BORSA İSTANBUL

2013
ANNUAL REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT (ORIGINALLY ISSUED IN TURKISH)

Convenience Translation Into English Of Independent Auditor's Report Originally Issued In Turkish

To the Board of Directors of Borsa İstanbul A.Ş.

We have audited the accompanying consolidated financial statements of Borsa İstanbul A.Ş. ("the Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2013 and consolidated comprehensive income statement, consolidated statement of changes in shareholder's equity and consolidated statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Borsa İstanbul A.Ş. and its subsidiaries as of 31 December 2013 and their financial performance and cash flows for the period then ended in accordance with the International Financial Reporting Standarts.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

ORIGINALLY ISSUED IN TURKISH

Zeynep Uras, SMMM
Partner

İstanbul, 5 March 2014

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BORSA İSTANBUL A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

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

	Notes	Audited 31 December 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4	5,316,480
Financial investments	6	314,879
- Trading investments		1,609
-Assets held-to-maturity		313,270
Trade receivables		
- Trade receivables from related parties	23	-
- Other trade receivables	7	307,265
Other current assets	8	9,624
Total current assets		**5,948,248**
NON-CURRENT ASSETS		
Other receivables	7	20
Investments accounted for by equity method	5	1,555
Financial investments	6	4,339
Investment properties	9	10,500
Property, plant and equipment	10	43,722
Intangible assets	11	216,385
Deferred tax assets	22	30,658
Other non-current assets	8	240
Total non-current assets		**307,419**
TOTAL ASSETS		**6,255,667**

These consolidated financial statements for the period between 3 April-31 December 2013 has been approved for issue by the Board of Directors on 5 March 2014 and signed on behalf of the Board of Directors by Hüseyin Zafer, Executive Vice President & CFO, and Kemaleddin Dilbaz, Accounting and Finance Department Manager.

The accompanying notes between pages 7 and 45 are an integral part of these consolidated financial statements.

BORSA İSTANBUL A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

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

	Notes	Audited 31 December 2013
LIABILITIES		
CURRENT LIABILITIES		
Short term borrowings	13	2,242,719
Trade payables		
- Other trade payables due to related parties	23	116,134
- Other trade payables	12	90,051
Other current liabilities	16	2,584,496
Current income tax liabilities	22	11,342
Total current liabilities		**5,044,742**
NON-CURRENT LIABILITIES		
Provisions for employment termination benefits	15	47,170
Trade payables		
- Due to related parties	23	64,029
- Other trade payables		-
Other non-current liabilities	16	1,101
Total non-current liabilities		**112,300**
SHAREHOLDER'S EQUITY		
Equity owned by parent		
- Paid-in capital	17	423,234
Capital reserves	17	171,996
Share premiums	17	136,421
Actuarial losses		(3,303)
Foreign currency exchange differences		32
- Retained earnings		-
- Net profit for the period		55,894
Non-controlling interests		314,351
Total equity		**1,098,625**
TOTAL EQUITY AND LIABILITIES		**6,255,667**

The accompanying notes between pages 7 and 45 are an integral part of these consolidated financial statements.

BORSA İSTANBUL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD 3 APRIL - 31 DECEMBER 2013

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

	Notes	Audited 3 April - 31 December 2013
CONTINUING OPERATIONS		
Net sales	18	398,507
Cost of sales	18	(51,044)
GROSS PROFIT		**347,463**
General administrative expenses	19	(208,822)
Other operating expenses, net	20	(38,478)
OPERATING PROFIT		**100,163**
Share of profit of investments accounted for by equity method, net of tax	5	37
Financial income	21	22,103
Financial expenses	21	(24)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**122,279**
Tax benefit/(expense) from continuing operations		
- Current tax expenses	22	(30,834)
- Deferred tax income	22	5,510
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**96,955**
Distribution of profit from continuing operations:		
- Non-controlling interests		41,061
- Equity holders of the parent		55,894
Other comprehensive income:		
Profit from continuing operations		**96,955**
Foreign currency exchange differences		
- Investments accounted for by equity method		32
Actuarial losses		(3,303)
Other comprehensive income		**(3,271)**
TOTAL COMPREHENSIVE INCOME		**93,684**
Distribution of total comprehensive income from continuing operations:		
- Non-controlling interests		41,061
- Equity holders of the parent		52,623

The accompanying notes between pages 7 and 45 are an integral part of these consolidated financial statements.

BORSA İSTANBUL A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD 3 APRIL - 31 DECEMBER 2013

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - AUDITED											
	Notes	Paid-in capital	Capital Reserves	Share premiums	Actuarial gain/ (loss)	Foreign currency exchange differences	Retained earnings	Net profit the period	Total equity of the parent	Non-controlling interests	Total equity
I- Balances at (3 April 2013)		**423,234**	**171,589**	**-**	**-**	**-**	**-**	**-**	**594,823**	**235,158**	**829,981**
Other comprehensive income		-	-	-	(3,303)	32	-	-	(3,271)	-	(3,271)
Net income for the period		-	-	-	-	-	-	55,894	55,894	41,061	96,955
Total comprehensive income		**423,234**	**171,589**	**-**	**(3,303)**	**32**	**-**	**55,894**	**647,446**	**276,219**	**923,665**
Increase in capital of subsidiaries By non-controlling interes		-	-	-	-	-	-	-	-	106,999	106,999
Dividend paid to minorities		-	-	-	-	-	-	-	-	(4,264)	(4,264)
Increase in share premiums	17	-	-	136,421	-	-	-	-	136,421	-	136,421
Minority share acquisition		-	407	-	-	-	-	-	407	(64,603)	(64,196)
II- Balance at (31 December 2013)		**423,234**	**171,996**	**136,421**	**(3,303)**	**32**	**-**	**55,894**	**784,274**	**314,351**	**1,098,625**

The accompanying notes between pages 7 and 45 are an integral part of these consolidated financial statements.

