

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

**ING Bank A.Ş. and
Its Financial Subsidiaries**

Consolidated Interim Financial Statements
as of and for the Three-Month Period Ended
31 March 2017

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

9 May 2017

This report consists 2 pages of "Auditors' Review Report" and 84 pages of consolidated interim financial statements and related disclosures and footnotes.

*Convenience Translation of the Review Report Originally Prepared and Issued in Turkish
(See Section 3.1)*

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the statement of financial position of ING Bank A.Ş (the "Bank") and its financial subsidiaries (together the "Group") as at 31 March 2017 and the consolidated statement of income, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority ("BRSA"), and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation (together referred as "BRSA Accounting and Reporting Legislation"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the financial position of ING Bank A.Ş. and its financial subsidiaries as at 31 March 2017 and its financial performance and its cash flows for the three-month-period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

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

Funda Aslanoğlu, *SMMM*
Partner

9 May 2017
İstanbul, Türkiye

Additional paragraph for convenience translation to English:

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

The consolidated financial report of ING Bank A.Ş. prepared as of and for the three month period ended 31 March 2017

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The three-month consolidated interim financial report includes the following sections in accordance with the “Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced” as sanctioned 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
- Auditors’ review report
- Interim activity report

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

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

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

John T. Mc CARTHY Chairman of the Board	Pinar ABAY President and CEO	Erwin H.M.OLIJSLAGER CFO	Özden SERPEK Financial Reporting and Tax Director
M. Sırrı ERKAN Chairman of the Audit Committee		Adrianus J. A. KAS Audit Committee Member	

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

Name-Surname/Title : **Nurgül BİLGİÇER FİLİS / Vice President**
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Index

Section one

General information

I.	History of parent bank including its incorporation date, initial legal status, amendments to legal status	1
II.	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	2
III.	Information on 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 bank	3
IV.	Information on parent bank's qualified shareholders	3
V.	Summary information on parent bank's activities and services	4
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	4
VII.	Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its affiliates	4

Section two

Consolidated financial statements

I.	Consolidated balance sheet (statement of financial position)	6
II.	Consolidated statement of off-balance sheet items	8
III.	Consolidated statement of income	9
IV.	Consolidated Statement of income and expenses recognized under shareholders' equity	10
V.	Consolidated statement of changes in the shareholders' equity	11
VI.	Consolidated statement of cash flows	13

Section three

Accounting policies

I.	Explanations on basis of presentation	14
II.	Explanations on the strategy of using financial instruments and foreign currency transactions	15
III.	Explanations on consolidated subsidiaries	16
IV.	Explanations on forward and option contracts and derivative instruments	18
V.	Explanations on interest income and expenses	18
VI.	Explanations on fee and commission income and expenses	19
VII.	Explanations on financial assets	19
VIII.	Explanations on impairment of financial assets	20
IX.	Explanations on offsetting financial assets	21
X.	Explanations on sales and repurchase agreements and securities lending transactions	21
XI.	Explanations on property and equipment held for sale and related to discontinued operations and on payables regarding these assets	22
XII.	Explanations on goodwill and other intangible assets	22
XIII.	Explanations on property and equipment	22
XIV.	Explanations on leasing transactions	23
XV.	Explanations on provisions, contingent assets and liabilities	23
XVI.	Explanations on obligations related to employee rights	23
XVII.	Explanations on taxation	24
XVIII.	Explanations on borrowings	25
XIX.	Explanations on issuance of equity securities	25
XX.	Explanations on letters of acceptances	25
XXI.	Explanations on government incentives	25
XXII.	Explanations on segment reporting	25
XXIII.	Explanations on other disclosures	25

Section four

Information related to consolidated financial position and risk management

I.	Explanations on consolidated capital	26
II.	Explanations on consolidated currency risk	31
III.	Explanations on consolidated interest rate risk	33
IV.	Explanations on equity securities position risk derived from consolidated banking books	36
V.	Explanations on consolidated liquidity risk management and liquidity coverage ratio	37
VI.	Explanations on consolidated leverage ratio	43
VII.	Explanations on consolidated risk management	44
VIII.	Explanations on segment reporting	46

Section five

Information and disclosures related to consolidated financial statements

I.	Explanations and notes related to assets of the consolidated balance sheet	47
II.	Explanations and notes related to liabilities of the consolidated balance sheet	60
III.	Explanations and notes related to consolidated off-balance sheet accounts	70
IV.	Explanations and notes related to consolidated statement of income	72
V.	Explanations and notes related to the risk group of the Group	77
VI.	Explanations and notes related to subsequent events	78

Section six

Auditors' review report

I.	Explanations on the auditors' review report	79
II.	Explanations and notes prepared by independent auditors	79

Section seven

Interim activity report

I.	Interim consolidated activity report including the assessments of the Chairman and CEO on the interim activities	80
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ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements for the period 1 January - 31 March 2017

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

Section one

General information

I. History of parent bank including its incorporation date, initial legal status, amendments to legal status

In accordance with the Council of Ministers’ decree numbered 90/256 and dated 13 March 1990 published in the Official Gazette on 1 August 1990, the First National Bank of Boston A.Ş.’s “Articles of Association” was registered on 31 October 1990 for the purpose of accepting deposits and performing banking transactions and was published in the Turkish Trade Registry Gazette on 5 November 1990. Appropriated and paid-in capital attributable to The First National Bank of Boston’s Istanbul Branch that was established in accordance with the Council of Ministers’ decree numbered 90/256 with the permission of establishing branches under the Council of Minister’s decree numbered 84/7618 and dated 11 January 1984, was offset against the established Parent Bank’s capital and subsequent to its establishment and permission obtained for the acceptance of deposits, assets and liabilities of The First National Bank of Boston’s Istanbul Branch were transferred to the Parent Bank.

In 1991, the title of the Parent Bank that continued its operations as a Turkish Bank having four shareholders together with Ordu Yardımlaşma Kurumu (“OYAK”), Alarko and Cerrahoğlu groups, was changed to Türk Boston Bank A.Ş. and in 1993 OYAK became the single owner of the Parent Bank acquiring the shares of other shareholders. On 10 May 1996, the title of Türk Boston Bank A.Ş. was changed into Oyak Bank A.Ş. Initial status of the Parent Bank has not been subject to any change.

According to item 3 (a) of the Council of Ministers’ decree numbered 99-13765 and dated 21 December 1999 published in the Official Gazette numbered 23914 and dated 22 December 1999, ownership rights except dividends and management and supervision of Sümerbank A.Ş. were transferred to the Saving Deposit Insurance Fund (“the SDIF”) in accordance with Article 14, items 3 and 4 of the Banking Act. 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.

With the SDIF Board of Directors’ decision numbered 148 and dated 31 July 2001, it was decided to transfer all shares of Sümerbank A.Ş. to OYAK latest on 13 August 2001. Based on this resolution, a share transfer agreement has been signed between the SDIF and OYAK on 9 August 2001. According to the agreement, the total 133,400,000,000 shares of Sümerbank A.Ş. that have been transferred to the SDIF, with nominal value of TL 0.001 (Full TL) each, have been transferred to OYAK. In accordance with the resolution of the General Assembly dated 10 August 2001, the loss of TL 133,395 (not inflation adjusted) has been offset against TL 133,400 (not inflation adjusted) capital of Sümerbank A.Ş. and the capital of Sümerbank A.Ş. that decreased to TL 5 has been increased to TL 27,000 (not inflation adjusted) by OYAK.

As of 11 January 2002, it was resolved that Sümerbank A.Ş. would merge with Oyak Bank A.Ş. and continue its banking operations under the Parent Bank. Registration of the resolutions of the Boards of Directors of Sümerbank A.Ş. and Oyak Bank A.Ş. on the merger of two banks was found appropriate in accordance with the article 18.1 of Banking Act No: 4389 and the Regulation on the Merger and Takeover of Banks by the BRSA’s resolution dated 2 January 2002 and numbered 569, and was published in the Official Gazette number 24629 dated 3 January 2002. The merger took place as of 11 January 2002.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
for the period 1 January - 31 March 2017 (continued)**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. History of parent bank including its incorporation date, initial legal status, amendments to legal status (continued)

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 in accordance with the permission of Turkish Ministry of Industry and Trade, Domestic Trade Chief Management numbered 2440 and dated 7 May 2008. The title change has been registered on 30 May 2008 and published in Turkish Trade Registry Gazette numbered 7077 and dated 5 June 2008. The prime contract of the Parent Bank has been modulated 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.

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

The main shareholders and capital structure as of 31 March 2017 and 31 December 2016 are as follows:

	Current period		Prior period	
	Share amount Full TL	Share percentage	Share amount Full TL	Share percentage
ING Bank N.V.	3,486,267,792	100.00	3,486,267,792	100.00
Other shareholders total	5	-	5	-
Total	3,486,267,797	100.00	3,486,267,797	100.00

As of 31 March 2017, the Parent Bank’s paid-in capital consists of 3,486,267,797 shares with a nominal value of TL (Full TL) 1 each.

The Parent Bank’s paid-in capital is TL 3,486,268 as of 31 March 2017, and ING Bank N.V. has full control over the Parent Bank’s capital.

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated financial statements for the period 1 January - 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

III. Information on 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 bank

As of 31 March 2017, 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
John T. Mc Carthy	Chairman of BoD	Legally declared
Adrianus J. A. Kas	Vice Chairman of BoD and Audit Committee Member	Legally declared
M. Sırrı Erkan	BoD and Chairman of the Audit Committee	Legally declared
Can Erol	BoD Member	Legally declared
A. Canan Ediboğlu	BoD Member	Legally declared
Pınar Abay	Chief Executive Officer and BoD Member	Legally declared
Ayşegül Akay	Executive Vice President	Financial Institutions and Debt Capital Markets
İhsan Çakır	Executive Vice President	Mid Corporate Banking
Çiğdem Dayan	Chief Legal Counsel	Legal Department
Nermin Güney Diriksoy	Executive Vice President	Corporate and Mid Corporate Credit Allocation
Gordana Hulina	Executive Vice President	Credits
İbrahim Huyugüzel	Executive Vice President	Internal Control
İlker Kayseri	Executive Vice President	Treasury
Ş. Görkem Köseoğlu	Executive Vice President	Operation and Technology
Erwin H.M. Olijslager	Chief Financial Officer	Financial Control and Treasury
Bahar Şansal	Executive Vice President	Human Resources
Murat Sarı	Executive Vice President	SME and Retail Banking Credit Allocation
Bohdan Robert Stepkowski	Executive Vice President	Financial Markets
İ. Bahadır Şamlı	Executive Vice President	Information Technologies
Murat Tursun	Chief Audit Executive	Internal Audit
Barbaros Uygun	Executive Vice President	Retail Banking
Ebru Sönmez Yanık	Executive Vice President	Corporate Customers Sales and Marketing
Erdoğan Yılmaz	Executive Vice President	SME Banking and Payment Systems
Gökhan Yurtçu	Executive Vice President	Relations with Official Institutions and Legislation, Consumer Affairs Coordination Affairs
Alper Hakan Yüksel	Executive Vice President	Corporate Banking

At the Ordinary General Meeting of the Parent Bank held on 29 March 2017, the number of board members including Chief Executive Officer who is a permanent member per the Banking Law has been defined as 6 and John T. Mc Carthy, Adrianus J. A. Kas, A. Canan Ediboğlu, M. Sırrı Erkan and Can Erol have been appointed as the Board Member for 2 years till the Ordinary General Meeting to be held in 2019.

Parent Bank Non-Financial Risk Management Executive Vice President Tuba Yapıcı has resigned from her duty as of 2 January 2017.

Parent Bank Human Resources Executive Vice President Seçil Refik has resigned from her duty as of 1 February 2017.

Bahar Şansal has been appointed as Human Resources Executive Vice President per the Board of Directors resolution No. 6/1 and dated 9 February 2017, after completion of the BRSA process, she started her duty as of 13 March 2017.

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

IV. Information on parent bank’s qualified shareholders

ING Bank N.V. has full control over the Parent Bank’s management with 3,486,267,792 shares and 100% paid-in share.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated financial statements
for the period 1 January - 31 March 2017 (continued)**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

V. Summary information on 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 267 domestic branches.

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

Subsidiaries of the Parent Bank are subject to full consolidation.

VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its affiliates

None.

Section two

Consolidated financial statements

- I. Consolidated balance sheet (statement of financial position)
- II. Consolidated statement of off-balance sheet items
- III. Consolidated statement of income
- IV. Consolidated statement of income and expenses recognized under shareholders' equity
- V. Consolidated statement of changes in the shareholders' equity
- VI. Consolidated statement of cash flows

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

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position) as of 31 March 2017

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

Assets	Note (section five)	Reviewed Current period (31/03/2017)			Audited Prior period (31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	(I-1)	417,267	5,805,065	6,222,332	415,526	6,450,121	6,865,647
II. Financial assets at fair value through profit or loss (net)	(I-2)	418,836	159,057	577,893	284,828	249,168	533,996
2.1 Financial assets held for trading		418,836	159,057	577,893	284,828	249,168	533,996
2.1.1 Public sector debt securities		21,454	6,978	28,432	1,868	4,608	6,476
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		397,354	152,079	549,433	282,928	244,560	527,488
2.1.4 Other marketable securities		28	-	28	32	-	32
2.2 Financial assets designated at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. Banks	(I-3)	53,184	260,442	313,626	36,476	205,046	241,522
IV. Money market placements		2,680,555	-	2,680,555	1,898,998	-	1,898,998
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		168,747	-	168,747	578,203	-	578,203
4.3 Receivables from reverse repurchase agreements		2,511,808	-	2,511,808	1,320,795	-	1,320,795
V. Financial assets available for sale (net)	(I-4)	2,563,319	116,819	2,680,138	2,553,589	102,195	2,655,784
5.1 Equity securities		7,902	116,819	124,721	7,903	102,195	110,098
5.2 Public sector debt securities		2,555,417	-	2,555,417	2,545,686	-	2,545,686
5.3 Other marketable securities		-	-	-	-	-	-
VI. Loans and receivables	(I-5)	26,456,784	15,478,731	41,935,515	25,381,131	15,924,580	41,305,711
6.1 Loans and receivables		26,003,907	15,478,731	41,482,638	24,936,395	15,924,580	40,860,975
6.1.1 Loans to the Bank's risk group		113	-	113	105	-	105
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		26,003,794	15,478,731	41,482,525	24,936,290	15,924,580	40,860,870
6.2 Loans under follow-up		1,516,808	-	1,516,808	1,410,279	-	1,410,279
6.3 Specific provisions (-)		(1,063,931)	-	(1,063,931)	(965,543)	-	(965,543)
VII. Factoring receivables		476,756	111,121	587,877	607,576	138,472	746,048
VIII. Held-to maturity investments (net)	(I-6)	-	-	-	-	-	-
8.1 Public sector debt securities		-	-	-	-	-	-
8.2 Other marketable securities		-	-	-	-	-	-
IX. Associates (net)	(I-7)	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial associates		-	-	-	-	-	-
9.2.2 Non-financial associates		-	-	-	-	-	-
X. Subsidiaries (net)	(I-8)	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. Joint ventures (net)	(I-9)	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Financial lease receivables (net)	(I-10)	49,217	945,389	994,606	49,899	836,193	886,092
12.1 Financial lease receivables		60,358	1,021,202	1,081,560	61,190	902,200	963,390
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(11,141)	(75,813)	(86,954)	(11,291)	(66,007)	(77,298)
XIII. Derivative financial assets held for hedging purposes	(I-11)	1,769,341	-	1,769,341	1,793,218	5	1,793,223
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		1,769,341	-	1,769,341	1,793,218	5	1,793,223
13.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV. Property and equipment (net)	(I-12)	430,889	3	430,892	424,178	3	424,181
XV. Intangible assets (net)	(I-13)	39,922	-	39,922	45,151	-	45,151
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		39,922	-	39,922	45,151	-	45,151
XVI. Investment properties (net)	(I-14)	-	-	-	-	-	-
XVII. Tax asset		85,150	-	85,150	80,804	463	81,267
17.1 Current tax asset		81,262	-	81,262	76,759	463	77,222
17.2 Deferred tax asset		3,888	-	3,888	4,045	-	4,045
XVIII. Property and equipment held for sale and related to discontinued operations (net)	(I-15)	660	-	660	660	-	660
18.1 Held for sale		660	-	660	660	-	660
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	(I-17)	555,562	46,560	602,122	464,250	44,693	508,943
Total assets		35,997,442	22,923,187	58,920,629	34,036,284	23,950,939	57,987,223

