BORSA İSTANBUL A.Ş.

Convenience Translation into English of
Consolidated Financial Statements
as at and for the Year Ended
31 December 2022 With
Independent Auditor’s Report Thereon

(Originally issued in Turkish)

13 February 2023

This report includes 4 pages of independent auditors’ report and 60 pages of consolidated financial statements together with their explanatory notes.

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(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Borsa İstanbul Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of of Borsa İstanbul Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	***How the key audit matter was addressed in the audit***
Revenue Recognition	
The Group's main revenue items consist of stock market shares, interest income, securities registration fees, clearing income, securities listing income, data publishing income and custody service income. Revenue recognition has been determined as a key audit matter due to the nature of group operations, due to the diversity of transactions in the process of determining the amount of revenue, the high number of transactions and the use of different methods and parameters in the calculation of revenue..	Our audit procedures includes the following: - The revenue process of the Group is examined. - By performing data analytics tools procedures related to analysis and correlation of the accounts are performed. - Within the scope of audit works revenue and related accounting entries were tested on a sample basis. - Compliance of explanation and disclosures in the consolidated financial statements within the framework of TFRS 15 has been evaluated.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2022 and financial statements are not in compliance with law and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

3) As of December 31, 2022, the leverage ratio of Istanbul Takas ve Saklama Bankası A.Ş., one of the subsidiaries of the Group, is below the minimum level specified in the regulation of the BDDK on the measurement and evaluation of the leverage level of banks, prepared based on the Banking Law No. 5411 dated October 19, 2005. The Bank Management applied to the BDDK for a change in the leverage ratio calculation method on July 5, 2022, and the BDDK approved the calculation in its letter dated February 7, 2023. As a result of the calculation made according to the new calculation method, the leverage ratio of the Bank exceeds the legal limit.

The name of the engagement partner who supervised and concluded this audit is Birkan Bilal Avcıl.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Birkan Bilal Avcıl, SMMM
Partner

13 Şubat 2023
İstanbul, Türkiye

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Convenience translation of a report and consolidated financial statements originally issued in Turkish

BORSA İSTANBUL A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

		Audited	**Audited**
ASSETS	**Notes**	**31 December 2022**	**31 December 2021**
CURRENT ASSETS		**88,921,386**	**45,689,108**
Cash and cash equivalents	4	81,449,970	40,749,759
Financial investments	6	3,931,029	3,465,268
- Financial assets measured at amortized cost		*2,526,831*	*3,465,268*
- Deposits more than 3 months		*1,344,566*	-
- Financial assets at fair value through profit or loss		*59,632*	-
Trade receivables		3,260,535	886,022
- Trade receivables from related parties	*30*	*114,285*	*21,551*
- Trade receivables from third parties	*7*	*3,146,250*	*864,471*
Other receivables		13,940	415
- Other receivables from third parties	*7*	*13,940*	*415*
Prepaid expenses	10	67,567	29,433
Other current assets	8	198,345	558,211
NON-CURRENT ASSETS		**2,789,321**	**2,903,223**
Financial investments	6	512,970	1,880,650
- Financial assets at fair value through other comprehensive income		*7,583*	*7,583*
- Financial assets measured at amortized cost		*505,387*	*1,873,067*
Investments accounted for under the equity method	5	238,722	170,400
Investment properties	11	206,630	84,175
Property and equipment	12	410,051	247,858
Right of use assets	13	10,883	4,830
Intangible assets	14	416,261	377,755
Prepaid expenses	10	16,407	11,752
Deferred tax assets	29	976,865	124,919
Other non-current assets	8	532	884
TOTAL ASSETS		**91,710,707**	**48,592,331**

The accompanying notes between pages 6 and 60 are an integral part of these consolidated financial statements.

BORSA İSTANBUL A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

		Audited	Audited
LIABILITIES	**Notes**	**31 December 2022**	**31 December 2021**
CURRENT LIABILITIES		**82,130,329**	**42,455,046**
Short term borrowings	18	7,028,263	3,635,463
Lease liabilities	19	7,390	2,377
Trade payables		3,683,084	2,144,396
- Trade payables to related parties	*30*	*73,990*	*42,763*
- Trade payables to third parties	*16*	*3,609,094*	*2,101,633*
Liabilities for employee benefits	21	31,665	21,518
Other payables	16	38,811	22,834
- Other payables		*38,811*	*22,834*
Deferred income	9	6,245	4,031
Current income tax liabilities	29	329,607	216,567
Short term provisions		255,032	51,846
- Provisions for employee benefits	*21*	*232,207*	*25,653*
- Other short term provisions	*17*	*22,825*	*26,193*
Other current liabilities		70,750,232	36,356,014
- Other current liabilities to related parties	*30*	*2,655,609*	*823,382*
- Other current liabilities to third parties	*22*	*68,094,623*	*35,532,632*
NON-CURRENT LIABILITIES		**125,584**	**63,642**
Lease liabilities	19	5,164	3,129
Deferred income	9	1,847	783
Long term provisions		102,767	46,923
- Provisions for employee benefits	*21*	*102,767*	*46,923*
Other non-current liabilities	22	15,806	12,807
SHAREHOLDER'S EQUITY		**9,454,794**	**6,073,643**
Equity holders of the parent	*23*	*7,746,523*	*4,854,983*
Share capital		423,234	423,234
Share premium		12,418	12,418
Treasury shares		(101,070)	(101,070)
Other comprehensive income / expense not to be reclassified to profit or loss		(23,216)	3,063
-Revaluation reserve		*13,677*	*13,677*
-Losses on remeasurements of defined benefit plans		*(36,893)*	*(10,614)*
Other comprehensive income / expense to be reclassified to profit or loss		9,392	6,430
- Currency translation differences		*9,392*	*6,430*
Restricted reserves		710,292	610,680
Retained earnings		3,131,896	2,145,269
Net profit for the period		3,583,577	1,754,959
Non-controlling interests		*1,708,271*	*1,218,660*
TOTAL EQUITY AND LIABILITIES		**91,710,707**	**48,592,331**

The accompanying notes between pages 6 and 60 are an integral part of these consolidated financial statements.

BORSA İSTANBUL A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

	Notes	Audited 1 January – 31 December 2022	Audited 1 January – 31 December 2021
Revenue	24	6,371,770	3,355,160
Cost of sales (-)	24	(186,946)	(61,191)
Gross profit		**6,184,824**	**3,293,969**
General administrative expenses (-)	25	(1,913,707)	(732,650)
Other operating income	26	13,047	18,888
Other operating expenses (-)	26	(538,140)	(207,538)
Operating profit		**3,746,024**	**2,372,669**
Investment activities income	27	122,594	22,675
Share of profit / (loss) of investments accounted for under the equity method	5	80,042	43,080
Profit before financial income / (expense)		**3,948,660**	**2,438,424**
Financial income	28	552,580	348,746
Financial expenses (-)	28	(7,318)	(10,890)
Profit before tax		**4,493,922**	**2,776,280**
Income tax expense (-)	29	(1,097,048)	(724,806)
Deferred tax income/(expense)	29	841,844	44,579
PROFIT FOR THE PERIOD		**4,238,718**	**2,096,053**
Profit attributable to:			
- Non-controlling interests		655,141	341,094
- Equity holders of the parent		3,583,577	1,754,959
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss		**(30,307)**	**(1,291)**
Gains / losses on remeasurements of defined benefit plans	21	(40,409)	(1,614)
- Deferred tax income /(expense)	*29*	*10,102*	*323*
Other comprehensive income to be reclassified to profit or loss		**2,962**	**3,634**
- Currency translation differences	5	2,962	3,634
Other comprehensive income/(expense)		**(27,345)**	**2,343**
TOTAL COMPREHENSIVE INCOME		**4,211,373**	**2,098,396**
- Non-controlling interests		651,113	340,856
- Equity holders of the parent		3,560,260	1,757,540

The accompanying notes between pages 6 and 60 are an integral part of these consolidated financial statements.

BORSA İSTANBUL A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

	Statement of changes in shareholders' equity											
	Share capital	**Share premium**	**Treasury shares**	**Revaluation reserve**	**Remeasurement of defined benefit obligations**	**Currency translation differences**	**Restricted reserves**	**Retained earnings**	**Net profit for the period**	**Equity holders of the parent**	**Non-controlling interests**	**Total equity**
1 January 2021	**423,234**	**12,418**	**(100,294)**	**13,677**	**(9,561)**	**2,796**	**536,543**	**1,493,078**	**1,242,390**	**3,614,281**	**956,230**	**4,570,511**
Net profit for the period	-	-	-	-	-	-	-	-	1,754,959	1,754,959	341,094	2,096,053
Other comprehensive income / (expense)	-	-	-	-	(1,053)	3,634	-	-	-	2,581	(238)	2,343
Total comprehensive income / (expense)	**-**	**-**	**-**	**-**	**(1,053)**	**3,634**	**-**	**-**	**1,754,959**	**1,757,540**	**340,856**	**2,098,396**
Transfers	-	-	-	-	-	-	73,685	1,168,705	(1,242,390)	-	-	-
Increase/ (decrease) arising from treasury share transactions	-	-	(776)	-	-	-	452	(452)	-	(776)	-	(776)
Dividend	-	-	-	-	-	-	-	(516,062)	-	(516,062)	(78,426)	(594,488)
31 December 2021	**423,234**	**12,418**	**(101,070)**	**13,677**	**(10,614)**	**6,430**	**610,680**	**2,145,269**	**1,754,959**	**4,854,983**	**1,218,660**	**6,073,643**
1 January 2022	**423,234**	**12,418**	**(101,070)**	**13,677**	**(10,614)**	**6,430**	**610,680**	**2,145,269**	**1,754,959**	**4,854,983**	**1,218,660**	**6,073,643**
Net profit for the period	-	-	-	-	-	-	-	-	3,583,577	3,583,577	655,141	4,238,718
Other comprehensive income / (expense)	-	-	-	-	(26,279)	2,962	-	-	-	(23,317)	(4,028)	(27,345)
Total comprehensive income / (expense)	**-**	**-**	**-**	**-**	**(26,279)**	**2,962**	**-**	**-**	**3,583,577**	**3,560,260**	**651,113**	**4,211,373**
Transfers	-	-	-	-	-	-	99,612	1,655,347	(1,754,959)	-	-	-
Dividend	-	-	-	-	-	-	-	(668,720)	-	(668,720)	(161,502)	(830,222)
31 December 2022	**423,234**	**12,418**	**(101,070)**	**13,677**	**(36,893)**	**9,392**	**710,292**	**3,131,896**	**3,583,577**	**7,746,523**	**1,708,271**	**9,454,794**

The accompanying notes between pages 6 and 60 are an integral part of these consolidated financial statements.

BORSA İSTANBUL A.Ş.

CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

	Notes	Audited 1 January – 31 December 2022	Audited 1 January – 31 December 2021
Net profit for the period		**4,238,718**	**2,096,053**
Adjustments for:			
Tax expense	29	255,204	680,227
Depreciation expense	12, 13	54,240	28,241
Amortization expense	14	46,605	39,851
Change in provision for employment termination benefits	21	18,342	9,424
Change in personnel bonus provision	21	179,531	42,747
Change in valuation of investment properties	11	(122,455)	(22,445)
Change in unused vacation liability	21	31,563	9,873
Change on law suit provision	17	(3,368)	4,424
Expense accrual for Capital Markets Board share	26	300,080	165,795
Provisions no longer required	26	(6,183)	(3,079)
Share of (profit) / loss of investments accounted for under the equity method	5	(80,042)	(43,080)
Financial income, net	28	(545,262)	(337,856)
Provisions for doubtful receivables	7	398	6,708
Unrealized exchange (gain) / loss		(418,888)	(363,141)
Cash flows from operating activities before working capital changes		**3,948,483**	**2,313,742**
Increase / (decrease) in short-term borrowings		3,392,800	1,588,970
Decrease / (increase) in trade receivables		(2,314,498)	(554,049)
Decrease / (increase) in other receivables		(13,525)	6
Decrease / (increase) in prepaid expenses		(42,789)	(20,478)
Decrease / (increase) in other current assets		359,866	(390,724)
Decrease / (increase) in other non-current assets		352	35
Increase / (decrease) in liability for employee benefits		10,147	5,670
Increase / (decrease) in trade payables		1,519,743	1,031,171
Increase / (decrease) in other payables		15,977	10,782
Increase / (decrease) in deferred income		3,278	1,245
Increase / (decrease) in other current liabilities		34,266,116	16,349,191
Increase / (decrease) in other non-current liabilities		2,999	3,018
Increase / (decrease) in lease liabilities		12,122	3,451
Taxes paid		(984,008)	(628,313)
Employment termination benefits paid	21	(2,907)	(2,600)
Capital Markets Board share paid		(165,795)	(104,943)
Personnel bonus paid	21	(2,980)	(42,747)
Unused vacation paid	21	(1,560)	(1,538)
Collection of doubtful receivables	7	145	107
Net cash (used in) / generated from operating activities		**36,055,483**	**17,248,254**
Proceed from sale of property and equipment	12	6,255	503
Purchase of property and equipment	12	(241,457)	(64,850)
Proceed from sale of intangible assets	14	396	419
Purchase of intangible assets	14	(65,961)	(27,525)
Purchase of financial asset measured at amortized cost		(6,261,666)	(5,095,435)
Sale of financial asset measured at amortized cost		8,567,783	2,509,709
Financial asset (purchase / sale) at fair value through profit or loss		(59,632)	-
Financial asset (purchase / sale) at fair value through other comprehensive income		-	500
Deposits more than 3 months		(1,344,566)	-
Cash outflow from purchase of shares or capital increase in subsidiaries / joint ventures		-	1,070
Lease payments		(5,702)	(4,887)
Interests received		442,287	303,886
Dividend received from financial investments	27	139	230
Net cash (used in) / generated from investment activities		**1,037,876**	**(2,376,380)**
Cash outflow from repurchase of treasury shares		-	(452)
Dividend paid		(830,222)	(594,488)
Net cash (used in) / generated from financing activities		**(830,222)**	**(594,940)**
Net increase in cash and cash equivalents		**40,211,620**	**16,590,676**
Effects of currency translation on cash and cash equivalents		418,888	368,128
Cash and cash equivalents at the beginning of the period	4	40,725,801	23,766,997
Cash and cash equivalents at the end of the period	4	**81,356,309**	**40,725,801**

The accompanying notes between pages 6 and 60 are an integral part of these consolidated financial statements.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 1- GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Borsa İstanbul Anonim Şirketi ("BİST" or "the Company") was founded in order to engage in stock exchange operations as per Article 138th of Capital Markets Law No, 6362 promulgated in the Official Gazette and enacted on 30 December 2012, and received official authorization upon the registration and announcement of its articles of association on 3 April 2013. BİST is a private legal entity and was founded based on the aforementioned Law in order to create, found and develop markets, platforms and systems, and other organized marketplaces and to manage and / or operate these markets, platforms and systems and other stock exchanges or stock exchange markets in a way that ensures: the purchase and sale of capital market instruments, foreign exchange and precious metals and precious stones and other agreements, documents and assets approved by the Capital Markets Board ("CMB"), under free competition conditions in an easy and secure way and on a transparent, actively competitive, fair and stable platform; the gathering and finalizing of related purchase and sales orders or making it easier to gather these orders; and the determination and announcement of prices occurs within the scope of related legislation.

As per paragraph 2nd of Article 138th of Capital Markets Law No, 6362, the Articles of Association of BİST prepared by the Capital Markets Board were registered with the trade registry on 3 April 2013 following the approval of the related Minister, Similarly, as per paragraphs 4th and 5th of the same article of the Law, the legal entities İstanbul Menkul Kıymetler Borsası ("IMKB"), established as per repealed Statutory Decree No, 91, and İstanbul Altın Borsası ("IAB"), established as per article 40/A of repealed Law No, 2499, have been terminated, and for these two institutions all kinds of assets, payables and receivables, rights and obligations, records and other documents (including those on electronic media) have been transferred to BİST in their entirety, with those exceptions required by law, with no further action needed, on the date of the registration of the Articles of Association of BİST. All actions of BİST as at this date were recognized upon the acceptance of 3 April 2013 as the establishment date of the Company.

Intermediary institutions (intermediary establishments and banks) authorized by the Capital Markets Board to engage in intermediary operations can be members of BİST. Intermediary institutions that will trade at BİST are required to get stock exchange membership document from BİST.

BİST and subsidiaries operating in Türkiye and associations, together referred to as "Group".

As at 31 December 2022, BİST have 654 employees (31 December 2021: 629) and the Group have 1,230 employees (31 December 2021: 1,142). BİST is located in Reşitpaşa Mahallesi, Borsa İstanbul Caddesi, No:4, Sarıyer / İstanbul.

The Company's controlling shareholder is Türkiye Wealth Fund. As at 31 December 2022 and 31 December 2021, the Company's shareholder structure and is as follows:

	31 December 2022		31 December 2021	
	Amount (TL)	**Share (%)**	**Amount (TL)**	**Share (%)**
Türkiye Wealth Fund	341,127	80.60	341,127	80.60
Qh Oil Investments	42,323	10.00	42,323	10.00
Borsa İstanbul A.Ş.	9,809	2.32	9,809	2.32
Turkish Capital Markets Association	5,502	1.30	5,502	1.30
Other	24,473	5.78	24,473	5.78
Total	**423,234**	**100.00**	**423,234**	**100.00**

NOTE 1- GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries

The Company's subsidiaries ("the Subsidiaries"), their principal activities and the countries in which they operate are stated below:

Subsidiaries	Country	Area of activity
İstanbul Takas ve Saklama Bankası A.Ş.	Türkiye	Bank
Merkezi Kayıt Kuruluşu A.Ş.	Türkiye	Custodian

İstanbul Takas ve Saklama Bankası A.Ş.

İstanbul Takas ve Saklama Bankası Anonim Şirketi ("Takasbank") has maintained its operations as a bank which does not accept deposits since 2 January 1996. Takasbank performs custody, exchange and other necessary transactions related to securities on behalf of intermediary institutions. Takasbank also provides custody services on a customer basis. The headquarter of Takasbank is located in İstanbul and the Company does not have any branch.

Merkezi Kayıt Kuruluşu A.Ş.

Merkezi Kayıt Kuruluşu Anonim Şirketi ("MKK") was established in İstanbul, Türkiye to control the consistency of records kept on a member group basis by tracking the records for capital market instruments recorded on the basis of issuers, intermediary institutions and beneficiaries and related rights, MKK started its operations on 26 September 2001.

Associates

Areas of activities and business locations of associates of the Company are as stated below:

Associates	Country	Area of activity
Enerji Piyasaları İşletme A.Ş.	Türkiye	Energy market operations
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	Türkiye	License
Montenegro Stock Exchange	Montenegro	Stock market operations
Türkiye Ürün İhtisas Borsası A.Ş.	Türkiye	Stock market operations
JCR Avrasya Derecelendirme A.Ş.	Türkiye	Credit rating

Enerji Piyasaları İşletme A.Ş. ("EPİAŞ")

Main area of activity of Enerji Piyasaları İşletme A.Ş. ("EPİAŞ") is to establish, plan, develop and manage energy markets within the market operation license, in an effective, transparent, reliable manner that fulfills the requirements of energy market.

Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş. ("SPL")

Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş. ("SPL") is authorized by Capital Markets Board ("Board") and started its operations in 2011 to grant licenses to the employees work in capital markets institutions and publicly-held corporations, hold the license records of the license owners and to organize education programs related to the licenses.

Montenegro Stock Exchange

Main area of activity of Montenegro Stock Exchange is to operate the stock market transactions in Montenegro.

NOTE 1- GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Associates (Continued)

Türkiye Ürün İhtisas Borsası A.Ş. ("TÜRİB")

Main area of activity of Türkiye Ürün İhtisas Borsası A.Ş. ("TÜRİB") is to engage in stock exchange activities to ensure the trade of electronic warehouse receipt and future contracts based on electronic warehouse receipt created by licensed warehouse operators within the framework of Law No. 5300 and related legislation. It was established on 8 June 2018.

JCR Avrasya Derecelendirme A.Ş. ("JCR")

JCR Avrasya Derecelendirme A.Ş. started its operations on 22 February 2007 to provide a reliable analysis and rating service needed for companies to benefit from international and local financial markets in transparent conditions.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Preparation of financial statements

BİST and subsidiaries operating in Türkiye maintains (together referred to the "Group") their accounting records and prepares their statutory financial statements in TL and in accordance with the Turkish Commercial Code ("TCC"), tax legislation and Uniform Chart of Accounts issued by the Ministry of Finance. The subsidiaries incorporated outside of Türkiye maintain their books of account and prepare their statutory financial statements in accordance with the regulations of the countries in which they operate.

The consolidated financial statements of the Group have been prepared in accordance with TFRS. TFRS'; Public Oversight of the Accounting and Auditing Standards Authority ("POA") by Türkiye Accounting Standards ("TAS"), Türkiye Financial Reporting Standards comprise standards and interpretations published by TAS Reviews and TFRS names.

The consolidated financial statements and disclosures are presented in accordance with the formats determined in the "2022 TFRS Taxonomy" published by POA on 4 October 2022.

These consolidated financial statements are prepared according to the Türkiye Financial Reporting Standards ("TFRS"). These consolidated financial statements are prepared on historical cost basis, except for significant items in the table below. The following items are measured on an fair value basis at the reporting date.

	Measurement base
Financial assets at fair value through other comprehensive income	Fair value
Financial assets at fair value through profit or loss	Fair value
Investment properties	Fair value

The preparation of the consolidated financial statements requires the use of judgments and estimates which might affect the amounts of assets and liabilities, explanation of commitments and contingent liabilities which were reported as at the balance sheet date and the revenues and expenses which were reported throughout the period. Even though, these judgments and estimates are based on the best estimates of the Group's management, the actual results might differ from them.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

2.1.1 Preparation of financial statements (Continued)

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of 31 December 2022.

Approval of the financial statements:

The consolidated financial statements have been approved by the Board of Directors on 13 February 2023. General Assembly have a right to change and related authorized entities have a right to request the change the consolidated financial statements.

2.2 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as at 1 January 2022. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2022

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively. The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. The amendments did not have a significant impact on the financial position or performance of the Group.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 The new standards, amendments and interpretations (Continued)

The new standards, amendments and interpretations which are effective as at January 1, 2022 (Continued)

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The amendments did not have a significant impact on the financial position or performance of the Group.

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter:* The amendment permits a subsidiary tto measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

- *TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities:* The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

- *TAS 41 Agriculture – Taxation in fair value measurements:* The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

The amendments did not have a significant impact on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 The new standards, amendments and interpretations (Continued)

Standards issued but not yet effective and not early adopted (Continued)

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In January 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 The new standards, amendments and interpretations (Continued)

Standards issued but not yet effective and not early adopted (Continued)

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Comparative information

Consolidated financial statements of the Group have been prepared comparatively with the prior period. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassed and significant changes are disclosed if necessary.

As at 31 December 2022, the Group has prepared the consolidated statement of financial position, consolidated profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow comparatively.

2.4 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Income and expense items are stated with net-off balances only if allowed by the accounting standards or for the similar transactions in profit and loss items of the Group like purchase and sales transactions.

2.5 Going concern

The Group prepared the consolidated financial statements according to going concern principles.

2.6 Financial statements of subsidiaries operating in foreign countries

Financial statements of subsidiaries that are operating in foreign countries are prepared in accordance with the laws and regulations in force in the countries in which they are registered in and required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Group's accounting policies.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each income statement are translated at average exchange rates; and all resulting exchange differences are recognized as a separate component of equity and statements of comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.7 Consolidation principles

The consolidated financial statements include the accounts of the Group on the basis set out in sections below. The financial statements of the fully consolidated subsidiaries have been prepared with required adjustments and reclassifications for the purpose of compliance with TAS and the accounting policies of the Group. The financial results of the subsidiaries are fully consolidated from the date on which control is transferred to the Group or deconsolidated from the date that control ceases.

