

# **BORSA İSTANBUL A.Ş.**

Consolidated Financial Statements  
as at and for the Year Ended  
31 December 2021 With  
Independent Auditor's Report Thereon

18 February 2022

*This report includes 4 pages of independent auditors' report and 62 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 Borsa İstanbul Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, 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, 2021, 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.

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

**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.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><b>Revenue Recognition</b></p> <p>The Group's main revenue consists of trading revenues, interest income, custody and custody related operating income, listing income, data vending income, settlement and clearing income and security registration income.</p> <p>Revenue recognition was considered to be a key audit matter, due to the nature of group operations in the process of revenue, the variety of the transactions, high volume of transactions and the use of different methods and parameters in the accounting of revenue.</p>	<p>Our procedures for testing the revenue recognition included below:</p> <ul style="list-style-type: none"> <li>• We evaluated the compliance of the accounting policies with the TFRS.</li> <li>• We evaluated the design and implementation and operational effectiveness of internal controls on revenue recognition accounting process.</li> <li>• Revenues were aggregated on the basis of the related income type and expectation analysis was performed considering the previous period amounts and the results were evaluated.</li> <li>• We tested the evaluation of accounting in accordance with TFRS for the selected samples from the transactions within the accounting period and compared the details of the transactions with supporting documents received on a transaction basis.</li> </ul>

**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 2021 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.

The name of the engagement partner who supervised and concluded this audit is Fatma Ebru Yücel.

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



Fatma Ebru Yücel SMMM  
Partner

February 18, 2022  
İstanbul, Türkiye

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**BORSA İSTANBUL A.Ş.****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

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

		Audited	Audited
ASSETS	Notes	31 December 2021	31 December 2020
<b>CURRENT ASSETS</b>		<b>45,689,108</b>	<b>26,665,838</b>
Cash and cash equivalents	4	40,749,759	23,769,022
Financial investments	6	3,465,268	2,403,812
- <i>Financial assets measured at amortized cost</i>		<i>3,465,268</i>	<i>2,403,812</i>
Trade receivables		886,022	307,246
- <i>Trade receivables from related parties</i>	30	<i>21,551</i>	<i>22,102</i>
- <i>Trade receivables from third parties</i>	7	<i>864,471</i>	<i>285,144</i>
Other receivables		415	421
- <i>Other receivables from third parties</i>	7	<i>415</i>	<i>421</i>
Prepaid expenses	10	29,433	17,850
Other current assets	8	558,211	167,487
<b>NON-CURRENT ASSETS</b>		<b>2,903,223</b>	<b>1,240,711</b>
Financial investments	6	1,880,650	357,204
- <i>Financial assets at fair value through other comprehensive income</i>		<i>7,583</i>	<i>8,407</i>
- <i>Financial assets measured at amortized cost</i>		<i>1,873,067</i>	<i>348,797</i>
Investments accounted for under the equity method	5	170,400	133,387
Investment properties	11	84,175	61,730
Property and equipment	12	247,858	223,133
Right of use assets	13	4,830	5,432
Intangible assets	14	377,755	376,032
Prepaid expenses	10	11,752	2,857
Deferred tax assets	29	124,919	80,017
Other non-current assets	8	884	919
<b>TOTAL ASSETS</b>		<b>48,592,331</b>	<b>27,906,549</b>

The accompanying notes between pages 6 and 62 are an integral part of these consolidated financial statements.

**BORSA İSTANBUL A.Ş.****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

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

		Audited	Audited
LIABILITIES	Notes	31 December 2021	31 December 2020
<b>CURRENT LIABILITIES</b>		<b>42,455,046</b>	<b>23,178,720</b>
Short term borrowings	18	3,635,463	2,046,493
Lease liabilities	19	2,377	1,997
Trade payables		2,144,396	990,238
- <i>Trade payables to related parties</i>	30	42,763	42,584
- <i>Trade payables to third parties</i>	16	2,101,633	947,654
Liabilities for employee benefits	21	21,518	15,848
Other payables	16	22,834	12,052
- <i>Other payables</i>		22,834	12,052
Deferred income	9	4,031	2,969
Current income tax liabilities	29	216,567	120,074
Short term provisions		51,846	39,087
- <i>Provisions for employee benefits</i>	21	25,653	17,318
- <i>Other short term provisions</i>	17	26,193	21,769
Other current liabilities		36,356,014	19,949,962
- <i>Other current liabilities to related parties</i>	30	823,382	734,776
- <i>Other current liabilities to third parties</i>	22	35,532,632	19,215,186
<b>NON-CURRENT LIABILITIES</b>		<b>63,642</b>	<b>157,318</b>
Lease liabilities	19	3,129	3,946
Trade payables	16	-	104,498
- <i>Other trade payables</i>		-	104,498
Deferred income	9	783	600
Long term provisions		46,923	38,485
- <i>Provisions for employee benefits</i>	21	46,923	38,485
Other non-current liabilities	22	12,807	9,789
<b>SHAREHOLDER'S EQUITY</b>		<b>6,073,643</b>	<b>4,570,511</b>
<i>Equity holders of the parent</i>	23	4,854,983	3,614,281
Share capital		423,234	423,234
Share premium		12,418	12,418
Treasury shares		(101,070)	(100,294)
Other comprehensive income / expense not to be reclassified to profit or loss		3,063	4,116
- <i>Revaluation reserve</i>		13,677	13,677
- <i>Losses on remeasurements of defined benefit plans</i>		(10,614)	(9,561)
Other comprehensive income / expense to be reclassified to profit or loss		6,430	2,796
- <i>Currency translation differences</i>		6,430	2,796
Restricted reserves		610,680	536,543
Retained earnings		2,145,269	1,493,078
Net profit for the period		1,754,959	1,242,390
<i>Non-controlling interests</i>		1,218,660	956,230
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>48,592,331</b>	<b>27,906,549</b>

The accompanying notes between pages 6 and 62 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 2021**

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

		<b>Audited</b>	<b>Audited</b>
	<b>Notes</b>	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Revenue	24	3,355,160	2,477,325
Cost of sales (-)	24	(61,191)	(80,004)
<b>Gross profit</b>		<b>3,293,969</b>	<b>2,397,321</b>
General administrative expenses (-)	25	(732,650)	(595,976)
Other operating income	26	18,888	18,066
Other operating expenses (-)	26	(207,538)	(141,248)
<b>Operating profit</b>		<b>2,372,669</b>	<b>1,678,163</b>
Investment activities income	27	22,675	4,310
Share of profit / (loss) of investments accounted for under the equity method	5	43,080	29,144
<b>Profit before financial income / (expense)</b>		<b>2,438,424</b>	<b>1,711,617</b>
Financial income	28	348,746	125,954
Financial expenses (-)	28	(10,890)	(12,434)
<b>Profit before tax</b>		<b>2,776,280</b>	<b>1,825,137</b>
Income tax expense (-)	29	(724,806)	(408,558)
Deferred tax income/(expense)	29	44,579	28,674
<b>PROFIT FOR THE PERIOD</b>		<b>2,096,053</b>	<b>1,445,253</b>
<b>Profit attributable to:</b>			
- Non-controlling interests		341,094	202,863
- Equity holders of the parent		1,754,959	1,242,390
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income not to be reclassified to profit or loss</b>		<b>(1,291)</b>	<b>(82)</b>
Gains / losses on remeasurements of defined benefit plans	21	(1,614)	(103)
- <i>Deferred tax income/(expense)</i>	29	323	21
<b>Other comprehensive income to be reclassified to profit or loss</b>		<b>3,634</b>	<b>1,399</b>
- Currency translation differences	5	3,634	1,399
<b>Other comprehensive income/(expense)</b>		<b>2,343</b>	<b>1,317</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2,098,396</b>	<b>1,446,570</b>
- Non-controlling interests		340,856	202,886
- Equity holders of the parent		1,757,540	1,243,684

The accompanying notes between pages 6 and 62 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 2021**

