

**BORSA İSTANBUL A.Ş.**

**INDEPENDENT AUDITOR'S REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS  
CONVENIENCE TRANSLATION INTO ENGLISH OF  
FINANCIAL STATEMENTS FOR THE PERIOD  
1 JANUARY-31 DECEMBER 2023**

**(Originally issued in Turkish)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

**To the General Assembly of Borsa İstanbul A.Ş.**

**A. Audit of the Consolidated Financial Statements**

**1. Our Opinion**

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 statement of financial position as at 31 December 2023 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and their financial performance and their cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

**2. Basis for Opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Matter of Attention**

As stated in Footnote 2.1.2, in accordance with the meeting of the Capital Markets Board dated 28 December 2023, it was decided that the Company's financial statements dated 31 December 2023 will not be subject to the inflation adjustment required within the scope of Turkish Accounting Standard (TAS) 29. This matter does not affect the opinion given by us.



<b><i>Key audit matter</i></b>	<b><i>How our audit addressed the key audit matter</i></b>
<p><b>Revenue recognition</b></p> <p>The Group recognized a total of thousand TRY 14,399,391 of income under “revenue” item on its income statement for the period 1 January - 31 December 2023.</p> <p>The Group's main income sources consist of stock market shares, interest income, securities registration fees, clearing income, securities listing income, data publishing income and custody service income.</p> <p>We focused on this area as a key audit matter for the following reasons; the magnitude of revenue in the financial statements, revenue being generated through as a result of multiple transactions, high transaction volume and various methodologies and parameters applied in revenue calculations in the revenue determination processes due to the nature of the Group operations. Additionally, revenue is an important indicator in the Group's performance evaluation.</p> <p>Disclosures and notes related to the revenue are discussed in notes 2.11.1 and 24 of the accompanying financial statements prepared as of 31 December 2023.</p>	<p>Within the scope of our audit procedures related to revenue recognition, we evaluated the compliance of accounting policies determined by Group management regarding revenue recognition with TFRS and the relevant legislation. Furthermore, we understood the Group’s revenue process and evaluated the design and operational efficiency of the internal controls applied by the Group management to ensure Takasbank’s interest income and custody income recognised in accordance with relevant accounting standards. We tested the transaction details using a selected sample from revenue transactions realized within the period by comparing these transaction details to the relevant supporting documentation to verify that the amounts were recognised properly on a transaction basis. In addition, we evaluated the compliance of the Group's disclosures and notes in the consolidated financial statements regarding revenue with the relevant accounting standards.</p>

#### **4. Key Audit Matters**

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



## **5. Other Matter**

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by another independent audit firm that expressed a unqualified opinion in audit report dated 13 February 2023.

## **6. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

## **7. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

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

As part of an independent audit conducted in accordance with SIA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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



## **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

### **Additional paragraph for convenience translation into English**

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 Financial Reporting in Hyperinflationary Economies by 31 December 2023. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

A handwritten signature in blue ink, appearing to read "Zeynep Uras".

Zeynep Uras, SMMM  
Independent Auditor

Istanbul, 3 April 2024

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**CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**BORSA İSTANBUL A.Ş.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

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

		Audited	Audited
ASSETS	Notes	31 December 2023	31 December 2022
<b>CURRENT ASSETS</b>		<b>124,257,048</b>	<b>88,921,386</b>
Cash and cash equivalents	4	118,332,411	81,449,970
Financial investments	6	2,780,393	3,931,029
- <i>Financial assets measured at amortized cost</i>		2,740,746	2,526,831
- <i>Deposits more than 3 months</i>		-	1,344,566
- <i>Financial assets at fair value through profit or loss</i>		39,647	59,632
Trade receivables		2,710,693	3,260,535
- <i>Trade receivables from related parties</i>	31	74,805	114,285
- <i>Trade receivables from third parties</i>	7	2,635,888	3,146,250
Other receivables		6,140	13,940
- <i>Other receivables from third parties</i>	7	6,140	13,940
Derivative financial instruments	17	55,113	-
Prepaid expenses	10	131,583	67,567
Other current assets	8	240,715	198,345
<b>NON-CURRENT ASSETS</b>		<b>9,264,097</b>	<b>2,789,321</b>
Financial investments	6	1,235,867	512,970
- <i>Financial assets at fair value through other comprehensive income</i>		7,583	7,583
- <i>Financial assets measured at amortized cost</i>		1,228,284	505,387
Investments accounted for under the equity method	5	394,437	238,722
Investment properties	11	394,470	206,630
Property and equipment	12	4,289,587	410,051
Right of use assets	13	3,218	10,883
Intangible assets	14	665,289	416,261
Prepaid expenses	10	65,640	16,407
Deferred tax assets	30	2,210,350	976,865
Other non-current assets	8	5,239	532
<b>TOTAL ASSETS</b>		<b>133,521,145</b>	<b>91,710,707</b>