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 and footnotes originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated balance sheet (statement of financial position) as of 31 March 2017

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

Liabilities	Note (section five)	Reviewed			Audited		
		Current period			Prior period		
		(31/03/2017)			(31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. Deposits	(II-1)	17,228,460	8,599,281	25,827,741	17,350,959	7,801,718	25,152,677
1.1 Deposits held by the Bank's risk group		8,221	3,554	11,775	4,392	300	4,692
1.2 Other		17,220,239	8,595,727	25,815,966	17,346,567	7,801,418	25,147,985
II. Derivative financial liabilities held for trading	(II-2)	243,434	115,095	358,529	375,448	199,599	575,047
III. Funds borrowed	(II-3)	687,512	21,276,869	21,964,381	755,701	21,059,603	21,815,304
IV. Money market balances		152,037	-	152,037	126,567	-	126,567
4.1 Funds from interbank money market		150,000	-	150,000	125,000	-	125,000
4.2 Funds from Istanbul Stock Exchange money market		39	-	39	59	-	59
4.3 Funds provided under repurchase agreements		1,998	-	1,998	1,508	-	1,508
V. Marketable securities issued (net)	(II-4)	253,820	-	253,820	246,634	-	246,634
5.1 Bills		253,820	-	253,820	246,634	-	246,634
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		377,771	51,069	428,840	446,217	55,425	501,642
VIII. Other liabilities	(II-5)	372,079	62,824	434,903	290,568	51,071	341,639
IX. Factoring payables		22	344	366	22	1,421	1,443
X. Leasing transaction payables	(II-6)	-	-	-	-	-	-
10.1 Financial lease payables		-	-	-	-	-	-
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred financial lease expenses (-)		-	-	-	-	-	-
XI. Derivative financial liabilities held for hedging purposes	(II-7)	42,782	4,979	47,761	33,054	5,444	38,498
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		42,782	4,979	47,761	33,054	5,444	38,498
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. Provisions	(II-8)	803,553	10	803,563	768,372	-	768,372
12.1 General loan loss provisions		632,893	-	632,893	625,669	-	625,669
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		44,101	-	44,101	40,283	-	40,283
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		126,559	10	126,569	102,420	-	102,420
XIII. Tax liability	(II-9)	477,640	2,160	479,800	395,341	293	395,634
13.1 Current tax liability		102,933	2,160	105,093	77,695	293	77,988
13.2 Deferred tax liability		374,707	-	374,707	317,646	-	317,646
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)	(II-10)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	(II-11)	461,413	2,511,190	2,972,603	474,800	2,406,399	2,881,199
XVI. Shareholders' equity	(II-12)	5,092,734	103,551	5,196,285	5,053,741	88,826	5,142,567
16.1 Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2 Capital reserves		163,163	103,551	266,714	102,856	88,826	191,682
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences		(26,412)	108,365	81,953	(29,155)	94,029	64,874
16.2.4 Revaluation surplus on tangible assets		46,732	-	46,732	26,644	-	26,644
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares from investment in associates, subsidiaries and joint ventures		-	-	-	-	-	-
16.2.8 Hedging funds (effective portion)		142,219	(4,814)	137,405	103,747	(5,203)	98,544
16.2.9 Valuation differences on property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		624	-	624	1,620	-	1,620
16.3 Profit reserves		1,212,415	-	1,212,415	872,711	-	872,711
16.3.1 Legal reserves		156,998	-	156,998	106,883	-	106,883
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		1,041,750	-	1,041,750	754,162	-	754,162
16.3.4 Other profit reserves		13,667	-	13,667	11,666	-	11,666
16.4 Profit or (loss)		230,888	-	230,888	591,906	-	591,906
16.4.1 Prior periods' profit or (loss)		34,115	-	34,115	-	-	-
16.4.2 Current period profit or loss		196,773	-	196,773	591,906	-	591,906
16.5 Minority interests		-	-	-	-	-	-
Total liabilities and shareholders' equity		26,193,257	32,727,372	58,920,629	26,317,424	31,669,799	57,987,223

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 and footnotes originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of off-balance sheet items as of 31 March 2017

(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)		34,987,813	44,456,055	79,443,868	34,811,931	48,772,422	83,584,353
I. Guarantees and warranties	(III-1)	2,497,998	4,832,662	7,330,660	2,566,750	4,976,560	7,543,310
1.1 Letters of guarantee		2,415,491	3,095,636	5,511,127	2,503,637	3,081,273	5,584,910
1.1.1 Guarantees subject to state tender law		22,133	-	22,133	25,234	-	25,234
1.1.2 Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3 Other letters of guarantee		2,393,358	3,095,636	5,488,994	2,478,403	3,081,273	5,559,676
1.2 Bank acceptances		-	113,534	113,534	-	109,750	109,750
1.2.1 Import letter of acceptance		-	113,534	113,534	-	109,750	109,750
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		-	1,131,134	1,131,134	-	1,244,131	1,244,131
1.3.1 Documentary letters of credit		-	1,131,134	1,131,134	-	1,244,131	1,244,131
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		81,752	94,579	176,331	62,265	83,415	145,680
1.8 Other guarantees		-	264,608	264,608	-	254,082	254,082
1.9 Other warranties		755	133,171	133,926	848	203,909	204,757
II. Commitments	(III-1)	7,024,499	1,655,489	8,679,988	6,648,060	2,174,509	8,822,569
2.1 Irrevocable commitments		7,024,499	1,655,489	8,679,988	6,648,060	2,174,509	8,822,569
2.1.1 Forward asset purchase commitments		683,048	1,552,051	2,235,099	648,779	1,441,694	2,090,473
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		1,607,723	102,205	1,709,928	1,540,242	727,557	2,267,799
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments		2,811,647	-	2,811,647	2,603,213	-	2,603,213
2.1.8 Tax and fund liabilities from export commitments		10,180	-	10,180	9,975	-	9,975
2.1.9 Commitments for credit card limits		1,904,975	-	1,904,975	1,838,983	-	1,838,983
2.1.10 Commitments for credit cards and banking services promotions		4,658	-	4,658	4,753	-	4,753
2.1.11 Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12 Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		2,268	1,233	3,501	2,115	5,258	7,373
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. Derivative financial instruments	(III-2)	25,465,316	37,967,904	63,433,220	25,597,121	41,621,353	67,218,474
3.1 Derivative financial instruments for hedging purposes		10,686,573	5,637,361	16,323,934	10,819,626	6,181,706	17,001,332
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		10,686,573	5,637,361	16,323,934	10,819,626	6,181,706	17,001,332
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Derivative financial instruments for trading purposes		14,778,743	32,330,543	47,109,286	14,777,495	35,439,647	50,217,142
3.2.1 Forward foreign currency buy/sell transactions		1,924,046	6,338,662	8,262,708	2,419,449	10,246,506	12,665,955
3.2.1.1 Forward foreign currency transactions-buy		885,613	3,247,148	4,132,761	1,162,091	5,156,369	6,318,460
3.2.1.2 Forward foreign currency transactions-sell		1,038,433	3,091,514	4,129,947	1,257,358	5,090,137	6,347,495
3.2.2 Swap transactions related to foreign currency and interest rates		11,769,235	23,332,933	35,102,168	11,419,302	23,485,847	34,905,149
3.2.2.1 Foreign currency swap-buy		4,277,292	9,396,503	13,673,795	5,652,519	8,765,453	14,417,972
3.2.2.2 Foreign currency swap-sell		6,211,943	7,346,676	13,558,619	4,536,783	9,877,078	14,413,861
3.2.2.3 Interest rate swap-buy		640,000	3,294,877	3,934,877	615,000	2,421,658	3,036,658
3.2.2.4 Interest rate swap-sell		640,000	3,294,877	3,934,877	615,000	2,421,658	3,036,658
3.2.3 Foreign currency, interest rate and securities options		1,083,034	2,658,948	3,741,982	938,744	1,702,852	2,641,596
3.2.3.1 Foreign currency options-buy		541,517	1,329,474	1,870,991	469,372	851,426	1,320,798
3.2.3.2 Foreign currency options-sell		541,517	1,329,474	1,870,991	469,372	851,426	1,320,798
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		2,428	-	2,428	-	4,442	4,442
B. Custody and pledged items (IV+V+VI)		214,574,743	28,221,932	242,796,675	210,485,390	27,073,233	237,558,623
IV. Items held in custody		672,810	1,489,787	2,162,597	555,442	1,465,354	2,020,796
4.1 Customer fund and portfolio balances		211,670	-	211,670	152,224	-	152,224
4.2 Investment securities held in custody		64,272	189,715	253,987	73,592	188,220	261,812
4.3 Checks received for collection		210,899	397,057	607,956	124,341	428,965	553,306
4.4 Commercial notes received for collection		185,968	815,794	1,001,762	205,284	768,430	973,714
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		1	87,221	87,222	1	79,739	79,740
4.8 Custodians		-	-	-	-	-	-
V. Pledged received		39,555,943	6,112,054	45,667,997	40,524,529	6,008,222	46,532,751
5.1 Marketable securities		137,506	6,078	143,584	137,506	9,444	146,950
5.2 Guarantee notes		8,288,714	1,468,499	9,757,213	8,471,012	1,447,577	9,918,589
5.3 Commodity		910	-	910	910	-	910
5.4 Warrant		-	-	-	-	-	-
5.5 Properties		27,020,856	3,962,760	30,983,616	27,298,988	3,752,251	31,051,239
5.6 Other pledged items		4,107,957	674,717	4,782,674	4,616,113	798,950	5,415,063
5.7 Pledged items-depository		-	-	-	-	-	-
VI. Accepted independent guarantees and warranties		174,345,990	20,620,091	194,966,081	169,405,419	19,599,657	189,005,076
Total off-balance sheet items (A+B)		249,562,556	72,677,987	322,240,543	245,297,321	75,845,655	321,142,976

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

(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

Consolidated statement of income for the three-month period ended 31 March 2017 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Income and expense items		Note (section five)	Reviewed	Reviewed
			Current period (01/01/2017- 31/03/2017)	Prior period (01/01/2016- 31/03/2016)
I.	Interest income	(IV-1)	1,190,543	1,081,852
1.1	Interest on loans		1,031,827	957,973
1.2	Interest on reserve requirements		8,165	6,659
1.3	Interest on banks		16,420	5,990
1.4	Interest on money market transactions		51,099	3,868
1.5	Interest on marketable securities portfolio		59,042	86,000
1.5.1	Financial assets held for trading		1,973	5,203
1.5.2	Financial assets at fair value through profit or loss		-	-
1.5.3	Financial assets available for sale		57,069	80,792
1.5.4	Investments held to maturity		-	5
1.6	Financial lease income		11,360	9,412
1.7	Other interest income		12,630	11,950
II.	Interest expense	(IV-2)	(528,724)	(491,955)
2.1	Interest on deposits		(387,231)	(364,113)
2.2	Interest on funds borrowed		(113,993)	(94,416)
2.3	Interest on money market transactions		(14,258)	(22,872)
2.4	Interest on securities issued		(6,322)	(4,560)
2.5	Other interest expenses		(6,920)	(5,994)
III.	Net interest income (I-II)		661,819	589,897
IV.	Net fees and commissions income		106,648	74,740
4.1	Fees and commissions received		158,151	118,130
4.1.1	Non-cash loans		26,335	11,832
4.1.2	Other	(IV-12)	131,816	106,298
4.2	Fees and commissions paid		(51,503)	(43,390)
4.2.1	Non-cash loans		(122)	(52)
4.2.2	Other	(IV-12)	(51,381)	(43,338)
V.	Dividend income	(IV-3)	229	77
VI.	Trading gain/(loss) (net)	(IV-4)	(54,278)	(92,888)
6.1	Trading gain/(loss) on securities		2,780	(1,706)
6.2	Gain/(loss) on derivative financial transactions		116,653	(354,507)
6.3	Foreign exchange gain/(loss)		(173,711)	263,325
VII.	Other operating income	(IV-5)	64,063	50,666
VIII.	Total operating income (III+IV+V+VI+VII)		778,481	622,492
IX.	Provision for loan losses and other receivables (-)	(IV-6)	(170,051)	(163,949)
X.	Other operating expenses (-)	(IV-7)	(360,397)	(346,290)
XI.	Net operating profit/(loss) (VIII-IX-X)		248,033	112,253
XII.	Income resulted from mergers		-	-
XIII.	Profit/(loss) from investments under equity accounting		-	-
XIV.	Profit/(loss) on net monetary position		-	-
XV.	Profit/(loss) before tax from continuing operations (XI+XII+XIII+XIV)	(IV-8)	248,033	112,253
XVI.	Tax provisions for continuing operations (±)	(IV-9)	(51,260)	(24,049)
16.1	Current tax provision		(5,340)	(4,197)
16.2	Deferred tax provision		(45,920)	(19,852)
XVII.	Net profit/(loss) from continuing operations (XV±XVI)	(IV-10)	196,773	88,204
XVIII.	Income from discontinued operations		-	-
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Income from other discontinued operations		-	-
XIX.	Expenses for discontinued operations (-)		-	-
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Loss from other discontinued operations		-	-
XX.	Profit/(loss) before tax from discontinued operations (XVIII-XIX)	(IV-8)	-	-
XXI.	Tax provision for discontinued operations (±)	(IV-9)	-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	Net profit/(loss) from discontinued operations (XX±XXI)	(IV-10)	-	-
XXIII.	Net profit/(loss) (XVII+XXII)	(IV-11)	196,773	88,204
23.1	Group's profit/(loss)		196,773	88,204
23.2	Minority shares		-	-
	Earnings per share		0.06	0.03

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 and footnotes originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of income and expenses recognized under shareholders' equity for the three-month period ended 31 March 2017