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

Statement of changes in shareholders' equity													
	Notes	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
<b>1 January 2020</b>		<b>423,234</b>	<b>12,418</b>	<b>(99,016)</b>	<b>13,677</b>	<b>(9,456)</b>	<b>1,397</b>	<b>448,302</b>	<b>1,018,679</b>	<b>794,074</b>	<b>2,603,309</b>	<b>856,773</b>	<b>3,460,082</b>
Net profit for the period		-	-	-	-	-	-	-	-	1,242,390	1,242,390	202,863	1,445,253
Other comprehensive income / (expense)		-	-	-	-	(105)	1,399	-	-	-	1,294	23	1,317
<b>Total comprehensive income / (expense)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(105)</b>	<b>1,399</b>	<b>-</b>	<b>-</b>	<b>1,242,390</b>	<b>1,243,684</b>	<b>202,886</b>	<b>1,446,570</b>
Transfers		-	-	-	-	-	-	86,963	707,111	(794,074)	-	-	-
Transactions with non-controlling interests		-	-	-	-	-	-	-	-	-	-	(450)	(450)
Increase/ (decrease) arising from treasury share transactions		-	-	(1,278)	-	-	-	1,278	(1,278)	-	(1,278)	-	(1,278)
Dividend paid		-	-	-	-	-	-	-	(231,434)	-	(231,434)	(102,979)	(334,413)
<b>31 December 2020</b>		<b>423,234</b>	<b>12,418</b>	<b>(100,294)</b>	<b>13,677</b>	<b>(9,561)</b>	<b>2,796</b>	<b>536,543</b>	<b>1,493,078</b>	<b>1,242,390</b>	<b>3,614,281</b>	<b>956,230</b>	<b>4,570,511</b>
<b>1 January 2021</b>		<b>423,234</b>	<b>12,418</b>	<b>(100,294)</b>	<b>13,677</b>	<b>(9,561)</b>	<b>2,796</b>	<b>536,543</b>	<b>1,493,078</b>	<b>1,242,390</b>	<b>3,614,281</b>	<b>956,230</b>	<b>4,570,511</b>
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
<b>Total comprehensive income / (expense)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,053)</b>	<b>3,634</b>	<b>-</b>	<b>-</b>	<b>1,754,959</b>	<b>1,757,540</b>	<b>340,856</b>	<b>2,098,396</b>
Transfers		-	-	-	-	-	-	73,685	1,168,705	(1,242,390)	-	-	-
Increase/ (decrease) arising from treasury share transactions		-	-	(776)	-	-	-	452	(452)	-	(776)	-	(776)
Dividend paid	23	-	-	-	-	-	-	-	(516,062)	-	(516,062)	(78,426)	(594,488)
<b>31 December 2021</b>		<b>423,234</b>	<b>12,418</b>	<b>(101,070)</b>	<b>13,677</b>	<b>(10,614)</b>	<b>6,430</b>	<b>610,680</b>	<b>2,145,269</b>	<b>1,754,959</b>	<b>4,854,983</b>	<b>1,218,660</b>	<b>6,073,643</b>

The accompanying notes between pages 6 and 62 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 2021

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

		Audited	Audited
	Notes	1 January – 31 December 2021	1 January – 31 December 2020
<b>Net profit for the period</b>		<b>2,096,053</b>	<b>1,445,253</b>
<b>Adjustments for:</b>			
Tax expense	29	680,227	379,884
Depreciation expense	12, 13	28,241	28,162
Amortization expense	14	39,851	51,056
Change in provision for employment termination benefits	21	9,424	7,675
Change in personnel bonus provision	21	42,747	19,887
Change in valuation of investment properties	11	(22,445)	(3,955)
Change in unused vacation liability	21	9,873	(2,873)
Change on law suit provision	17	4,424	1,409
Expense accrual for Capital Markets Board share	26	165,795	104,943
Provisions no longer required	26	(3,079)	(10,707)
Share of (profit) / loss of investments accounted for under the equity method	5	(43,080)	(29,144)
Financial income, net	28	(337,856)	(113,520)
Provisions for doubtful receivables	7	6,708	3,292
Unrealized exchange (gain) / loss		(363,141)	(151,441)
<b>Cash flows from operating activities before working capital changes</b>		<b>2,313,742</b>	<b>1,729,921</b>
Increase / (decrease) in short-term borrowings		1,588,970	(2,059,367)
Decrease / (increase) in trade receivables		(553,942)	(30,300)
Decrease / (increase) in other receivables		6	(48)
Decrease / (increase) in prepaid expenses		(20,478)	(4,785)
Decrease / (increase) in other current assets		(390,724)	(157,695)
Decrease / (increase) in other non-current assets		35	(113)
Increase / (decrease) in liability for employee benefits		5,670	5,620
Increase / (decrease) in trade payables		1,031,171	(33,842)
Increase / (decrease) in other payables		10,782	28,932
Increase / (decrease) in deferred income		1,245	(960)
Increase / (decrease) in other current liabilities		16,349,191	10,445,278
Increase / (decrease) in other non-current liabilities		3,018	919
Increase / (decrease) in lease liabilities		3,451	2,728
Decrease / (increase) in derivative financial instruments		-	40,015
Taxes paid		(628,313)	(359,890)
Employment termination benefits paid	21	(2,600)	(2,664)
Employee's service provision paid	21	-	(1,227)
Capital Markets Board share paid		(104,943)	(87,544)
Personnel bonus paid	21	(42,747)	(46,355)
Unused vacation paid	21	(1,538)	(3,536)
<b>Net cash (used in) / generated from operating activities</b>		<b>17,248,254</b>	<b>7,735,166</b>
Proceed from sale of property and equipment	12	503	193
Purchase of property and equipment	12	(64,850)	(30,309)
Proceed from sale of intangible assets	14	419	-
Purchase of intangible assets	14	(27,525)	(19,838)
Purchase of financial asset measured at amortized cost		(5,095,435)	(3,548,919)
Sale of financial asset measured at amortized cost		2,509,709	1,697,078
Financial asset (purchase / sale) at fair value through profit or loss		-	33,288
Financial asset (purchase / sale) at fair value through other comprehensive income		500	(3,000)
Deposits more than 3 months		-	40,049
Cash outflow from purchase of shares or capital increase in subsidiaries / joint ventures		1,070	(17,274)
Lease payments		(4,887)	(3,816)
Interests received		303,886	116,689
Dividend received from financial investments	27	230	355
<b>Net cash (used in) / generated from investment activities</b>		<b>(2,376,380)</b>	<b>(1,735,504)</b>
Cash outflow from repurchase of treasury shares		(452)	(1,278)
Dividend paid		(594,488)	(334,413)
<b>Net cash (used in) / generated from investment activities</b>		<b>(594,940)</b>	<b>(335,691)</b>
<b>Net increase in cash and cash equivalents</b>		<b>16,590,676</b>	<b>7,393,892</b>
Effects of currency translation on cash and cash equivalents		368,128	153,833
Cash and cash equivalents at the beginning of the period	4	23,766,997	16,219,272
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>40,725,801</b>	<b>23,766,997</b>

The accompanying notes between pages 6 and 62 are an integral part of these consolidated financial statements.

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(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 138<sup>th</sup> 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 2<sup>nd</sup> of Article 138<sup>th</sup> 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 4<sup>th</sup> and 5<sup>th</sup> of the same article of the Law, the legal entities İstanbul Menkul Kıymetler Borsası (“İMKB”), 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 BİST’s subsidiaries operating in Turkey and associations, together referred to as “Group”.

As at 31 December 2021, BİST have 629 employees (31 December 2020: 590) and the Group have 1,142 employees (31 December 2020: 1,097). BİST is located in Reşitpaşa Mahallesi, Borsa İstanbul Caddesi, No:4, Sarıyer / İstanbul.

The Company’s controlling shareholder is Turkey Wealth Fund. As at 31 December 2021 and 31 December 2020, the Company’s shareholder structure and is as follows:

	31 December 2021		31 December 2020	
	Amount (TL)	Share (%)	Amount (TL)	Share (%)
Turkey 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	9,749	2.30
Turkish Capital Markets Association	5,502	1.30	5,502	1.30
Other	24,473	5.78	24,533	5.80
<b>Total</b>	<b>423,234</b>	<b>100.00</b>	<b>423,234</b>	<b>100.00</b>

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### 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.	Turkey	Bank
Merkezi Kayıt Kuruluşu A.Ş.	Turkey	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, Turkey 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.	Turkey	Energy market operations
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	Turkey	License
Montenegro Stock Exchange	Montenegro	Stock market operations
Türkiye Ürün İhtisas Borsası A.Ş.	Turkey	Stock market operations
JCR Avrasya Derecelendirme A.Ş.	Turkey	Credit rating

##### *Enerji Piyasaları İşletme A.Ş. (“EPIAŞ”)*

Main area of activity of Enerji Piyasaları İşletme A.Ş. (“EPIAŞ”) 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.