The accompanying notes between pages 6 and 58 are an integral part of these consolidated financial statements.



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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**BORSA İSTANBUL A.Ş.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

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

		Audited	Audited
<b>LIABILITIES</b>	<b>Notes</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>CURRENT LIABILITIES</b>		<b>117,358,148</b>	<b>82,130,329</b>
Short term borrowings	19	5,651,092	7,028,263
Lease liabilities	20	1,486	7,390
Trade payables		16,394,296	3,683,084
- Trade payables to related parties	31	30,979	73,990
- Trade payables to third parties	16	16,363,317	3,609,094
Liabilities for employee benefits	22	87,022	31,665
Other payables		1,560,884	38,811
- Other payables to related parties	31	1,500,000	-
- Other payables to third parties	16	60,884	38,811
Deferred income	9	12,669	6,245
Current income tax liabilities	30	1,084,214	329,607
Short term provisions		975,090	255,032
- Provisions for employee benefits	22	952,965	232,207
- Other short term provisions	18	22,125	22,825
Other current liabilities		91,591,395	70,750,232
- Other current liabilities to related parties	31	5,792,036	2,655,609
- Other current liabilities to third parties	23	85,799,359	68,094,623
<b>NON-CURRENT LIABILITIES</b>		<b>220,379</b>	<b>125,584</b>
Lease liabilities	20	1,589	5,164
Deferred income	9	3,905	1,847
Long term provisions		192,217	102,767
- Provisions for employee benefits	22	192,217	102,767
Other non-current liabilities	23	22,668	15,806
<b>SHAREHOLDER'S EQUITY</b>		<b>15,942,618</b>	<b>9,454,794</b>
Equity holders of the parent	24	13,163,873	7,746,523
Share capital		423,234	423,234
Share premium		12,418	12,418
Treasury shares		(101,070)	(101,070)
Other comprehensive income / expense not to be reclassified to profit or loss		(58,410)	(23,216)
- Revaluation reserve		13,677	13,677
- Losses on remeasurements of defined benefit plans		(72,087)	(36,893)
Other comprehensive income / expense to be reclassified to profit or loss		17,170	9,392
- Currency translation differences		17,170	9,392
Restricted reserves		861,576	710,292
Retained earnings		5,689,074	3,131,896
Net profit for the period		6,319,881	3,583,577
Non-controlling interests		2,778,745	1,708,271
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>133,521,145</b>	<b>91,710,707</b>

The accompanying notes between pages 6 and 58 are an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**BORSA İSTANBUL A.Ş.**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