BORSA İSTANBUL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 3 APRIL - 31 DECEMBER 2012

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

	Notes	Audited 3 April - 31 December 2013
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		
Net profit for the period		**96,956**
Adjustments for:		
Current tax expense	22	30,834
Deferred tax (income)/expense	22	(5,510)
Depreciation expenses	10	6,459
Amortisation	11	3,132
Increase in valuation of invesment properties	9	(1,000)
Increase in provision for employment termination benefits	15	6,628
Increase in unused vacation liability		272
Provision for doubtful receivables	7	22
Provision for Capital Markets Board share	23	40,194
Provision for legal claims		1,740
Share from investments accounted for by equity method, net of tax	5	37
Net financial income	21	(22,079)
Cash flow from operating activities before working capital changes		**157,685**
Change in trade receivables		(64,563)
Change in other receivables		2,305
Change in other current assets		(56)
Change in trade payables		(3,137)
Change in other payables due to related parties		60,269
Change in short-term borrowings		1,167,523
Change in other current liabilities		471,031
Change in non-current liabilities		294
Taxes paid	22	(22,026)
Provision for employment termination benefits paid	15	(5,528)
Unused vacation liability paid		(1,002)
Service bonus and premiums paid	15	(8,086)
Collection from doubtful receivables	7	(300)
Net cash generated from operating activities		**1,596,724**
Cash flows from investing activities		
Purchase of property, plant and equipment	10	(15,575)
Purchase of intangible assets	11	(196,684)
Acquisitions of held to maturity financial assets		(31,439)
Acquisitions of investments accounted for by equity method		(1,073)
Interests received	21	15,545
Commissions paid	21	(24)
Net cash used in investment activities		**(229,250)**
Net increase in cash and cash equivalents		**1,525,159**
Effects of currency translation on cash and cash equivalents		2,349
Cash and cash equivalents at the beginning of the period		3,486,094
Cash and cash equivalents at the end of the period	**4**	**5,013,602**

The accompanying notes between pages 7 and 45 are an integral part of these consolidated financial statements.

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

Note 1 - Group's Organization And Nature Of Operations

Borsa Istanbul Anonim Sirketi ("BİST" or "the Company") was founded in order to engage in stock exchange operations as per Article 138 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 organised 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 under free competition conditions in an easy and secure way and on a transparent, actively competitive, fair and stable platform; the gathering and finalising 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 of Article 138 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 and 5 of the same article of the Law, the legal entities İstanbul Menkul Kıymet Borsası (IMKB), established as per repealed Statutory Decree No. 91, and İstanbul Altın Borsası (IAB), established as per article 40/A of repealed Law No. 2499, have been terminated, and for these two institutions all kinds of assets, payables and receivables, rights and obligations, records and other documents (including those on electronic media) have been transferred to BİST in their entirety, with those exceptions required by law, with no further action needed, on the date of the registration of the Articles of Association of BİST. All actions of BİST as of this date were recognised upon the acceptance of 3 April 2013 as the establishment date of the Company.

Intermediary institutions (intermediary establishments and banks) authorised 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 exhange membership document from BİST.

As of 31 December 2013, BİST has 643 employees and the Company's head office is located in Reşit Paşa Street, Tuncay Altun Avenue, Emirgan/Istanbul.

The Company's main shareholder is the Republic Of Turkey Prime Ministry Undersecretariat Of Treasury. As at 31 December 2013, the Company's shareholding structure and is as follows:

	%
Republic of Turkey Prime Ministry Undersecretariat of Treasury	49,00
BİST (the Company itself) (*)	42,60
Other	8,40
	100,00

(*) In accordance with the strategic partnership agreements signed between BİST and Nasdaq OMX at 31 December 2013, BİST has transferred 5% of its owned shares to Nasdaq OMX , and following the legal procedures these shares have been registered in the name of Nasdaq OMX on 7 January 2014

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

İstanbul Takas ve Saklama Bankası Anonim Şirketi

Istanbul 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 Istanbul and it does not have any branches.

Merkezi Kayıt Kuruluşu Anonim Şirketi

Merkezi Kayıt Kuruluşu Anonim Şirketi ("MKK") was established in Istanbul, 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.

Vadeli İşlem ve Opsiyon Borsası Anonim Şirketi

Vadeli İşlem ve Opsiyon Borsası Anonim Şirketi ("VOB") was established according to Article 40 of Capital Markets Law No. 2499 (repealed) on 4 July 2002. In addition to forming and developing these markets, VOB's field of activity includes ensuring the operation of the markets in which capital market instruments including any type of derivatives will be traded with forward and option contracts as per the provisions of the Capital Markets Law and related regulations. VOB started its main activities on February 2005. According to Council of Ministers' decision No. 2014/5776 dated 6 February 2014, abolishment of the Council of Ministers' decision No. 2001/3025 dated 10 September 2001 on establishing a futures and options market entitled Vadeli İşlem ve Opsiyon Borsası A.Ş. was decided by the Council of Ministers on 2 February 2014 in Article 65 of Capital Markets Law No. 6362, which was based upon the letter from the Office of the Deputy Prime Minister, No. 4164 dated 11 December 2013 ,which was based on the assent of the Capital Markets Board.

Note 2 - Basis Of Presentation Of Financial Statements

2.1 Basis of presentation

BİST and BİST's subsidiaries operating in Turkey maintains 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.

These consolidated financial statements are prepared according to the International Financial Reporting Standards ("IFRS"). The financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications in accordance with IFRS.

The preparation of the 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 of 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.

2.2 Changes in the International Financial Reporting Standarts

Group has implemented the new and revised standards and interpretations effective from 1 January 2013 which are related to its main operations.

(a) Standards, Amendments and IFRICs applicable to 31 December 2013 year ends

- Amendment to IAS 1, 'Financial statement presentation', regarding other comprehensive income; is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI

- Amendment to IAS 19, 'Employment benefits'; is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.

- Amendment to IFRS 1, 'First time adoption', on government loans; is effective for annual periods beginning on or after 1 January 2013. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.

- Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting,; is effective for annual periods beginning on or after 1 January 2013. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

- Amendment to IFRSs 10, 11 and 12 on transition guidance; is effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

- Annual improvements 2011; is effective for annual periods beginning on or after 1 January 2013.These annual improvements, address six issues in the 2009-2011 reporting cycle:

• IFRS 1, 'First time adoption'
• IAS 1, 'Financial statement presentation'
• IAS 16, 'Property plant and equipment'
• IAS 32, 'Financial instruments; Presentation'
• IAS 34, 'Interim financial reporting'

- IFRS 10, 'Consolidated financial statements'; is effective for annual periods beginning on or after 1 January 2013. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

- IFRS 11, 'Joint arrangements'; is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- IFRS 12, 'Disclosures of interests in other entities'; is effective for annual periods beginning on or after 1 January 2013. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles

- IFRS 13, 'Fair value measurement'; is effective for annual periods beginning on or after 1 January 2013. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP

- IAS 27 (revised 2011), 'Separate financial statements'; is effective for annual periods beginning on or after 1 January 2013. IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- IAS 28 (revised 2011), 'Associates and joint ventures'; is effective for annual periods beginning on or after 1 January 2013. IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

- IFRIC 20, 'Stripping costs in the production phase of a surface mine' is effective for annual periods beginning on or after 1 January 2013. This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.