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### 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 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 BİST’s subsidiaries operating in Turkey 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 Turkey 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 Turkey Accounting Standards (“TAS”), Turkey Financial Reporting Standards comprise standards and interpretations published by TAS Reviews and TFRS names.

The consolidated financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published in the Official Gazette numbered 30794 on 7 June 2019.

These consolidated financial statements are prepared according to the Turkey 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.

	<b>Measurement base</b>
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.

## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

##### **2.1 Basis of presentation (Continued)**

###### **2.1.1 Preparation of financial statements (Continued)**

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, consolidated financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

Approval of the financial statements:

The consolidated financial statements have been approved by the Board of Directors on 18 February 2022. 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 new standards, amendments and interpretations which are effective as at January 1, 2021***

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2021. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

###### **Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16**

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

###### **Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform**

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

#### **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, 2021 (Continued)*

##### **Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform (Continued)**

###### **Relief from discontinuing hedging relationships**

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

###### ***Separately identifiable risk components***

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

###### ***Additional disclosures***

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity’s risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. 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 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions**

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022. A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.



## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

#### **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***

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.

###### **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 issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (2018 Version). The Group is in the process of assessing the impact of the amendments on 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 issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. 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. There is no transition relief for the first time adopters. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

###### **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 issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to 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). Earlier application is permitted and must be disclosed. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

#### **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**

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. 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.

###### **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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**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 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.

**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 to 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.*

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

**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 reclassified and significant changes are disclosed if necessary.

As of 31 December 2021, 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.

## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

##### **2.3 Comparative information (Continued)**

As at 31 December 2020, expense accrual for CMB share amounting to TL 104,943 which is included in other payables, is classified under the other current liabilities. Related classifications are made in the statement of cash flows. The abovementioned classifications did not have any effect on retained earnings and net profit for the related period.

##### **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.

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

##### Subsidiaries

Subsidiaries are companies in which BİST has the power to control the financial and operating policies for the benefit of BİST 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 2021 and 31 December 2020, 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 2021	31 December 2020
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.

As at 31 December 2021 and 31 December 2020, the table below sets out the joint ventures accounted by equity method, the proportion of voting power held by the Company and its subsidiaries and effective ownership of interests:

	Effective ownership of interest (%)	
	31 December 2021	31 December 2020
Tasfiye Halinde Finans Teknopark A.Ş. (*)	-	51.00

(\*) In the Trade Registry Gazette dated 9 June 2021 and numbered 10345, it was published that Tasfiye Halinde Finans Teknopark A.Ş. was abandoned with the decision of the General Assembly, had been registered on 9 June 2021.

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(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 recognised at cost and the carrying amount is increased or decreased to recognise 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 recognised 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 2021 and 31 December 2020, 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 2021		31 December 2020	
	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

##### 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.

## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(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**

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<sup>2</sup> ground in İstanbul / Beşiktaş, Nispetiye Mahallesi 83/1 E3 Blok 10 floor. According to a licensed real estate valuation firm report which is dated 8 December 2021, Akmerkez office was evaluated by market value approach and the fair value amount is TL 37,925.

##### **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<sup>2</sup> ground. According to a licensed real estate valuation firm report which is dated 8 December 2021, Şişli service building evaluated by market value approach and the fair value amount is TL 46,250.

##### ***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 (Note 21).

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(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 (Continued)*

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 2021	31 December 2020
Discount rate	4.02%	3.74%
Estimated employee turnover rate	97.37%	96.90%

###### *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.

##### 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:
- has control or joint control of the reporting entity
  - has significant influence over the reporting entity; or
  - 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:
- 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).
  - 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).
  - Both entities are joint ventures of the same third party.
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - 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.
  - The entity is controlled or jointly controlled by a person identified in (a).
  - 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).



## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

##### **2.11 Summary of significant accounting policies (Continued)**

###### **2.11.1 Service revenue**

Service revenue shall be recognised 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.

###### *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 Turkey 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.

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

##### 2.11 Summary of significant accounting policies (Continued)

###### 2.11.1 Service revenue (Continued)

###### *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/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.

###### *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 “IFRS-9 Financial Instruments”

###### 2.11.2 Property and equipment

The cost of an item of property and equipment shall be recognised 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:

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

## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

##### **2.11 Summary of significant accounting policies (Continued)**

###### **2.11.2 Property and equipment (Continued)**

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.

###### *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 recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised 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 realised 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.

## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

#### **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)**

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:

- 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.

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.

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### 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)

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.

“*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.

## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

#### **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)**

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.

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 realising 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.

## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

#### **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)**

###### **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.

###### **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 recognised 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.

## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

##### **2.11 Summary of significant accounting policies (Continued)**

###### ***2.11.13 Deposits and guarantees received (Continued)***

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.

###### ***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 BİST 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.



## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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

##### **2.11 Summary of significant accounting policies (Continued)**

###### **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.

###### **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 recognises 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.

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#### **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.

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**NOTE 4- CASH AND CASH EQUIVALENTS**

As at 31 December 2021 and 31 December 2020, the details of cash and cash equivalents are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Cash	61	27
Banks - time deposits	40,095,879	23,493,661
Banks - demand deposits	615,582	248,149
Reverse repo receivables	36,020	25,859
Investment funds	2,217	1,326
<b>At the statement of financial position</b>	<b>40,749,759</b>	<b>23,769,022</b>
Accruals on cash and cash equivalents	(74,958)	(30,098)
Expected credit loss allowance	51,000	28,073
<b>At the statement of cash flows</b>	<b>40,725,801</b>	<b>23,766,997</b>

As at 31 December 2021, there is no restricted deposits (31 December 2020: None).

**Banks-Time deposits**

As at 31 December 2021 and 31 December 2020, the details of time deposits are as follows:

<b>31 December 2021</b>	<b>Amount (TL)</b>	<b>Effective interest rate (%)</b>	<b>Maturity date</b>
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
<b>Total</b>	<b>40,095,879</b>		

  

<b>31 December 2020</b>	<b>Amount (TL)</b>	<b>Effective interest rate (%)</b>	<b>Maturity date</b>
TL	19,363,912	18.10	31 March 2021
USD	2,129,447	2.78	4 January 2021
EUR	2,000,302	2.06	5 January 2021
<b>Total</b>	<b>23,493,661</b>		

As at 31 December 2021, average maturity of reverse repo receivables is 3 days and interest rate is 12% (31 December 2020: 4 days, 15%).

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**NOTE 5- INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD**

None of the Group’s investments accounted for under the equity method are publicly listed entities and do not have published price quotations.