		Audited	Audited
	Notes	1 January – 31 December 2023	1 January – 31 December 2022
Revenue	25	14,784,406	6,371,770
Cost of sales (-)	25	(762,543)	(186,946)
<b>Gross profit</b>		<b>14,021,863</b>	<b>6,184,824</b>
General administrative expenses (-)	26	(6,325,087)	(1,913,707)
Other operating income	27	261,184	13,047
Other operating expenses (-)	27	(524,307)	(538,140)
<b>Operating profit</b>		<b>7,433,653</b>	<b>3,746,024</b>
Investment activities income	28	187,970	122,594
Share of profit / (loss) of investments accounted for under the equity method	5	152,562	80,042
<b>Profit before financial income / (expense)</b>		<b>7,774,185</b>	<b>3,948,660</b>
Financial income	29	1,315,549	552,580
Financial expenses (-)	29	(3,361)	(7,318)
<b>Profit before tax</b>		<b>9,086,373</b>	<b>4,493,922</b>
Income tax expense (-)	30	(2,593,100)	(1,097,048)
Deferred tax income/(expense)	30	1,216,020	841,844
<b>PROFIT FOR THE PERIOD</b>		<b>7,709,293</b>	<b>4,238,718</b>
<b>Profit attributable to:</b>			
- Non-controlling interests		1,389,412	655,141
- Equity holders of the parent		6,319,881	3,583,577
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income not to be reclassified to profit or loss</b>		<b>(40,752)</b>	<b>(30,307)</b>
Gains / losses on remeasurements of defined benefit plans	22	(58,217)	(40,409)
- <i>Deferred tax income / (expense)</i>	30	17,465	10,102
<b>Other comprehensive income to be reclassified to profit or loss</b>		<b>7,778</b>	<b>2,962</b>
- Currency translation differences	5	7,778	2,962
<b>Other comprehensive income/(expense)</b>		<b>(32,974)</b>	<b>(27,345)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>7,676,319</b>	<b>4,211,373</b>
- Non-controlling interests		1,383,854	651,113
- Equity holders of the parent		6,292,465	3,560,260

The accompanying notes between pages 6 and 58 are an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**BORSA İSTANBUL A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

Statement of changes in shareholders' equity												
	Share capital	Share premium	Treasury shares	Revaluation reserve	Remeasurement of defined benefit obligations	Currency translation differences	Restricted reserves	Retained earnings	Net profit for the period	Equity holders of the parent	Non-controlling interests	Total equity
<b>1 January 2022</b>	<b>423,234</b>	<b>12,418</b>	<b>(101,070)</b>	<b>13,677</b>	<b>(10,614)</b>	<b>6,430</b>	<b>610,680</b>	<b>2,145,269</b>	<b>1,754,959</b>	<b>4,854,983</b>	<b>1,218,660</b>	<b>6,073,643</b>
Net profit for the period	-	-	-	-	-	-	-	-	3,583,577	3,583,577	655,141	4,238,718
Other comprehensive income / (expense)	-	-	-	-	(26,279)	2,962	-	-	-	(23,317)	(4,028)	(27,345)
<b>Total comprehensive income / (expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,279)</b>	<b>2,962</b>	<b>-</b>	<b>-</b>	<b>3,583,577</b>	<b>3,560,260</b>	<b>651,113</b>	<b>4,211,373</b>
Transfers	-	-	-	-	-	-	99,612	1,655,347	(1,754,959)	-	-	-
Dividend	-	-	-	-	-	-	-	(668,720)	-	(668,720)	(161,502)	(830,222)
<b>31 December 2022</b>	<b>423,234</b>	<b>12,418</b>	<b>(101,070)</b>	<b>13,677</b>	<b>(36,893)</b>	<b>9,392</b>	<b>710,292</b>	<b>3,131,896</b>	<b>3,583,577</b>	<b>7,746,523</b>	<b>1,708,271</b>	<b>9,454,794</b>
<b>1 January 2023</b>	<b>423,234</b>	<b>12,418</b>	<b>(101,070)</b>	<b>13,677</b>	<b>(36,893)</b>	<b>9,392</b>	<b>710,292</b>	<b>3,131,896</b>	<b>3,583,577</b>	<b>7,746,523</b>	<b>1,708,271</b>	<b>9,454,794</b>
Net profit for the period	-	-	-	-	-	-	-	-	6,319,881	6,319,881	1,389,412	7,709,293
Other comprehensive income / (expense)	-	-	-	-	(35,194)	7,778	-	-	-	(27,416)	(5,558)	(32,974)
<b>Total comprehensive income / (expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,194)</b>	<b>7,778</b>	<b>-</b>	<b>-</b>	<b>6,319,881</b>	<b>6,292,465</b>	<b>1,383,854</b>	<b>7,676,319</b>
Transfers	-	-	-	-	-	-	151,284	3,432,293	(3,583,577)	-	-	-
Dividend	-	-	-	-	-	-	-	(875,115)	-	(875,115)	(313,380)	(1,188,495)
<b>31 December 2023</b>	<b>423,234</b>	<b>12,418</b>	<b>(101,070)</b>	<b>13,677</b>	<b>(72,087)</b>	<b>17,170</b>	<b>861,576</b>	<b>5,689,074</b>	<b>6,319,881</b>	<b>13,163,873</b>	<b>2,778,745</b>	<b>15,942,618</b>