The control is provided with influence on the activities of an entity's financial and operational policies in order to obtain economic benefit from those activities.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 Consolidation principles (Continued)

Subsidiaries

Subsidiaries are companies in which BİST has the power to control the financial and operating policies for the benefit either (1) through the power to exercise more than 50% of voting rights related to shares in the companies as a result of shares owned directly and indirectly by itself whereby BİST exercises control over the voting rights of the shares held by them; or (2) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Proportion of ownership interest represents the effective shareholding of the Group through the shares held directly by BİST and indirectly by its subsidiaries. As at 31 December 2022 and 31 December 2021, the table below sets out all subsidiaries included in the scope of consolidation and shows their shareholding structure as follows:

	Effective ownership of interest (%)	
	31 December 2022	**31 December 2021**
İstanbul Takas ve Saklama Bankası A.Ş.	64.18	64.18
Merkezi Kayıt Kuruluşu A.Ş.	71.75	71.75

Joint ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Group exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly by itself.

Joint ventures have been accounted for using the equity method in accordance with clauses of TFRS 11 "Joint Arrangements" which has been effective from 1 January 2013. Under the equity method, investments in the joint ventures are carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the joint venture and the comprehensive income reflects the share of the results of operations of the joint ventures. Where there has been a change recognized directly in the equity of the joint ventures, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. When the Company has rights only to the net assets of the arrangements, it accounts for its interest using the equity method according to TAS 28.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 Consolidation principles (Continued)

Associates

Associates are accounted for using the equity method. Associates are companies in which the Group has voting power between 20% and 50% or the Group has power to participate in the financial and operating policy decisions but not control them.

Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss.

Investments are accounted for using the equity method considering the Group's total share portions which are owned directly or indirectly from its subsidiaries.

The investments in associates are carried on the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The income statement reflects the Group's share of the results of operations of the associates. When there is a change recognized directly in the equity of an associate, the Group recognizes its share of any changes and discloses this when applicable, in the statement of changes in equity. Profits and losses resulting from the transactions between the Group and the associates and the Group are identical and the associates' accounting policies conform to those of the Group for like transactions and events in similar circumstances.

As at 31 December 2022 and 31 December 2021, the table below sets out the subsidiaries accounted for using the accounting under equity method, the proportion of voting power held by the Group and its subsidiaries and ownership rates:

	31 December 2022		31 December 2021	
	Directly and indirectly rate %	Effective rate %	Directly and indirectly rate %	Effective rate %
Enerji Piyasaları İşletme A.Ş.	30.83	30.83	30.83	30.83
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	41.00	34.27	41.00	34.27
Montenegro Stock Exchange	24.43	24.43	24.43	24.43
Türkiye Ürün İhtisas Borsası A.Ş.	25.00	21.80	25.00	21.80
JCR Avrasya Derecelendirme A.Ş.	18.50	18.50	18.50	18.50

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.8 Functional and presentation currency

The accompanying financial statements are presented in the Group's functional and presentation currency, which is Turkish Lira ("TL"), in full unless otherwise stated.

2.9 Changes in accounting policies and estimates and errors

The valuation principles and accounting policies have been applied consistently to all periods presented in these financial statements. Material changes in accounting policies and material accounting errors are adjusted retrospectively and prior periods' consolidation financial statements are restated. If the changes in accounting estimates are related to a period, they are applied in the period they are related to and if the changes are related to the future periods, they are applied both in the period the change is made and prospectively in the future periods.

2.10 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires the use of judgments and estimates which might affect the amounts of assets and liabilities, explanation of commitments and contingent liabilities which were reported as at the balance sheet date and the revenues and expenses which were reported throughout the period. Even though, these judgments and estimates are based on the best estimates of the Company's management, the actual results might differ from them.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the consolidation financial statements are described in the following notes:

Fair value measurement of investment properties

Fundamental assumptions of the appraisal reports used during the determination of fair value investment properties in the consolidated financial statements are stated below:

Akmerkez Office

Akmerkez office, investment property is located on 985 m^2 ground in İstanbul / Beşiktaş, Nispetiye Mahallesi 83/1 E3 Blok 10 floor. According to a licensed real estate valuation firm report which is dated 23 December 2022, Akmerkez office was evaluated by market value approach and the fair value amount is TL 65,000.

Şişli Service Building

Şişli building, investment property is located on the parcel of 29 in İstanbul province, Şişli district, Şişli street, 159 section, 1,042 city block, is located on 4,354 m^2 ground. According to a licensed real estate valuation firm report which is dated 13 January 2023, Şişli service building evaluated by market value approach and the fair value amount is TL 141,630.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.10 Significant accounting judgments, estimates and assumptions (Continued)

Provisions for employment termination benefits

In accordance with existing social legislation, the Group is required to make lump sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The assumptions of provision for employee termination benefits of a major portion of the Group are prepared by an independent actuarial company. The employee termination benefits have been calculated based upon factors derived using the Group's experience of personnel terminating their services and being eligible to receive benefits, discounted by using the current market yield at the balance sheet date on government bonds.

The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense reflects the increase in the defined benefit obligation resulting from employee service in the current year past service costs are recognized immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Main assumptions that are used in the provision for employee termination benefits are estimated employee turnover rate and discount factor. Discount and probability ratios that are used in the employee termination benefits are as below:

	31 December 2022	**31 December 2021**
Discount rate	3.11%	4.02%
Estimated employee turnover rate	97.19%	97.37%

Useful lives of intangible assets

Referring to the agreements which the Company had signed with Nasdaq OMX ("Nasdaq"), the useful life of the software that forms the technological substructure of the markets within the Group is determined as 20 years.

Fair value of derivative instruments

The Group calculates the fair values of financial instruments which do not have an active market using market data, using similar transactions, using the fair values of similar instruments as reference, and discounted cash flow analysis.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.11 Summary of significant accounting policies

The significant accounting policies used in preparing the consolidation financial statements are described below.

Related parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control of the reporting entity
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity, If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.11.1 Service revenue

Service revenue shall be recognized when all the following conditions have been satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably and;
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue has been disclosed by offsetting, discounts, returns, taxes related with sales and the elimination of the transaction within the Group.

The main income items in the Group's service income are; trading fees, interest revenue, securities registration fees, listing fees, data vending and custody income.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.11 Summary of significant accounting policies (Continued)

2.11.1 Service revenue (Continued)

Debt securities trading revenues

Debt securities trading revenues consist of revenue from transactions in international bond markets where external debt instruments issued by the Republic of Türkiye Treasury and included on the exchange list and in the equity repo market, where transactions are carried out with the shares of the companies that are traded on Borsa İstanbul Equity Market and which are included in BİST 30 Index and deemed appropriate by a Board of Directors, fees from debt instruments traded on the outright purchase and sales market, the repo-reverse repo market, the repo market for specified securities, the interbank repo-reverse repo market where second hand fixed income security transactions are made, and the offering market for qualified investors, where capital market instruments, which can be purchased by "qualified investors" as described in capital markets legislation are issued.

Equity market trading revenue

Equity market trading revenue consists of the revenue based on the transaction volume of financial instruments, such as the right to purchase new equities and to exchange traded funds, warrants and certificates.

Derivatives trading revenue

Derivative market trading revenue consists of revenue which is accrued monthly and calculated on transaction volumes arising from futures and options contracts based on all primary asset classes such as equity, foreign-domestic stock indices, foreign exchange, steel scrap, exchange traded fund, precious metals, commodity and energy.

Precious metals and diamond market trading revenue

Precious metals and diamond market trading revenue consists of income accrued monthly and daily and calculated on the transaction volume of the precious metals market where spot transactions of standard, non-standard, gold, silver, platinum and palladium produced from ore. Precious Metals Lending Market where lending and certificate transactions are made and Diamond and Precious Stones Market where diamond and precious stones are traded.

Takasbank money market

Takasbank money market commissions consist of incomes accrued and collected daily and calculated on transactions made in this market established and operated by Takasbank to match the demand of market players who need funds and the offers of market players who have excess funds.

Security registration income

These fees consist of income accrued weekly and received for off-exchange security purchases, sales, and repo and reverse repo transactions announced weekly by banks and brokerage firms.

Listing income

Listing fees consist of initial listing/registration fees, annual listing/registration fees, and re-listing and re-registration fees. The initial listing fee is the nominal price of the securities in each listing transaction. Partnerships in the securities exchange listing should pay an annual fee so long as they remain in the relevant listing.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.11 Summary of significant accounting policies (Continued)

2.11.1 Service revenue (Continued)

Custody and custody related operating revenue

Custody and custody related operating revenue consist of custody fees accrued for physical shares in the custody of Takasbank, in the private pension fund shares of attendee accounts and for income gained from global custody service.

Custody and custody related operating revenue consist of income received from the custody services of shares, investment funds, warrants and debt instruments in MKK (Central Securities Depository).

Data vending revenue

Data vending revenue consist of the income arising from disseminating the data in Borsa İstanbul markets to users on a real time and a delayed basis through licensed data vendors.

Takasbank interest income

Interest income is calculated by using the effective interest rate (the rate which sets the future cash flows of a financial asset or liability equal to their current net book value) method in accordance with "TFRS-9 Financial Instruments"

2.11.2 Property and equipment

The cost of an item of property and equipment shall be recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. After recognition as an asset, an item of property and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation

Property and equipment are depreciated over the estimated useful lives of the related assets from the date of acquisition or the date of installation, on a straight-line basis.

Construction in progress assets are amortized when the related intangible assets are ready for use in accordance with the useful lives identified. The estimated useful lives of property and equipment are as follows:

Property and equipment	**Year**
Buildings	36-50
Machinery and equipment	3-15
Vehicles	4-5
Furniture and fixtures	2-50
Leasehold improvements	5-28

Expenditures incurred to replace a component of an item of property and equipment that are accounted for separately, including major inspection and overhauls costs, are capitalized. Other subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in profit or loss as an expense as incurred.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.11 Summary of significant accounting policies (Continued)

2.11.2 Property and equipment (Continued)

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in OCI and presented in the revaluation reserve. For subsequent periods, the gain or loss arising from the change in the fair value of the investment property is included in profit or loss in the period in which it arises.

2.11.3 Investment properties

The investment properties, which are held either to earn rental income or for capital appreciation or for both, instead of either for the Group's operations or for management purposes or for sale during the daily operations, are classified under other properties.

Investment properties are carried at their fair value on the basis of a valuation made by an independent valuation expert. Changes in fair values of investment properties are recognized in the income statement under other income. Rental income from investment properties is recognized as revenue on a straight-line basis over the term of the lease.

2.11.4 Government grants

Government grants along with investment, research and development grants are accounted for on an accrual basis for estimated amounts expected to be realized under grant claims filed by the Group. These grants are accounted for as deferred income in the consolidated balance sheet and are credited to consolidated income statement on a straight-line basis over the expected lives of related assets. Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 "Income Taxes" standard.

2.11.5 Intangible assets

Intangible assets includes information systems, software and other intangibles arose from business mergers, Intangible assets are recognized at acquisition cost and amortized by the straight-line method over their estimated useful lives after their acquisition date. If impairment exists, carrying amounts of the intangible assets are written down immediately to their recoverable amounts. Intangible assets are amortized on a straight-line basis over their estimated useful lives for a period between 3-20 years from the date of acquisition.

Construction in progress assets are amortized when the related intangible assets are ready for use in accordance with the useful lives identified.

2.11.6 Research and development costs

Planned operations that are done in order to obtain new technological information or discovery of Group are defined as research, and the research expenses during this phase is recognized as expense as incurred.