As of 31 December 2021 there are no joint ventures accounted by the equity method, as of 31 December 2020 the summary financial information is as follows:

**Joint ventures**

<b>31 December 2020</b>	<b>Directly and indirectly rate %</b>	<b>Effective rate %</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Net assets</b>	<b>Net profit/loss</b>	<b>BİST’s shares in profit/loss</b>	<b>BİST’s share in net assets</b>
Tasfiye Halinde Finans Teknopark A.Ş.	51.00	51.00	2,104	4	2,100	69	35	1,071
<b>Total</b>							<b>35</b>	<b>1,071</b>

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

As at 31 December 2021 and 31 December 2020, summary of financial information for equity accounted subsidiaries are as follows:

**Subsidiaries**

<b>31 December 2021</b>	<b>Directly and indirectly rate %</b>	<b>Effective rate %</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Net assets</b>	<b>Net profit/loss</b>	<b>BİST’s shares in profit/loss</b>	<b>BİST’s share in net assets</b>
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
<b>Total</b>							<b>43,080</b>	<b>170,400</b>

<b>31 December 2020</b>	<b>Directly and indirectly rate %</b>	<b>Effective rate %</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Net assets</b>	<b>Net profit/loss</b>	<b>BİST’s shares in profit/loss</b>	<b>BİST’s share in net assets</b>
Enerji Piyasaları İşletme A.Ş.	30.83	30.83	329,159	61,313	267,846	66,828	20,604	82,579
Sermaye Piy. Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	41.00	34.27	41,162	6,304	34,858	8,998	3,689	14,292
Montenegro Stock Exchange	24.43	24.43	22,245	32	22,213	350	86	5,428
Türkiye Ürün İhtisas Borsası A.Ş.	25.00	21.80	80,832	5,092	75,740	17,198	4,300	18,935
JCR Avrasya Derecelendirme A.Ş.	18.50	18.50	34,426	6,274	28,152	2,325	430	11,082
<b>Total</b>							<b>29,109</b>	<b>132,316</b>

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

For the year ended 31 December 2021 and 2020, joint ventures and subsidiaries that are accounted by equity method are as stated below:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
<b>Beginning balance</b>	<b>133,387</b>	<b>81,581</b>
Acquisitions	-	16,899
Transfers	-	5,783
Disposals	(1,070)	(75)
Bargain purchase	-	2,136
Dividends received	(8,631)	(3,480)
Income and expenses	43,080	29,144
Currency translation differences	3,634	1,399
<b>Ending balance</b>	<b>170,400</b>	<b>133,387</b>

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 2021 and 31 December 2020, the details of short term financial investments are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Financial assets measured at amortized cost	3,465,268	2,403,812
<b>Total</b>	<b>3,465,268</b>	<b>2,403,812</b>

As at 31 December 2021 and 31 December 2020, the details of long term financial investments are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Financial assets at fair value through other comprehensive income	7,583	8,407
Financial assets measured at amortized cost	1,873,067	348,797
<b>Total</b>	<b>1,880,650</b>	<b>357,204</b>

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**NOTE 6- FINANCIAL INVESTMENTS (Continued)**

As at 31 December 2021 and 31 December 2020, the details of financial assets measured at amortized cost are as follows:

	31 December 2021		31 December 2020	
	Carrying value	Interest rate %	Carrying value	Interest rate %
Bonds	666,191	18.44	1,306,287	11.68
Corporate bonds	163,671	16.27	-	-
Eurobonds	4,261,238	4.42	1,052,328	4.69
Asset backed securities	39,612	16.99	39,279	16.99
Sukuk	207,623	3.51	147,721	6.34
Repo	-	-	206,994	12.24
<b>Total</b>	<b>5,338,335</b>		<b>2,752,609</b>	

As at 31 December 2021 and 31 December 2020, there are no financial assets at fair value through other comprehensive income subject to repurchase agreements and given as collateral. As at 31 December 2021 and 31 December 2020, the details of financial assets at fair value through other comprehensive income are as follows:

	31 December 2021			31 December 2020		
	Directly and indirectly rate %	Effective rate %	Carrying value	Directly and indirectly rate %	Effective rate %	Carrying value
Kyrgyz Stock Exchange	16.33	16.33	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	1,164
<b>Total</b>			<b>7,583</b>			<b>8,407</b>

**NOTE 7- TRADE RECEIVABLES AND OTHER RECEIVABLES**

As at 31 December 2021 and 31 December 2020, the details of trade receivables from third parties are as follows:

	31 December 2021	31 December 2020
Receivables from members (*)	233,358	150,714
Loans given	573,749	99,886
Custody and commission receivables	67,655	38,241
Doubtful receivables	642	635
Expected credit loss	(10,933)	(4,332)
<b>Total</b>	<b>864,471</b>	<b>285,144</b>

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

As at 31 December 2021 and 31 December 2020, remaining maturities are less than 3 months.

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**NOTE 7- TRADE RECEIVABLES AND OTHER RECEIVABLES (Continued)*****Expected credit loss***

For the year ended 31 December 2021 and 2020, the movements of expected credit loss are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
<b>Beginning balance</b>	<b>(4,332)</b>	<b>(1,083)</b>
Provisions during the period	(6,708)	(3,292)
Reversal of provision during the period	107	43
<b>Ending balance</b>	<b>(10,933)</b>	<b>(4,332)</b>

**Other receivables**

As at 31 December 2021 and 31 December 2020, the details of short term other receivables from third parties are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Other receivables	415	421
<b>Total</b>	<b>415</b>	<b>421</b>

**NOTE 8- OTHER ASSETS****Other current assets**

As at 31 December 2021 and 31 December 2020, the details of other current assets are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Receivables from derivatives collateral	512,111	163,867
Deferred VAT (*)	42,545	-
Job advances given to personnel	883	521
Deposits and guarantees given	283	213
Other current assets	2,389	2,886
<b>Total</b>	<b>558,211</b>	<b>167,487</b>

(\*) It includes value added tax of the foreign exchange difference of payments made for foreign technology transfer.

**Other non-current assets**

As at 31 December 2021 and 31 December 2020, the details of other non-current assets are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Deposits and guarantees given	884	919
<b>Total</b>	<b>884</b>	<b>919</b>



## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 9- DEFERRED INCOME

##### Short term deferred income

As at 31 December 2021 and 31 December 2020, the details of short term deferred income are as follows:

	31 December 2021	31 December 2020
Deferred income	4,031	2,969
<b>Total</b>	<b>4,031</b>	<b>2,969</b>

##### Long term deferred income

As at 31 December 2021 and 31 December 2020, the details of long term deferred income are as follows:

	31 December 2021	31 December 2020
Deferred income	783	600
<b>Total</b>	<b>783</b>	<b>600</b>

#### NOTE 10- PREPAID EXPENSES

##### Short term prepaid expenses

As at 31 December 2021 and 31 December 2020, the details of short term prepaid expenses are as follows:

	31 December 2021	31 December 2020
Prepaid expenses	29,433	17,850
<b>Total</b>	<b>29,433</b>	<b>17,850</b>

##### Long term prepaid expenses

As at 31 December 2021 and 31 December 2020, the details of long term prepaid expenses are as follows:

	31 December 2021	31 December 2020
Prepaid expenses	11,752	2,857
<b>Total</b>	<b>11,752</b>	<b>2,857</b>

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**NOTE 11- INVESTMENT PROPERTIES**

For the year ended 31 December 2021 and 2020, the movements of the investment properties are as follows:

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

	<b>Valuation method</b>	<b>1 January 2020</b>	<b>Increase in value</b>	<b>Decrease in value</b>	<b>31 December 2020</b>
Akmerkez Office	Market value	23,500	2,500	-	26,000
Şişli Service Building	Market value	34,275	1,455	-	35,730
<b>Total</b>		<b>57,775</b>	<b>3,955</b>	<b>-</b>	<b>61,730</b>

As at 31 December 2021, there are investment properties of Group in İstanbul Akmerkez Shopping Center and İstanbul Şişli. The fair value of Akmerkez Shopping Center is TL 37,925 and the fair value of Şişli Service Building is TL 46,250 according to independent valuation report authorized by the Capital Markets Board (“CMB”).

As at 31 December 2021, rental income from investment properties is amounting to TL 764 (31 December 2020: TL 688).

The significant estimates and assumptions used in determining the fair value of the investment properties as at 31 December 2021 are as follows:

<b>Investment property</b>	<b>Valuation method</b>	<b>Expert report date</b>	<b>Precedent value m2 TL</b>
Akmerkez Office	Market value	8 December 2021	38.500
Şişli Service Building	Market value	8 December 2021	10.620

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

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**NOTE 12- PROPERTY AND EQUIPMENT**

For the year ended 31 December 2021 and 2020, the movements of the property and equipment are as follows:

	<b>Building</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furnitures and fixtures</b>	<b>Leasehold improvements</b>	<b>Construction in progress</b>	<b>Total</b>
<b>1 January 2021</b>							
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)
<b>31 December 2021</b>	<b>26,307</b>	<b>415</b>	<b>301</b>	<b>53,456</b>	<b>155,411</b>	<b>11,968</b>	<b>247,858</b>

	<b>Building</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furnitures and fixtures</b>	<b>Leasehold improvements</b>	<b>Construction in progress</b>	<b>Total</b>
<b>1 January 2020</b>							
Opening balance	27,471	9,338	75	33,309	147,265	18,776	236,234
Additions	-	4,606	399	6,727	1,017	17,560	30,309
Disposals	-	(160)	-	(33)	-	-	(193)
Transfers	-	-	-	-	3,945	(22,279)	(18,334)
Current depreciation	(583)	(8,131)	(73)	(9,286)	(6,810)	-	(24,883)
<b>31 December 2020</b>	<b>26,888</b>	<b>5,653</b>	<b>401</b>	<b>30,717</b>	<b>145,417</b>	<b>14,057</b>	<b>223,133</b>

For the year ended 31 December 2021 and 2020, there are no mortgages or pledges over property and equipment. As of 31 December 2021, insurance collaterals over property and equipment amounting to full USD 149 million and full TL 29 million (31 December 2020: full USD 130 million and full TL 68 million).