The accompanying notes between pages 6 and 58 are an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**BORSA İSTANBUL A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

		<b>Audited</b>	<b>Audited</b>
	<b>Notes</b>	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
<b>Net profit for the period</b>		<b>7,709,293</b>	<b>4,238,718</b>
<b>Adjustments for:</b>			
Tax expense	30	1,377,080	255,204
Depreciation expense	12, 13	111,555	54,240
Amortization expense	14	62,992	46,605
Change in provision for employment termination benefits	22	36,254	18,342
Change in personnel bonus provision	22	904,754	179,531
Change in valuation of investment properties	11	(187,840)	(122,455)
Change in unused vacation liability	22	76,245	31,563
Change on law suit provision	18	(700)	(3,368)
Expense accrual for Capital Markets Board share	27	463,609	300,080
Provisions no longer required	27	(68,696)	(6,183)
Decrease / (increase) in derivative financial instruments		(55,113)	-
Share of (profit) / loss of investments accounted for under the equity method	5	(152,562)	(80,042)
Financial income, net	29	(1,312,188)	(545,262)
Provisions for doubtful receivables	7	1,085	398
Unrealized exchange (gain) / loss		(581,692)	(418,888)
<b>Cash flows from operating activities before working capital changes</b>		<b>8,384,076</b>	<b>3,948,483</b>
Increase / (decrease) in short-term borrowings		(1,377,171)	3,392,800
Decrease / (increase) in trade receivables		589,661	(2,327,300)
Decrease / (increase) in other receivables		7,800	(723)
Decrease / (increase) in prepaid expenses		(113,249)	(28,879)
Decrease / (increase) in other current assets		(42,370)	350,611
Decrease / (increase) in other non-current assets		(4,707)	(4,303)
Increase / (decrease) in liability for employee benefits		55,357	(6,405)
Increase / (decrease) in trade payables		12,705,962	1,535,477
Increase / (decrease) in other payables		1,522,073	243
Increase / (decrease) in deferred income		8,482	136,124
Increase / (decrease) in other current liabilities		20,746,330	34,148,758
Increase / (decrease) in other non-current liabilities		6,862	4,063
Increase / (decrease) in lease liabilities		5,250	12,122
Taxes paid		(1,838,493)	(984,008)
Employment termination benefits paid	22	(5,021)	(2,907)
Capital Markets Board share paid		(300,080)	(165,795)
Personnel bonus paid	22	(258,179)	(2,980)
Unused vacation paid	22	(2,062)	(1,560)
Collection of doubtful receivables	7	625	145
<b>Net cash (used in) / generated from operating activities</b>		<b>31,707,070</b>	<b>36,055,483</b>
Proceed from sale of property and equipment	12	6,447	6,255
Purchase of property and equipment	12	(4,165,937)	(241,457)
Proceed from sale of intangible assets	14	-	396
Purchase of intangible assets	14	(137,110)	(65,961)
Purchase of financial asset measured at amortized cost		(6,747,327)	(6,261,666)
Sale of financial asset measured at amortized cost		5,810,515	8,567,783
Financial asset (purchase / sale) at fair value through profit or loss		683,059	(59,632)
Deposits more than 3 months		1,344,566	(1,344,566)
Lease payments		(17,494)	(5,702)
Interests received		300,312	442,287
Dividend received from financial investments	27	130	139
<b>Net cash (used in) / generated from investment activities</b>		<b>(2,922,839)</b>	<b>1,037,876</b>
Dividend paid		(1,188,495)	(830,222)
<b>Net cash (used in) / generated from financing activities</b>		<b>(1,188,495)</b>	<b>(830,222)</b>
<b>Net increase in cash and cash equivalents</b>		<b>35,979,812</b>	<b>40,211,620</b>
Effects of currency translation on cash and cash equivalents		581,692	418,888
Cash and cash equivalents at the beginning of the period	4	81,356,309	40,725,801
<b>Cash and cash equivalents at the end of the period</b>	4	<b>117,917,813</b>	<b>81,356,309</b>