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

Income and expense items recognized under shareholders' equity	Reviewed	Reviewed
	Current period (01/01/2017- 31/03/2017)	Prior period (01/01/2016- 31/03/2016)
I. Additions to marketable securities valuation differences from available for sale financial assets	18,912	21,282
II. Property and equipment revaluation differences	-	-
III. Intangible fixed assets revaluation differences	-	-
IV. Foreign exchange differences from foreign currency transactions	2,001	247
V. Profit/loss from derivative financial instruments for cash flow hedges (effective portion of fair value differences)	48,576	(142,499)
VI. Profit /loss from derivative financial instruments for hedge of net investment in foreign operations (effective portion of fair value differences)	-	-
VII. Effects of changes in accounting policies and corrections	-	-
VIII. Other income/expense recognized under shareholders' equity in accordance with TAS	(1,245)	75
IX. Deferred tax related to valuation differences	(11,299)	24,229
X. Net income/expense directly recognized under shareholders' equity (I+II+...+IX)	56,945	(96,666)
XI. Profit/loss for the period	196,773	88,204
11.1 Net change in fair value of marketable securities (transfer to profit/loss)	-	-
11.2 Part of cash flow hedge derivative financial assets reclassified into income statement	(588)	(790)
11.3 Part of foreign investment hedge derivative financial assets reclassified into income statement	-	-
11.4 Other	197,361	88,994
XII. Total profit/loss recognized for the period (X±XI)	253,718	(8,462)

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 and footnotes originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Consolidated statement of changes in the shareholders' equity for the three-month period ended 31 March 2017 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Changes in the consolidated shareholders' equity

Reviewed	Note	Paid-in capital	Inflation adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Statutory reserves	Extraordinary reserves	Other reserves	Current period net profit/(loss)	Prior period net profit/(loss)	Marketable securities valuation differences	Revaluation surplus on tangible and intangible assets	Bonus shares from associates	Hedging funds	Valuation difference on prop. and equip. held for sale and related to discount. operations	Minority interests	Total equity
Prior period																		
(01/01/2016-31/03/2016)																		
I.		3,486,268	-	-	-	99,679	-	623,731	2,523	139,621	-	(5,630)	24,773	-	165,767	-	-	4,536,732
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		3,486,268	-	-	-	99,679	-	623,731	2,523	139,621	-	(5,630)	24,773	-	165,767	-	-	4,536,732
Changes in the period																		
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	17,026	-	-	-	-	-	17,026
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	(113,999)	-	-	(113,999)
6.1		-	-	-	-	-	-	-	-	-	-	-	-	-	(113,999)	-	-	(113,999)
6.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	247	-	-	-	-	-	-	-	-	247
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.		-	-	-	-	-	-	-	60	-	-	-	-	-	-	-	-	60
XIX.		-	-	-	-	-	-	-	-	88,204	-	-	-	-	-	-	-	88,204
XX.		-	-	-	-	6,849	-	130,901	-	(139,621)	-	-	1,871	-	-	-	-	-
20.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2		-	-	-	-	6,849	-	130,901	-	(139,621)	-	-	1,871	-	-	-	-	-
20.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+V+...+XVIII+XIX+XX)		3,486,268	-	-	-	106,528	-	754,632	2,830	88,204	-	11,396	26,644	-	51,768	-	-	4,528,270

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 and footnotes 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 three-month period ended 31 March 2017 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Cash flow table	Note	Reviewed	Reviewed
		Current period (01/01/2017 - 31/03/2017)	Prior period (01/01/2016 - 31/03/2016)
A. Cash flows from banking operations			
1.1 Operating profit/(loss) before changes in operating assets and liabilities		236,122	632,456
1.1.1 Interest received		1,064,166	1,066,796
1.1.2 Interest paid		(533,049)	(487,070)
1.1.3 Dividend received		229	77
1.1.4 Fees and commissions received		184,364	124,892
1.1.5 Other income		24,109	17,041
1.1.6 Collections from previously written-off loans and other receivables		80,824	67,105
1.1.7 Payments to personnel and service suppliers		(212,991)	(189,477)
1.1.8 Taxes paid		(12,070)	(16,800)
1.1.9 Other		(359,460)	49,892
1.2 Changes in operating assets and liabilities		65,808	(1,534,392)
1.2.1 Net (increase)/decrease in trading securities		(21,670)	127,048
1.2.2 Net (increase)/decrease in financial assets at fair value through profit/(loss)		-	-
1.2.3 Net (increase)/decrease in due from banks and other financial institutions		(24,474)	4,432
1.2.4 Net (increase)/decrease in loans		(787,844)	(383,278)
1.2.5 Net (increase)/decrease in other assets		(138,841)	479,574
1.2.6 Net increase/(decrease) in bank deposits		(198,745)	(322,422)
1.2.7 Net increase/(decrease) in other deposits		877,176	(754,787)
1.2.8 Net increase/(decrease) in funds borrowed		136,454	(418,650)
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		223,752	(266,309)
I. Net cash provided from banking operations		301,930	(901,936)
B. Cash flow from investing activities			
II. Net cash provided from investing activities		(16,852)	(110,248)
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		(28,582)	(17,061)
2.4 Disposals of property and equipment		11,693	6,145
2.5 Cash paid for purchase of investments available-for-sale		-	(135,000)
2.6 Cash obtained from sale of investments available-for-sale		226	38,325
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Other		(189)	(2,657)
C. Cash flows from financing activities			
III. Net cash provided from financing activities		(192,555)	(204,050)
3.1 Cash obtained from funds borrowed and securities issued	(II-4)	257,445	-
3.2 Cash used for repayment of funds borrowed and securities issued	(II-4)	(250,000)	(204,050)
3.3 Issued equity instruments		-	-
3.4 Dividends paid	(II-12)	(200,000)	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		80,009	(24,510)
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		172,532	(1,240,744)
VI. Cash and cash equivalents at beginning of the period		4,580,980	3,386,606
VII. Cash and cash equivalents at the end of the period		4,753,512	2,145,862

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 and footnotes originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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 Accounting Standards issued by the Public Oversight Accounting and Auditing Standards Authority (hereafter, referred as “BRSA Accounting and Financial Reporting Legislation”). The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The consolidated financial statements have been prepared at Turkish Lira on a historical cost basis, except for the financial assets designated at fair value through profit or loss, available-for sale financial assets, trading financial assets, derivative financial assets and liabilities held for trading and derivative financial assets and liabilities held for hedging.

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 income statement.

It is expected that the changes and interpretations in TAS and TFRS announced but not in effect will have no material effect on the Group’s accounting policies, financial position and performance except for TFRS 9 Financial Instruments Standard to be effective as from 1 January 2018. The Group is considering the effects of TFRS 9 Financial Instruments Standard.

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 interim financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying interim financial statements. Accordingly, the accompanying interim 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 XXIII below.

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

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

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 which mainly comprises deposits. The investment instruments are generally chosen from liquid instruments. Thus, liquidity is sustained to meet liabilities. As of the balance sheet date, the Group’s asset and shareholder’s equity structure is sufficient to meet its liabilities.

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

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

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

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

Explanations on foreign currency transactions:

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

Regarding the financial statements of the foreign subsidiaries of the group, balance sheet items are converted to Turkish Lira at the period-end balance sheet exchange rates, and income statement items are converted at average exchange rate, and all resulting exchange differences are accounted in the shareholders’ equity under “Other profit reserves”.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

III. Explanation on consolidated subsidiaries

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

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

ING European Financial Services Plc.

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

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

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

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

The financial statements of the Company are prepared in accordance with Turkish Accounting Standards (“TAS”) enacted by Public Oversight Accounting and Auditing Standards Authority as per Capital Markets Board legislation. The required adjustments and re-classifications have been made on the financial statements of the Company in order to comply with the financial statements of the Parent Bank.

ING Faktoring A.Ş. (ING Factoring)

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

The financial statements of the Company are prepared in accordance with the Communiqué Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public, Turkey Accounting Standards and Turkey Financial Reporting Standards, and in respect of accounting and financial reporting principles and other regulations, communiqués and statements published by Banking Regulation and Supervision Agency. 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.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

III. Explanation on consolidated subsidiaries (continued)

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 financial statements of the Company are prepared in accordance with the Communiqué Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public, Turkey Accounting Standards and Turkey Financial Reporting Standards, and in respect of accounting and financial reporting principles and other regulations, communiqués and statements published by Banking Regulation and Supervision Agency. The required adjustments and re-classifications have been made on the financial statements of the Company in order comply with the financial statements of the Parent Bank.

ING Menkul Değerler A.Ş. (ING Brokerage)

ING Brokerage 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 Brokerage 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 Brokerage 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 Turkish Accounting Standards (TAS) enacted by Public Oversight Accounting and Auditing Standards Authority. 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 interim financial statements for the three-month period ended 31 March 2017 (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. The derivative instruments are accounted at their fair values as of the contract date and subsequently revalued at fair value in the following reporting periods. Fair value of derivative instruments are calculated by considering the fair values in the market or through discounted cash flow method.

The derivative instruments are accounted in accordance with “Financial Instruments: Recognition and Measurement” (“TAS 39”) for the purpose of trading and hedging and followed under “Derivative financial assets/liabilities held for trading” and “Derivative financial assets/liabilities held for hedging” respectively. Gains or losses realised regarding these derivative instruments are recognized in the profit and loss statement. Unrealized gains or losses arising from the change in the fair value of the derivative transactions held for trading are accounted for under “Derivative financial transactions gains/losses” in profit and loss, and change in the fair value of derivative transactions held for hedging are accounted for under “Hedging funds (Effective portion)” within equity for the effective portion and “Derivative financial transactions gains/losses” in the profit and loss for the ineffective portion.

The Parent Bank has been applying cash flow hedges in order to hedge cash flow risk on its liabilities effective from 1 November 2008. Accordingly, hedging instruments are determined as TL and FX interest swaps with floating rate interest collection and fixed rate interest payment, and hedging element is determined as cash outflows in relation to the interest to be paid to TL and FX customer deposits.

The Parent Bank has started applying other another cash flow hedge accounting method as from 1 April 2011. Accordingly, hedging instruments are determined as floating rate FX interest collection and fixed rate TL interest payment cross currency swaps; and hedged items are determined as cash outflows in relation to the interest to be paid to TL customer deposits and cash outflows due from the FX rate changes of FX borrowings.

Prospective efficiency tests are performed regularly at the inception of the hedge relationship and both prospective and retrospective efficiency tests are carried out through Dollar off-set method at each reporting period-end regularly. In this method, changes in the fair value of the hedged item and changes in the fair value of the hedging instruments are compared and effectiveness ratio is calculated. In the determination of the fair values of hedging instruments and hedged item, market yield curves are used. Hedge accounting principles are applied by assessing the calculated effectiveness ratio within the scope of TAS 39.

When the hedging instrument is expired, executed, sold or the hedge relationship has become ineffective as a result of the effectiveness test, the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized. In accordance with TAS 39, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy.

V. Explanations on interest income and expense

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

In accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans and other receivables are reversed and such amounts are excluded from interest income until they are collected.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 income statement 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 income statement 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 income statement during the term of the loan.

VII. Explanations on financial assets

a. Financial assets at fair value through profit or loss

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

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

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

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

b. Available for sale financial assets

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

c. Held-to-maturity financial assets

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VII. Explanations on financial assets (continued)

ç. Loans and receivables

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

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

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

VIII. Explanations on impairment of financial assets

Financial assets or groups of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any indication exists, the impairment is booked based on the financial asset classifications as mentioned below.

a. Loans and receivables

The Group sets aside provisions for the loans that may become doubtful in the future; and the amount is charged to the current period income statement. The loan loss provisioning is the amount that is set aside by the Group’s management in order to recognize the probable losses that may occur in the future for the current loan portfolio, assessing the quality of the loan portfolio in consideration of risk factors, economic conditions, other facts and related regulations.

If there is any indication that loans will not be collected, the Group classifies such loans in group III, IV and V loans and sets aside provisions for such amounts in accordance with the “Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside” promulgated in the Official Gazette No. 26333, dated 1 November 2006. Interest income accruals for such loans are reversed through the income statement. The collections related to these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

The collections made based on the provisions set aside in the current period in relation to loans are offset against the “Provision for loans and other receivables losses” account in the income statement whereas the principal amount collections made for the loans for which the provisions were set aside in prior periods or which were written off in prior periods are recognized under “Other operating income”.

Releases of loan loss provisions are reversed from the related provision account and “Impairment expenses - Special provision expense” account.

Collaterals for the mortgages that have been non-performing for three years and other consumer loans that have been non-performing for two years are not taken into consideration in the calculation of special provisions.

The Group sets aside general provisions in accordance with the “Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside” promulgated in the Official Gazette No. 26333, dated 1 November 2006.

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

VIII. Explanations on impairment of financial assets (continued)

b. Held-to-maturity financial assets

If there is any objective evidence of impairment on held-to-maturity financial assets, the related impairment amount is measured as the difference between the net present value of estimated future cash flows of the financial assets discounted with the effective interest rate and the net book value. Provision is set aside for impairment and this provision is recognized through expense accounts.

c. Available for sale financial assets

If there is objective evidence of impairment on available for sale assets for which fair value decrease is recognized through shareholders equity, the total loss which was previously accounted for through shareholders equity is charged to the income statement.

The impairment loss that is accounted for the investments in equity instruments classified as available for sale cannot be reversed through profit/loss. If there is an objective evidence for impairment loss on equity instruments that are not registered in the stock exchange as they cannot be indicated at their fair value since the fair value cannot be accurately determined, such impairment amount will be measured as the difference between its present value calculated by discounting the expected cash flows from this instrument in the future with the effective interest rate of a comparable financial asset and its net book value. Such impairment losses cannot be reversed.

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 available for sale or will be held to maturity, in parallel to the classification of financial instruments. Funds provided in return for repo transactions are recognized in the “funds provided by repo transactions” accounts. The income related to repurchase agreements is reflected to the interest income on marketable securities and expenses paid in relation to repurchase agreements are recognized in “interest on money market borrowings” accounts.

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

The Group does not have any marketable securities that are subject to lending.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

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

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

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

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

XII. Explanations on goodwill and other intangible assets

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

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

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

The intangible assets 7% - 33%

The Group does not have goodwill.

XIII. Explanations on property and equipment

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

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

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

Immovables 2%

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

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

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

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

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

There is no purchase commitment related to property and equipment.

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

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

b. Accounting of leasing operations as lessee

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

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

XV. Explanations on provisions, contingent assets and liabilities

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

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

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

XVI. Explanations on obligations related to employee rights

a. Defined benefit plans

In accordance with existing labor law, the Parent Bank and its subsidiaries operating in Turkey are required to make lump-sum termination indemnities to each employee who has completed at least one year of service and whose employment is terminated due to retirement or for reasons other than resignation and misconduct.

The Parent Bank and its subsidiaries operating in Turkey have 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.