Development is defined as the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use and an intangible asset arising from development is recognized when the following are demonstrated by the Company:

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.11 Summary of significant accounting policies (Continued)

2.11.6 Research and development costs (Continued)

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale,
b) Its intention to complete the intangible asset and use or sell it,
c) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,
d) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
e) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs of the Group consists of any software packages which are in progress of being developed with regard to all of the software programs that constitutes the technological substructure of the markets which are under the Group's structure.

Development costs of Group, consists of the personnel salaries that are assigned directly in the development of the assets, other personnel costs and the costs related to the services used in the development of the intangible asset.

Related development costs are recognized initially in construction in progress which is under intangible assets section, and afterwards, the portion that is started to be used actively is being transferred to rights account under intangible assets.

2.11.7 Financial instruments

Classification and measurement

Classification and measurement of financial assets in accordance with TFRS 9 Financial Instruments standard is determined by whether the financial asset is based on the business model in which the financial asset is managed and whether it is based on contractual cash flows including interest payments on principal and principal balance.

TFRS 9 contains three basic categories of financial assets: amortized cost (AC), fair value other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the categories of available-for-sale financial assets that are held to maturity, loans and receivables included in the current TAS 39 standard.

The Group accounts for its financial assets in three classes. The classification is based on the characteristics of the contractual cash flows of the entity and the business model used by the entity for the management of the financial assets. The Group classifies its financial assets at the time of purchase.

"Financial assets measured at amortized cost" are financial assets held as part of a business model aimed at collecting contractual cash flows and that have cash flows that include interest payments solely on principal and principal balance at specific dates in contractual terms, are not traded in an active market. Financial assets at amortized cost of the Group also include "cash and cash equivalents", "trade receivables" and "other receivables". Related assets are initially recognized at fair value in the financial statements; in subsequent accounting, measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the consolidated income statement.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.11 Summary of significant accounting policies (Continued)

2.11.7 Financial instruments (Continued)

Classification and measurement (Continued)

"Financial assets at fair value through other comprehensive income" are financial assets held as part of a business model for the collection and settlement of contract cash flows and for which there are cash flows from interest payments arising principally only at principal and principal amounts under contractual terms. Any gains or losses arising from the related financial assets are recognized in other comprehensive income except for impairment losses, gains or losses and exchange rate differences income or expenses.

For investments in equity-based financial assets, the Group may inadvertently choose the method of reflecting subsequent changes in fair value to other comprehensive income during the first financial statement purchase. In the case of such a preference, the dividends from the related investments are recognized in the consolidated income statement.

Under TFRS 9, all investments in equity instruments and contracts on those instruments must be measured at fair value. However, in limited circumstances, cost value may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost value represents the best estimate of fair value within that range.

"Financial assets at fair value through profit or loss" are financial assets measured other than those at amortized cost and fair value through other comprehensive income. The resulting gains and losses from the valuation of such assets are recognized in the consolidated income statement.

2.11.8 Impairment of financial assets

TFRS 9 replaces the "incurred loss" model in TAS 39 with an "expected credit loss" (ECL) model. In this context, it has been necessary to evaluate how the economic factors that will be determined by weighting according to the probabilities of realization affect the ECLs.

The new impairment model is applied to financial assets at fair value through other comprehensive income or measured at amortized cost (other than investments in, equity instruments) and contract assets. The financial assets at amortized cost consist of trade receivables, financial investments, and cash and cash equivalents.

Under TFRS 9, loss allowances are measured on either of the following bases:

• 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

• Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.11 Summary of significant accounting policies (Continued)

2.11.8 Impairment of financial assets (Continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

• The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held) or financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The basic principles for calculating the Group's "Expected Credit Loss" are as follows:

• Information considered in the Expected Credit Loss accounting should be reasonable, reliable and supportable.

• Country risk is also taken into account when calculating provisions that will be reserved for expected credit losses. Loans are allocated at a higher rate than the loan-based reserves, taking into account the size, type, maturity, currency, interest rate structure, borrowing sector, collaterals and similar concentrations over time, credit risk level and management.

• The approach used to assess expected credit losses is consistent with the Group's credit risk management.

• Information used; specific factors of the borrower, general economic conditions and the assessment of the effects of these factors and conditions in the current and future periods, at the reporting date. Possible sources of information include the Group's credit disposal experience, internal or external credit ratings, reports and statistics.

• If it is determined that the financial instrument has low credit risk at the reporting date, the Group may assume that the credit risk in the financial instrument has not increased significantly since its first financial statement.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2.11.9 Financial income and financial expenses

Financial income includes interest income from investments, dividend income, change in fair value, and income from sales of financial assets that reflect other comprehensive income. Interest income is recognized in profit or loss on an accrual basis using the effective interest method. Dividend income is recognized in profit or loss when the Group is entitled to receive payment. Financial expenses include commission expenses.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.11 Summary of significant accounting policies (Continued)

2.11.10 Derivative financial instruments

Derivative financial instruments including foreign exchange swaps, interest rate swaps, foreign exchange options and currency forwards.

Derivative instruments are initially recognized at the transaction cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. It is shown that the valuation differences resulting from the valuation of derivative transactions are associated with the statement of profit or loss.

2.11.11 Non-derivative financial liabilities

The liability items in TAS 39 have been carried forward to TFRS 9 except for the fact that the fair value change effect of the credit risk exposure of the liabilities recognized by using the fair value option is not allowed to be recognized in the other comprehensive income (where accounting inconsistency can not be materially affected).

The Group derecognizes the related financial liability when the contractual commitments related to the financial liability are terminated or cancelled.

The Group presents non-derivative financial liabilities in other financial liabilities. Such financial liabilities are measured initially by deducting transaction costs that are directly attributable to their fair values. Other financial liabilities of the Group are; financial debts, commercial and other debts.

2.11.12 Payables to members

Payables to members consist of the members' accounts opened in Takasbank by brokerage firms, banks, leasing companies, factoring companies and funding companies, which desire to perform transactions in organized markets, to make a down payment, pay swap liabilities and wire cash to customers. Payables to members are recognized by their fair value in financial statements.

2.11.13 Deposits and guarantees received

Deposits and guarantees received for contracts made for sales and purchase transactions made in markets in BİST Debt Securities and Equity Market, Takasbank Money Market ("TMM"), Equity Lending Market ("ELM"), Derivative Market, Electricity Market, and markets where leveraged sales and purchase transactions are made.

Said funds ensure that the debtee does not affect from the delay when the debtor goes into cash default. Cash guarantee mechanisms are created to make sure that cash flow is not interrupted in the market and that the payments are made in time and accurately.

The Group invests the deposits and guarantees in financial institutions and reflects the gains to the accounts of relevant members. Group management believes that the current values of deposits and guarantees on financial position statement are similar to the values redeemed with effective interest rates.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.11 Summary of significant accounting policies (Continued)

2.11.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, time deposits with maturities less than three months, reverse repurchase agreements, and type B liquid funds that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Time deposits at banks are initially recognized at fair value and then, subsequently measured at amortized cost using the effective interest method. The carrying amount of these assets is close to their fair values.

2.11.15 Trade and other receivables

Trade and other receivables are recognized initially at fair value. At the reporting date, subsequent to initial recognition, trade and other receivables are measured at amortized cost using the effective interest method. When a trade receivable become uncollectible, it is written off against the allowance account. The amount of the allowance account is the difference between the carrying amount of the receivables and the collectible amount. Group's management believes that carrying value of the trade and other receivables on the statement of financial position approximates to their fair value.

2.11.16 Share capital

Ordinary shares are classified as equity. Dividend income is recognized as income when right to obtain of dividend is generated. Dividend distribution to the Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.11.17 Capital reserves

On 3 April 2013, the legal entities, IMKB and IAB, are terminated and all assets, liabilities and receivables, rights and obligations, records and other documents have been transferred to BİST in their entirety, with the exceptions required by law, with no further action needed. The Company's capital has been registered as full TL 423,234,000 at 3 April 2013. The registered capital of the Company is deducted from the sum of all equity accounts in the consolidated financial statements prepared in accordance with TFRS, which is the basis of transfer accounting and the remaining balance is accounted for as capital reserves.

2.11.18 Share premium

Share premium represents the difference that is arised from the sale of a subsidiary or an investment accounted by equity method shares that the Company has with a higher amount than their nominal values or the positive difference between the nominal values and the fair values of the shares that the Company had issued related to the firms that the Company had acquired.

2.11.19 Treasury shares

The cost of the Group's own equity instruments that it has reacquired is deducted from equity. Gain or loss is not recognized on the purchase, sale, issue, or cancellation of treasury shares. Treasury shares may be acquired and held by the entity or by other members of the Group. Consideration paid or received is recognized directly in equity.

2.11.20 Earnings per share

According to TAS 33 - *Earnings per share*, companies whose shares are not traded in a stock exchange market, are not required to disclose their earnings per share. Since, the Group has no share which is traded in a stock exchange market, earnings per share is not computed in the accompanying consolidated financial statements.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.11 Summary of significant accounting policies (Continued)

2.11.21 Provisions, contingent liabilities and assets

According to TAS 37 – *Provisions, contingent liabilities and assets*, a provision is recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Group discloses the related issues in the accompanying notes. Contingent assets are disclosed in the notes and not recognized unless it is realized.

2.11.22 Lease transactions

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost and decreased by lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

2.11.23 Employment termination benefits

In accordance with existing social legislation, the Group is required to make lump sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the consolidated financial statements, the Group has reflected a liability calculated using "Projected Unit Credit Method" and based upon factors derived using the Group's experience of personnel terminating their services and being eligible to receive benefits, discounted by using the current market yield at the balance sheet date on government bonds.

According to TAS 19 (amendment), "Employment termination benefits", effective for annual periods beginning on or after 1 January 2013, gains/losses occurred due to the changes in the actuarial assumptions used in the calculation of employment termination benefit should be reclassified under the other comprehensive income.

NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.11 Summary of significant accounting policies (Continued)

2.11.24 Segment reporting of financial information

An operating segment is a component of the Group that engages in business activities from which it may earn income and incur expenses, including income and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Since there are no any set of components that are regularly reviewed by chief operating decision maker to take decisions about the Group's activities and whose financial performances are followed separately no reports have been made according to the operating segments.

2.11.25 Taxation

Tax expense or income is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Deferred tax is computed, using the liability method, and by the effective tax rate at balance sheet date. And deferred tax is computed on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against the deductible temporary differences. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred taxes arising from income and expenses accounted under equity are also recorded under equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed by the Group at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

NOTE 3- BUSINESS COMBINATIONS

None.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 4- CASH AND CASH EQUIVALENTS

As at 31 December 2022 and 31 December 2021, the details of cash and cash equivalents are as follows:

	31 December 2022	31 December 2021
Cash	21	61
Banks - time deposits	80,516,807	40,095,879
Banks - demand deposits	720,749	615,582
Reverse repo receivables	47	36,020
Investment funds	212,346	2,217
At the statement of financial position	**81,449,970**	**40,749,759**
Accruals on cash and cash equivalents	(185,251)	(74,958)
Expected credit loss allowance	91,590	51,000
At the statement of cash flows	**81,356,309**	**40,725,801**

As at 31 December 2022, there is no restricted deposits (31 December 2021: None).

Banks-Time deposits

As at 31 December 2022 and 31 December 2021, the details of time deposits are as follows:

31 December 2022	Amount (TL)	Effective interest rate (%)	Maturity date
TL	62,110,155	11.07	31 March 2023
USD	13,015,421	5.94	6 January 2023
EUR	5,391,231	3.73	1 January 2023
Total	**80,516,807**		

31 December 2021	Amount (TL)	Effective interest rate (%)	Maturity date
TL	33,994,446	14.52	30 March 2022
USD	3,306,284	1.27	3 January 2022
EUR	2,795,149	0.80	3 January 2022
Total	**40,095,879**		

As at 31 December 2022, average maturity of reverse repo receivables is 3 days and interest rate is 9% (31 December 2021: 3 days, 12%).