The accompanying notes between pages 6 and 58 are an integral part of these consolidated financial statements.

# CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

## BORSA İSTANBUL A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

#### NOTE 1- GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

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

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

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

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

As at 31 December 2023, BİST have 709 employees (31 December 2022: 654) and the Group have 1,372 employees (31 December 2022: 1,230). BİST is located in Reşitpaşa Mahallesi, Borsa İstanbul Caddesi, No:4, Sarıyer / İstanbul.

The Company’s controlling shareholder is Türkiye Wealth Fund. As at 31 December 2023 and 31 December 2022, the Company’s shareholder structure and is as follows:

	31 December 2023		31 December 2022	
	Amount (TL)	Share (%)	Amount (TL)	Share (%)
Türkiye Wealth Fund	341,127	80.60	341,127	80.60
Qh Oil Investments	42,323	10.00	42,323	10.00
Borsa İstanbul A.Ş.	9,809	2.32	9,809	2.32
Turkish Capital Markets Association	5,502	1.30	5,502	1.30
Other	24,473	5.78	24,473	5.78
<b>Total</b>	<b>423,234</b>	<b>100.00</b>	<b>423,234</b>	<b>100.00</b>

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

**Subsidiaries**

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

<b>Subsidiaries</b>	<b>Country</b>	<b>Area of activity</b>
İstanbul Takas ve Saklama Bankası A.Ş. Merkezi Kayıt Kuruluşu A.Ş.	Türkiye Türkiye	Bank Custodian Analysis reporting on real estate valuations
MKK Gayrimenkul Bilgi Merkezi A.Ş.	Türkiye	

*İstanbul Takas ve Saklama Bankası A.Ş.*

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

*Merkezi Kayıt Kuruluşu A.Ş.*

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

*MKK Gayrimenkul Bilgi Merkezi A.Ş.*

MKK Gayrimenkul Bilgi Merkezi A.Ş (GABİM) was established to generate and publish data analysis reports on real estate values regionally and nationwide. Within the scope of the share transfer agreement signed on 28 September 2020, all shares were transferred to Merkezi Kayıt Kuruluşu A.Ş.

**Associates**

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

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

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

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

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

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

#### Associates (Continued)

*Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş. (“SPL”)*

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

*Montenegro Stock Exchange*

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

*Türkiye Ürün İhtisas Borsası A.Ş. (“TÜRİB”)*

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

*JCR Avrasya Derecelendirme A.Ş. (“JCR”)*

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

### NOTE 2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 Basis of presentation

##### 2.1.1 Preparation of financial statements

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

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

These consolidated financial statements are prepared according to the Türkiye Financial Reporting Standards (“TFRS”). These consolidated financial statements are prepared on historical cost basis, except for significant items in the table below.

The following items are measured on an fair value basis at the reporting date.

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

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

**2.1 Basis of presentation (Continued)**

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

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

Due to the earthquake disaster that occurred in Kahramanmaraş and surrounding provinces in February 2023, aid was provided to the region. The effects of the earthquake disaster have been reviewed and it has been evaluated that has not impact on going concern on the financial statements.

The Board of Directors has decided to make a cash donation of 2 millions TL during the extraordinary period experienced due to the huge earthquake disaster that occurred in Kahramanmaraş on 6 February 2023. The donations are recognized for as advertising expenses under general administrative expenses.