**NOTE 13- RIGHT OF USE ASSETS**

For the year ended 31 December 2021 and 2020, the movements of the right of use assets are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Opening balance	5,432	5,983
Additions	3,451	2,728
Current depreciation	(4,053)	(3,279)
<b>Total</b>	<b>4,830</b>	<b>5,432</b>

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**NOTE 14- INTANGIBLE ASSETS**

For the year ended 31 December 2021 and 2020, the movements of the intangible assets are as follows:

	<b>Rights</b>	<b>Software licenses</b>	<b>Development costs</b>	<b>Total</b>
<b>1 January 2021</b>				
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)
<b>31 December 2021</b>	<b>292,660</b>	<b>47,772</b>	<b>37,323</b>	<b>377,755</b>
<b>1 January 2020</b>				
Opening balance	333,948	28,348	26,957	389,253
Additions	2,556	17,282	-	19,838
Disposals	-	-	-	-
Transfers	1,209	-	17,125	18,334
Current amortisation	(23,918)	(9,572)	(17,903)	(51,393)
<b>31 December 2020</b>	<b>313,795</b>	<b>36,058</b>	<b>26,179</b>	<b>376,032</b>

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 2021, TL 54 depreciation expense is reserved for the projects developed within the scope of the R&D Center (31 December 2020: TL 337).

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 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 2021, research and development tax deduction amounting to TL 28,652 is considered as deduction in corporate tax calculation (31 December 2020: TL 26,059). Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 “Income Taxes” standard.

#### NOTE 16- TRADE PAYABLES AND OTHER PAYABLES

##### Short term trade payables

As at 31 December 2021 and 31 December 2020, the details of trade payables to third parties are as follows:

	31 December 2021	31 December 2020
Payables to members (*)	1,863,272	824,038
Trade payables (**)	195,345	107,386
Payables to suppliers	43,016	16,230
<b>Total</b>	<b>2,101,633</b>	<b>947,654</b>

(\*) 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.

(\*\*) It results from the transactions of the Group within the scope of the strategic partnership agreement.

##### Short term other payables

As at 31 December 2021 and 31 December 2020, the details of other payables are as follows:

	31 December 2021	31 December 2020
Other payables	22,834	12,052
<b>Total</b>	<b>22,834</b>	<b>12,052</b>

##### Long term trade payables

As at 31 December 2021 and 31 December 2020, the details of long term trade payables are as follows:

	31 December 2021	31 December 2020
Trade payables (*)	-	104,498
<b>Total</b>	<b>-</b>	<b>104,498</b>

(\*) It results from the transactions of the Group within the scope of the strategic partnership agreement.

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**NOTE 17- SHORT TERM PROVISIONS**

As at 31 December 2021 and 31 December 2020, the details of lawsuit provisions are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Lawsuit provisions	26,193	21,769
<b>Total</b>	<b>26,193</b>	<b>21,769</b>

For the year ended 31 December 2021 and 2020, the movements of lawsuit provisions are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Opening balance	21,769	20,360
Increase during the period	8,052	6,404
Used during the period	(3,628)	(4,995)
<b>Ending balance</b>	<b>26,193</b>	<b>21,769</b>

**NOTE 18- SHORT TERM BORROWINGS**

As at 31 December 2021 and 31 December 2020, the details of the short-term borrowings are as follows:

<b>31 December 2021</b>	<b>Weighted average effective interest rate %</b>	<b>Currency</b>	<b>Original amount</b>	<b>TL equivalent</b>
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
				<b>3,635,463</b>
<b>31 December 2020</b>	<b>Weighted average effective interest rate %</b>	<b>Currency</b>	<b>Original amount</b>	<b>TL equivalent</b>
Short term borrowings	0.19	USD	104,701	768,554
	0.01	EUR	113,000	1,017,894
	15.85	TL	260,045	260,045
				<b>2,046,493</b>

As at 31 December 2021 and 31 December 2020, remaining maturities are less than 3 months.

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### NOTE 19- LEASE LIABILITIES

As at 31 December 2021 and 31 December 2020, the details of lease liabilities are as follows:

	31 December 2021	31 December 2020
Up to 1 year	2,377	1,997
1-5 years	3,129	3,946
<b>Total</b>	<b>5,506</b>	<b>5,943</b>

#### NOTE 20- PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### *Provision for legal cases*

There are several lawsuits against and in favour of the Group. These lawsuits consist of reemployment and disagreements with market members. In accordance with the opinions of the legal advisors, the management has provided provisions amounting to TL 26,193 in the consolidated financial statements as at 31 December 2021 (31 December 2020: TL 21,769) (Note 17).

##### **Off-balance sheet items**

##### *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. Since the Group is the central counterparty, market transactions are guaranteed. As at 31 December 2021, total guarantees amounting to TL 39,299,417 (31 December 2020: TL 28,063,370).

##### *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 2021, total commitments amounting to TL 782,509 (31 December 2020: TL 587,961).

##### *Collaterals*

As at 31 December 2021 and 31 December 2020, market collaterals are as follows:

	31 December 2021	31 December 2020
Takasbank Market	28,599,501	21,440,551
Equity Market	15,731,960	14,591,388
Debt Securities	8,129,448	6,950,132
Precious Metal and Diamond Market	607,035	738,893
Derivatives Market	1,450,564	469,047
Other	1,012,770	726,684
<b>Total</b>	<b>55,531,278</b>	<b>44,916,695</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

##### Off-balance sheet items (Continued)

As at 31 December 2021 and 31 December 2020, collaterals received from suppliers are as follows:

	31 December 2021	31 December 2020
TL	22,977	19,368
USD	32,240	15,780
EUR	1,348	817
<b>Total</b>	<b>56,565</b>	<b>35,965</b>

##### Assets under custody

	31 December 2021	31 December 2020
Contribution fund of mandatory education of BİST (*)	55,735	57,383
<b>Total</b>	<b>55,735</b>	<b>57,383</b>

(\*) In accordance with the decision of İMKB’s Board of Directors in 1997, İMKB made a contribution to “Contribution to Continuous Education” amounting to TL 32,000. The contribution fund is established under the decisions made in the General Assembly and Board of Directors in order to fund the construction of primary schools under the name of “Contribution Fund of Mandatory Education of İMKB”. This fund is collected under time deposits held by public banks and managed by İMKB; however, the related fund is not included in the assets of İMKB. The fund was previously accounted under İMKB’s assets and liabilities until 1999 and currently, it is accounted under the off-balance sheet. As at 31 December 2021, principal amount of “Contribution Fund of Mandatory Education” is TL 55,735 (31 December 2020: TL 57,383).

There are the investment securities held in custody amounting to TL 4,950,616,257 within the framework of area of the activity (31 December 2020: TL 4,661,569,127).