(b) New IFRS standards, amendments and IFRICs effective after 1 January 2014

- Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting is effective for annual periods beginning on or after 1 January 2014.These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet

- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' - 'Novation of derivatives is effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

- IFRIC 21, 'Levies' is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- IFRS 9 ‘Financial instruments’ - classification and measurement; is effective for annual periods beginning on or after 1 January 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, ‘Financial instruments: Recognition and measurement’. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch. This change will mainly affect financial institutions

- Amendments to IFRS 9,‘Financial instruments’, regarding general hedge. These amendments to IFRS 9, ‘Financial instruments’, bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

- Amendment to IAS 19 regarding defined benefit plans; ; is effective for annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Annual improvements 2012; is effective for annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project, that affect 7 standards.

• IFRS 2, ‘Share-based payment’
• IFRS 3, ‘Business Combinations’
• IFRS 8, ‘Operating segments’
• IAS 16, ‘Property, plant and equipment’ and IAS 38,‘Intangible assets’
• IFRS 9, ‘Financial instruments’, IAS 37, ‘Provisions, contingent liabilities and contingent assets’
• IAS 39, Financial instruments - Recognition and measurement’.

- Annual improvements 2013; is effective for annual periods beginning on or after 1 July 2014. The amendments include changes from the 2011-2012-2013 cycle of the annual improvements project that affect 4 standards.

• IFRS 1, ‘First time adoption’
• IFRS 3, ‘Business combinations’
• IFRS 13, ‘Fair value measurement’ and
• IAS 40, ‘Investment property’.

The Group assumed that the given amendments and interpretations has no material effect on the consolidated financial statements.

2.3 Comparative Informations

In accordance with IFRS 1, an entity’s first financial statements applying IFRS shall include at least three balance sheets, two comprehensive income statements, two statements of changes in shareholders’s equity and two statement of cash flows, incuding comparative informations. The company’s financial statements have not been prepared comparatively because of being a company newly-established on 3 April 2014.

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.

BORSA İSTANBUL A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013
(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated)

2.5 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 recognised 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 recognised 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.

2.6 Consolidation principles

These consolidated financial statements include the accounts of parent company BİST and its Subsidiaries. The financial statements of the companies included in the consolidation are based on the accounting principles and presentation basis applied by the Group in accordance with IFRS. The result of operations of Subsidiaries are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date that the the control over operations had been transferred to the parent company. Where necessary, accounting policies for Subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

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.

Proportion of ownership interest represents the effective shareholding of the Group through the shares held directly by BİST and indirectly by its Subsidiaries. The table below sets out all Subsidiaries included in the scope of consolidation and shows their shareholding structure at 31 December 2013 as follows:

Subsidiaries	Total proportion of ownership interest (%)
Vadeli İşlem ve Opsiyon Borsası A.Ş.	%100.00
Merkezi Kayıt Kuruluşu A.Ş.	%63.90
İstanbul Takas ve Saklama Bankası A.Ş. (*)	%52.09

(*) The Group has raised its shareholding in Takasbank from 41.66% to 52.09% by acquisition of some of the minority shares at the dates of 10 May 2013, 21 May 2013, 2 August 2013, 25 October 2013, 1 November 2013, 14 November 2013 and 27 December 2013.

The minority shareholders' share in the net assets and results for the period for Subsidiaries are separately classified in the consolidated balance sheets and statements of income as "minority interest".

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Group generally has between 20% and 50% of the voting rights; which the Group has significant influence, but no controlling power. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero in respect of the associated undertaking or significant influence of the Company ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter.

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

The table below sets out the associates accounted for using the equity method of accounting, the proportion of voting power held by the Group and its subsidiaries and effective ownership interests at 31 December 2013.

Company name	Total proportion of ownership interest (%)
Kyrgyz Stock Exchange	% 24.51
Montenegro Stock Exchange	% 24.39

2.7 Basis of measurement

The financial statements have been prepared on a historical cost basis except for available-for-sale financial assets that are measured at fair value.

2.8 Functional and presentation currency

The accompanying financial statements are presented in BİST'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' financial statements are restated. If the changes in accounting estimates are related with a period, they are applied in the period they are related with and if the changes are related with the future periods, they are applied both in the period the change is made and prospectively in the future periods.

2.10 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires the use of judgments and estimates which might affect the amounts of assets and liabilities, explanation of commitments and contingent liabilities which were reported as of 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 recognised 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 recognised in the financial statements are described in the following notes:

Note 9 - Investment properties
Note 10 - Property,plant and equipment
Note 11 - Intangible assets
Note 14 - Provisions, contingent asset and liabilities
Note 15 – Provisions for employment termination benefits
Note 22 - Tax assets and liabilities

2.11 Summary of significant accounting policies

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

Service revenue

Income generated from ordinary functions is recorded as revenue, on an accrual basis.

The main income items in BİST's operating income are:

Entrance fees and annual fees of stock exchange members, listing fees, registration fees, trading fees and licencing income.

Securities registration fees consist of income: declared to BİST on a weekly basis by banks and intermediary institutions; realised by sale, purchase, repo and reverse repo transactions of securities; and accrued on a weekly basis.

Trading fees consist of income: calculated for each sale and purchase transaction in the equity market, debt securities market, futures and options market and precious metals and diamonds market; and accrued on a monthly and daily basis.

Listing fees consist of the initial listing fee/registration fee, the annual listing fee/staying registered fee and the re-listing fee/ registration renewal fee. The initial listing fee is collected for each quotation transaction for the nominal securities amounts. Partnerships in the exchange quote of securities pay a fee for each year that they stay registered.

The registration renewal fee is paid by the partnerships. In cases where the securities are temporarily removed from the quote by the board of directors they are included in the exchange quote again. Market fees are calculated based on the same principles and accrue to the relevant partnerships.

Rental income

Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease.

Property and equipment

Costs refer to expenditures directly related to acquisition of assets.

Gains/losses arising from the disposal of the property and equipment are calculated as the difference between the net carrying value and the net sales price and recognised in the other operating income or expenses in the related period.

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.

The estimated useful lives of property and equipment are as follows:

Property and equipment	Years
Buildings	50
Machinery and equipment	4 - 10
Vehicles	5
Furniture and fixtures	4 - 15
Other property,plant and equipment	2 - 16

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 capitalised. Other subsequent expenditures are capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognised in profit or loss as an expense as incurred.

Investment properties

The investment properties, which are held either to earn income or for capital appreciation or for both, instead of either for BİST's operations or for management purposes or for sale during the regular 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 recognised in the income statement under other income.

Intangible assets

Intangible assets includes information systems, softwares and other intangibles arose from business mergers. Intangible assets are recognised at acquisition cost and amortised 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 amortised on a straight-line basis over their estimated useful lives for a period between 3-5 years from the date of acquisition.

Financial instruments

BİST's financial assets consist of cash and cash equivalents, available-for-sale financial assets, trade and other receivables; and financial liabilities consist of trade and other payables.