Parent Bank and its subsidiaries that operate in Turkey have no employees who are members of foundations, pensions and similar associations.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

XVI. Explanations on obligations related to employee rights (continued)

b. Defined contribution plans

In accordance with the existing social legislation in Turkey, the Parent Bank and its subsidiaries operating in Turkey are required to make contribution to Social Security Institution (“SSI”) on behalf of their employees. Other than the contributions that the Parent Bank and its subsidiaries operating in Turkey are 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.

c. Short-term employee benefits

In accordance with TAS 19, liabilities relating to vacation indemnities defined as “short-term employee benefits” are accrued at the period when earned and are not discounted.

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.

In Turkey, the corporate tax rate is 20%. 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 of 20% is calculated and paid based on earnings generated for each quarter. The amounts thus paid are deducted from the tax calculated over annual earning.

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

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

In Ireland, where the Parent Bank’s foreign subsidiary ING European Financial Services Plc. is established, corporate tax rates applicable to the trading and non-trading income of resident companies are 12.5% and 25%, respectively.

b. Deferred tax

The Group calculates deferred tax assets and liabilities over timing differences which result from income and expense items that are subjected to tax in the periods following the periods when they were reflected on financial statements, and reflects these assets and liabilities on its records.

In accordance with “Turkish Accounting Standard on Income Taxes” (“TAS 12”) and the changes stated in BRSA circular, No. BDDK.DZM.2/13/1-a-3, dated 8 December 2004 and according to tax legislation the Group calculates deferred tax liability on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable. Deferred tax assets and liabilities are shown in the financial statements on a net basis. However, netting is not performed on a consolidated basis.

The carrying amount of a deferred tax asset is reviewed at every end of the 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.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

XVII. Explanations on taxation (continued)

Deferred tax is measured using tax rates enacted in the period when the liability is settled or the asset is realized, and is recognized as income or expense in the income statement.

Deferred taxes directly related to equity items are recognized and offset in related equity accounts.

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 Communiqué on Disguised Profit Distribution by way of Transfer Pricing” published on November 18, 2007 explains the application related issues in detail. According to this Communiqué, 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 Communiqué’s “7.1 Annual Documentation” section, taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XVIII. Explanations on borrowings

The Group recognizes its payables in accordance with the “Financial Instruments: Recognition and Measurement (“TAS 39”)”.

XIX. Explanation on issuance of equity securities

Shareholders participating in capital increase, are given equity securities in consideration of the amount increased.

XX. Explanations on letters of acceptances

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

XXI. Explanations on government incentives

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

XXII. Explanations on segment reporting

An operating segment is a component of an entity:

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

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

XXIII. Explanations on other disclosures

There are no other matters that require explanation other than the above mentioned accounting policies.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

Section four

Information related to unconsolidated financial position and risk management

I. Explanations on consolidated capital

Information about consolidated capital items

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

As of 31 March 2017, Group’s total capital is TL 8,449,718 and the consolidated capital adequacy ratio is 18.36%. As of 31 December 2016, Group’s total capital amounted to TL 8,372,758 and capital adequacy ratio was 17.08%.

	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	1,212,415	
Other comprehensive income according to TAS	129,309	
Profit	230,888	
Net profit for the period	196,773	
Prior period profit	34,115	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Minority interest	-	
Common equity tier I capital before deductions	5,058,880	
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	-	
Leasehold improvements on operational leases (-)	22,366	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	32,154	40,193
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	54,520	
Total common equity tier I capital	5,004,360	
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 (-)	8,039	
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)	4,996,321	

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. Explanations on consolidated capital (continued)

Information about consolidated capital items (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	2,508,045	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	450,000	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (in scope of Temporary Article 3)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	517,149	
Tier II Capital Before Deductions	3,475,194	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	3,475,194	
Total Capital (The sum of Tier I Capital and Tier II Capital)		
	8,471,515	
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	3,173	
Other items to be defined by the BRSA (-)	18,624	
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	8,449,718	
Total risk weighted amounts	46,032,566	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio	10.87	
Tier I Capital Adequacy Ratio	10.85	
Capital Adequacy Ratio	18.36	
BUFFERS		
Total buffer requirement	5.757	
Capital protection buffer requirement	1.250	
Bank specific cyclical buffer requirement 0,01%	0.007	
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 (%)	4.871	
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	29,293	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	632,894	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	517,149	
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 consolidated interim financial statements and related disclosures and footnotes originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Explanations on consolidated capital (continued)

Information about consolidated capital items (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	872,711	
Other comprehensive income according to TAS	93,138	
Profit	591,906	
Net profit for the period	591,906	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	-	
Minority interest	-	
Common equity tier I capital before deductions	5,044,023	
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	-	
Leasehold improvements on operational leases (-)	25,042	
Goodwill netted off deferred tax liability (-)	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	27,142	45,237
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	52,184	
Total common equity tier I capital	4,991,839	
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 (-)	18,095	
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)	4,973,744	

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. Explanations on consolidated capital (continued)

Information about consolidated capital items (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	2,403,321	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	450,000	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (in scope of Temporary Article 3)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	564,134	
Tier II Capital Before Deductions	3,417,455	
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	3,417,455	
Total Capital (The sum of Tier I Capital and Tier II Capital)		
	8,391,199	
Total of Core Capital and Additional Capital (Total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	586	
Other items to be defined by the BRSA (-)	17,855	
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	8,372,758	
Total risk weighted amounts	49,021,594	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio	10.18	
Tier I Capital Adequacy Ratio	10.15	
Capital Adequacy Ratio	17.08	
BUFFERS		
Total buffer requirement	5.130	
Capital protection buffer requirement	0.625	
Bank specific cyclical buffer requirement 0,01%	0.005	
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 (%)	4.183	
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	32,936	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	625,669	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	564,134	
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 consolidated interim financial statements and related disclosures and footnotes originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. Explanations on consolidated capital (continued)

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

Issuer	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.	ING Bank N.V.
Unique identifier (e.g. CUSIP, ISIN, etc.)	-	-	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital	Supplementary capital
Subject to 10% deduction as of 1/1/2015	No	No	No	No	No
Eligible at stand-alone / consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	TL 250 million	TL 200 million	USD 102 million (TL 372 million) and EUR 90 million (TL 350 million)	USD 91 million (TL 332 million) and EUR 85 million (TL 331 million)	USD 62 million (TL 226 million) and EUR 231 million (TL 898 million)
Par value of instrument (Currency in million)	TL 250 million	TL 200 million	USD 102 million (TL 372 million) and EUR 90 million (TL 350 million)	USD 91 million (TL 332 million) and EUR 85 million (TL 331 million)	USD 62 million (TL 226 million) and EUR 231 million (TL 898 million)
Accounting classification	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans	Subordinated Loans
Original date of issuance	21 December 2012	19 December 2013	11 March 2014	26 June 2014	26 May 2015
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	51 years	51 years	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	5th year	5th year	5th year	5th year	5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	After 5th year	After 5th year	After 5th year
Coupons / dividends	-	-	-	-	-
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Floating
Coupon rate and any related index	USD/TL Swap rate+ 3.01%	USD/TL Swap rate+ 2.86%	Libor+2.775% and Euribor+2.29%	Libor+2.27% and Euribor+2.17%	Libor+2.19% and Euribor+1.68%
Existence of a dividend stopper	-	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-	-
Existence of step up or other incentive to redeem	None	None	None	None	None
Noncumulative or cumulative	-	-	-	-	-
Convertible or non-convertible	None	None	None	None	None
If convertible, conversion trigger(s)	-	-	-	-	-
If convertible, fully or partially	-	-	-	-	-
If convertible, conversion rate	-	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-	-
Write-down feature	None	None	None	None	None
If write-down, write-down trigger(s)	-	-	-	-	-
If write-down, full or partial	-	-	-	-	-
If write-down, permanent or temporary	-	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors primary subordinated loans and before the TIER I subdebt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I subdebt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I subdebt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I subdebt, same with TIER II	After the senior creditors primary subordinated loans and before the TIER I subdebt, same with TIER II
Whether conditions in Articles 7 and 8 of the Regulation on the Equity of Banks are met	None	None	None	None	None
Conditions in Articles 7 and 8 of the Regulation on the Equity of Banks, which are not met	-	-	-	-	-

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. Explanations on consolidated capital (continued)

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation (*)
Shareholders' equity	5,196,285	5,196,285
Gains from cash flow hedge transactions	137,405	(137,405)
Leasehold improvements on operational leases	22,366	(22,366)
Goodwill and intangible assets	40,193	(32,154)
General provision	632,893	517,149
Subordinated debt	2,972,603	2,958,045
Other deductions from shareholders' equity	29,836	(29,836)
Capital		8,449,718

(*) General provisions limited by 1.25% of risk weighted assets is taken into consideration regarding to capital calculation.

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

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

II. Explanation on consolidated currency risk

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

The simple arithmetic average of USD and EUR buying rates of the Parent Bank for the thirty days before the balance sheet date are 3.6704 (Full TL) and 3.9223 (Full TL) respectively.

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

	1 USD	1 EURO
A. The Parent Bank’s “foreign exchange buying rates” (31 March 2017)	3.6437	3.8889
Previous days;		
30 March 2017	3.6316	3.8963
29 March 2017	3.6408	3.9153
28 March 2017	3.6255	3.9391
27 March 2017	3.6223	3.9418
24 March 2017	3.6190	3.9074

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Explanation on consolidated currency risk (continued)

Information related to consolidated currency risk:

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	1,477,825	3,295,672	1,031,568	5,805,065
Banks	112,232	81,570	66,640	260,442
Financial assets at fair value through profit or loss (net)	4,564	8,385	-	12,949
Interbank money market placements	-	-	-	-
Available for sale financial assets (net)	133	116,686	-	116,819
Loans and receivables	12,878,780	4,505,162	131,172	17,515,114
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Held to maturity investments (net)	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets (net)	3	-	-	3
Intangible assets (net)	-	-	-	-
Other assets	1,160,851	170,365	8,220	1,339,436
Total assets	15,634,388	8,177,840	1,237,600	25,049,828
Liabilities				
Bank deposit	1,448,817	273,436	259	1,722,512
Foreign currency deposits	1,930,969	4,785,736	160,064	6,876,769
Funds from interbank money market	-	-	-	-
Borrowings	12,323,318	11,332,859	131,882	23,788,059
Marketable securities issued (net)	-	-	-	-
Miscellaneous payables	25,663	24,653	753	51,069
Hedging derivative financial liabilities	4,973	6	-	4,979
Other liabilities	32,252	39,320	1,736	73,308
Total liabilities	15,765,992	16,456,010	294,694	32,516,696
Net on balance sheet position	(131,604)	(8,278,170)	942,906	(7,466,868)
Net off-balance sheet position	201,118	8,377,334	(943,651)	7,634,801
Financial derivative assets	4,755,226	14,636,758	704,399	20,096,383
Financial derivative liabilities	4,554,108	6,259,424	1,648,050	12,461,582
Non-cash loans	1,278,504	3,515,728	102,464	4,896,696
Prior period				
Total assets	16,843,692	8,461,169	1,313,575	26,618,436
Total liabilities	16,839,122	14,272,474	276,580	31,388,176
Net on-balance sheet position	4,570	(5,811,305)	1,036,995	(4,769,740)
Net off-balance sheet position	39,510	5,879,669	(1,036,949)	4,882,230
Financial derivative assets	4,991,207	14,273,754	2,083,929	21,348,890
Financial derivative liabilities	4,951,697	8,394,085	3,120,878	16,466,660
Non-cash loans	1,361,908	3,533,063	125,445	5,020,416

In the foreign currency risk table:

The principal of TL 1,663,359 (31 December 2016: TL 2,243,544) and accrual of TL 373,024 (31 December 2016: TL 391,903) of foreign currency indexed loans are shown under loans.

FX indexed factoring receivables amounting to TL 238,720 (31 December 2016: TL 273,348) and accrual of TL 48 (31 December 2016: TL 17) are presented under other assets.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Explanation on consolidated currency risk (continued)

The foreign currency amounts not included in currency risk table according to the regulation about Foreign Currency Net General Position/Capital Adequacy Standard Ratio are explained below with the order in the table above.

Held-for-trading derivative financial assets: TL 146,108 (31 December 2016: TL 241,147)
Prepaid expenses: TL 2,402 (31 December 2016: TL 151)
Held-for trading derivative financial liabilities: TL 107,125 (31 December 2016: TL 192,797)
Hedge funds (Effective Portion): TL (4,814) (31 December 2016: TL (5,203))
Marketable securities valuation differences: TL 108,365 (31 December 2016: TL 94,029)
Interest rate swap (buy) transactions and options (buy): TL 3,479,094 (31 December 2016: TL 2,623,749)
Interest rate swap (sell) transactions and options (sell): TL 3,479,094 (31 December 2016: TL 2,623,749)

TL 64,034 (31 December 2016: TL 43,856) of foreign currency indexed factoring guarantees are stated in non-cash loans.

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

Forward foreign currency-buy transactions: TL 854,332 (31 December 2016: TL 797,588)
Forward foreign currency-sell transactions: TL 693,919 (31 December 2016: TL 644,106)

III. Explanations on consolidated interest rate risk

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

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

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (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 year and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	5,520,481	8,165	-	-	-	693,686	6,222,332
Due from other banks and financial institutions	99,536	11,672	-	-	-	202,418	313,626
Financial assets at fair value through profit and loss	85,129	353,274	128,536	10,926	-	28	577,893
Money market placements	2,680,555	-	-	-	-	-	2,680,555
Available-for-sale financial assets	618,000	874,265	1,063,152	-	-	124,721	2,680,138
Loans and receivables	6,641,935	8,615,392	11,899,095	12,398,578	1,927,638	452,877	41,935,515
Held-to-maturity investments	-	-	-	-	-	-	-
Other assets (*)	610,230	1,357,935	336,243	799,493	242,258	1,164,411	4,510,570
Total assets	16,255,866	11,220,703	13,427,026	13,208,997	2,169,896	2,638,141	58,920,629
Liabilities							
Bank deposits	10,931	17	-	-	-	1,728,323	1,739,271
Other deposits	18,685,546	1,525,339	215,698	120	-	3,661,767	24,088,470
Money market borrowings	152,037	-	-	-	-	-	152,037
Miscellaneous payables	-	-	-	-	-	428,840	428,840
Securities issued	-	253,820	-	-	-	-	253,820
Funds provided from other financial institutions	4,182,567	11,313,611	5,828,760	2,849,025	763,021	-	24,936,984
Other liabilities (**)	128,660	171,893	102,796	9,931	-	6,907,927	7,321,207
Total liabilities	23,159,741	13,264,680	6,147,254	2,859,076	763,021	12,726,857	58,920,629
Balance sheet long position	-	-	7,279,772	10,349,921	1,406,875	-	19,036,568
Balance sheet short position	(6,903,875)	(2,043,977)	-	-	-	(10,088,716)	(19,036,568)
Off-balance sheet long position	2,924,781	6,608,568	-	-	-	-	9,533,349
Off-balance sheet short position	-	-	(2,151,424)	(4,990,468)	(613,715)	-	(7,755,607)
Total position	(3,979,094)	4,564,591	5,128,348	5,359,453	793,160	(10,088,716)	1,777,742

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

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 year and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	6,218,315	5,833	-	-	-	641,499	6,865,647
Due from other banks and financial institutions	40,293	9,805	4,000	-	-	187,424	241,522
Financial assets at fair value through profit and loss	117,340	293,049	114,336	9,239	-	32	533,996
Money market placements	1,898,817	-	-	-	-	181	1,898,998
Available-for-sale financial assets	588,055	518,531	1,439,100	-	-	110,098	2,655,784
Loans and receivables	8,166,223	6,623,086	12,774,349	11,234,836	2,062,482	444,735	41,305,711
Held-to-maturity investments	-	-	-	-	-	-	-
Other assets (*)	756,240	1,376,789	303,606	765,654	211,702	1,071,574	4,485,565
Total assets	17,785,283	8,827,093	14,635,391	12,009,729	2,274,184	2,455,543	57,987,223
Liabilities							
Bank deposits	283,180	21	-	-	-	1,654,819	1,938,020
Other deposits	19,259,164	725,215	347,153	120	-	2,883,005	23,214,657
Money market borrowings	126,507	60	-	-	-	-	126,567
Miscellaneous payables	-	-	-	-	-	501,642	501,642
Securities issued	-	246,634	-	-	-	-	246,634
Funds provided from other financial institutions	3,311,979	12,681,604	4,802,216	3,187,890	712,814	-	24,696,503
Other liabilities (**)	153,817	203,957	259,405	8,105	-	6,637,916	7,263,200
Total liabilities	23,134,647	13,857,491	5,408,774	3,196,115	712,814	11,677,382	57,987,223
Balance sheet long position	-	-	9,226,617	8,813,614	1,561,370	-	19,601,601
Balance sheet short position	(5,349,364)	(5,030,398)	-	-	-	(9,221,839)	(19,601,601)
Off-balance sheet long position	2,389,391	8,243,436	-	-	-	-	10,632,827
Off-balance sheet short position	-	-	(3,128,825)	(4,981,471)	(820,909)	-	(8,931,205)
Total position	(2,959,973)	3,213,038	6,097,792	3,832,143	740,461	(9,221,839)	1,701,622

(*) Non-interest bearing column in other assets line consists of property and equipment, intangible assets, current tax, deferred tax, assets held for sale and other assets.