#### NOTE 21- PROVISIONS AND PAYABLES FOR EMPLOYEE BENEFITS

##### Short term employee benefits

As at 31 December 2021 and 31 December 2020, the details of liabilities for employee benefits are as follows:

	31 December 2021	31 December 2020
Social security premium payables	13,619	10,282
Payables to personnel	7,899	5,566
<b>Total</b>	<b>21,518</b>	<b>15,848</b>

As at 31 December 2021 and 31 December 2020, the details of short term provisions for employee benefits are as follows:

	31 December 2021	31 December 2020
Unused vacation liability	25,653	17,318
<b>Total</b>	<b>25,653</b>	<b>17,318</b>



## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

##### *Short term employee benefits (Continued)*

##### **Unused vacation liability**

In accordance with the Labor Law in Turkey, 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 2021 and 2020, the movements of unused vacation liability is as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Opening balance	17,318	23,727
Payment during the period	(1,538)	(3,536)
Increase during the period	9,873	(2,873)
<b>Ending balance</b>	<b>25,653</b>	<b>17,318</b>

##### **Personnel bonus provision**

For the year ended 31 December 2021 and 2020, the movements of personnel bonus provisions is as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Opening balance	-	26,468
Payment during the period	(42,747)	(46,355)
Increase during the period	42,747	19,887
<b>Ending balance</b>	<b>-</b>	<b>-</b>

##### *Long term employee benefits*

As at 31 December 2021 and 31 December 2020, the details of long term employee benefits provisions are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Provision for employee termination benefits	46,923	38,485
<b>Total</b>	<b>46,923</b>	<b>38,485</b>

##### **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.

The amount payable consists of one month’s salary limited to a maximum of full TL 8,284.51 for each year of service as at 31 December 2021 (31 December 2020: full TL 7,117.17). 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.

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**NOTE 21- PROVISIONS AND PAYABLES FOR EMPLOYEE BENEFITS (Continued)***Long term employee benefits (Continued)***Provision for employee termination benefits (Continued)**

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:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Discount rate	4.02%	3.74%
Estimated employee turnover rate	97.37%	96.90%

For the year ended 31 December 2021 and 2020, the movements of provision for employee termination benefits are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Opening balance	38,485	33,371
Interest cost	5,150	4,663
Service cost	4,274	3,012
Payment during the period	(2,600)	(2,664)
Actuarial gains/losses	1,614	103
<b>Ending balance</b>	<b>46,923</b>	<b>38,485</b>

**Service bonus provision**

In accordance with Article 49<sup>th</sup> of BİST employee regulation, BİST calculates service bonus expense accrual based on the recent benchmark wage rates considering the position and seniority of its employees.

Future implementation of the 63<sup>rd</sup> article and 5<sup>th</sup> paragraph of BİST Personnel regulation was ended as at 30 June 2012, and a list was prepared for each staff member employed with indefinite employment contract under BİST by using a coefficient of seniority (seniority year is determined by applying the per diem deduction). Amount specified in this list is paid by at once and net for the termination of the employment contract for any reason except the cases of termination for good reasons until 28 September 2012.

For the year ended 31 December 2021 and 2020, the movements of service bonus provisions are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Opening balance	-	1,227
Payment during the period	-	(1,227)
<b>Ending balance</b>	<b>-</b>	<b>-</b>

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 22- OTHER LIABILITIES

##### Other current liabilities

As at 31 December 2021 and 31 December 2020, the details of other current liabilities to third parties are as follows:

	31 December 2021	31 December 2020
Deposits and guarantees received	35,218,615	19,030,938
Expense accrual for CMB share	165,795	104,943
Taxes and duties payable	105,817	41,396
Expected credit loss	33,161	31,619
Other	9,244	6,290
<b>Total</b>	<b>35,532,632</b>	<b>19,215,186</b>

##### Other non-current liabilities

As at 31 December 2021 and 31 December 2020, the details of other non-current liabilities are as follows:

	31 December 2021	31 December 2020
Deposits and guarantees received	12,807	9,789
<b>Total</b>	<b>12,807</b>	<b>9,789</b>

#### 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 478<sup>th</sup> 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 2021 and 31 December 2020, the Company’s shareholding structure as follows:

	31 December 2021		31 December 2020	
	Amount (TL)	Share (%)	Amount (TL)	Share (%)
Turkey 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	9,749	2.30
Turkish Capital Markets Association	5,502	1.30	5,502	1.30
Other	24,473	5.78	24,533	5.80
<b>Total</b>	<b>423,234</b>	<b>100.00</b>	<b>423,234</b>	<b>100.00</b>

## **BORSA İSTANBUL A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **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 2021, retained earnings is amounting to TL 2,145,269 (31 December 2020: TL 1,493,078). It was decided in the Borsa İstanbul A.Ş.’s General Assembly dated 26 March 2021 dividend distribution of amounting to TL 516,062. The total dividend distribution amount is TL 594,488 by Group.

##### **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. Actuarial loss recognized under shareholder’s equity in the statement of financial position amounting to TL 10,614 as at 31 December 2021 (31 December 2020: TL 9,561).

##### **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.

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**NOTE 24- REVENUE AND COST OF SALES**

For the year ended 31 December 2021 and 2020, the details of gross profit are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Service revenue	3,357,754	2,479,539
Less: Sales discounts	(2,594)	(2,214)
<b>Revenue</b>	<b>3,355,160</b>	<b>2,477,325</b>
Cost of sales	(61,191)	(80,004)
<b>Gross profit</b>	<b>3,293,969</b>	<b>2,397,321</b>

For the year ended 31 December 2021 and 2020, the details of service revenue are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Takasbank interest income	821,002	515,930
Trading revenues	1,057,530	940,628
<i>Debt securities</i>	238,042	273,183
<i>Equity market</i>	400,335	343,281
<i>Derivatives</i>	302,315	200,186
<i>Takasbank money market</i>	51,688	37,262
<i>Precious metals and diamond market</i>	47,850	76,461
<i>Takasbank security lending market</i>	6,272	1,995
<i>Turkey electronic fund purchase and sale platform</i>	11,028	8,260
Custody and custody related operating income	598,048	392,691
Listing income	114,553	79,673
Settlement and clearing income	224,662	177,985
Data vending income	262,467	174,248
Security registration income	47,835	41,456
Technology income	69,245	42,711
Additional terminal fee	38,096	25,740
Money transfer service income	25,044	19,039
Membership fee	18,050	10,666
Account management fee	34,819	21,485
License income	13,552	9,784
Derivative transaction income from treasury operations	2,739	6,831
Other service income	30,112	20,672
<b>Total</b>	<b>3,357,754</b>	<b>2,479,539</b>

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**NOTE 24- REVENUE AND COST OF SALES (Continued)***Cost of sales*

For the year ended 31 December 2021 and 2020, the details of cost of sales are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Takasbank interest expense	30,650	61,340
Fees and commissions	30,541	18,664
<b>Total</b>	<b>61,191</b>	<b>80,004</b>

**NOTE 25- GENERAL ADMINISTRATIVE EXPENSES**

For the year ended 31 December 2021 and 2020, the details of general administrative expenses are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Personnel fees and expenses	491,856	382,067
Depreciation and amortization expenses	68,092	79,218
Maintenance and repairment expenses	37,152	22,804
Taxes and other legal expenses	27,616	18,968
Revenue sharing expenses	17,791	19,852
Electricity, water and natural gas expenses	10,022	8,435
Communication expenses	11,836	10,159
Subcontractor expenses	8,297	5,148
Insurance expenses	5,571	4,472
Advertising expenses	26,829	20,645
Travel expenses	1,110	1,016
Consultancy expenses	6,239	5,321
Rent expenses	851	1,181
Other expenses	19,388	16,690
<b>Total</b>	<b>732,650</b>	<b>595,976</b>

*Personnel expenses*

For the year ended 31 December 2021 and 2020, the details of personnel expenses are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Gross salaries	336,770	264,937
Social benefits	49,269	42,939
Social security contribution	47,449	39,433
Health care expenses	19,250	12,748
Mutual rescission expenses	2,385	3,082
Other expenses	36,733	18,928
<b>Total</b>	<b>491,856</b>	<b>382,067</b>

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**NOTE 25- GENERAL ADMINISTRATIVE EXPENSES (Continued)***Expenses by nature*

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Personnel fees and expenses	491,856	382,067
Takasbank interest expense	30,650	61,340
Depreciation and amortization expenses	68,092	79,218
Maintenance and repairment expenses	37,152	22,804
Taxes and other legal expenses	27,616	18,968
Fees and commissions	30,541	18,664
Revenue sharing expenses	17,791	19,852
Electricity, water and natural gas expenses	10,022	8,435
Communication expenses	11,836	10,159
Subcontractor expenses	8,297	5,148
Insurance expenses	5,571	4,472
Advertising expenses	26,829	20,645
Travel expenses	1,110	1,016
Consultancy expenses	6,239	5,321
Rent expenses	851	1,181
Other expenses	19,388	16,690
<b>Total</b>	<b>793,841</b>	<b>675,980</b>

*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:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Independent audit fee for the reporting period	713	670
Fee for other assurance services	395	469
<b>Total</b>	<b>1,108</b>	<b>1,139</b>

The fees above have been determined by including the legal audit and other related service fees of all subsidiaries. As of 31 December 2021, the amount of service received from the group auditor, Güney Bağımsız Denetim ve SMMM A.Ş., is TL 1,098 (31 December 2020: TL 1,139).