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 5- INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

As at 31 December 2022 and 31 December 2021, summary of financial information for equity accounted investments are as follows:

31 December 2022	Directly and indirectly rate %	Effective rate %	Total assets	Total liabilities	Net assets	Net profit/loss	BİST's shares in profit/loss	BİST's share in net assets
Enerji Piyasaları İşletme A.Ş.	30.83	30.83	426,341	93,615	332,726	42,584	13,129	102,582
Sermaye Piy. Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	41.00	34.27	75,508	6,059	69,449	18,756	7,690	28,474
Montenegro Stock Exchange	24.43	24.43	50,568	60	50,508	1,010	247	12,341
Türkiye Ürün İhtisas Borsası A.Ş.	25.00	21.80	278,148	40,123	238,025	160,354	40,089	59,506
JCR Avrasya Derecelendirme A.Ş.	18.50	18.50	193,460	31,599	161,861	102,094	18,887	35,819
Total							**80,042**	**238,722**

31 December 2021	Directly and indirectly rate %	Effective rate %	Total assets	Total liabilities	Net assets	Net profit/loss	BİST's shares in profit/loss	BİST's share in net assets
Enerji Piyasaları İşletme A.Ş.	30.83	30.83	391,797	90,578	301,219	49,200	15,169	92,868
Sermaye Piy. Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	41.00	34.27	54,328	3,636	50,692	15,834	6,492	20,784
Montenegro Stock Exchange	24.43	24.43	37,448	74	37,374	142	35	9,132
Türkiye Ürün İhtisas Borsası A.Ş.	25.00	21.80	121,875	19,204	102,671	41,931	10,483	25,668
JCR Avrasya Derecelendirme A.Ş.	18.50	18.50	95,561	8,677	86,884	58,924	10,901	21,948
Total							**43,080**	**170,400**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 5- INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD (Continued)

For the year ended 31 December 2022 and 2021, subsidiaries that are accounted by equity method are as stated below:

	1 January – 31 December 2022	1 January – 31 December 2021
Beginning balance	**170,400**	**133,387**
Disposals	-	(1,070)
Dividends received	(14,682)	(8,631)
Income and expenses	80,042	43,080
Currency translation differences	2,962	3,634
Ending balance	**238,722**	**170,400**

The Group's share in the net assets of the subsidiary includes goodwill amounting to TL 5,875.

NOTE 6- FINANCIAL INVESTMENTS

As at 31 December 2022 and 31 December 2021, the details of short term financial investments are as follows:

	31 December 2022	31 December 2021
Financial assets measured at amortized cost	2,526,831	3,465,268
Deposits more than 3 months	1,344,566	-
Financial assets at fair value through profit or loss	59,632	-
Total	**3,931,029**	**3,465,268**

As at 31 December 2022 and 31 December 2021, the details of long term financial investments are as follows:

	31 December 2022	31 December 2021
Financial assets at fair value through other comprehensive income	7,583	7,583
Financial assets measured at amortized cost	505,387	1,873,067
Total	**512,970**	**1,880,650**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 6- FINANCIAL INVESTMENTS (Continued)

As at 31 December 2022 and 31 December 2021, the details of financial assets measured at amortized cost are as follows:

	31 December 2022	31 December 2021
Bonds	444,854	666,191
Corporate bonds	-	163,671
Eurobonds	2,521,911	4,261,238
Asset backed securities	39,819	39,612
Sukuk	83,921	207,623
Mutual fund	1,345	-
Total	**3,091,850**	**5,338,335**

As at 31 December 2022 and 31 December 2021, there are no financial assets at fair value through other comprehensive income subject to repurchase agreements and given as collateral. As at 31 December 2022 and 31 December 2021, the details of financial assets at fair value through other comprehensive income are as follows:

	31 December 2022			31 December 2021		
	Directly and indirectly rate %	Effective rate %	Carrying value	Directly and indirectly rate %	Effective rate %	Carrying value
Kyrgyz Stock Exchange	22.86	22.86	467	16.33	16.33	467
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	21.45	19.98	3,320	21.45	19.98	3,320
Sarajevo Stock Exchange	19.91	16.70	799	19.91	16.70	799
Baku Stock Exchange	4.76	4.76	157	4.76	4.76	157
Birleşik İpotek Finansmanı A.Ş.	5.00	5.00	2,500	5.00	5.00	2,500
Other	<0,01	<0,01	340	<0,01	<0,01	340
Total			**7,583**			**7,583**

NOTE 7- TRADE RECEIVABLES AND OTHER RECEIVABLES

As at 31 December 2022 and 31 December 2021, the details of trade receivables from third parties are as follows:

	31 December 2022	31 December 2021
Receivables from members (*)	354,989	233,358
Loans given	2,530,226	573,749
Custody and commission receivables	271,698	67,655
Doubtful receivables	523	642
Expected credit loss	(11,186)	(10,933)
Total	**3,146,250**	**864,471**

(*) It consists of trading, listing, custody, security registration, data vending, technology and membership fees.

As at 31 December 2022 and 31 December 2021, remaining maturities are less than 3 months.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 7- TRADE RECEIVABLES AND OTHER RECEIVABLES (Continued)

Expected credit loss

For the year ended 31 December 2022 and 2021, the movements of expected credit loss are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Beginning balance	(10,933)	(4,332)
Provisions during the period	(398)	(6,708)
Reversal of provision during the period	145	107
Ending balance	**(11,186)**	**(10,933)**

Other receivables

As at 31 December 2022 and 31 December 2021, the details of short term other receivables from third parties are as follows:

	31 December 2022	31 December 2021
Other receivables	13,940	415
Total	**13,940**	**415**

NOTE 8- OTHER ASSETS

Other current assets

As at 31 December 2022 and 31 December 2021, the details of other current assets are as follows:

	31 December 2022	31 December 2021
Receivables from derivatives collateral	137,513	512,111
Deferred VAT	39,951	42,545
Job advances given to personnel	8,190	883
Deposits and guarantees given	355	283
Other current assets	12,336	2,389
Total	**198,345**	**558,211**

Other non-current assets

As at 31 December 2022 and 31 December 2021, the details of other non-current assets are as follows:

	31 December 2022	31 December 2021
Deposits and guarantees given	532	884
Total	**532**	**884**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 9- DEFERRED INCOME

Short term deferred income

As at 31 December 2022 and 31 December 2021, the details of short term deferred income are as follows:

	31 December 2022	31 December 2021
Deferred income	6,245	4,031
Total	**6,245**	**4,031**

Long term deferred income

As at 31 December 2022 and 31 December 2021, the details of long term deferred income are as follows:

	31 December 2022	31 December 2021
Deferred income	1,847	783
Total	**1,847**	**783**

NOTE 10- PREPAID EXPENSES

Short term prepaid expenses

As at 31 December 2022 and 31 December 2021, the details of short term prepaid expenses are as follows:

	31 December 2022	31 December 2021
Prepaid expenses	67,567	29,433
Total	**67,567**	**29,433**

Long term prepaid expenses

As at 31 December 2022 and 31 December 2021, the details of long term prepaid expenses are as follows:

	31 December 2022	31 December 2021
Prepaid expenses	16,407	11,752
Total	**16,407**	**11,752**

NOTE 11- INVESTMENT PROPERTIES

For the year ended 31 December 2022 and 2021, the movements of the investment properties are as follows:

	Valuation method	1 January 2022	Increase in value	Decrease in value	31 December 2022
Akmerkez Office	Market value	37,925	27,075	-	65,000
Şişli Service Building	Market value	46,250	95,380	-	141,630
Total		**84,175**	**122,455**	**-**	**206,630**

	Valuation method	1 January 2021	Increase in value	Decrease in value	31 December 2021
Akmerkez Office	Market value	26,000	11,925	-	37,925
Şişli Service Building	Market value	35,730	10,520	-	46,250
Total		**61,730**	**22,445**	**-**	**84,175**

As at 31 December 2022, there are investment properties of Group in İstanbul Akmerkez Shopping Center and İstanbul Şişli. The fair value of Akmerkez Shopping Center is TL 65,000 and the fair value of Şişli Service Building is TL 141,630 according to independent valuation report authorized by the Capital Markets Board ("CMB").

For the year ended 31 December 2022 and 2021, rental income from investment properties is amounting to TL 914 and TL 764.

As at 31 December 2022, the significant estimates and assumptions used in determining the fair value of the investment properties are as follows:

Investment property	Valuation method	Report date	m^2 value
Akmerkez Office	Market value	23 December 2022	65.990
Şişli Service Building	Market value	13 January 2023	32.530

There are not any capitalized borrowing costs, mortgages, or pledges on the investment properties.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 12- PROPERTY AND EQUIPMENT

For the year ended 31 December 2022 and 2021, the movements of the property and equipment are as follows:

	Building	Machinery and equipment	Vehicles	Furnitures and fixtures	Leasehold improvement	Construction in progress	Total
1 January 2022							
Opening balance	26,307	415	301	53,456	155,411	11,968	247,858
Additions	-	79,136	1,044	110,856	-	50,421	241,457
Disposals	-	(585)	(87)	(49)	(62)	(5,472)	(6,255)
Transfers	-	-	-	-	-	(24,759)	(24,759)
Current depreciation	(581)	(17,563)	(80)	(22,215)	(7,811)	-	(48,250)
31 December 2022	**25,726**	**61,403**	**1,178**	**142,048**	**147,538**	**32,158**	**410,051**

	Building	Machinery and equipment	Vehicles	Furnitures and fixtures	Leasehold improvement	Construction in progress	Total
1 January 2021							
Opening balance	26,888	5,653	401	30,717	145,417	14,057	223,133
Additions	-	3,041	-	30,855	3,304	27,650	64,850
Disposals	-	(59)	-	(87)	-	(357)	(503)
Transfers	-	-	-	-	13,948	(29,382)	(15,434)
Current depreciation	(581)	(8,220)	(100)	(8,029)	(7,258)	-	(24,188)
31 December 2021	**26,307**	**415**	**301**	**53,456**	**155,411**	**11,968**	**247,858**

For the year ended 31 December 2022 and 2021, there are no mortgages or pledges over property and equipment. As at 31 December 2022, insurance collaterals over property and equipment amounting to full USD 149 million and full TL 29 million (31 December 2021: full USD 149 million and full TL 29 million).

The total transfers amounting to TL 24,759 have been made from property, plant equipment to intangible assets (Note 14).

NOTE 13- RIGHT OF USE ASSETS

For the year ended 31 December 2022 and 2021, the movements of the right of use assets are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Opening balance	4,830	5,432
Additions	12,122	3,451
Disposals	(79)	-
Current depreciation	(5,990)	(4,053)
Total	**10,883**	**4,830**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 14- INTANGIBLE ASSETS

For the year ended 31 December 2022 and 2021, the movements of the intangible assets are as follows:

	Rights	Software licenses	Development costs	Total
1 January 2022				
Opening balance	292,660	47,772	37,323	377,755
Additions	38,215	6,571	21,175	65,961
Disposals	(396)	-	-	(396)
Transfers	-	-	24,759	24,759
Current amortisation	(23,622)	(5,948)	(22,248)	(51,818)
31 December 2022	**306,857**	**48,395**	**61,009**	**416,261**

	Rights	Software licenses	Development costs	Total
1 January 2021				
Opening balance	313,795	36,058	26,179	376,032
Additions	3,526	8,284	15,715	27,525
Disposals	-	(419)	-	(419)
Transfers	(8,012)	8,012	14,522	14,522
Current amortisation	(16,649)	(4,163)	(19,093)	(39,905)
31 December 2021	**292,660**	**47,772**	**37,323**	**377,755**

The Group is registered as "Research and Development Center" within the Research and Development Law numbered 5746 by Ministry of Science, Industry and Technology. Expenses incurred in relation to the developed projects are capitalized and accounted under the construction in progress. After the completion of the projects, the total capitalized amounts are classified to intangible assets and the depreciation is calculated over the total capitalized amount. For the year ended 31 December 2022, TL 5,213 depreciation expense is reserved for the projects developed within the scope of the R&D Center (31 December 2021: TL 54).