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

III. Explanations on consolidated interest rate risk (continued)

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

Current period	EURO (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	1.00	-	4.00
Due from other banks and financial institutions	1.09	-	-	8.14
Financial assets at fair value through profit and loss	5.08	6.12	-	4.71
Money market placements	-	-	-	6.17
Financial assets available-for-sale	-	-	-	9.11
Loans and receivables	2.70	4.07	-	14.02
Held-to-maturity investments	-	-	-	-
Liabilities				
Bank deposits	-	0.95	-	-
Other deposits	0.25	1.97	-	9.03
Money market borrowings	-	-	-	9.22
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	11.91
Funds provided from other financial institutions	0.52	2.19	-	11.51

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	-	0.75	-	3.31
Due from other banks and financial institutions	1.45	-	-	11.02
Financial assets at fair value through profit and loss	5.32	5.90	-	6.38
Money market placements	-	-	-	10.89
Financial assets available-for-sale	-	-	-	9.14
Loans and receivables	2.64	3.74	-	13.34
Held-to-maturity investments	-	-	-	-
Liabilities				
Bank deposits	(0.69)	0.94	-	-
Other deposits	0.50	1.71	-	8.56
Money market borrowings	-	-	-	8.49
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	9.98
Funds provided from other financial institutions	0.52	1.88	-	11.39

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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	48	48	48
Stock investments	48	48	48
Not quoted	124,673	119,514	119,514
Stock investments	124,673	119,514	119,514
Financials subsidiaries	-	-	-
Financials subsidiaries	-	-	-
Prior period	Carrying value	Fair value (*)	Market value
Quoted	50	50	50
Stock investments	50	50	50
Not quoted	110,048	104,896	104,896
Stock investments	110,048	104,896	104,896
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	-	13	-	13	13
Other stocks	-	108,095	-	108,095	108,095
Total	-	108,108	-	108,108	108,108
Prior period	Realized gains/losses during the period	Total	Including into the supplementary capital	Total	Including into the supplementary capital
Private equity investments	-	-	-	-	-
Shares traded on a stock Exchange	-	14	-	14	14
Other stocks	35,238	58,522	-	58,522	58,522
Total	35,238	58,536	-	58,536	58,536

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private sector investments	-	-	-
Shares traded on a stock exchange	48	48	4
Other equity shares	124,673	124,673	9,974
Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private sector investments	-	-	-
Shares traded on a stock exchange	50	50	4
Other equity shares	110,048	110,048	8,804

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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 (“Funding and Liquidity Policy”) which includes measures to be taken and practices that might be applied in normal and stressful economic conditions for liquidity risk management and responsibilities of the senior management. This policy has been approved by the Asset Liability Management Committee (ALCO) and by the Board of Directors. Within the scope of this policy, the liquidity risk has been managed under the ALCO which senior representatives of businesses are members of the Committee.

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

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 is managed by the Asset and Liability Board in Parent Bank, but Subsidiaries of Parent Bank manage Liquidity risk themselves. On the other hand, in order to make a central funding strategy, a funding plan including subsidiaries is established every year. According to the limits determined by the Board of Directors, liquidity deficit and surplus are tracked and actions are taken in accordance with the price, interest rate and term structure. Parent Bank’s subsidiaries borrowing facilities are provided by the Parent Bank within the legal limits.

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (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 Bank’s liabilities are in TL, USD or EURO, and TL funds comprise of mainly equity, deposits and short-term bond issuance. The Bank’s liquidity in TL is managed with repurchase agreements and short-term money market transactions carried out at CBRT/BIST using high quality securities owned by the Bank. While the main purpose is using liabilities in TL in funding TL assets, when necessary money swap transactions and FX funds are used in creating assets in TL within the limits set by the Board of Directors. Foreign currency funds are obtained through foreign exchange deposit accounts, foreign based and foreign currency loans. Liquidity shortage/surplus values are calculated daily by Asset and Liability Management Group and these values are reported in ALCO. On the other hand, the TL and FX liquidity coverage ratio is calculated on a daily basis, and shared with all units and senior management, and reported separately to ALCO. The Parent Bank has TL/FX borrowing limits ready to use in Central Bank and other banks.

d. Information on liquidity risk mitigation techniques

The first measure towards the mitigation of the liquidity risk as part of the budget process is planning the reduction of funding diversity and maturity mismatch. Within this context, syndication, other foreign funding, sources provided by the shareholders and other domestic funding opportunities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, emergency funding plan risk measurement metrics and early warning signals are continuously monitored and reported on a monthly basis to ALCO. The pre-determination and prevention of the liquidity risk are ensured through the alarms indicating actions to be taken according to the trigger level and which are defined by these metrics, actual inflows and outflows of deposits, stress testing, liquidity buffer level, the loan/deposit ratio, legal and structural liquidity ratios and other similar measurement techniques.

e. Information on the use of stress tests

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

f. Overview on emergency and contingency liquidity situation plans

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

2. Liquidity coverage ratio

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

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

	Minimum	Date	Maximum	Date
TL+FC	149.66	31 March 2017	177.82	28 February 2017
FC	121.42	31 March 2017	183.10	28 February 2017

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			10,264,204	4,841,926
Cash Outflows				
Real person and retail deposits	19,578,853	4,347,619	1,643,039	434,762
Stable deposits	6,296,936	-	314,847	-
Less stable deposits	13,281,917	4,347,619	1,328,192	434,762
Unsecured funding other than real person and retail deposits	7,663,068	4,700,238	5,290,766	3,385,768
Operational deposits	332,303	2,531	83,076	633
Non-operational deposits	5,549,682	4,062,850	3,464,571	2,750,691
Other unsecured debt	1,781,083	634,857	1,743,119	634,444
Secured funding			-	-
Other cash outflows	22,259,963	10,045,776	11,956,827	5,842,376
Derivative exposures and collateral completion liabilities	10,657,777	5,027,557	10,657,776	5,027,557
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,602,186	5,018,219	1,299,051	814,819
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			18,890,632	9,662,906
Cash inflows				
Secured lending	2,400,291	-	-	-
Unsecured lending	4,014,998	1,185,113	2,472,092	815,943
Other cash inflows	10,483,351	5,616,862	10,034,003	5,610,714
Total cash inflows	16,898,640	6,801,975	12,506,095	6,426,657
			Total adjusted value	
Total high quality liquid assets stock			10,264,204	4,841,926
Total net cash outflows			6,384,537	3,236,249
Liquidity coverage ratio (%)			161.49	154.25

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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			7,717,974	4,550,026
Cash Outflows				
Real person and retail deposits	18,966,685	2,968,408	1,576,752	296,841
Stable deposits	6,398,352	-	319,918	-
Less stable deposits	12,568,333	2,968,408	1,256,834	296,841
Unsecured funding other than real person and retail deposits	7,160,173	4,298,489	4,978,917	3,105,301
Operational deposits	358,562	1,669	89,640	417
Non-operational deposits	4,947,959	3,592,990	3,036,157	2,401,568
Other unsecured debt	1,853,652	703,830	1,853,120	703,316
Secured funding	-	-	-	-
Other cash outflows	19,890,580	9,912,525	9,397,168	5,507,437
Derivative exposures and collateral completion liabilities	8,198,179	4,761,181	8,198,179	4,761,181
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	11,692,401	5,151,344	1,198,989	746,256
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			15,952,837	8,909,579
Cash inflows				
Secured lending	656,776	-	-	-
Unsecured lending	4,054,286	995,407	2,497,890	617,904
Other cash inflows	8,138,185	3,580,324	7,683,551	3,575,298
Total cash inflows	12,849,247	4,575,731	10,181,441	4,193,202
			Total adjusted value	
Total high quality liquid assets stock			7,717,974	4,550,026
Total net cash outflows			5,771,396	4,716,377
Liquidity coverage ratio (%)			133.08	97.85

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (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 legal limits in the Group, the liquid assets are managed by using “Liquidity Coverage Ratio” calculations to follow up the minimum liquidity limits and keep sufficient stock of high quality liquid assets to meet net cash outflows as of and for the year 2017. Liquidity coverage ratio is calculated as per the Regulation on Banks’ Liquidity Coverage Ratio Calculation. The ratio is affected from Group’s quality liquid asset value not used as guarantee that can be converted to cash any time and Group’s possible cash inflows and outflows arising from net cash assets, liability and off balance sheet transactions.

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

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

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

Details of the Group’s foreign currency balance sheet as of 31 March 2017 are summarized as follows:

Foreign currency borrowings constitute the majority of the foreign currency liabilities. 73% of the Group’s total foreign currency liabilities consist of funds provided from other financial institutions and 26% is composed of deposits. Loans comprise 68% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency. The marketable securities in the investment or trading portfolio have the longest maturity although they have secondary market.

Details of the Group’s Turkish Lira balance sheet as of 31 March 2017 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, while 4% consists of funds provided from other financial institutions. However, in case of necessity, the Group has borrowing opportunities from both domestic and foreign banks and Takasbank and ISE repo market. 73% of the assets in Turkish Lira balance sheet are loans granted and 7% are marketable securities.

To ensure proactive management of funding liquidity risk, risk thresholds specified on deposit movements and early warning signals are monitored.

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

In the calculation of the liquidity coverage ratio, cash outflows arising from derivative transactions are based on the net cash flows with 30-day maturity to be subject to the calculation. Also, operations with possibility of fulfilling guarantees, are included in the calculation of liquidity coverage ratio by considering the largest amount in absolute value of net guarantee flows, occurring within the last 24 months and 30-day periods and realized for the related operations or obligations, as a cash outflow.

The liquidity needs and surpluses of consolidated subsidiaries of the Parent Bank are monitored and managed regularly. There is no operational or legal constraint inhibiting liquidity transfer. According to the analyses, the effect of subsidiaries on the liquidity structure of the Parent Bank is limited compared to the size of the balance sheet. Liquidity needs and surpluses are met in the most appropriate manner either among the subsidiaries.

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

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash equivalents and Central Bank	693,686	5,520,481	8,165	-	-	-	-	6,222,332
Banks	202,418	99,536	11,672	-	-	-	-	313,626
Financial assets at fair value through profit or loss (Net)	28	63,339	165,340	199,998	139,388	9,800	-	577,893
Interbank money market placements	-	2,680,555	-	-	-	-	-	2,680,555
Available for sale financial assets (Net)	124,721	-	50,746	1,122,300	1,298,841	83,530	-	2,680,138
Loans and receivables	-	5,531,691	4,627,613	11,838,682	16,447,235	3,037,417	452,877	41,935,515
Held to maturity investments (Net)	-	-	-	-	-	-	-	-
Other assets (*)	14,132	98,597	214,730	906,587	1,745,003	381,641	1,149,880	4,510,570
Total assets	1,034,985	13,994,199	5,078,266	14,067,567	19,630,467	3,512,388	1,602,757	58,920,629
Liabilities								
Bank deposits	1,728,323	10,931	17	-	-	-	-	1,739,271
Other deposits	3,661,767	18,685,546	1,525,339	215,698	120	-	-	24,088,470
Borrowings	-	398,881	2,886,708	5,636,509	10,844,844	5,170,042	-	24,936,984
Funds from Interbank money market	-	152,037	-	-	-	-	-	152,037
Marketable securities issued (Net)	-	-	253,820	-	-	-	-	253,820
Miscellaneous payables	304,317	-	-	-	-	-	124,523	428,840
Other liabilities (**)	429,862	101,484	142,792	122,599	137,501	14,006	6,372,963	7,321,207
Total liabilities	6,124,269	19,348,879	4,808,676	5,974,806	10,982,465	5,184,048	6,497,486	58,920,629
Liquidity deficit/surplus	(5,089,284)	(5,354,680)	269,590	8,092,761	8,648,002	(1,671,660)	(4,894,729)	-
Net Off Balance Sheet Position	-	18,687	153,645	589,777	901,798	128,969	-	1,792,876
Derivative financial assets	-	7,996,607	6,207,260	9,858,993	7,807,506	742,682	-	32,613,048
Derivative financial liabilities	-	7,977,920	6,053,615	9,269,216	6,905,708	613,713	-	30,820,172
Net Off Balance Sheet Position	333,355	445,272	959,851	2,777,774	2,080,797	733,611	-	7,330,660
Prior period								
Total assets	842,682	15,441,228	5,160,772	13,417,075	18,203,465	3,309,384	1,612,617	57,987,223
Total liabilities	5,202,547	20,484,637	2,086,870	7,432,743	11,455,838	4,940,841	6,383,747	57,987,223
Liquidity deficit/surplus	(4,359,865)	(5,043,409)	3,073,902	5,984,332	6,747,627	(1,631,457)	(4,771,130)	-
Net Off Balance Sheet Position	-	21,666	(20,662)	707,116	813,308	181,000	-	1,702,428
Derivative financial assets	-	8,708,107	8,834,962	8,814,433	7,101,040	1,001,909	-	34,460,451
Derivative financial liabilities	-	8,686,441	8,855,624	8,107,317	6,287,732	820,909	-	32,758,023
Net Off Balance Sheet Position	341,888	367,430	1,366,760	2,470,818	2,267,902	728,512	-	7,543,310

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (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 31 March 2017, the Group’s consolidated leverage ratio calculated by taking average of end of month leverage ratios for the last three-month is 6.50% (31 December 2016: 6.72%). Minimum ratio is identified 3% in the aforementioned regulation. Main reason for the variance compared to prior period is the both increase in the amount of exposure in the balance sheet items and off- balance sheet items.

