolidated financial statements, deposits which is the primary funding source of the Group, constitutes 65% of the balance sheet with TL 44.8 billion as of 30 June 2021. Even though the large base deposit structure covering small investments represents a short term source in the sector, it remains within the Parent Bank for much longer compared to the original term.

As of 30 June 2021, capital adequacy ratio of the Group has reached 19.65%. As of 30 June 2021, total equities of the Group has reached to TL 9.8 billion.

(Convenience translation of the consolidated interim financial statements and related disclosures 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
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I. Interim consolidated activity report including the assessments of the Chairman and CEO on the interim activities (continued)

2.3 Information on the risk management policies applied by risk types

There has been no change in the accounting period.

2.4 Information on whether ratings are determined by rating agencies

International credit rating agency Fitch Ratings Ltd. has confirmed the Bank's credit ratings as of 26 February 2021 as follows:

Long-term Foreign Currency Rating: B+ (Outlook: Stable)

Long-Term Local Currency: BB- (Outlook: Stable)

Short-term Foreign Currency Rating: B

Short Term Local Currency: B

Support Rating: 4

National Long-Term Notes: AA (tur) (Outlook: Stable)

Viability Rating: b+ (Confirmed as of 4 February 2021)