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**NOTE 26- OTHER OPERATING INCOME AND EXPENSES**

For the year ended 31 December 2021 and 2020, the details of other operating expenses are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Capital Markets Board provision	165,795	104,943
Provision expenses	39,230	32,640
Other expense	2,513	3,665
<b>Total</b>	<b>207,538</b>	<b>141,248</b>

For the year ended 31 December 2021 and 2020, the details of other operating income are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Provision no longer required	3,079	10,707
Rental income	4,441	974
Foreign exchange gain	4,987	2,392
Other income	6,381	3,993
<b>Total</b>	<b>18,888</b>	<b>18,066</b>

**NOTE 27- INVESTMENT ACTIVITIES INCOME AND EXPENSES**

For the year ended 31 December 2021 and 2020, the details of investment activities incomes are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Increase in fair value of investment properties	22,445	3,955
Dividend income	230	355
<b>Total</b>	<b>22,675</b>	<b>4,310</b>



## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 28- FINANCIAL INCOME AND EXPENSES

For the year ended 31 December 2021 and 2020, the details of financial income are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Interest income	348,746	125,954
<b>Total</b>	<b>348,746</b>	<b>125,954</b>

For the year ended 31 December 2021 and 2020, the details of financial expenses are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Rediscount expense	10,051	8,740
Other	839	3,694
<b>Total</b>	<b>10,890</b>	<b>12,434</b>

#### NOTE 29- TAX ASSETS AND LIABILITIES

Dividends paid to non-resident corporations, which have a place of business in Turkey, 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.

According to the provisional Article 11 of the Law No, 7316 of 22 April 2021, numbered 31462, “Amendments to Law on the Procedure for the Collection of Public Receivables and Some Other Laws” and Temporary Article 13 of the Law No, 5520 on Corporate Income Tax Law, the corporation tax will be applied over the profits of the tax year 2021 is 25% and for the tax year 2022 is 23%.

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 14<sup>th</sup> day of the second month following each calendar quarter end and is payable by the 17<sup>th</sup> 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 Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25<sup>th</sup> of the fourth month following the close of the financial year to which they relate.

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.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 29- TAX ASSETS AND LIABILITIES (Continued)

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 2021 and 31 December 2020, the details of current tax assets and liabilities are as follows:

	31 December 2021	31 December 2020
Provision for corporate tax	724,806	408,558
Prepaid tax	(508,239)	(288,484)
<b>Current income tax liabilities</b>	<b>216,567</b>	<b>120,074</b>

For the year ended 31 December 2021 and 2020, the details of tax expenses in profit or loss are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Income tax expense	724,806	408,558
Deferred tax expense/ (income)	(44,579)	(28,674)
<b>Total tax expense</b>	<b>680,227</b>	<b>379,884</b>

For the year ended 31 December 2021 and 2020, the total provision for taxes on income is different than the amount computed by applying the statutory tax rate to profit before provision for taxes as shown in the following reconciliation:

	1 January – 31 December 2021	1 January – 31 December 2020
<b>Profit before tax</b>	<b>2,776,280</b>	<b>1,825,137</b>
Income tax charge at effective tax rate	694,070	401,530
Income from tax exemptions	(20,422)	(13,392)
Non-deductible expenses	1,873	3,209
Temporary differences recognised	-	(14,018)
Effect of changes in tax rate	4,783	2,082
Other	(77)	473
<b>Tax expense</b>	<b>680,227</b>	<b>379,884</b>

For the year ended 31 December 2021, effective tax rate is as 25% (31 December 2020: 21%).

#### 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.

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**NOTE 29- TAX ASSETS AND LIABILITIES (Continued)****Deferred tax assets and liabilities (Continued)**

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 2021		31 December 2020	
	Deferred tax assets / (liabilities)			
	Temporary differences	Deferred tax	Temporary differences	Deferred tax
Property and equipment, intangible assets and investment properties, currency differences; net	250,415	50,083	161,195	32,239
Expense accrual for CMB share	165,795	38,133	104,943	20,989
Provision for TFRS 9	95,172	19,034	64,093	12,832
Provision for employee termination benefits	46,923	9,385	38,485	7,697
Lawsuit provisions	26,193	5,239	21,769	4,377
Provision for unused vacation liabilities	25,653	5,900	17,318	3,464
Other	(11,424)	(2,855)	(7,905)	(1,581)
<b>Total</b>		<b>124,919</b>		<b>80,017</b>

As at 31 December 2021, deferred tax asset amounting to TL 124,919 (31 December 2020: TL 80,017) is reflected to the Group’s financial statements and there is no deferred tax liability (31 December 2020:None).

For the year ended 31 December 2021 and 2020, the movements of net deferred tax assets / (liabilities) are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Beginning balance	80,017	51,322
Deferred tax income / (expense)	44,579	28,674
Other comprehensive income tax that will never be reclassified to profit or loss	323	21
<b>Ending balance</b>	<b>124,919</b>	<b>80,017</b>

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**NOTE 30- RELATED PARTY DISCLOSURES****Key management personnel compensation**

For the year ended 31 December 2021, salaries and similar benefits provided to members of key management are amounting to TL 16,020 (31 December 2020: TL 12,406).

***Trade receivables from related parties***

	<b>31 December 2021</b>	<b>31 December 2020</b>
Halk Yatırım Menkul Değerler A.Ş.	4,170	3,084
T.C. Ziraat Bankası A.Ş.	3,293	6,238
Türkiye Halk Bankası A.Ş.	8,273	8,282
Ziraat Yatırım Menkul Değerler A.Ş.	3,939	4,153
Other	1,876	345
<b>Total</b>	<b>21,551</b>	<b>22,102</b>

***Trade payables to related parties***

	<b>31 December 2021</b>	<b>31 December 2020</b>
Halk Yatırım Menkul Değerler A.Ş.	12,143	8,134
Türkiye Halk Bankası A.Ş.	11,650	17,210
Türkiye Hayat ve Emeklilik A.Ş.	1,856	7,137
Ziraat Yatırım Menkul Değerler A.Ş.	13,864	5,127
Other	3,250	4,976
<b>Total</b>	<b>42,763</b>	<b>42,584</b>

***Other current liabilities to related parties***

	<b>31 December 2021</b>	<b>31 December 2020</b>
Botaş A.Ş.	138,863	40,825
Halk Faktoring A.Ş.	46,378	33,462
Halk Yatırım Menkul Değerler A.Ş.	226,060	170,899
Türkiye Halk Bankası A.Ş.	12,195	9,504
Türkiye Hayat ve Emeklilik A.Ş.	5,450	20,850
Ziraat Yatırım Menkul Değerler A.Ş.	331,113	432,772
Other	63,323	26,464
<b>Total</b>	<b>823,382</b>	<b>734,776</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 30- RELATED PARTY DISCLOSURES (Continued)

##### *Related party transactions*

<b>1 January – 31 December 2021</b>	<b>Sales</b>	<b>Purchases</b>	<b>Financial income</b>
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
<b>Total</b>	<b>685,667</b>	<b>18,425</b>	<b>192,893</b>

##### *Related party transactions*

<b>1 January – 31 December 2020</b>	<b>Sales</b>	<b>Purchases</b>	<b>Financial income</b>
Halk Yatırım Menkul Değerler A.Ş.	26,777	-	12,494
Superonline İletişim Hizmetleri AŞ	1	751	-
T.C. Ziraat Bankası A.Ş.	69,419	33	1,415
Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş	41	1,900	-
Türkiye Halk Bankası A.Ş.	429,256	-	65,040
Ziraat Yatırım Menkul Değerler A.Ş	40,843	-	-
Other	23,851	3,349	3,075
<b>Total</b>	<b>590,188</b>	<b>6,033</b>	<b>82,024</b>