Non-derivative financial assets

BİST recognises its trade and other receivables on the date that they are originated. All other financial assets are recognised on the transaction date that BİST becomes a party for related financial agreements. BİST derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by BİST is recognised as a separate asset and liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, BİST has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

BİST classifies non-derivative financial assets into the following categories: available-for-sale financial assets, assets held to maturity and loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables.

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 recognised at fair value and then, subsequently measured at amortised cost using the effective interest method. The carrying amount of these assets is close to their fair values.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. At the reporting date, subsequent to initial recognition, trade and other receivables are measured at amortised 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. Changes in the carrying amount of the allowance account are recognised in profit or loss. BİST's management believes that carrying value of the trade and other receivables on the statement of financial position approximates to their fair value.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets and financial assets at fair value through profit or loss or held-to-maturity categories. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

BİST also has investments in unquoted equity investments that are not traded in an active market but are also representing share in capital and classified as available-for-sale financial assets and measured at cost since their fair value cannot be measured reliably.

Financial assets held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available for sale; and those that meet the definition of loans and receivables. Held-to-maturity financial assets are initially recognized at cost and the cost is assumed as fair value. Fair value of the held-to-maturity financial assets is based on the original transaction cost or market value of similar financial assets. Held-to-maturity financial assets are measured at amortised cost using the effective interest method after initial recognition. Interest income related to held-to-maturity assets are accounted for under income statement.

The Company does not account for a provision for impairment of short-term market fluctuations for the debt securities classified as held-to-maturity financial assets provided that collection risk does not exists. If there is a collection risk, the impairment amount is determined as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Non-derivative financial liabilities

BİST initially recognises financial liabilities on the date that they are originated.

BİST derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

BİST classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. The non-derivative financial liabilities of BİST consist of, financial liabilities, trade and other payables.

Paid-in capital

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

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 futher action needed. The Company's capital has been registered as exact TL423,234,000 at 31 March 2013. The registered capital of BİST is deducted from the sum of all equity accounts in the consolidated financial statements prepared in accordance with IFRS, which is the basis of transfer accounting and the remaining balance is accounted for as capital reserves.

Share-based payments

An entity has an obligation to settle a share-based payment transaction when it receives the goods or services unless the transaction is clearly for a purpose other than payment for goods or services supplied to the entity receiving them.

An entity shall recognise the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. The entity shall recognise a corresponding increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

Impairment of assets

Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss events had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to BİST on terms that BİST would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

BİST considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at a specific asset level. All assets are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial financial asset

The carrying amount of BİST's non-financial assets, other than investment properties and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Impairment losses are recongnised in profit or loss.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Earnings per share

According to IAS 33 – "Earnings per Share", companies whose shares are not traded in a stock exchange market, do not have to declare earnings per share. Since, BİST has no shares that are not traded in a stock exchange market, earnings per share is not calculated in accompanying financial statements.

Provisions, contingent liabilities and assets

According to IAS 37 – Provisions, contingent liabilities and assets, a provision is recognised when BİST 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, BİST discloses the related issues in the accompanying notes. Contingent assets are disclosed in the notes and not recognised unless it is realised.

Lease transactions

Leases in terms of which BİST assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operational leases. All lease transactions of BİST are operational leases.

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 statement, 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 IAS 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.

Financial income and financial expenses

Financial income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that BİST's right to receive payment is established

Financial expenses comprise of commissions paid.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either financial income or financial expenses depending on whether foreign currency movements are in a net gain or net loss position.

Reporting of financial information per segments

An operating segment is a component of BİST 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 BİST'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.

The management of BİST has not identified any segments, that financial performances of each are followed up separately, and has not presented segment reporting information accordingly.

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.

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

Note 3 – Business Combination

None.

Note 4 – Cash And Cash Equivalents

As of 31 December 2013, cash and cash equivalents are as follows

	2013
Cash	17
Banks – time deposits	4,943,619
Reserves held at the Central bank	341,982
Reverse repo receivables	16,099
Banks – demand deposits	14,039
Investment funds (B type liquid fund)	724
Cash and cash equivalents on statement of financial position	**5,316,480**
Accruals on cash and cash equivalents	(13,494)
Less: restricted bank deposits	(289,384)
Cash and cash equivalents on statement of cash flows	**5,013,602**

Banks-Time deposits

The details of time deposits as of 31 December 2013, are as follows:

	Amount(TL)	Interest rate range	Maturity interval
31 December 2013			
TL	3,247,985	6.21% - 9.75%	1 January – 31 January 2014
USD	884,296	2.25% - 3.85%	1 January – 2 February 2014
Euro	811,338	2.65% - 3.85%	1 January – 31 January 2014

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

Note 5 - Investments Accounted For By Equity Method

None of BİST's investments accounted for by equity method are publicly listed entities and consequentially do not have published price quotations.

Summary of financial information for equity accounted investees is as follows for the period ended 31 December 2013:

	Participation rate	Total assets	Total liabilities	Net assets	Net profit for the period	BİST's share in profit/(Loss)	BİST's shares in net assets
Montenegro Stock Exchange	24.39%	5,628	236	5,392	54	13	1,307
Kyrgyz Stock Exchange	24.51%	1,284	96	1,188	98	24	248
Total						**37**	**1,555**

Note 6 – Other Financial Investments

As of 31 December 2013, other financial investments are as follows:

	2013
Trading investments	1,609
Held-to-maturity financial assets	313,270
Other financial investments	**314,879**

As of 31 December 2013, details of government bonds are as follows:

	Nominal	Book value	Interest rate (%)	Maturity
2013				
Goverment bonds	28,192	27,766	6.16	3 to 6 months
Goverment bonds	46,598	45,665	5.05	3 to 6 months
Goverment bonds	246,648	239,839	9.39	6 months to 1 year
Goverment bonds	1,648	1,609	6.97	6 months to 1 year
Total	**323,086**	**314,879**		

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

As of 31 December 2013, details of government bonds are as follows:

	2013	
	Participation rate	**Carrying value**
Investments in equity participations		
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	19.16%	2,392
Sermaye Piy. Lisanslama Sicil Ve Eğitim Kuruluşu A.Ş.	31.59%	800
Sarajevo Stock Exchange	10.78%	535
Bakü Stock Exchange	4.76%	157
S.W.I.F.T SCRL	0.32%	130
Other		325
Total		**4,339**

None of BİST's available for sale shares in equity participations is publicly listed companies and they do not have quoted price in an active market and they are stated at cost as their fair value cannot be determined reliably.

Note 7 - Trade Receivables

Trade receivables

Short term trade receivables

As of 31 December 2013, short term trade receivables are as follows:

	2013
Credits lended	282,291
Receivables from members (*)	24,748
Notes receivable	183
Other receivables	43
Doubtful receivables	1,927
Provisions for doubtful receivables (-)	(1,927)
Total	**307,265**

(*) The balance of receivables from members account consists of invoiced debenture registration fees, commission fees, annual membership fees, shares and debt securities market terminal fees, and data vending fees.