NOTE 15- GOVERNMENT GRANTS

It is stated with a letter on 2 November 2020 issued by Ministry of Industry and Technology as part of Research and Development Law numbered 5746 that MKK's Research and Development Center status to be continued.

It is stated with a letter on 6 January 2021 issued by Ministry of Industry and Technology as part of Research and Development Law numbered 5746 that Borsa İstanbul's Research and Development Center status to be continued. It is decided that Takasbank has been included in the scope of the research and development center in accordance with the Research and Development Law numbered 5746 by the Ministry of Industry and Technology with a decision on 20 April 2017.

As at 31 December 2022, research and development tax deduction amounting to TL 71,985 is considered as deduction in corporate tax calculation (31 December 2021: TL 28,632).

Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 "Income Taxes" standard.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 16- TRADE PAYABLES AND OTHER PAYABLES

Short term trade payables

As at 31 December 2022 and 31 December 2021, the details of trade payables to third parties are as follows:

	31 December 2022	31 December 2021
Payables to members (*)	3,512,953	1,863,272
Trade payables	-	195,345
Payables to suppliers	96,141	43,016
Total	**3,609,094**	**2,101,633**

(*) The regarding payables consist of the members' accounts opened in Takasbank by brokerage firms, banks, leasing companies, factoring companies and funding companies, which desire to perform transactions in organized markets, to make a down payment, pay swap liabilities and wire cash to customers.

Short term other payables

As at 31 December 2022 and 31 December 2021, the details of other payables are as follows:

	31 December 2022	31 December 2021
Other payables	38,811	22,834
Total	**38,811**	**22,834**

NOTE 17- SHORT TERM PROVISIONS

As at 31 December 2022 and 31 December 2021, the details of lawsuit provisions are as follows:

	31 December 2022	31 December 2021
Lawsuit provisions	22,825	26,193
Total	**22,825**	**26,193**

For the year ended 31 December 2022 and 2021, the movements of lawsuit provisions are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Opening balance	26,193	21,769
Increase during the period	3,649	8,052
Used during the period	(7,017)	(3,628)
Ending balance	**22,825**	**26,193**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 18- SHORT TERM BORROWINGS

As at 31 December 2022 and 31 December 2021, the details of the short-term borrowings are as follows:

31 December 2022	Weighted average effective interest rate %	Currency	Original amount	TL equivalent
Short term borrowings	4.46	USD	186,551	3,488,183
	1.95	EUR	167,218	3,333,477
	9.00	TL	206,603	206,603
				7,028,263

31 December 2021	Weighted average effective interest rate %	Currency	Original amount	TL equivalent
Short term borrowings	0.10	USD	170,800	2,216,563
	0.01	EUR	80,300	1,178,989
	13.93	TL	239,911	239,911
				3,635,463

As at 31 December 2022 and 31 December 2021, remaining maturities are less than 3 months.

NOTE 19- LEASE LIABILITIES

As at 31 December 2022 and 31 December 2021, the details of lease liabilities are as follows:

	31 December 2022	31 December 2021
Up to 1 year	7,390	2,377
1-5 years	5,164	3,129
Total	**12,554**	**5,506**

NOTE 20- PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provision for legal cases

There are several lawsuits in favour and against of the Group. These lawsuits consist of reemployment and disagreements with market members. The Group management evaluates the possible results and financial effects of these lawsuits and necessary provisions are recognized due to possible liabilities. As at 31 December 2022, provision for lawsuits amounting to TL 22,825 (31 December 2021: TL 26,193).

Guarantees

Guarantees given to Takasbank Money Market, Securities Lending Market, Debt Securities Market, Over the Counter Market, BİAŞ Money Market , Equity Market, Derivatives Market and Swap Market. As at 31 December 2022, total guarantees amounting to TL 90,147,147 (31 December 2021: TL 39,299,417).

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 20- PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Commitments

Commitments given to Securities Lending Market, Debt Securities Market, Over the Counter Market, BİAŞ Money Market , Equity Market, Derivatives Market and Swap Market. As at 31 December 2022, total commitments amounting to TL 817,532 (31 December 2021: TL 782,509).

Collaterals

As at 31 December 2022 and 31 December 2021, market collaterals are as follows:

	31 December 2022	31 December 2021
Takasbank Market	66,968,507	28,599,501
Equity Market	8,890,570	15,731,960
Debt Securities	4,445,011	8,129,448
Precious Metal and Diamond Market	966,000	607,035
Derivatives Market	2,731,955	1,450,564
Other	12,020,529	1,012,770
Total	**96,022,572**	**55,531,278**

As at 31 December 2022 and 31 December 2021, collaterals received from suppliers are as follows:

	31 December 2022	31 December 2021
TL	20,043	22,977
USD	34,275	32,240
EUR	1,927	1,348
Total	**56,245**	**56,565**

Assets under custody

	31 December 2022	31 December 2021
Physical Contribution to Education Project (*)	58,174	55,735
Total	**58,174**	**55,735**

(*) In accordance with the decision of İMKB's Board of Directors in 1997, made a contribution to "Physical Contribution to Education Project (EFİKAP)" amounting to TL 32,000. Within the framework of the General Assembly and Board of Directors resolutions, it is collected under time deposits held by public banks and managed by İMKB, that allocated for the construction of primary schools. It was previously accounted under İMKB's assets and liabilities until 1999 and after this date, it is followed in the off-balance sheet accounts. As at 31 December 2022, principal amount of EFİKAP is TL 58,174 (31 December 2021: TL 55,735).

There are the investment securities held in custody amounting to TL 5,845,604,285 within the framework of area of the activity (31 December 2021: TL 4,950,616,257).

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 21- PROVISIONS AND PAYABLES FOR EMPLOYEE BENEFITS

Short term employee benefits

As at 31 December 2022 and 31 December 2021, the details of liabilities for employee benefits are as follows:

	31 December 2022	31 December 2021
Social security premium	30,171	13,619
Payables to personnel	1,494	7,899
Total	**31,665**	**21,518**

As at 31 December 2022 and 31 December 2021, the details of short term provisions for employee benefits are as follows:

	31 December 2022	31 December 2021
Unused vacation liability	55,656	25,653
Personnel bonus provision	176,551	-
Total	**232,207**	**25,653**

Unused vacation liability

In accordance with the Labor Law in Türkiye, the Group provides provision for the unused portion of annual paid vacations of the employees with service terms over one year, including the trial period, calculated for the non-current periods. For the year ended 31 December 2022 and 2021, the movements of unused vacation liability is as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Opening balance	25,653	17,318
Payment during the period	(1,560)	(1,538)
Increase during the period	31,563	9,873
Ending balance	**55,656**	**25,653**

Personnel bonus provision

For the year ended 31 December 2022 and 2021, the movements of personnel bonus provisions is as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Opening balance	-	-
Payment during the period	(2,980)	(42,747)
Increase during the period	179,531	42,747
Ending balance	**176,551**	**-**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 21- PROVISIONS AND PAYABLES FOR EMPLOYEE BENEFITS (Continued)

Long term employee benefits

As at 31 December 2022 and 31 December 2021, the details of long term employee benefits provisions are as follows:

	31 December 2022	31 December 2021
Provision for employee termination benefits	102,767	46,923
Total	**102,767**	**46,923**

Provision for employee termination benefits

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). After the change in regulation, on 23 May 2002, several articles related the transition process before retirement have been removed.

As at 31 December 2022, the amount payable consists of one month's salary limited to a maximum of full TL 15,371.4 for each year of service (31 December 2021: full TL 8,284.51).

Benefit obligation is not legally subject to any funding and there are no funding requirements. Provision for employment termination benefits has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

TAS 19 requires actuarial valuation methods to be developed to estimate the Group's obligation. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

	31 December 2022	31 December 2021
Discount rate	3.11%	4.02%
Estimated employee turnover rate	97.19%	97.37%

For the year ended 31 December 2022 and 2021, the movements of provision for employee termination benefits are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Opening balance	46,923	38,485
Interest cost	8,851	5,150
Service cost	9,491	4,274
Payment during the period	(2,907)	(2,600)
Actuarial gains/losses	40,409	1,614
Ending balance	**102,767**	**46,923**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 22- OTHER LIABILITIES

Other current liabilities

As at 31 December 2022 and 31 December 2021, the details of other current liabilities are as follows:

	31 December 2022	31 December 2021
Deposits and guarantees received	67,537,466	35,218,615
Expense accrual for CMB share	300,080	165,795
Taxes and duties payable	173,889	105,817
Expected credit loss	63,619	33,161
Other	19,569	9,244
Total	**68,094,623**	**35,532,632**

Other non-current liabilities

As at 31 December 2022 and 31 December 2021, the details of other non-current liabilities are as follows:

	31 December 2022	31 December 2021
Deposits and guarantees received	15,806	12,807
Total	**15,806**	**12,807**

NOTE 23- SHAREHOLDER'S EQUITY

Share capital

As stated in Article 138 of Capital Markets Law No. 6362, the Articles of Association of Borsa İstanbul Anonim Şirketi have been issued by the Capital Markets Board and registered arbitrarily at the trade registry on 3 April 2013 following the approval of the relevant Minister, and these articles include: the Company's main field of operation, purpose, capital amount, shares, principles on transferring its shares; limitations on liquidation, transfer, merger, termination, public offering, privileges to be granted to shares without being subject to the fourth paragraph of Article 478th of Law No. 6102; organs and committees as well as formation, roles, authorizations and responsibilities, working procedures and principles of those; and principles regarding accounts, distribution of profits and organization. As stated in the Company's Articles of Association, the Company's initial capital is TL 423,234,000, consisting of 42,323,400,000 bearer shares each of which is equals to TL 0.01. As at 31 December 2022 and 31 December 2021, the Company's shareholding structure as follows:

	31 December 2022		31 December 2021	
	Amount (TL)	Share (%)	Amount (TL)	Share (%)
Türkiye Wealth Fund	341,127	80.60	341,127	80.60
Qh Oil Investments	42,323	10.00	42,323	10.00
Borsa İstanbul A.Ş.	9,809	2.32	9,809	2.32
Turkish Capital Markets Association	5,502	1.30	5,502	1.30
Other	24,473	5.78	24,473	5.78
Total	**423,234**	**100.00**	**423,234**	**100.00**

NOTE 23- SHAREHOLDER'S EQUITY (Continued)

Restricted reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve balance reaches 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of share capital.

Retained earnings

As at 31 December 2022, retained earnings is amounting to TL 3,131,896 (31 December 2021: TL 2,145,269). It was decided in the Borsa İstanbul A.Ş.'s General Assembly dated 24 March 2022 dividend distribution of TL 1.62 gross dividend per share for TL 1 nominal value to shareholders who are eligible to receive dividend.

Revaluation reserve

The revaluation reserve relates to the revaluation of property and equipment immediately before its reclassification as investment property.

Losses on remeasurements of defined benefit plans

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. In 2012, the Group decided to early adopt the amendments to TAS 19 which is applicable as at 1 January 2014 and recognized all actuarial gains and losses in other comprehensive income. As at 31 December 2022, actuarial loss recognized under shareholder's equity in the statement of financial position amounting to TL 36,893 (31 December 2021: TL 10,614).

Currency translation differences

Foreign currency translation differences consist of foreign currency exchange differences arising from the translation of the financial statements of the Group's foreign operations into the presentation currency. For the investments accounted for under the equity method and other subsidiaries subject to consolidation, equities are translated based on closing rates, income and expense items are translated based on average rates. Exchange differences amounting to TL 9,392 are recognized in the "Currency translation differences" under the shareholder's equity (31 December 2021: TL 6,430).