	Current period (**)	Prior period (**)
Total assets in the consolidated financial statements prepared in accordance with TAS (*)	91,383,320	95,053,242
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	(95,605)	(87,815)
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	(13,528,317)	(21,536,044)
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	158,144	56,811
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	(65,141)	(47,227)
Total exposures	77,852,401	73,438,967

(*) 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 three months.

Explanations on leverage ratio

	Current period (*)	Prior period (*)
On-balance sheet items		
On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)	57,534,965	54,969,343
Asset deducted from core capital	(65,141)	(47,227)
The total amount of risk on-balance sheet exposures	57,469,824	54,922,116
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	2,538,553	2,044,627
The potential credit risk amount of derivative financial instruments and credit derivatives	497,479	512,489
The total risk amount of derivative financial instruments and credit derivatives	3,036,032	2,557,116
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	158,144	56,811
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	158,144	56,811
Off-balance sheet items		
Gross notional amount for off-balance sheet items	17,188,401	15,902,924
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	17,188,401	15,902,924
Capital and total exposures		
Core capital	5,053,484	4,935,140
Total exposures	77,852,401	73,438,967
Leverage ratio		
Leverage ratio	6.50	6.72

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VII. Explanations on consolidated risk management

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

Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	Previous period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	39,673,074	43,381,999	3,173,846
Standardized approach (SA)	39,673,074	43,381,999	3,173,846
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	1,698,863	1,748,753	135,909
Standardized approach for counterparty credit risk (SA-CCR)	1,698,863	1,748,753	135,909
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	639,850	533,600	51,188
Standardized approach (SA)	639,850	533,600	51,188
Internal model approaches (IMM)	-	-	-
Operational risk	4,020,779	3,357,242	321,662
Basic indicator approach	4,020,779	3,357,242	321,662
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	46,032,566	49,021,594	3,682,605

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

VII. Explanations on consolidated risk management (continued)

2. Credit risk explanations

a. Assets credit quality

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

b. Changes in stock of defaulted loans and debt securities

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

c. Credit risk mitigation techniques

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

ç. Credit risk exposure and credit risk mitigation effects

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

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

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

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

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

4. Credit valuation adjustment (CVA) capital charge

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

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

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

6. Collaterals for counterparty credit risk (CCR)

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

7. Credit derivatives

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

8. Exposures to central counterparties (CCP)

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

9. Explanations on securitisation

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

10. Explanations on market risk

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VIII. Explanations on segment reporting

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

Current period – 31 March 2017	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	277,893	198,203	185,723	661,819
Net commissions and fees income and other operating income	80,539	99,903	(9,731)	170,711
Trading gain/loss	(294)	487	(54,471)	(54,278)
Dividend income	-	-	229	229
Provision for impairment of loans and other receivables	(87,598)	(59,122)	(23,331)	(170,051)
Segment results	270,540	239,471	98,419	608,430
Other operating expenses (*)				(360,397)
Income from continuing operations before tax				248,033
Tax provision (*)				(51,260)
Net profit				196,773

Prior period – 31 March 2016	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Net interest income	213,234	146,242	230,421	589,897
Net commissions and fees income and other operating income	56,979	75,305	(6,878)	125,406
Trading gain/loss	587	(99)	(93,376)	(92,888)
Dividend income	-	-	77	77
Provision for impairment of loans and other receivables	(84,375)	(75,705)	(3,869)	(163,949)
Segment results	186,425	145,743	126,375	458,543
Other operating expenses (*)	-	-	-	(346,290)
Income from continuing operations before tax	-	-	-	112,253
Tax provision (*)	-	-	-	(24,049)
Net profit	-	-	-	88,204

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

Current period – 31 March 2017	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	32,370,370	12,511,079	14,039,180	58,920,629
Liability	15,399,501	17,123,874	21,200,969	53,724,344
Equity	-	-	5,196,285	5,196,285

Prior period – 31 December 2016	Corporate, SME and Commercial Banking	Retail Banking	Other	Total
Asset	31,519,398	12,365,468	14,102,357	57,987,223
Liability	14,690,776	16,777,136	21,376,744	52,844,656
Equity	-	-	5,142,567	5,142,567

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

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

Section five

Information and disclosures related to consolidated financial statements

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

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

1.1. Information on cash equivalents

	Current period		Prior period	
	TL	FC	TL	FC
Cash in TL / foreign currency	248,109	443,138	256,751	383,938
Balances with the Central Bank of Turkey	169,158	5,361,784	158,775	6,065,828
Other	-	143	-	355
Total	417,267	5,805,065	415,526	6,450,121

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

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	169,158	890,982	158,775	826,536
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	73,889	-	856,470
Restricted demand deposit	-	4,396,913	-	4,382,822
Total	169,158	5,361,784	158,775	6,065,828

As per the “Communiqué on Reserve Requirements” promulgated by the Central Bank, banks operating in Turkey must keep required reserves as of the balance sheet date in terms of TL, USD / EURO and gold at a rate ranging between 4% and 10.5% for Turkish lira deposits and liabilities depending on their maturity and at a rate ranging between 4% and 24% for foreign currency deposits and foreign currency other liabilities depending on their maturity. In accordance with the relevant communiqué, the Central Bank pays interest for the reserve requirements which are presented in terms of TL and USD.

TL 166,862 (31 December 2016: TL 158,319) of the TL reserve deposits provided over the average balance and TL 890,982 (31 December 2016: TL 826,536) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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)

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

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

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

	Current period	Prior period
Bank's portfolio	28,363	6,405
Repo transactions	-	-
Collateral / blocked	97	103
Total	28,460	6,508

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

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	85,751	-	125,865
Swap transactions	396,957	57,446	282,831	110,118
Futures transactions	-	-	-	-
Options	396	8,874	97	8,577
Other	1	8	-	-
Total	397,354	152,079	282,928	244,560

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	53,184	260,442	36,476	205,046
Domestic	53,183	52,424	36,475	16,488
Foreign	1	208,018	1	188,558
Headquarters and branches abroad	-	-	-	-
Total	53,184	260,442	36,476	205,046

As of 31 March 2017, restricted bank balance amounting to TL 55,315 (31 December 2016: TL 26,841) all of which is comprised of (31 December 2016: all amount) collaterals that is held by counter banks under CSA contracts and is calculated based on related derivatives market price.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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 available-for-sale

4.1. Financial assets available-for-sale subject to repo transactions and those given as collateral/blocked

Financial assets available-for-sale subject to repo transactions and those given as collateral / blocked with net amounts are shown in below table.

	Current period	Prior period
Bank's portfolio	1,573,286	1,981,210
Repo transactions	1,995	1,495
Collateral / blocked (*)	1,104,857	673,079
Total	2,680,138	2,655,784

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

4.2. Information on financial assets available-for-sale

	Current period	Prior period
Debt securities	2,556,580	2,548,490
Quoted to stock exchange	2,556,580	2,548,490
Not quoted	-	-
Equity certificates	124,721	110,098
Quoted to stock exchange	48	49
Not quoted	124,673	110,049
Provision for impairment (-)	(1,163)	(2,804)
Total	2,680,138	2,655,784

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	69	443,375	91	624,919
Corporate shareholders	-	443,375	-	624,919
Real person shareholders	69	-	91	-
Indirect loans granted to shareholders of the Parent Bank	44	100,877	14	87,086
Loans granted to employees of the Parent Bank	26,887	-	27,818	-
Total	27,000	544,252	27,923	712,005

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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 and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	With revised contract terms		Loans and other receivables (Total)	With revised contract terms	
		Extension of payment plan	Other		Extension of payment plan	Other
Non-specialized loans	40,175,883	131,387	-	1,306,755	382,743	-
Business loans	21,972,762	13,326	-	660,823	222,114	-
Export loans	3,989,167	-	-	42,747	-	-
Import loans	233	-	-	-	-	-
Loans given to financial sector	1,849,102	-	-	-	-	-
Consumer loans	10,426,449	118,033	-	467,961	105,166	-
Credit cards	939,686	28	-	88,024	55,463	-
Other	998,484	-	-	47,200	-	-
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	40,175,883	131,387	-	1,306,755	382,743	-

Number of extensions	Standard loans and other receivables	Loans and other receivables under close monitoring
	Extended by 1 or 2 times	131,387
Extended by 3, 4 or 5 times	-	-
Extended by 5 times and more	-	-
Total	131,387	382,743

Extended periods	Standard loans and other receivables	Loans and other receivables under close monitoring
	Up to 6 months	4,557
6-12 months	3,511	13,996
1-2 years	15,077	43,929
2-5 years	75,281	68,863
More than 5 years	32,961	31,982
Total	131,387	382,743

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.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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)

5.4. 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	349,626	10,317,189	10,666,815
Mortgage loans	765	4,754,159	4,754,924
Automotive loans	16,296	608,370	624,666
General purpose loans	332,565	4,954,660	5,287,225
Other	-	-	-
Consumer loans – indexed to FC	4	2,259	2,263
Mortgage loans	4	2,259	2,263
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	-	-
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	917,350	-	917,350
With installments	367,648	-	367,648
Without installments	549,702	-	549,702
Consumer credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	2,573	15,351	17,924
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	2,573	15,351	17,924
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	9,032	-	9,032
With installments	3,409	-	3,409
Without installments	5,623	-	5,623
Personnel credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	207,408	-	207,408
Overdraft accounts – FC (real person)	-	-	-
Total	1,485,993	10,334,799	11,820,792

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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)

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

	Short term	Medium and long term	Total
Commercial installment loans - TL	531,702	5,396,337	5,928,039
Real estate loans	99	87,876	87,975
Automotive loans	9,949	326,393	336,342
General purpose loans	-	-	-
Other	521,654	4,982,068	5,503,722
Commercial installment loans – indexed to FC	25,743	700,546	726,289
Real estate loans	-	11,897	11,897
Automotive loans	7,518	237,639	245,157
General purpose loans	-	-	-
Other	18,225	451,010	469,235
Commercial installment loans-FC	-	-	-
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Corporate credit cards – TL	101,328	-	101,328
With installments	42,972	-	42,972
Without installments	58,356	-	58,356
Corporate credit cards – FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	348,852	-	348,852
Overdraft loans – FC (legal entity)	-	-	-
Total	1,007,625	6,096,883	7,104,508

5.6. Loans according to borrowers

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

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	41,211,578	40,593,020
Foreign loans	271,060	267,955
Total	41,482,638	40,860,975

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (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)

5.8. 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	27,925	32,999
Loans and receivables with doubtful collectability	147,211	141,256
Uncollectible loans and receivables	888,795	791,288
Total	1,063,931	965,543

5.10. Information on non-performing loans (net)

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period	343	577	1,615
(Gross amounts before specific provision)			
Restructured loans and other receivables	343	577	1,615
Rescheduled loans and other receivables	-	-	-
Prior period	301	1,553	1,306
(Gross amounts before specific provision)			
Restructured loans and other receivables	301	1,553	1,306
Rescheduled loans and other receivables	-	-	-

5.10.2. Information on total non-performing loans

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Prior period end balance	183,696	338,049	888,534
Additions (+)	181,290	3,302	6,964
Transfers from other categories of non-performing loans (+)	-	165,456	132,716
Transfers to other categories of non-performing loans (-)	(166,658)	(131,514)	-
Transfers to standard loans (-)	(2,226)	(645)	(298)
Collections (-)	(25,033)	(19,367)	(36,424)
Write-offs (-)	(143)	(189)	(702)
Corporate and commercial loans	(1)	-	(259)
Retail loans	(139)	(187)	(430)
Credit cards	(3)	(2)	(13)
Other	-	-	-
Current period end balance	170,926	355,092	990,790
Specific provisions (-)	(27,925)	(147,211)	(888,795)
Net balance on balance sheet	143,001	207,881	101,995

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (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)

5.10.3 Information on specific provision movement

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

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

The Parent Bank follows the foreign currency non-performing loans in accounting records by translating these loans to TL with the exchange rates prevailing at the date of the default. Therefore, as of balance sheet date the Parent Bank has no foreign currency non-performing loans and other receivables.

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period (net)	143,001	207,881	101,995
Loans granted to corporate entities and real person (gross)	164,271	354,926	976,572
Specific provision amount (-)	(26,398)	(147,211)	(874,583)
Loans granted to corporate entities and real person (net)	137,873	207,715	101,989
Banks (gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	6,655	166	14,218
Specific provision amount (-)	(1,527)	-	(14,212)
Other loans and receivables (net)	5,128	166	6
Prior period (net)	150,697	196,793	97,246
Loans granted to corporate entities and real person (gross)	173,597	338,049	876,077
Specific provision amount (-)	(29,378)	(141,256)	(778,832)
Loans granted to corporate entities and real person (net)	144,219	196,793	97,245
Banks (gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	10,099	-	12,457
Specific provision amount (-)	(3,621)	-	(12,456)
Other loans and receivables (net)	6,478	-	1

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.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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. Held-to-maturity investments (net)

6.1. Information on held-to-maturity investments subject to repurchase agreements and those given as collateral / blocked

In both current and prior year there are no held-to-maturity investments given as collateral/blocked or subject to repurchase agreements.

6.2. Information on public sector debt investments held-to-maturity

In both current and prior year there are no public sector debt investments held to maturity.

6.3. Information on held-to-maturity investments

None.

6.4. Movement of held-to-maturity investments

None.

7. Information on associates (net)

7.1. Explanations related to the associates

The Parent Bank does not have any associates.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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)

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries

As of 31 March 2017 information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Portfolio Management	ING Factoring	ING Leasing	ING Brokerage
Paid in capital and adjustment to paid-in capital	752	8,041	40,000	22,500	20,765
Profit reserves, capital reserves and prior year profit / loss	40,378	7,405	33,886	49,406	(831)
Profit / loss	16,337	1,020	2,836	6,903	364
Development cost of operating lease (-)	-	-	-	(5)	-
Intangible assets (-)	-	(40)	(378)	(179)	(47)
Total core capital	57,467	16,426	76,344	78,625	20,251
Supplementary capital	-	-	-	-	-
Capital	57,467	16,426	76,344	78,625	20,251
Net usable shareholder's equity	57,467	16,426	76,344	78,625	20,251

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

8.2. Information on consolidated subsidiaries

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

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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 31 March 2017 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)	6,877,937	57,467	3	42,871	-	16,337	11,773	-
(2)	17,857	16,466	109	475	2	1,020	892	-
(3)	655,818	76,722	514	12,911	-	2,836	2,525	-
(4)	1,089,079	78,809	217	12,150	-	6,903	4,765	-
(5)	120,972	20,298	119	538	-	364	107	-

(*) Information on the unreviewed financial statements is presented as of the period ended 31 March 2017.