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

Other long term trade receivables

As of 31 December 2013, long term trade receivables are as follows:

	2013
Advances given	20
Doubtful receivables	85
Provisions for doubtful receivables (-)	(85)
Total	**20**

For the period ended 31 December 2013, the movements of provisions for doubtful receivables are as follows:

	2013
3 April	(2,290)
Increase in the provision during the period	(22)
Collections during the period (Note 20)	300
Total	**(2,012)**

Note 8 - Other Assets

Other current assets

As of 31 December 2013, the details of other current assets are as follows:

	2013
Custody, fee and commission receivables	4,943
Prepaid expenses	2,337
Work advances	1,646
Other	698
Total	**9,624**

Other non-current assets

As of 31 December 2013, other non-current assets are as follows:

	2013
Prepaid expenses	213
Deposits and guarantees given	27
Total	**240**

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

Note 9 - Investment Properties

For the period ended 31 December 2013, the movements of the investment properties are as follows:

	Valuation Method	3 April 2013	Increase in value	31 December 2013
Investment properties	Comparison sales method	9,500	1,000	10,500
Total		**9,500**	**1,000**	**10,500**

The fair value of the investment property as of 31 December 2013 is determined in accordance with the values defined by comparison of sales method in valuation reports dated 26 February 2014 prepared by an independent valuation Company as TL 10,500.

As of 31 December 2013, the rent income from investment properties is amounting to TL 524 and accounted under other income.

There are not any capitalised borrowing costs, mortgages or pledges on the investment property.

Note 10 – Property,Plant And Equipment

For the period ended 31 December 2013, movements of the tangible assets are as follows:

	3 April 2013	Additions	Disposals	Impairment	31 December 2013
Cost					
Building	9,959	1,608	(625)	-	10,942
Machinery and equipment	8,609	2,990	(102)	-	11,497
Vehicles	993	55	(86)	-	962
Furnitures and fixtures	8,696	3,160	(445)	(113)	11,298
Other property, plant and equipment	143	-	-	-	143
Leasehold improvements	147	140	(50)	-	237
Costruction in progress	8,859	7,622	(2,003)	-	14,478
Total	**37,406**	**15,575**	**(3,311)**	**(113)**	**49,557**
Accumulated depreciation					
Building	-	(454)	245	-	(209)
Machinery and equipment	-	(2,407)	-	-	(2,407)
Vehicles	-	(433)	48	-	(385)
Furnitures and fixtures	-	(3,085)	331	-	(2,754)
Other property, plant and equipment	-	(15)	-	-	(15)
Leasehold improvements	-	(65)	-	-	(65)
Total	**-**	**(6,459)**	**624**	**-**	**(5,835)**
Net book value	**37,406**				**43,772**

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

Note 11 - Intangible Assets

For the period ended 31 December 2013, the movements of the intangible assets are as follows:

	3 April 2013	Additions	Disposals	Impairment	31 December 2013
Cost					
Rights	3,081	3,637	-	-	6,718
Software licences	2,763	183	(2)	(543)	2,401
Research and development	5,677	4,832	-	-	10,509
Construction in progress (*)	11,857	188,032	-	-	199,889
Total	**23,378**	**196,684**	**(2)**	**(543)**	**219,517**
Accumulated amortisation					
Rights	-	(527)	-	-	(527)
Software licences	-	(1,146)	-	-	(1,146)
Cost of research and development	-	(1,459)	-	-	(1,459)
Total	**-**	**(3,132)**	**-**	**-**	**(3,132)**
Net book value	**23,378**				**216,385**

(*) Includes renewal of all the softwares related to the technological infrastructure of the BİST's markets and consulting services which are being acquired according to the agreements signed at 31 December 2013 with Nasdaq OMX.

BİST does not have any intangible assets produced within the company.

Note 12 – Trade Payables

Short term trade payables

As of 31 December 2013, short term trade payables are as follows:

	2013
Payables to members	83,357
Payables to suppliers	6,488
Other payables	206
Total	**90,051**

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

Long term trade payables

As of 31 December 2013, long term trade payables are as follows:

	2013
Due to related parties (*)	64,029
Total	**64,029**

(*) The Company signed agreements with Nasdaq OMX ("Nasdaq") to build a comprehensive strategic partnership on 31 December 2013. Within the context of these agreements, Nasdaq will replace all the software underlying the technological infrastructure of the markets within the Company with software packages developed according to Company needs, and will provide the consultancy services needed for the implementation of these technologies for three years. Accordinly, Nasdaq will provide BİST training support for human resources and technological know-how for a wide range of projects from index calculations to marketing.

BİST, which has the ownership and the source code of the said technologies for which competency and know-how will be transferred, is entitled to sell these technologies in 25 countries. Within the framework of the agreement, the payments to be made by BİST to Nasdaq shall be in the form of a) transfer of 5% shares, b) deferred payment or transfer of 2% additional shares, and c) cash payment, which shall be made in instalments. As per provisions of the agreement, 5% of BİST shares was transferred to Nasdaq OMX on 7 January 2014. A deferred payment or additional transfer of 2% of BİST shares will become final at the end of 2015. In addition, it is possible for BİST to acquire 2% of shares from Nasdaq by means of a share exchange.

Within the framework of the agreement signed with Nasdaq OMX, deferred payments to be made to Nasdaq by BİST or payments regarding the 2% additional share transfer are recognized under due to related parties.

Note 13 – Short Term Borrowings

As of 31 December 2013, short term borrowings of BİST are as follows

Short term borrowings	2013
Short term borrowings - Euro	809,335
Short term borrowings - USD	764,774
Short term borrowings - TL	459,141
Payables to money market	209,469
Total	**2,242,719**

As of 31 December 2013, the maturity date of short-term borrowings is shorter than one month and weighted average interest rates for EUR, USD, and TL borrowings are 1.02%, 0.72% and 6.7% respectively.

Note 14 - Provisions, Contingent Assets And Liabilities

Provision for legal cases

There are several lawsuits against the Group as at 31 December 2013. In accordance with the opinions of the legal advisors, the management has reserved provisions amounting to TL5,871 in the consolidated financial statements as of 31 December 2013. (Note 16)

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

Commitments

Total amount of commitments not included in liabilities

	2013
Guarantees received from members	
Bond and Bill Guarantees (*)	6,803,994
Stock Market Guarantees	370,697
International Market Guarantees	2,815
Total	**7,177,506**

(*) Includes the guarantees of the members related to BİST's operating markets.

	2013
Guarantees received from goods and services suppliers	
USD	3,835
TL	8,437
Euro	4,152
Total	**16,424**

	2013
Assets Under Custody	
Contribution Fund of Mandatory Education of BİST (*)	159,286
Total	**159,286**

(*) 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 of31 December 2013, principal amount of "Contribution Fund of Mandatory Education of İMKB" is TL159,286.