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 24- REVENUE AND COST OF SALES

For the year ended 31 December 2022 and 2021, the details of gross profit are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Service revenue	6,374,444	3,357,754
Less: Sales discounts	(2,674)	(2,594)
Revenue	**6,371,770**	**3,355,160**
Cost of sales	(186,946)	(61,191)
Gross profit	**6,184,824**	**3,293,969**

For the year ended 31 December 2022 and 2021, the details of service revenue are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Takasbank interest income	1,686,940	821,002
Trading revenues	2,005,452	1,057,530
Debt securities	*218,622*	*238,042*
Equity market	*893,172*	*400,335*
Derivatives	*535,063*	*302,315*
Takasbank money market	*188,821*	*51,688*
Precious metals and diamond market	*141,980*	*47,850*
Takasbank security lending market	*8,415*	*6,272*
Turkey electronic fund purchase and sale platform	*19,379*	*11,028*
Custody and custody related operating income	1,056,034	598,048
Listing income	196,405	114,553
Settlement and clearing income	470,622	224,662
Data vending income	388,331	262,467
Security registration income	44,458	47,835
Technology income	141,788	69,245
Additional terminal fee	62,534	38,096
Money transfer service income	46,024	25,044
Membership fee	28,075	18,050
Account management fee	61,984	34,819
License income	33,957	13,552
Technology implementation and consultancy income	79,102	-
Derivative transaction income from treasury operations	-	2,739
Gain/loss on valuation of securities	10,191	-
Other service income	62,547	30,112
Total	**6,374,444**	**3,357,754**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 24- REVENUE AND COST OF SALES (Continued)

For the year ended 31 December 2022 and 2021, the details of cost of sales are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Takasbank interest expense	121,465	30,650
Fees and commissions	65,481	30,541
Total	**186,946**	**61,191**

NOTE 25- GENERAL ADMINISTRATIVE EXPENSES

For the year ended 31 December 2022 and 2021, the details of general administrative expenses are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Personnel fees and expenses	1,023,231	491,856
Depreciation and amortization expenses	100,845	68,092
Maintenance and repairment expenses	69,646	37,152
Taxes and other legal expenses	94,627	27,616
Revenue sharing expenses	27,726	17,791
Electricity, water and natural gas expenses	42,185	10,022
Communication expenses	17,239	11,836
Subcontractor expenses	14,055	8,297
Insurance expenses	8,489	5,571
Advertising expenses (*)	452,966	26,829
Travel expenses	8,464	1,110
Consultancy expenses	11,226	6,239
Rent expenses	4,983	851
Other expenses	38,025	19,388
Total	**1,913,707**	**732,650**

(*) It includes the payment of 300 million TL to the Ministry of National Education within the scope of the Physical Contribution to Education Project (EFİKAP)

For the year ended 31 December 2022 and 2021, personnel expenses are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Gross salaries	604,155	336,770
Social benefits	96,744	49,269
Social security contribution	82,411	47,449
Health care expenses	40,876	19,250
Mutual rescission expenses	139	2,385
Other expenses	198,906	36,733
Total	**1,023,231**	**491,856**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 25- GENERAL ADMINISTRATIVE EXPENSES (Continued)

Expenses by nature

	1 January – 31 December 2022	**1 January – 31 December 2021**
Personnel fees and expenses	1,023,231	491,856
Takasbank interest expense	121,465	30,650
Depreciation and amortization expenses	100,845	68,092
Maintenance and repairment expenses	69,646	37,152
Taxes and other legal expenses	94,627	27,616
Fees and commissions	65,481	30,541
Revenue sharing expenses	27,726	17,791
Electricity, water and natural gas expenses	42,185	10,022
Communication expenses	17,239	11,836
Subcontractor expenses	14,055	8,297
Insurance expenses	8,489	5,571
Advertising expenses	452,966	26,829
Travel expenses	8,464	1,110
Consultancy expenses	11,226	6,239
Rent expenses	4,983	851
Other expenses	38,025	19,388
Total	**2,100,653**	**793,841**

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

The Group's explanation regarding the fees for the services rendered by the independent audit firms, which is based on the POA's letter dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

	1 January – 31 December 2022	**1 January – 31 December 2021**
Independent audit fee for the reporting period	1,024	713
Fee for other assurance services	403	395
Total	**1,427**	**1,108**

The fees above have been determined by including the legal audit and other related service fees of all subsidiaries. As of 31 December 2022, the amount of service received from the group auditor, Güney Bağımsız Denetim ve SMMM A.Ş., is TL 1,377 (31 December 2021: TL 1,098).

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 26- OTHER OPERATING INCOME AND EXPENSES

For the year ended 31 December 2022 and 2021, the details of other operating expenses are as follows:

	1 January – 31 December 2022	**1 January – 31 December 2021**
Capital Markets Board provision	300,080	165,795
Provision expenses	226,630	39,230
Other expense	11,430	2,513
Total	**538,140**	**207,538**

For the year ended 31 December 2022 and 2021, the details of other operating income are as follows:

	1 January – 31 December 2022	**1 January – 31 December 2021**
Provision no longer required	6,183	3,079
Rental income	2,393	4,441
Foreign exchange gain	1,914	4,987
Other income	2,557	6,381
Total	**13,047**	**18,888**

NOTE 27- INVESTMENT ACTIVITIES INCOME AND EXPENSES

For the year ended 31 December 2022 and 2021, the details of investment activities incomes are as follows:

	1 January – 31 December 2022	**1 January – 31 December 2021**
Increase in fair value of investment properties	122,455	22,445
Dividend income	139	230
Total	**122,594**	**22,675**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 28- FINANCIAL INCOME AND EXPENSES

For the year ended 31 December 2022 and 2021, the details of financial income are as follows:

	1 January – 31 December 2022	**1 January – 31 December 2021**
Interest income	552,580	348,746
Total	**552,580**	**348,746**

For the year ended 31 December 2022 and 2021, the details of financial expenses are as follows:

	1 January – 31 December 2022	**1 January – 31 December 2021**
Rediscount expense	6,902	10,051
Other	416	839
Total	**7,318**	**10,890**

NOTE 29- TAX ASSETS AND LIABILITIES

Dividends paid to non-resident corporations, which have a place of business in Türkiye, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

As per the Article 26 of the Law No. 7394 on the "Law on Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law" and as per added first sentence to the temporary Article 13 of the Law No. 5520 on the "Corporate Tax Law" published in the Official Gazette No. 31810 dated 15 April 2022, the corporate tax rate will be applied as 25% for the corporate earnings for the taxation period of 2022. The amendment will be valid for declarations to be submitted after 1 July 2022. Therefore, 25% tax rate is used in the calculations of the period tax for the financial statements dated 31 December 2022.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on 20 January 2022, the application of inflation accounting was postponed starting from the balance sheet dated on 31 December 2023.

Corporations are required to pay advance corporation tax quarterly over the rate determined by law. Advance tax is to be declared by the 14th day of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Türkiye, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 29- TAX ASSETS AND LIABILITIES (Continued)

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back in order to net-off accumulated gains.

As at 31 December 2022 and 31 December 2021, the details of current tax assets and liabilities are as follows:

	31 December 2022	31 December 2021
Provision for corporate tax	1,097,048	724,806
Prepaid tax	(767,441)	(508,239)
Current income tax liabilities	**329,607**	**216,567**

For the year ended 31 December 2022 and 2021, the details of tax expenses in profit or loss are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Income tax expense	1,097,048	724,806
Deferred tax expense/ (income)	(841,844)	(44,579)
Total tax expense	**255,204**	**680,227**

For the year ended 31 December 2022 and 2021, reconciliation is as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Profit before tax	**4,493,922**	**2,776,280**
Income tax charge at effective tax rate	1,123,481	694,070
Income from tax exemptions	(127,350)	(20,422)
Non-deductible expenses	110,564	1,873
Effect of changes in tax rate	-	4,783
Effect of revaluation of tangible assets according to Tax Procedure Law (*)	(798,331)	-
Other	(53,160)	(77)
Tax expense	**255,204**	**680,227**

(*) It consists of the paragraphs in Provisional Article 32 and Repeated Article 298/ç of the Tax Procedure Law and the amount calculated over the revaluation increases made within the scope of "Procedures and Principles Regarding the Revaluation of Immovables and Other Depreciable Economic Assets".

For the year ended 31 December 2022, effective tax rate is as 6% (31 December 2021: 25%).

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 29- TAX ASSETS AND LIABILITIES (Continued)

Deferred tax assets and liabilities

The Group and its subsidiaries calculate deferred tax assets and liabilities considering the effects of the temporary differences arising from the different valuations between the TFRS and the tax financial statements of the balance sheet items.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Calculated deferred tax assets and deferred tax liabilities are shown net in the financial statements of different companies subject to consolidation. However, consolidated net deferred tax assets and liabilities in the consolidated without offsetting assets and liabilities are shown separately in the financial statements arising from different companies that are subject to consolidation in the financial statements.

	31 December 2022		31 December 2021	
	Temporary differences	**Deferred tax**	**Temporary differences**	**Deferred tax**
Property and equipment, intangible assets and investment properties	2,945,032	736,258	250,415	50,083
Expense accrual for CMB share	300,080	75,020	165,795	38,133
Provision for TFRS 9	166,759	41,690	95,172	19,034
Provision for employee termination benefits	102,767	25,692	46,923	9,385
Lawsuit provision	22,825	5,706	26,193	5,239
Personnel bonus provision	176,551	44,138	-	-
Provision for unused vacation liabilities	55,656	13,914	25,653	5,900
Other	137,788	34,447	(11,424)	(2,855)
Toplam		**976,865**		**124,919**

As at 31 December 2022, deferred tax asset amounting to TL 976,865 (31 December 2021: TL 124,919) is reflected to the Group's financial statements and there is no deferred tax liability (31 December 2021: None).

For the year ended 31 December 2022 and 2021, the movements of net deferred tax assets / (liabilities) are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Beginning balance	124,919	80,017
Deferred tax income / (expense)	841,844	44,579
Other comprehensive income tax that will never be reclassified to profit or loss	10,102	323
Ending balance	**976,865**	**124,919**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 30- RELATED PARTY DISCLOSURES

Key management personnel compensation

For the year ended 31 December 2022, salaries and similar benefits provided to members of key management are amounting to TL 24,071 (31 December 2021: TL 16,020).

Trade receivables from related parties

	31 December 2022	31 December 2021
Halk Yatırım Menkul Değerler A.Ş.	8,584	4,170
T.C. Ziraat Bankası A.Ş.	3,579	3,293
Türkiye Halk Bankası A.Ş.	10,020	8,273
Ziraat Yatırım Menkul Değerler A.Ş	86,869	3,939
Other	5,233	1,876
Total	**114,285**	**21,551**

Trade payables to related parties

	31 December 2022	31 December 2021
Halk Yatırım Menkul Değerler A.Ş.	9,920	12,143
Türkiye Halk Bankası A.Ş.	17,986	11,650
Türkiye Hayat ve Emeklilik A.Ş.	13	1,856
Ziraat Yatırım Menkul Değerler A.Ş	37,175	13,864
Other	8,896	3,250
Total	**73,990**	**42,763**

Other current liabilities to related parties

	31 December 2022	31 December 2021
Botaş A.Ş.	1,075,778	138,863
Halk Faktoring A.Ş.	75,975	46,378
Halk Yatırım Menkul Değerler A.Ş.	373,355	226,060
Türkiye Halk Bankası A.Ş.	25,597	12,195
Türkiye Hayat ve Emeklilik A.Ş.	6,321	5,450
Ziraat Yatırım Menkul Değerler A.Ş	907,736	331,113
Other	190,847	63,323
Total	**2,655,609**	**823,382**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 30- RELATED PARTY DISCLOSURES (Continued)

Related party transactions

1 January – 31 December 2022	Sales	Purchases	Financial income
Halk Yatırım Menkul Değerler A.Ş.	59,729	-	-
Superonline İletişim Hizmetleri AŞ	5	3,366	-
T.C. Ziraat Bankası A.Ş.	41,942	804	42,595
Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş	134	1,834	-
Türkiye Halk Bankası A.Ş.	662,546	-	229,912
Ziraat Yatırım Menkul Değerler A.Ş	78,716	-	-
Other	82,865	11,946	30,196
Total	**925,937**	**17,950**	**302,703**

Related party transactions

1 January – 31 December 2021	Sales	Purchases	Financial income
Halk Yatırım Menkul Değerler A.Ş.	32,436	-	11,564
Superonline İletişim Hizmetleri AŞ	3	2,603	-
T.C. Ziraat Bankası A.Ş.	63,972	17	363
Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş	86	9,244	-
Türkiye Halk Bankası A.Ş.	511,824	-	172,198
Ziraat Yatırım Menkul Değerler A.Ş	45,266	-	-
Other	32,080	6,561	8,768
Total	**685,667**	**18,425**	**192,893**

NOTE 31- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS

This note presents information about the Group's exposure to each of the below risks, Group's objectives, policies and processes for measuring and managing risks. The Group has exposure to the following risks from its use of financial instruments:

Credit risk

The Group's credit risk is primarily arising from its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables estimated by the Group management based on prior experience and current economic environment.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, valuation of marketable securities and other financial agreements.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations as associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group generally generates funds by liquidating its short-term financial instruments such as collecting its receivables.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 31- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

The Group manages its liquidity risk by allocating its resources to obtain adequate reserves for recovering its current and potential liabilities, with time deposits, investment funds and government bond investments.