#### 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. 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.

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**NOTE 31- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)****31.1 Credit risk**

As at 31 December 2021 and 31 December 2020, credit risk exposure of the Group in terms of financial instruments are as follows:

<b>31 December 2021</b>	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Cash and cash equivalents</b>	<b>Financial investments</b>
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E+F)</b>	<b>886,022</b>	<b>415</b>	<b>40,749,698</b>	<b>5,338,335</b>
- 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)	-
<b>31 December 2020</b>	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Cash and cash equivalents</b>	<b>Financial investments</b>
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E+F)</b>	<b>307,246</b>	<b>421</b>	<b>23,768,995</b>	<b>2,752,609</b>
- Guaranteed part of maximum credit risk with collaterals etc	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	310,943	421	23,797,068	2,752,609
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-
- Overdue (Gross book value)	635	-	-	-
- Impairment (-)	(635)	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-
- Undue (gross book value)	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-
D. Expected credit losses	(3,697)	-	(28,073)	-

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**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 2021 and 31 December 2020, the table below represents the gross amount of un-discounted cash flows related to financial liabilities based on the remaining maturities:

<b>31 December 2021</b>	<b>Carrying value</b>	<b>Contractual cash flows</b>	<b>Up to 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>
<b>Current liabilities</b>					
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	2,177,281	2,177,281	-	-
Other current liabilities	36,356,014	36,356,014	36,356,014	-	-
<b>Non-current liabilities</b>					
Lease liabilities	3,129	6,020	-	-	6,020
Other non-current liabilities	12,807	12,807	-	-	12,807
<b>Total</b>	<b>42,177,020</b>	<b>42,191,011</b>	<b>42,169,567</b>	<b>2,617</b>	<b>18,827</b>
<b>31 December 2020</b>	<b>Carrying value</b>	<b>Contractual cash flows</b>	<b>Up to 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>
<b>Current liabilities</b>					
Short term borrowings	2,046,493	2,046,493	2,046,493	-	-
Lease liabilities	1,997	2,369	601	1,768	-
Trade and other payables	1,002,290	1,002,290	1,002,290	-	-
Other current liabilities	19,949,962	19,949,962	19,949,962	-	-
<b>Non-current liabilities</b>					
Lease liabilities	3,946	4,447	-	-	4,447
Trade payables	104,498	113,238	-	-	113,238
Other non-current liabilities	9,789	9,789	-	-	9,789
<b>Total</b>	<b>23,118,975</b>	<b>23,128,588</b>	<b>22,999,346</b>	<b>1,768</b>	<b>127,474</b>

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 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 2021 and 31 December 2020, the foreign exchange rates used by the Group for translation of the transactions in foreign currencies are as follows:

	31 December 2021		31 December 2020	
	Asset	Liability	Asset	Liability
USD	13.3290	13.3530	7.3405	7.3405
EUR	15.0867	15.1139	9.0079	9.0079

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 Turkey on 30 December 2021 were used as a base (12.9775 for the USD and 14.6823 for the EUR).

As at 31 December 2021 and 31 December 2020, 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 2021			31 December 2020		
	TL	USD	EUR	TL	USD	EUR
Cash and cash equivalents	6,638,605	287,259	198,238	4,331,462	312,659	226,067
Trade receivables	7,365	552	-	4,466	574	28
Financial investments	4,433,341	236,230	92,745	1,652,870	145,220	65,152
Other current assets	3,078	56	160	3,765	319	158
<b>Total assets</b>	<b>11,082,389</b>	<b>524,097</b>	<b>291,143</b>	<b>5,992,563</b>	<b>458,772</b>	<b>291,405</b>
Short term borrowings	3,395,552	170,800	80,300	1,786,450	104,701	113,000
Other current liabilities	6,036,978	237,822	200,953	3,378,569	250,036	171,314
Trade payables	1,626,485	113,823	9,734	773,045	97,942	6,006
<b>Total liabilities</b>	<b>11,059,015</b>	<b>522,445</b>	<b>290,987</b>	<b>5,938,064</b>	<b>452,679</b>	<b>290,320</b>
<b>Net foreign currency assets / (liabilities)</b>	<b>23,374</b>	<b>1,652</b>	<b>156</b>	<b>54,499</b>	<b>6,093</b>	<b>1,085</b>



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

##### *Exposure to foreign currency risk*

For the year ended 31 December 2021 and 2020, 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	
	Strengthening of foreign currency	Weakening of foreign currency	Strengthening of foreign currency	Weakening of foreign currency
<b>31 December 2021</b>				
<b>Increase/(decrease) 10% of USD parity</b>				
1- USD net asset/liability	2,202	(2,202)	2,202	(2,202)
2- Hedged portion of USD amounts (-)	-	-	-	-
<b>3- Net effect of USD (1+2)</b>	<b>2,202</b>	<b>(2,202)</b>	<b>2,202</b>	<b>(2,202)</b>
<b>Increase/(decrease) 10% of EURO parity</b>				
4- EURO net asset/liability	235	(235)	235	(235)
5- Hedged portion of EURO amounts (-)	-	-	-	-
<b>6- Net effect of EURO (4+5)</b>	<b>235</b>	<b>(235)</b>	<b>235</b>	<b>(235)</b>
<b>TOTAL (3+6)</b>	<b>2,437</b>	<b>(2,437)</b>	<b>2,437</b>	<b>(2,437)</b>
<b>31 December 2020</b>				
<b>Increase/(decrease) 10% of USD parity</b>				
1- USD net asset/liability	4,473	(4,473)	4,473	(4,473)
2- Hedged portion of USD amounts (-)	-	-	-	-
<b>3- Net effect of USD (1+2)</b>	<b>4,473</b>	<b>(4,473)</b>	<b>4,473</b>	<b>(4,473)</b>
<b>Increase/(decrease) 10% of EURO parity</b>				
4- EURO net asset/liability	977	(977)	977	(977)
5- Hedged portion of EURO amounts (-)	-	-	-	-
<b>6- Net effect of EURO (4+5)</b>	<b>977</b>	<b>(977)</b>	<b>977</b>	<b>(977)</b>
<b>TOTAL (3+6)</b>	<b>5,450</b>	<b>(5,450)</b>	<b>5,450</b>	<b>(5,450)</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 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 2021 and 31 December 2020, the Group’s interest rate sensitive financial instruments’ allocation are presented below:

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Financial assets</b>		
Bank deposits	40,095,879	23,493,661
Reverse repo receivables	36,020	25,859
Financial assets measured at amortized cost	5,338,335	2,752,609
<b>Financial liabilities</b>		
Short term borrowings	3,635,463	2,046,493
Lease liabilities	5,506	5,943

#### 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.

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**NOTE 32- FINANCIAL INSTRUMENTS (Continued)**

<b>31 December 2021</b>	<b>Carrying value</b>	<b>Fair value</b>
<b>Financial assets</b>		
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

<b>Financial liabilities</b>		
Borrowings	3,635,463	3,635,463
Lease liabilities	5,506	5,506
Trade and other payables	2,167,230	2,167,230

<b>31 December 2020</b>	<b>Carrying value</b>	<b>Fair value</b>
<b>Financial assets</b>		
Cash and cash equivalents	23,769,022	23,769,022
Trade and other receivables	307,667	307,667
Financial assets measured at amortized cost	2,752,609	2,746,641

<b>Financial liabilities</b>		
Borrowings	2,046,493	2,046,493
Lease liabilities	5,943	5,943
Trade and other payables	1,106,788	1,106,788

As at 31 December 2021 and 31 December 2020, 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).

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 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:

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

<b>31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Investment funds	1,326	-	-	1,326
Financial assets at fair value through other comprehensive income	-	-	8,407	8,407
<b>Total</b>	<b>1,326</b>	<b>-</b>	<b>8,407</b>	<b>9,733</b>

##### *Explanations of non-financial assets and liabilities at fair value*

As at 31 December 2021 and 31 December 2020, 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 84,175 is determined using the market value approach as stated in the valuation reports (31 December 2020: TL 61,730). Related valuation methods and accounting policies are explained in Note 2.10.

#### NOTE 33- SUBSEQUENT EVENTS

None.