Note 15 - Provision For Employment Termination Benefits

As of 31 December 2013, the details of long term employment termination benefits are as follows:

	2013
Service bonus provisions	27,558
Employment termination benefits provision	19,612
Total	**47,170**

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

Provision for employment 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 TL 3,254.44 for each year of service at 31 December 2013

Provision for employment termination benefits is not funded as there is no legal funding requirement.

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.

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

	31 December 2013
Discount rate	3.2%
Estimated employee turnover rate	99,63%

The movements of provision for employment termination benefits are as follows:

	2013
Opening balance – 3 April	18,512
Service cost	1,747
Interest cost	752
Payments during the period	(5,528)
Actuarial losses	4,129
Period-end employment termination benefits	**19,612**

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

Service bonus provisions

In accordance with Article 49 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 63rd article and 5th paragraph of BİST Personnel regulation was ended as of 30 June 2012, and a list was prepared for each staff member employed with indefinite employment contract under BİST by using a coefficient of seniortiy (seniority year is determined by appliying 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.

The movements of service bonus provisions are as follows:

	2013
Opening balance - 3 April	35,644
Payments during the period	(8,086)
Period-end service bonus provisions	**27,558**

Unused vacation liability

As of 31 December 2013, details of short-term provisions for employment benefits are as below:

	2013
Unused vacation liability	10,682
Total	**10,682**

In accordance with the Labor Law in Turkey, BİST 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 current and prior periods.

The movements of unsued vacation liability are as follows:

	2013
Opening balance – 3 April	11,412
Changes during period	(730)
Period-end unused vacation liability	**10,682**

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

Note 16 – Other Liabilities

Other current liabilities

As of 31 December 2013, other currents liabilities are as follows:

	2013
Deposits and guarantess (*)	2,546,467
Taxes and duties payable	13,545
Unused vacation liability (Note 15)	10,682
Lawsuits provisions	5,871
Social security premium payables	1,362
Other	6,569
Total	**2,584,496**

(*) These guarantees have been acquired according to the contracts with members for trading in markets carried of BIST guarantee fund, VIOP, the electricity market, Leveraged Exchange Markets.

Other non-current liabilities

As of 31 December 2013, other non current liabilities consist of deposits and guarantees given amounting to TL 1,101.

Note 17 - Shareholder's Equity

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 03 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 of Law No. 6102; organs and committees as well as formation, roles, authorisations and responsibilities, working procedures and principles of those; and principles regarding accounts, distribution of profits and organisation. As stated in the Company's Articles of Association, the Company's initial capital is TL423,234,000, consisting of 42,323,400,000 bearer shares each of which is equals to one kurus.

Pursuant to the relevant provisions in the Capital Markets Law, 49% of these shares are transferred to Republic of Turkey Prime Ministry Undersecretariat of Treasury, 4% to former IMKB members, 0.3% to former IAB members, and 4.1% to former shareholders of the VOB. 1% of shares will be transferred to the Capital Markets Association when it is formed according to the Capital Markets Law. The remaining 41.6% of the shares have been left to the Company in order to be transferred to other stock exchanges, markets or system operators in return for technology, technical know-how and competence and/ or the relevant parties in return for establishing strategic partnerships in line with subparagraph c of the sixth paragraph of Article 138 of the Law. Within three years of the promulgation of the Law, the shares, if any, remaining at BİST shall be transferred to the Treasury. Within this period, the benefits from the transferred shares shall be recognised as share issuance premiums. The Company's shareholding structure as of 31 December 2013 is as follows:

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

	Share (%)	31 December 2013
Republic of Turkey Prime Ministry Undersecretariat of Treasury	49.00	207,385
Borsa İstanbul A.Ş.	42.60	180,298
Other	8.40	35,551
Total	**100.00**	**423,234**

Restricted and other reserves

As of 31 December 2013, the details of other reserves are as follows:

	2013
Share premiums (*)	136,421
Capital reserves	171,996
Total	**308,417**

(*) Share premiums consist of TL124,003 issued as a result of the agreements signed between BİST and Nasdaq OMX and share premiums accounting to TL12,418 issued in the course of VOB stock purchases.

The Company signed agreements with Nasdaq OMX ("Nasdaq") to build a comprehensive strategic partnership on 31 December 2013. Within the context of these agreements, Nasdaq will replace all the software underlying the technological infrastructure of the markets within the Company with software packages developed according to Company needs, and will provide the consultancy services needed for the implementation of these technologies for three years. Accordinly, Nasdaq will provide BİST training support for human resources and technological know-how for a wide range of projects from index calculations to marketing.

BİST, which has the ownership and the source code of the said technologies for which competency and know-how will be transferred, is entitled to sell these technologies in 25 countries. Within the framework of the agreement, the payments to be made by BİST to Nasdaq shall be in the form of a) transfer of 5% shares, b) deferred payment or transfer of 2% additional shares, and c) cash payment, which shall be made in instalments. As per provisions of the agreement, 5% of BİST shares was transferred to Nasdaq OMX on 7 January 2014. The additional value arose as a result of these transactions is accounted for under share premiums accounts as of 31 December 2013. Additionaly, BİST and Nasdaq own both options to demand 5% of shares of BİST as of August 2018 in return for 75 million USD. A deferred payment or additional transfer of 2% of BİST shares will become final at the end of 2015. In addition, it is possible for BİST to acquire 2% of shares from Nasdaq by means of a share exchange.

In accordance with Article 138 paragraph 6 of Capital Markets Law 6362, BİST's shares have been given to VOB's shareholders in return for the shares they owned in VOB, at the rate of 0.05. Hereby, as of 3 May 2013, BİST holds 100% of shares of VOB. As a result of purchasing 82% of VOB shares, share premiums accounting to TL12,418 has been accounted under equity accounts.