8.3. Information on consolidated subsidiaries

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

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

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

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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)

10. Information on finance lease receivables (net)

10.1 Investments made in finance lease as per their maturity

	Current period	
	Gross	Net
Less than 1 year	62,135	60,339
1-5 years	741,278	686,046
More than 5 years	278,147	248,221
Total	1,081,560	994,606
	Prior period	
	Gross	Net
Less than 1 year	36,896	36,060
1-5 years	678,027	626,652
More than 5 years	248,467	223,380
Total	963,390	886,092

10.2 Information of the net investments made in finance lease

	Current period	Prior period
Gross financial lease investment	1,081,560	963,390
Unearned financial lease income (-)	(86,954)	(77,298)
Cancelled leases (-)	-	-
Net financial lease investment	994,606	886,092

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	1,769,341	-	1,793,218	5
Net investment hedge	-	-	-	-
Total	1,769,341	-	1,793,218	5

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (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 property and equipment (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 81,262 (31 December 2016: TL 77,222) under the asset items.

15.2. Explanations on deferred tax asset

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

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

16.1. Explanations on assets held for sale

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

16.2. Explanations on discontinued operations

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

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

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

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (continued) (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

1. Information on deposits

1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	580,000	-	11,306,716	2,106,365	105,857	37,979	8,524	-	14,145,441
Foreign currency deposits	1,652,560	-	2,018,057	2,691,056	164,278	111,676	189,191	-	6,826,818
Residents in Turkey	1,374,018	-	2,001,962	2,583,882	159,398	101,550	188,712	-	6,409,522
Residents abroad	278,542	-	16,095	107,174	4,880	10,126	479	-	417,296
Public sector deposits	373,564	-	-	-	-	-	-	-	373,564
Commercial deposits	984,939	-	1,079,731	480,500	18,229	44,413	15,415	-	2,623,227
Other institutions deposits	20,753	-	1,587	13,533	21,658	11,912	26	-	69,469
Precious metals deposits	49,951	-	-	-	-	-	-	-	49,951
Interbank deposits	1,728,323	-	10,948	-	-	-	-	-	1,739,271
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	326	-	10,948	-	-	-	-	-	11,274
Foreign banks	1,727,997	-	-	-	-	-	-	-	1,727,997
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	5,390,090	-	14,417,039	5,291,454	310,022	205,980	213,156	-	25,827,741

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	569,875	-	11,563,245	2,715,734	104,727	41,574	7,954	-	15,003,109
Foreign currency deposits	1,370,366	-	1,270,297	2,804,858	134,679	62,280	186,264	-	5,828,744
Residents in Turkey	1,110,604	-	1,256,074	2,708,112	129,354	51,646	185,711	-	5,441,501
Residents abroad	259,762	-	14,223	96,746	5,325	10,634	553	-	387,243
Public sector deposits	212,318	-	-	-	-	-	-	-	212,318
Commercial deposits	665,165	-	877,654	524,232	8,453	7,125	-	-	2,082,629
Other institutions deposits	20,330	-	1,768	19,840	714	229	25	-	42,906
Precious metals deposits	44,951	-	-	-	-	-	-	-	44,951
Interbank deposits	1,654,819	-	283,201	-	-	-	-	-	1,938,020
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	170	-	283,201	-	-	-	-	-	283,371
Foreign banks	1,654,649	-	-	-	-	-	-	-	1,654,649
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	4,537,824	-	13,996,165	6,064,664	248,573	111,208	194,243	-	25,152,677

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	10,518,230	10,852,474	3,627,270	4,146,200
Foreign currency saving deposits	1,450,910	1,022,048	2,937,892	2,109,186
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	-	-	-	-

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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)

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	12,389	9,628
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	-	65,008	-	124,579
Swap transactions	243,039	41,213	375,351	66,442
Future transactions	-	-	-	-
Options	395	8,874	97	8,578
Other	-	-	-	-
Total	243,434	115,095	375,448	199,599

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	95,201	412,069	174,852	406,335
Funds borrowed from foreign banks, institutions and funds	592,311	20,864,800	580,849	20,653,268
Total	687,512	21,276,869	755,701	21,059,603

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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)

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	121,707	2,971,891	187,135	2,336,568
Medium and long term	565,805	18,304,978	568,566	18,723,035
Total	687,512	21,276,869	755,701	21,059,603

3.3. Funding industry group where the Group liabilities are concentrated

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

4. Explanations on securities issued (net)

	Current period		Prior period	
	TL	FC	TL	FC
Bank bills	253,820	-	246,634	-
Bonds	-	-	-	-
Total	253,820	-	246,634	-

The Parent Bank issued bond with 84 days maturity and nominal value of TL 257,445 with 11.40% simple interest rate on 22 February 2017 by the method of sales to qualified investors not involving any public offering.

Within the current period there is issuance in amount of TL 257,445 (31 December 2016: TL 250,000) and refunds and repurchases in amount of TL 250,000 (31 December 2016: TL 242,350).

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

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

6. Explanations on lease payables (net)

The Group has no lease payables.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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)

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	42,782	4,979	33,054	5,444
Net investment hedge	-	-	-	-
Total	42,782	4,979	33,054	5,444

8. Information on provisions

8.1. Information on general provisions

	Current period	Prior period
General provisions	632,893	625,669
Provisions for group I. loans and receivables	509,843	499,983
<i>Additional provision for loans with extended payment period</i>	6,934	7,037
Provisions for group II. loans and receivables	55,344	58,007
<i>Additional provision for loans with extended payment period</i>	18,284	20,299
Provisions for non-cash loans	12,483	12,649
Other	55,223	55,030

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

As of 31 March 2017, provision for the foreign currency indexed loans' foreign exchange rate difference amounting to TL 1,490 (31 December 2016: TL 241) is netted off from loans under the assets on the balance sheet.

8.3. Information on specific provisions for undrawn non-cash loans

	Current period	Prior period
Specific provisions for undrawn non-cash loans	30,502	27,829

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (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)

8.4. Information on other provisions

8.4.1. Information on provisions for possible losses

As of 31 March 2017 and 31 December 2016, the Group does not have any provision for possible losses.

8.4.2. Information on other provisions

	Current period	Prior period
Provision for credit card score promotion	2,327	2,209
Other provisions	93,740	72,382
Total	96,067	74,591

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 and as a result of the public authorities' inspections.

The lawsuits filed in relation to off-shore deposit accounts by the customers of Sümerbank A.Ş., which was merged with the Bank (former title Oyak Bank A.Ş.), and other dissolved banks that were merged under Sümerbank A.Ş. by the Savings Deposit Insurance Fund (SDIF), before these banks were seized by SDIF, some amounts should be paid by the Bank to the depositors of such off-shore accounts, and these amounts are compensated by SDIF according to the Share Transfer Agreement signed by and between Turkish Armed Forces Assistance (and Pension) Fund (OYAK) and SDIF.

However, these amounts were paid to the Parent Bank with deficiencies and with reservation by SDIF contrary to the provisions of the agreement; and approximately TL 22 million (Full TL) of this amount was requested to be repaid to SDIF contrary to the agreement, and upon the objection by the Bank, SDIF filed a lawsuit against the Bank on 19 June 2013, the Court of First Instance has ruled in favour of the Bank, and this court decision was appealed by SDIF. The Appeal Court has reversed the judgement of the Court of First Instance and the Bank has made an application for correction of the Appeal Court's decision. The Appeal Court has rejected the Bank's application for correction of the decision. The Court of First Instance has decided to follow the Appeal Court's decision and decided to appoint an expert in the hearing that took place on 23 March 2017.

On the other hand, the administrative resolution no. 2013/36, dated 31 January 2013 by the Fund Board, that constitutes a basis for these legal actions of the SDIF, was annulled by Istanbul 3rd Administrative Court Decision, numbered E.2013/467 as a result of the lawsuit filed by the Bank; SDIF appealed to the Council of State (Administrative High Court) against the said decision. The Council of State has reversed the judgement of the Court of First Instance and the Bank has made an application for correction of the Council of State's decision.

Following these developments, SDIF has initiated a second legal enforcement proceeding against the Bank for an approximate amount of TL 22 million (Full TL), which has been initiated separately from the first legal enforcement proceeding and based on the payments made to different depositors but relied on the same legal grounds. The Bank has further objected to this enforcement proceeding. SDIF has filed a lawsuit for cancellation of the objection made by the Bank against the second legal enforcement proceedings. The court appointed an expert on this issue, who upon examination of the case file has issued his expert report (i.e., the report of the court-appointed expert) in favor of the Bank.

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (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)

A third execution proceeding was initiated by the SDIF against the Bank for TL 98 million (Full TL), which is independent from the first and second execution proceedings; however, due to the same legal rationales concerning the payments made to different depositors, and the Bank has objected to this proceeding as well. SDIF has filed a lawsuit for cancellation of the objection made by the Bank against the third legal enforcement proceedings. The court appointed an expert on this issue, who upon examination of the case file has issued his expert report (i.e., the report of the court-appointed expert) in favor of the Bank.

As of 18 March 2016, a fourth proceeding was initiated by the SDIF against the Parent Bank for referring to the payments made to different depositors about TL 110 million (Full TL), which is due to the first proceeding, with the reason of demanding the missing interest rate, a fifth proceeding was initiated for an amount of TL 981 thousand (Full TL). The Parent Bank has objected to both of these proceedings. SDIF has filed lawsuits for cancellation of the objection made by the Bank against the fourth and fifth legal enforcement proceedings.

Considering the relevant provisions of the Share Transfer Agreement, dated 9 August 2001 concerning the transfer of Sümerbank shares to OYAK by SDIF and of the Share Purchase Agreement, dated 18 June 2007 for the transfer of the Parent Bank shares to ING Bank N.V. by OYAK, no provisions were set aside for the amounts that had to be paid by the Bank based on the off-shore lawsuits and court decisions on such lawsuits and regarding which SDIF filed an action.

8.5. Information on employee benefits

As of 31 March 2017, TL 44,101 (31 December 2016: TL 40,283) of TL 24,741 (31 December 2016: TL 23,008) provisions for employee benefits is the unused vacation provision. Full provision is provided for the unused vacation liability.

As of 31 March 2017, TL 19,360 (31 December 2016: TL 17,275) of the provisions for employee benefits is the termination benefit provision. In accordance with the labour 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 4,426.16 (Full TL) at 31 March 2017 and TL 4,297.21 (Full TL) at 31 December 2016 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements dated 31 March 2017 and 31 December 2016, 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.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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

The Group has current corporate tax liability of TL 4,498 (31 December 2016: TL 2,731) under the liability items.

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	4,498	2,731
Taxation of securities	22,402	20,836
Property tax	1,175	1,090
Banking insurance transaction tax (“BITT”)	24,861	26,802
Foreign exchange transaction tax	-	-
Value added tax payable	2,018	5,957
Other	36,727	9,604
Total	91,681	67,020

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	5,005	4,088
Social security premiums-employer	7,352	6,011
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	359	297
Unemployment insurance-employer	696	572
Other	-	-
Total	13,412	10,968

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (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 31 March 2017, deferred tax asset and deferred tax liability of the Group amounts to TL 3,888 and TL 374,707, respectively (31 December 2016: deferred tax asset is TL 4,045 and deferred tax liability is TL 317,646) which is calculated based on the deductible temporary differences except general loan reserves.

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)
Base differences for tangible assets	2,840	568	(3,825)	(765)
Provisions	105,645	21,129	101,520	20,304
Fair value differences for financial assets and liabilities	(1,857,880)	(371,576)	(1,671,970)	(334,394)
Other	(104,700)	(20,940)	6,270	1,254
Total deferred tax assets / (liabilities) net		(370,819)		(313,601)

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

Deferred tax assets / (liabilities) net	Current period (1 January – 31 March 2017)	Prior period (1 January – 31 March 2016)
Opening balance	(313,600)	(185,313)
Deferred tax assets / (liabilities) net	(45,920)	(19,852)
Deferred tax recognized under equity	(11,299)	24,229
Balance at the end of the period	(370,819)	(180,936)

10. Information on liabilities regarding assets held for sale

As of 31 March 2017 and 31 December 2016, there are no liabilities regarding assets held for sale.

11. Explanations on the subordinated loans

	Current period		Prior period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic associates	-	-	-	-
From foreign banks	461,413	2,511,190	474,800	2,406,399
From other foreign associates	-	-	-	-
Total	461,413	2,511,190	474,800	2,406,399

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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

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

12.4. Information on share capital increases from capital reserves

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

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

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

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

The Group’s consolidated balance sheet is managed providently in order to be affected by interest, currency and credit risks at minimum level. The Group’s operations are aimed to be continued with a provident 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 as limited as possible.

12.7. Information on preferred shares

There are no preferred shares.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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)

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	FC	TL	FC
From associates, subsidiaries, and entities under common control	-	-	-	-
Valuation difference	(26,412)	105,061	(29,155)	94,029
Foreign exchange difference	-	3,304	-	-
Total	(26,412)	108,365	(29,155)	94,029

Movement of marketable securities revaluation reserve and hedge reserves (effective portion) is as follows:

	Current period (1 January – 31 March 2017)	Prior period (1 January – 31 March 2016)
As of 1 January	163,418	160,137
Value increases / (decreases) of available for sale investments not recognized in the income statement	18,912	21,282
Net income/(loss) transferred from the shareholders' equity to (profit) / loss caused by disposal of investments classified as available for sale investments	-	-
Tax impact on gains from available for sale investments	(1,833)	(4,256)
Cash flow hedge transaction gains / (losses)	49,164	(141,709)
Cash flow hedge transaction (gains) / losses classified in income statement	(588)	(790)
Tax effect on gains from cash flow hedge	(9,715)	28,500
As of 31 March	219,358	63,164

12.9. Profit reserves and profit distribution

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

The Ordinary General Assembly Meeting of the Parent Bank was held on 29 March 2017. In the Ordinary General Assembly meeting, it was decided to transfer TL 571,161 unconsolidated net income from 2016 operations to statutory legal reserves, extraordinary reserves and revaluation surplus on tangible and intangible assets as a real estate sale income and utilized from the tax exemption amounting to TL 28,558, TL 522,515 and TL 20,088, respectively.

In the Ordinary General Assembly, it was decided to distribute gross TL 200,000 cash dividend from retained earnings to the Parent Bank's shareholders and TL 20,000 has been transferred from the extraordinary reserves to statutory legal reserves due to dividend distribution.