31.1 Credit risk

As at 31 December 2022 and 31 December 2021, credit risk exposure of the Group in terms of financial instruments are as follows:

31 December 2022	**Trade receivables**	**Other receivables**	**Cash and cash equivalents**	**Financial investments**
Exposure to maximum credit risk as at reporting date (A+B+C+D+E+F)	**3,260,535**	**13,940**	**81,449,949**	**4,436,416**
- Guaranteed part of maximum credit risk with collaterals etc	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	3,271,198	13,940	81,541,539	4,436,416
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-
- Overdue (Gross book value)	523	-	-	-
- Impairment (-)	(523)	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-
- Undue (gross book value)	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-
D. Expected credit losses	(10,663)	-	(91,590)	-

31 December 2021	**Trade receivables**	**Other receivables**	**Cash and cash equivalents**	**Financial investments**
Exposure to maximum credit risk as at reporting date (A+B+C+D+E+F)	**886,022**	**415**	**40,749,698**	**5,338,335**
- Guaranteed part of maximum credit risk with collaterals etc	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	896,313	415	40,800,698	5,338,335
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-
- Overdue (Gross book value)	642	-	-	-
- Impairment (-)	(642)	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-
- Undue (gross book value)	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-
D. Expected credit losses	(10,291)	-	(51,000)	-

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 31- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

31.2 Liquidity risk

Liquidity risk is the Group's default in meeting its net funding liabilities. Events causing a decrease in funding resources such as; market deteriorations or decrease in credit ratings are major reasons of liquidity risk. The Group manages its liquidity risk by allocating its resources to obtain adequate reserves for recovering its current and potential liabilities by holding appropriate level of cash and cash equivalents. As at 31 December 2022 and 31 December 2021, the table below represents the gross amount of un-discounted cash flows related to financial liabilities based on the remaining maturities:

31 December 2022	**Carrying value**	**Contractual cash flows**	**Up to 3 months**	**3-12 months**	**1-5 years**
Current liabilities					
Short term borrowings	7,028,263	7,028,263	7,028,263	-	-
Lease liabilities	7,390	8,545	2,097	6,448	-
Trade and other payables	3,721,895	3,728,797	3,728,797	-	-
Other current liabilities	70,750,232	70,750,232	70,750,232	-	-
Non-current liabilities					
Lease liabilities	5,164	10,153	-	-	10,153
Other non-current liabilities	15,806	15,806	-	-	15,806
Total	**81,528,750**	**81,541,796**	**81,509,389**	**6,448**	**25,959**

31 December 2021	**Carrying value**	**Contractual cash flows**	**Up to 3 months**	**3-12 months**	**1-5 years**
Current liabilities					
Short term borrowings	3,635,463	3,635,463	3,635,463	-	-
Lease liabilities	2,377	3,426	809	2,617	-
Trade and other payables	2,167,230	2,167,230	2,167,230	-	-
Other current liabilities	36,356,014	36,356,014	36,356,014	-	-
Non-current liabilities					
Lease liabilities	3,129	6,020	-	-	6,020
Other non-current liabilities	12,807	12,807	-	-	12,807
Total	**42,177,020**	**42,180,960**	**42,159,516**	**2,617**	**18,827**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 31- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

31.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group manage market risk by balancing the assets and liabilities exposed to the interest rate change risk.

Foreign currency risk

The Group is exposed to foreign currency risk due to the changes in foreign exchange rates while having assets, liabilities or off statement of financial position items denominated in foreign currencies.

As at 31 December 2022 and 31 December 2021, the foreign exchange rates used by the Group for translation of the transactions in foreign currencies are as follows:

	31 December 2022		31 December 2021	
	Asset	**Liability**	**Asset**	**Liability**
USD	18.7029	18.7366	13.3290	13.3530
EUR	19.9806	20.0166	15.0867	15.1139

While converting the foreign currency transactions of Takasbank, one of the subsidiaries of the Group, the foreign exchange buying rates of the Central Bank of the Republic of Türkiye on 30 December 2022 were used as a base (18.6983 for the USD and 19.9349 for the EUR).

As at 31 December 2022 and 31 December 2021, the table below summarizes the foreign currency position risk of the Group carrying value of assets and liabilities held by the Group in foreign currencies (in TL equivalent) are as follows:

	31 December 2022			31 December 2021		
	TL	**USD**	**EUR**	**TL**	**USD**	**EUR**
Cash and cash equivalents	19,032,965	723,967	275,698	6,638,605	287,259	198,238
Trade receivables	15,986	853	1	7,365	552	-
Financial investments	2,521,911	28,178	100,078	4,433,341	236,230	92,745
Other current assets	10,824	386	181	3,078	56	160
Total assets	**21,581,686**	**753,384**	**375,958**	**11,082,389**	**524,097**	**291,143**
Short term borrowings	6,821,660	186,551	167,218	3,395,552	170,800	80,300
Other current liabilities	12,279,923	444,601	198,978	6,036,978	237,822	200,953
Trade payables	2,377,918	118,910	7,746	1,626,485	113,823	9,734
Total liabilities	**21,479,501**	**750,062**	**373,942**	**11,059,015**	**522,445**	**290,987**
Net exposure	**102,185**	**3,322**	**2,016**	**23,374**	**1,652**	**156**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 31- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

Exposure to foreign currency risk

For the year ended 31 December 2022 and 2021, an appreciation/ (depreciation) of the TL by 10% against the other currencies below would have increased/ (decreased) the equity and profit/loss (excluding the tax effect):

Foreign exchange sensitivity analysis table

	Profit/(Loss)		Shareholder's equity	
31 December 2022	**Strengthening of foreign currency**	**Weakening of foreign currency**	**Strengthening of foreign currency**	**Weakening of foreign currency**
Increase/(decrease) 10% of USD				
1- USD net asset/liability	6,213	(6,213)	6,213	(6,213)
2- Hedged portion of USD amounts (-)	-	-	-	-
3- Net effect of USD (1+2)	**6,213**	**(6,213)**	**6,213**	**(6,213)**
Increase/(decrease) 10% of EURO				
4- EURO net asset/liability	4,028	(4,028)	4,028	(4,028)
5- Hedged portion of EURO amounts (-)	-	-	-	-
6- Net effect of EURO (4+5)	**4,028**	**(4,028)**	**4,028**	**(4,028)**
TOTAL (3+6)	**10,241**	**(10,241)**	**10,241**	**(10,241)**

	Profit/(Loss)		Shareholder's equity	
31 December 2021	**Strengthening of foreign currency**	**Weakening of foreign currency**	**Strengthening of foreign currency**	**Weakening of foreign currency**
Increase/(decrease) 10% of USD				
1- USD net asset/liability	2,202	(2,202)	2,202	(2,202)
2- Hedged portion of USD amounts (-)	-	-	-	-
3- Net effect of USD (1+2)	**2,202**	**(2,202)**	**2,202**	**(2,202)**
Increase/(decrease) 10% of EURO				
4- EURO net asset/liability	235	(235)	235	(235)
5- Hedged portion of EURO amounts (-)	-	-	-	-
6- Net effect of EURO (4+5)	**235**	**(235)**	**235**	**(235)**
TOTAL (3+6)	**2,437**	**(2,437)**	**2,437**	**(2,437)**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 31- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The Group is exposed to interest rate risk due to effects of the changes in market interest rates on the interest rate sensitive assets and liabilities.

As at 31 December 2022 and 31 December 2021, the Group's interest rate sensitive financial instruments' allocation are presented below:

	31 December 2022	31 December 2021
Financial assets		
Bank deposits	81,861,373	40,095,879
Reverse repo receivables	47	36,020
Financial assets measured at amortized cost	3,091,850	5,338,335
Financial liabilities		
Short term borrowings	7,028,263	3,635,463
Lease liabilities	12,554	5,506

NOTE 32- FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

Fair value of financial assets and liabilities have to be determined for accounting policies and/or presentation of notes.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Financial assets

It is estimated that the fair values and carrying amount of the cash and cash equivalents, trade receivables are close to each other, since they have short term maturities.

Investment funds and securities measured at fair value are valued using the market prices available at the reporting date. The derivative transactions are measured at fair value subsequent to initial recognition.

Financial liabilities

It is estimated that the fair values and carrying amounts of the financial liabilities, trade payables and other liabilities are close to each other due to their short term maturities.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 32- FINANCIAL INSTRUMENTS (Continued)

31 December 2022	Carrying value	Fair value
Financial assets		
Cash and cash equivalents	81,449,970	81,449,970
Trade and other receivables	3,274,475	3,274,475
Financial assets measured at amortized cost	3,091,850	4,436,416
Financial liabilities		
Borrowings	7,028,263	7,028,263
Lease liabilities	12,554	12,554
Trade and other payables	3,721,895	3,721,895

31 December 2021	Carrying value	Fair value
Financial assets		
Cash and cash equivalents	40,749,759	40,749,759
Trade and other receivables	886,437	886,437
Financial assets measured at amortized cost	5,338,335	5,307,311
Financial liabilities		
Borrowings	3,635,463	3,635,463
Lease liabilities	5,506	5,506
Trade and other payables	2,167,230	2,167,230

As at 31 December 2022 and 31 December 2021, the fair value classification of the financial assets at amortized cost of the Group is Level 2.

Classification relevant to fair value information

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy, the different levels have been defined as follows:

Level 1: Registered (unadjusted) prices of identical assets or liabilities in active markets;

Level 2: Data which can be observed by directly (through prices) or indirectly (derived from prices) and which excludes the registered prices described in Level 1;

Level 3: Data that is not based on observable market data related to assets and liabilities (non-observable data).

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 32- FINANCIAL INSTRUMENTS (Continued)

Classification relevant to fair value information (Continued)

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Investment funds	212,346	-	-	212,346
Financial assets at fair value through other comprehensive income	-	-	7,583	7,583
Total	**212,346**	**-**	**7,583**	**219,929**

31 December 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Investment funds	2,217	-	-	2,217
Financial assets at fair value through other comprehensive income	-	-	7,583	7,583
Total	**2,217**	**-**	**7,583**	**9,800**

Explanations of non-financial assets and liabilities at fair value

As at 31 December 2022 and 31 December 2021, real estates classified as investment property in the financial statements are carried at fair value. Level 2 inputs are used to determine fair value of investment properties. The fair value of the investment properties amounting to TL 206,630 is determined using the market value approach as stated in the valuation reports (31 December 2021: TL 84,175). Related valuation methods and accounting policies are explained in Note 2.10.

NOTE 33- SUBSEQUENT EVENTS

Due to the the earthquakes centered in Kahramanmaraş, that affect many of cities, a state of emergency has been declared including 10 cities in the region. In this context, due to increase in the volatility and extraordinary price movements after the earthquake disaster; in order to ensure the reliable, transparent, efficient, stable, fair and competitive functioning of the markets, Equity Market and Equity&Index Derivatives in Derivatives Market have been closed on 8 February 2023 for 5 business days.