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

Note 18 - Revenue

For the period ended 31 December 2013, the details of revenue are as follows:

	2013
Service income	399,021
Less: Sales discounts	(514)
Net sales	**398,507**
Cost of service given	(51,044)
Gross operational profit	**347,463**
Trading revenues	119,050
Fixed income - debt securities	75,602
Derivatives	21,929
Equities - equity market	14,586
Takasbank money market	11,851
Precious metals and diamond market	6,899
Takasbank security lending market	109
Equities - emerging companies market	32
Fixed income - foreign securities	2
Takasbank Interest Income	90,741
Custody and custody related operating income	52,011
Listing & registration income	39,727
Settlement&clearing income	24,231
Data vending income	18,463
Account maintenance fee	12,787
Security registration fees (Fix-in. OTC)	9,016
Terminal fee	5,217
Money transfer service income	2,020
Other service income	13,284
Total	**398,507**

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

Cost of services

For the period ended 31 December 2013, the details of cost of services are as follows:

	2013
Takasbank interest expense	28,776
Personnel expenses	11,036
Fees and commissions	3,546
Maintenance and repair expenses	2,331
Outsourced benefit and services	1,324
Other	4,031
Total	**51,044**

Note 19 - General Administrative Expenses

For the period ended 31 December 2013, the details of general administrative expenses are as follows:

	2013
Personnel fees and expenses	141,088
Taxes and other legal dues	12,118
Depreciation and amortisation expenses (Note 10 and Note 11)	9,591
Advertising expenses	8,413
Consultancy expenses	5,518
Maintenance and repair expenses	4,838
Travel expenses	3,487
Communication expenses	3,326
Rent expenses	2,849
Social expenses	2,831
Subcontractor expenses	1,771
Outsourced benefit and services	1,654
Electricity, water, natural gas expenses	1,579
Education, culture and publication expenses	893
Insurance expenses	660
Other expenses	8,206
Total	**208,822**

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

Personel expenses

For the period ended 31 December 2013, personnel expenses are as follows:

	2013
Gross salaries	48,516
Social benefits	25,651
Salary dependent additional payments	24,341
Social security employer's contribution expenses	18,134
Bonus expenses	15,597
Health care expenses	5,631
Other expenses	3,218
Total	**141,088**

Expenses by nature

	2013
Personnel fees and expense	152,124
Takasbank interest expenses	28,776
Taxes and other legal dues	12,118
Depreciation and amortisation expenses (Note 10 and Note 11)	9,591
Advertising expenses	8,413
Maintenance and repair expenses	7,169
Consultancy expenses	5,518
Fees and commisions	3,546
Travel expenses	3,487
Communication expenses	3,326
Outsourced benefit and services	2,978
Rent expenses	2,849
Social expenses	2,831
Subcontractor expenses	1,771
Electricity, water, natural gas expenses	1,579
Education, culture and publication expenses	893
Insurance expenses	660
Other expenses	12,237
Total	**259,866**

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

Note 20 - Other Operating Income / Expenses

Other operating expenses

For the period ended 31 December 2013, other operating expenses are as follows:

Other operating expenses	**2013**
CMB share provision expenses	40,194
Other expenses	2,814
Total	**43,008**

Other operating income

For the period ended 31 December 2013, other operating income are as follows:

Other operating income	**2013**
Investment property valuation	1,000
Rental income	732
Other ordinary income and profits	711
Collections from doubtful receivables (Note 7)	300
Gains from sales of fixed assets	223
Other operational income	1,564
Total	**4,530**

Note 21 - Financial Income / Expenses

For the period ended 31 December 2013, the details of financial income and expenses as follows:

Financial Income

Financial Income	**2013**
Interest income	15,545
Interest income from guarantee account	3,975
Foreign exchange gain, net	2,349
Other financial income	234
Total	**22,103**

Financial Expenses

For the period ended 31 December 2013 the financial expenses amounting to TL 24 comprise commission expenses.

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

Note 22 - 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.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is to be declared by the 14th day of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

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

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

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

As of 31 December 2013, the details of current tax assets and liabilities are as follows:

	31 December 2013
Provision for corporate tax	33,368
Prepaid tax	(22,026)
Taxes payable on income	**11,342**

For the period ended 31 December 2013, the details of tax expenses in profit or loss are as follows:

	2013
Corporate tax expense	30,834
Deferred tax expense	(5,510)
Total tax expense	**25,324**

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 for the period ended 31 December 2013:

Profit before taxes	**122,279**
Income tax change at effective tax rate	24,456
Non-deductible expenses	868
Tax expense	**25,324**

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

Deferred tax assets and liabilities

The Group and its subsidiaries calculate deferred tax asset and liabilities, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The effective tax rate used for deferred tax assets and liabilities calculated for all taxable differences using the liability method is 20%.

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.

	31 December 2013	
	Temporary differences	**Deferred tax**
Provision for Capital Markets Board share	89,187	17,837
Provision for service bonuses	27,558	5,512
Provision for employment termination benefits	19,612	3,922
Provision for unused vacation liabilities	10,682	2,136
Carry forward tax losses	9,140	1,828
Lawsuit provisions and expense accruals	8,577	1,715
Net difference between the tax bases and carrying values of property, plant and equipment and intangibles	(8,178)	(1,636)
Other	(3,280)	(656)
Deferred tax assets, net	**153,298**	**30,658**

There is no unrecognised deferred tax assets or liabilities.

The movements of deferred tax assets during the period are as follows:

	2013
Balance at 3 April	24,322
Deferred tax income	5,510
Deferred tax income arising from actuarial losses classified under other compherensive income	826
Period end - 31 December	**30,658**

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

Note 23 - Related Party Disclosures

As of 31 December 2013, the details of long term payables to related parties are as follows:

	2013
Nasdaq OMX (Note 12)	64,029
Total	**64,029**

As of 31 December 2013, the details of short term other receivables from related parties are as follows:

	2013
Provision for Capital Markets Board share (*)	112,527
Due to personnel	3,607
Total	**116,134**

(*) In accordance with the amendment to the 28th article and (b) section of Capital Markets Legislation published in the Official Gazette dated 25 February 2011 and numbered 27857; the Legislation requires recognition of maximum 10% of the income other than interest income of the stock exchanges in CMB budget. In this respect, BİST has provided provision for CMB share to be paid. The provisions for CMB share provided for 2013, 2012 and 2011 have not been released as CMB has not requested the payment yet.

Related party expenses

Board share expenses	2013
Capital Markets Board (*)	40,194
Total	**40,194**

(*) In accordance with the amendment to the 28th article and (b) section of Capital Markets Legislation published in the Official Gazette dated 25 February 2011 and numbered 27857; the Legislation requires recognition of maximum 10% of the income other than interest income of the stock exchanges in CMB budget In this respect, as of 31 December 2013, İMKB has provided a provision amounting to TL112,527 which is 10% of its income other than interest income in its financial statements in relation to the future payment to be made to CMB, and recognised this amount as CMB share expense in the profit or loss.

Key Management Personnel Compensation

For the period ended 31 December 2013, salaries and similar benefits provided to the directors and other members of key management are amounting to TL 12,631.

Note 24 - Nature And Level Of Risks Related To Financial Instruments

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

• credit risk
• liquidity risk
• market risk

Credit risk

BİST'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 BİST management based on prior experience and current economic environment.