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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	2,235,099	2,090,473
Forward deposit purchase and sales commitments	-	-
Loan granting commitments	1,709,928	2,267,799
Commitments for cheque payments	2,811,647	2,603,213
Commitments for credit card limits	1,904,975	1,838,983
Commitments for credit cards and banking services promotions	4,658	4,753
Other irrevocable commitments	13,681	17,348
Total	8,679,988	8,822,569

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

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

	Current period	Prior period
Letter of credits	1,131,134	1,244,131
Commitments and contingencies	574,865	604,519
Bank acceptance loans	113,534	109,750
Total	1,819,533	1,958,400

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

	Current period	Prior period
Irrevocable letters of guarantees	3,793,112	3,849,221
Cash loans letters of guarantees	878,907	1,124,230
Advance letters of guarantees	576,009	336,914
Temporary letters of guarantees	164,530	181,717
Other	98,569	92,828
Total	5,511,127	5,584,910

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	596,173	588,990
With original maturity of 1 year or less than 1 year	558,238	405,637
With original maturity of more than 1 year	37,935	183,353
Other non-cash loans	6,734,487	6,954,320
Total	7,330,660	7,543,310

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

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

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

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

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

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

2. Information on derivative transactions

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

3. Information on credit swaps and related risks

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

4. Information on contingent liabilities and assets

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

5. Information on the services provided on behalf of others

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

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

IV. Explanations and notes related to consolidated statement of income

1. Information on interest income

1.1. Information on interest income from loans

	Current period		Prior period	
	TL	FC	TL	FC
Interest on loans (*)	900,213	131,614	853,407	104,566
Short term loans	352,782	15,203	365,337	13,660
Medium and long term loans	541,088	116,411	482,556	90,906
Interest on loans under follow-up	6,343	-	5,514	-
Premiums received from resource utilization support fund	-	-	-	-

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

1.2. Information on interest income received from banks

	Current period		Prior period	
	TL	FC	TL	FC
From Central Bank of Turkey	-	338	-	175
From domestic banks	12,462	745	4,351	378
From foreign banks	27	2,848	39	1,047
From branches abroad	-	-	-	-
Total	12,489	3,931	4,390	1,600

1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Trading securities	1,613	360	4,371	832
Financial assets at fair value through profit and loss	-	-	-	-
Available for sale securities	57,069	-	80,792	-
Held to maturity securities	-	-	5	-
Total	58,682	360	85,168	832

1.4 Information on interest income received from associates and subsidiaries

The interest income from associates and subsidiaries are eliminated in the consolidated financial statements.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

IV. Explanations and notes related to consolidated statement of income (continued)

2. Information on interest expenses

2.1. Information on interest on funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Banks (*)	33,001	79,080	34,800	57,810
Central Bank of Turkey	-	-	35	-
Domestic banks	1,987	816	1,886	815
Foreign banks	31,014	78,264	32,879	56,995
Branches and offices abroad	-	-	-	-
Other institutions (*)	-	1,912	-	1,806
Total	33,001	80,992	34,800	59,616

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

2.2. Information on interest expenses paid to associates and subsidiaries

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

2.3. Information on interest on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Interest on securities issued	6,322	-	4,560	-

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	-	181	-	-	-	-	-	181
Saving deposits	-	260,798	61,643	2,670	544	638	-	326,293
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	22,994	12,577	335	840	275	-	37,021
Other deposits	-	49	428	409	200	2	-	1,088
7 days call accounts	-	-	-	-	-	-	-	-
Total	-	284,022	74,648	3,414	1,584	915	-	364,583
Foreign currency								
Foreign currency deposits	-	6,806	12,994	674	388	1,059	-	21,921
Banks deposits	-	727	-	-	-	-	-	727
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	7,533	12,994	674	388	1,059	-	22,648
Grand total	-	291,555	87,642	4,088	1,972	1,974	-	387,231

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

IV. Explanations and notes related to consolidated statement of income (continued)

3. Information on dividend income

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

4. Information on trading income/loss (net)

	Current period	Prior period
Income	6,190,396	3,945,512
Gains on capital market transactions	8,365	2,884
Gains on derivative financial instruments	2,502,930	1,207,901
Foreign exchange gains	3,679,101	2,734,727
Loss (-)	(6,244,674)	(4,038,400)
Loss on capital market transactions	(5,585)	(4,590)
Loss on derivative financial instruments	(2,386,277)	(1,562,408)
Foreign exchange loss	(3,852,812)	(2,471,402)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 100,671 (31 March 2016: TL 259,064 net profit).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	42,042	34,094
Income arising from sale of assets	3,316	1,395
Banking services income	2,086	1,874
Other non-interest income	16,619	13,303
Total	64,063	50,666

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

IV. Explanations and notes related to consolidated statement of income (continued)

6. Provision expenses for loan losses and other receivables

	Current period	Prior period
Specific provisions for loans and other receivables	136,225	152,251
III. group loans and receivables	26,478	25,929
IV. group loans and receivables	43,148	44,584
V. group loans and receivables	66,599	81,738
General provision expenses	7,224	4,809
Provision expenses for possible losses	-	-
Marketable securities impairment losses	50	11
Financial assets at fair value through profit and loss	50	11
Available for sale securities	-	-
Impairment related to associates, subsidiaries and investment securities		
held to maturity	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held to maturity investments	-	-
Other	26,552	6,878
Total	170,051	163,949

7. Information on other operating expenses

	Current period	Prior period
Personnel expenses	153,003	147,882
Reserves for termination benefits	839	87
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	-
Depreciation expenses of tangible assets	13,670	13,896
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Depreciation expenses of intangible assets	5,418	4,299
Impairment expense of equity participations for which equity method is applied	-	-
Impairment expense for securities that to be disposed	-	-
Depreciation expenses of securities that to be disposed	-	350
Impairment expense of held for sale tangible assets and discontinued operations	-	-
Other operating expenses	138,153	117,226
Operating lease expenses	27,588	27,338
Repair and maintenance expenses	4,700	4,868
Advertisement expenses	15,677	13,905
Other expenses	90,188	71,115
Loss on sales of assets	8	179
Other	49,306	62,371
Total	360,397	346,290

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

IV. Explanations and notes related to consolidated statement of income (continued)

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

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

9. Information on tax provision for continued and discontinued operations

As of 31 March 2017, the corporate tax provision expense for the period is TL 5,340 (31 March 2016: TL 4,197), and the deferred tax expense is TL 45,920 (31 March 2016: TL 19,852 deferred tax expense).

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

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

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

Interest income from regular banking transactions is TL 1,190,543 (31 March 2016: TL 1,081,852), while the interest expense is TL 528,724 (31 March 2016: TL 491,955).

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

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

Other fees and commissions received amounting to TL 131,816 (31 March 2016: TL 106,298) has included TL 33,400 (31 March 2016: TL 27,991) the credit card fees and commissions, TL 38,521 (31 March 2016: TL 38,331) service fees and commissions from contracted merchants and TL 31,008 insurance commissions (31 March 2016: TL 15,993).

Other fees and commissions paid amounting to TL 51,381 (31 March 2016: TL 43,338) has included TL 39,212 (31 March 2016: TL 36,893) credit card exchange commissions.

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

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	-	-	91	624,919	14	87,086
End of the period	-	-	69	443,375	44	100,877
Interest and commission income	-	-	-	132	-	80

1.1. 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	-	-	49	273,432	48	135,512
End of the period	-	-	91	624,919	14	87,086
Interest and commission income	-	-	-	167	-	24

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	-	-	1,064	3,745	3,628	38,620
End of the period	-	-	3,918	1,064	7,857	3,628
Interest expense on deposits	-	-	39	12	39	194

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	-	-	7,620,055	3,514,533	98,715	-
End of period	-	-	2,343,587	7,620,055	20,004	98,715
Total profit/loss	-	-	(35,942)	6,918	29,452	(2,262)
Transactions with hedging purposes						
Beginning of the period	-	-	-	-	-	-
End of period	-	-	-	-	-	-
Total profit/loss	-	-	-	-	-	-

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

V. Explanations and notes related to the risk group of the Group (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	-	-	1,342	46	85,241	12,981
End of period	-	-	1,092	1,342	63,211	85,241
Interest income received	-	-	304	1	-	2

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	-	-	17,786,543	15,468,136	4,201	15,329
End of period	-	-	16,765,160	17,786,543	10,601	4,201
Interest and commission paid	-	-	52,799	41,929	45	99

The Group also has subordinated loan amounting to TL 2,972,603 from main shareholder ING Bank NV as of 31 March 2017 (31 December 2016: TL 2,881,199).

VI. Explanations and notes related to subsequent events

According to the Board of Directors’ decision No. 15/4 and dated 30 March 2017, the Bank applied to Istanbul Stock Exchange and Capital Markets Board of Turkey on 17 April 2017 in order to issue fixed rate debt instrument for selling one or more than one time to qualified domestic investors with different types and maturities up to TL 3,000,000 amount in Turkish Lira.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (continued)**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

Section six

Auditors’ review report

I. Explanations on the auditors’ review report

The consolidated financial statements of the Parent Bank and its financial subsidiaries as of 31 March 2017, have been reviewed by Akis 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 May 2017 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 and footnotes originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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 year ended

Summary financial information on the consolidated financial statements of ING Bank A.Ş. (Bank) and the consolidated financial subsidiaries (Group) for the period 31 March 2017 and 31 December 2016 is as follows.

Main balance sheet items

Million TL	Current period	Prior period
Net loans	41,936	41,306
Deposits	25,828	25,153
Equity	5,196	5,143
Total assets	58,921	57,987

Main financial ratios

	Current period	Prior period
Capital adequacy ratio	18.36%	17.08%
Loans / Total assets	71.17%	71.23%
Deposits / Total assets	43.83%	43.38%
Non-performing loans / Total loans	3.53%	3.34%
Income / Average capital (**)	14.70%	12.08%
Income / Average assets (**)	1.38%	1.08%
Expense / Income ratio (***)	46.31%	55.64%

(**) Items related to income statement are included in the ratio calculation after annualization process.

(***) Prior period profit/loss amounts are for the three month period ended 31 March 2016.

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 and footnotes originally issued in Turkish, See Note 1.b of section three)

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (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

Latest global economic datas reveal that the recovery trend in growth continues. In the “World Economic Outlook” report, IMF has increased the 2017 global growth projection by 0.1 bps to 3.5% compared to the previous report. In the report explaining that global economy might still be exposed to downward risks in medium term, structural problems such as income inequality and the threat on global growth by self-contained protective policies are emphasised. There is a poor growth experience in US economy in the first quarter, and there is ambiguity on whether the next step of FED following the interest increases in December and March will be taken in June. The fact that data confirm the economy preserves its recovery trend in the Eurozone and the stricter comments of ECB on the monetary policy support the anticipations of non-extension of bond purchasing. Considering these global developments, it is seen that the moderate growth trend in Turkish economy has continued in the first quarter. While the downward risks are remarkable considering growth, supportive financial policy steps support the acceleration of the economy. Generally in the banking sector, the first quarter has been a period when the growth performance has continued.

In this process, our Bank has focused on providing banking services in global standards, maintaining its customer oriented and innovative approach, and has carried out its activities with its sound equity and strong asset quality through constant growth. As a member of the ING Group, ING Bank provides services with large scale technological investments in addition to its innovative products to a wide range of customers from wholesale to retail. Thanks to the strong shareholder support, our Bank will continue to accurately use the growth opportunities presented by Turkish market and provide the products, services and knowledge that will support customers the build a strong financial future in 2017. I would like to extend my gratitude to all our stakeholders, in particular our employees, customers and shareholders.

John T. Mc Carthy
Chairman

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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

As ING Bank, we have established our strong growth strategy on a long term and sustainable plan. In the competitive and rapidly digitizing banking sector, innovation and technology are at the center of our strategy. In line with this strategy, in order to provide banking at anytime, anywhere, and in an easy and effortless way, we also continued to provide services in 2017 with our innovative products, robust technological infrastructure and business partnerships to our customers.

ING Bank also posted a strong improved financial performance in the first quarter of 2017. According to the consolidated financials, in the first quarter of 2017, the total assets of our Bank reached to TL 58.9 billion and income before tax increased to TL 248 million. Total equity of ING Bank is TL 5.2 billion and the consolidated capital adequacy of our Bank reached to 18.4%. In addition, while the total loans of our bank increased to TL 41.9 billion, the volume of deposits reached to TL 25.8 billion.

As ING Bank, in order to perform banking in an unconventional way and to provide our customers the best quality service, we will continue to think ahead by our strong human resources and to grow with a sustainable profit in the upcoming periods. I would like to thank all our team and our business partners who contributed to the successful performance of our Bank in the first quarter of 2017, on behalf of myself and ING Bank management team.

Pınar Abay
CEO

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

ING Bank A.Ş. and its Financial Subsidiaries

Notes to the consolidated interim financial statements for the three-month period ended 31 March 2017 (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 service types, activities, staff and branch number and Evaluation of the Parent Bank's sector position

The Parent Bank continues its services and operations with 5,188 employees and 267 domestic branches, as of 31 March 2017.

Sector information on December 2016 has not been published yet. According to the sector information disclosed as of the end of September 2016, Parent Bank is the 8th biggest private bank in terms of assets and loans and 9th biggest private bank in terms of deposits.

1.6 Information on research and development about new services and activities

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

2. Assessments about financial position and risk management

2.1 Information on Audit Committee's operations in accounting period

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 31 March 2017, the asset size of the Group is TL 58.9 billion, and income before tax is TL 248 million. As of 31 March 2017, credits constitute 71.2% of total assets with TL 41.9 billion.

According to consolidated financial statements, in the first quarter of 2017, cash credits have been TL 41.9 billion and the most significant growth in cash credits has been in SME business line. Deposits which is the primary funding source of the Parent Bank, constitutes 43.83% of the balance sheet with TL 25.8 billion as of 31 March 2017. 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.

Once the Parent Bank joined ING Group, it has had the opportunity to provide long term sources from the main shareholder. Total credits received amount to TL 22 billion.

As of 31 March 2017, capital adequacy ratio of ING Bank has reached 18.36%. In addition, the Parent Bank has received subordinated loans from its main shareholder amounting to TL 3 billion. As of 31 March 2017, total equities of ING Bank has reached TL 5.2 billion. The Parent Bank distributed dividend amounting to TL 200 million after the BRSA approval and decision of the General Assembly dated 29 March 2017.

Both macroeconomic and increasing competition continued to affect the sustainable profitability of banks. Despite this outlook and the limitations of the sector, with its sound equities and strong asset quality, ING Bank has grown steadily in the first three months of 2017. In parallel to the developments in economy and Parent Bank's balance sheet, in the first three months of 2017, compared to the same period of the previous year, group net profit increased by 123% and reached TL 197 million.

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

ING Bank A.Ş. and its Financial Subsidiaries

**Notes to the consolidated interim financial statements
for the three-month period ended 31 March 2017 (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)

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 14 March 2017 as follows:

Long-term Foreign Currency Rating: BBB- (Outlook: Stable)
Long-Term Local Currency: BBB- (Outlook: Stable)
Short-term Foreign Currency Rating: F3
Short Term Local Currency: F3
Support Rating: 2
National Long-Term Notes: AAA (tur) (Outlook: Stable)
Viability Rating: bb

International credit rating agency Moody's has confirmed the credit rating of the Parent Bank as of 20 March 2017 as follows:

Turkish Lira Long Term Deposit Rating: Ba1 (Outlook: Negative)
Short-term Turkish Lira Deposit Notes: Not-Prime
Long-term Foreign Currency Deposit Rating: Ba2 (Outlook: Negative)
Short-term Foreign Currency Deposit Rating: Not-Prime
Baseline Credit Assessment – (BCA): b1
National Scale Note Aa1.tr/TR-1