Market risk

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

Liquidity risk

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

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

24.1 Credit risk

As of 31 December 2013, credit risk exposure of BİST in terms of financial instruments are as follows:

	Receivables							
	Trade receivables		Other receivables					
2013	Related party	Other	Related party	Other	Deposits at banks and investment funds	Financial investments (*)	Other	Total
Exposure to maximum credit risk as of reporting date (A+B+C+D+E) - Guaranteed part of maximum credit risk with collaterals etc.	**-**	**307,285**	**-**	**9,624**	**5,316,463**	**314,879**	**-**	**5,948,251**
A. Net carrying value of financial assets which are neither impaired nor overdue	-	307,285	-	9,624	5,316,463	314,879	-	5,948,251
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	-	-	-	-	-
- Overdue (Gross book value)	-	2,012	-	-	-	-	-	2,012
- Impairment	-	(2,012)	-	-	-	-	-	(2,012)
- Guaranteed part of net value with collaterals	-	-	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-	-	-	-
E. Off statement of financial position items with credit risk	-	-	-	-	-	-	-	-

There are not any passed due but not impaired assets.
(*) Investments in equity participations are not included.

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

24.2 Liquidity risk

Liquidity risk is BİST'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. BİST 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.

The table below represents the gross amount of un-discounted cash flows related to non-derivative financial liabilities based on the remaining maturities as of 31 December 2013:

	Contractual cash flows	Cash out flows	Up to 3 motths	3 to 12 months	1 - 5 years
Current liablities					
Short term borrowings	2,242,719	2,243,501	2,243,501	-	-
Trade and other payables	90,051	90,051	90,051	-	-
Total short term liabilities	**2,332,770**	**2,333,552**	**2,333,552**	**-**	**-**
Non-current liabilities					
Other trade payables	64,029	70,645	-	-	70,645
Total non-current liabilities	**64,029**	**70,645**	**-**	**-**	**70,645**
Total Liabilities	**2,396,799**	**2,404,197**	**2,333,552**	**-**	**70,645**

24.3 Market risk

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

Foreign currency risk

BİST 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.

The foreign exchange rates used by BİST for translation of the transactions in foreign currencies as of 31 December 2013, are as follows:

	USD	Euro
31 December 2013	2.1343	2.9365

BORSA İSTANBUL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013

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

The table below summarizes the foreign currency position risk of BİST. As of 31 December 2013, carrying value of assets and liabilities held by BİST in foreign currencies (in TL equivalent) are as follows.

2013	Currency	Amount	Fx rate	TL Amount
Assets				
Cash and cash equivalents	USD	557,166	2.1343	1,189,160
Cash and cash equivalents	Euro	276,625	2.9365	812,309
Financial investments	Euro	115,444	2.9365	339,000
				2,340,469

2013	Currency	Amount	Fx rate	TL Amount
Liabilities				
Short term borrowings	Euro	275,612	2.9365	809,335
Trade payables	USD	358,325	2.1343	764,774
Due to related parties	USD	30,000	2.1343	64,029
Other short term liabilities	Euro	9,995	2.9365	29,349
Other short term liabilities	USD	86,351	2.1343	184,299
				1,851,786
Net Foreign Currency Position				**488,683**

Exposure to foreign currency risk

A strengthening / weakening of the TL by 10% against the other currencies below would have increased/ (decreased) the equity and profit/loss (excluding the tax effect) for the period ended 31 December 2013:

Foreign exchange sensitivity analysis table				
2013	**Profit / (Loss)**		**Shareholder's equity**	
	Strengthening of foreign currency	**Weakening of foreign currency**	**Strengthening of foreign currency**	**Weakening of foreign currency**
Increase/(decrease) 10% of USD parity				
1- USD net asset / liability	17,606	(17,606)	17,606	(17,606)
2- Hedged portion of USD amounts(-)	-	-	-	-
3- Net effect of USD (1+2)	17,606	(17,606)	17,606	(17,606)
Increase/(decrease) 10% of EURO parity				
4- EURO net asset / liability	31,262	(31,262)	31,262	(31,262)
5- Hedged portion of EURO amounts(-)	-	-	-	-
6- Net effect of EURO (4+5)	31,262	(31,262)	31,262	(31,262)
Total (3+6)	**48,868**	**(48,868)**	**48,868**	**(48,868)**

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

Interest rate risk

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

BİST's interest rate sensitive financial instruments' allocation as of 31 December 2013 are presented below:

Financial instruments with fixed interest rate	31 December 2013
Financial assets	
Bank deposits	4,957,658
Reverse repo receivables	16,099
Assets held-to-maturity	313,270
Trading investments	1,609

Interest sensitivity analysis of assets:

BİST's investment in fixed-rate debt securities classified as financial assets available-for-sale are exposed to price risk depending upon interest rate changes in the market. As of 31 December 2013, based on the analysis calculated by BİST, if the interest rate for TL was increased/decreased by 100 bp with the assumption of keeping all other variables constant, the effects on the fair value of fixed income financial assets because of being at term less than 3 months and the effect on other comprehensive income are as follows.

24.4 Operational risk

Operational risk is the risk remaining after determining financing and systematic risk, and includes risks resulting from internal processes, employees, technology and infastructure. Operational risk that summarises the risks a company or firm undertakes when it attempts to operate within a given field or industry.

BİST manages its operational risks to avoid financial losses. In this respect, BİST has identified processes and controls with respect to the below issues;

- Appropriate task distribution with transactions' independent responsibility,
- The reconciliation and control of operations,
- Compliance with statutory obligations and other regulators,
- Documentation of processes and controls,
- Periodical assessment of encountered operational risks and the adequacy of generated controls and procedures to meet scheduled risks,
- Development of emergency plans,
- Education and professional development,
- Ethics and business standards,
- Effective risk reduction measures by the possibility of including insurance.

Note 25 - 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 has 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 amounts of the bank deposits, trade and other 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.

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.

Classification relevant to fair value information

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

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

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

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

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

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

31 December 2013	Level 1	Level 2	Level 3	Total
Cash and cash equivalents				
Investment funds	724	-	-	724
Financial investments				
Goverment bonds	1,609	-	-	1,609
Investment properties	-	10,500	-	10,500
Total financial assets	**2,333**	**10,500**	**-**	**12,833**

Financial assets available for sale which are affiliates of the Group, have been accounted for making use of cost value.

Note 26 - Subsequent Events

(i) In accordance with the circular numbered BIAS-4-GDD-010.06.02-408 on 28 February 2014, it is announced that the Kamu Aydınlatma Platformu (KAP) will be transferred to Merkezi Kayıt Kuruluşu A.Ş. on 17 March 2014.

(ii) According to the strategic partnership agreements signed with Nasdaq OMX at 31 December 2013, 5% shares of BİST have been transferred to Nasdaq OMX and this transfer has been completed and registered at 7 January 2014.

(iii) The Company has purchased an additional 5% shares of İstanbul Takas ve Saklama Bankası A.Ş. from Türkiye Sınai Kalkınma Bankası A.Ş at 31 January 2014. The nominal amount of these acquired shares.is TL21,000.


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