**2.1.2 Financial reporting in hyperinflationary economies**

On 23 November 2023, POA announced that, entities reporting under the TFRS should begin implementing "TAS 29 Financial Reporting in Hyperinflationary Economies" standard in their financial statements, from periods ending on and after 31 December 2023. Besides, regulatory and auditing bodies that are authorized in their respective areas have flexibility to determine alternative transition dates for the application of TAS 29. In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023. CMB has decided among other issues, that the Group's financial statements dated 31 December 2023 will not be subject to the inflation adjustment required within the scope of TMS 29. Based on this, TAS 29 was not applied and no inflation adjustment was made in the financial statements dated 31 December 2023.

**2.2 The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements As at 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as at 1 January 2023. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

#### 2.2 The new standards, amendments and interpretations (Continued)

##### *Standards, amendments, and interpretations applicable as of 31 December 2023*

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to TAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.
- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.

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

##### *Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023*

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

- **Amendment to TAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendments to TAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.

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

**2.2 The new standards, amendments and interpretations (Continued)**

*Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023(Continued)*

- **Amendments to TAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **TSRS 1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **TSRS 2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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

**2.3 Comparative information**

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

As at 31 December 2023, the Group has prepared the consolidated statement of financial position, consolidated profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow comparatively.

**2.4 Offsetting**

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

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

**2.5 Going concern**

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

**2.6 Financial statements of subsidiaries operating in foreign countries**

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

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

**2.6 Financial statements of subsidiaries operating in foreign countries (Continued)**

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

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

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

**2.7 Consolidation principles**

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

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

**Subsidiaries**

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

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

Proportion of ownership interest represents the effective shareholding of the Group through the shares held directly by BİST and indirectly by its subsidiaries. As at 31 December 2023 and 31 December 2022, the table below sets out all subsidiaries included in the scope of consolidation and shows their shareholding structure as follows:

	Effective ownership of interest (%)	
	31 December 2023	31 December 2022
İstanbul Takas ve Saklama Bankası A.Ş.	64.18	64.18
Merkezi Kayıt Kuruluşu A.Ş.	71.75	71.75

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

**2.7 Consolidation principles (Continued)**

**Joint ventures**

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

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

**Associates**

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

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

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

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

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

**2.7 Consolidation principles (Continued)**

**Associates (Continued)**

As at 31 December 2023 and 31 December 2022, the table below sets out the subsidiaries accounted for using the accounting under equity method, the proportion of voting power held by the Group and its subsidiaries and ownership rates:

	31 December 2023		31 December 2022	
	Directly and indirectly rate %	Effective rate %	Directly and indirectly rate %	Effective rate %
Enerji Piyasaları İşletme A.Ş.	30.83	30.83	30.83	30.83
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	41.00	34.27	41.00	34.27
Montenegro Stock Exchange	24.43	24.43	24.43	24.43
Türkiye Ürün İhtisas Borsası A.Ş.	25.00	21.80	25.00	21.80
JCR Avrasya Derecelendirme A.Ş.	18.50	18.50	18.50	18.50

**2.8 Functional and presentation currency**

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

**2.9 Changes in accounting policies and estimates and errors**

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

**2.10 Significant accounting judgments, estimates and assumptions**

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

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

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

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

**2.10 Significant accounting judgments, estimates and assumptions (Continued)**

***Fair value measurement of investment properties***

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

**Akmerkez Office**

Akmerkez office, investment property is located on 985 m<sup>2</sup> ground in İstanbul / Beşiktaş, Nispetiye Mahallesi 83/1 E3 Blok 10 floor. According to a licensed real estate valuation firm report which is dated 21 December 2023, Akmerkez office was evaluated by market value approach and the fair value amount is TL 150,000.

**Şişli Service Building**

Şişli building, investment property is located on the parcel of 29 in İstanbul province, Şişli district, Şişli street, 159 section, 1,042 city block, is located on 4,354 m<sup>2</sup> ground. According to a licensed real estate valuation firm report which is dated 29 December 2023, Şişli service building evaluated by market value approach and the fair value amount is TL 244,470.

***Provisions for employment termination benefits***

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

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

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

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

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

Main assumptions that are used in the provision for employee termination benefits are estimated employee turnover rate and discount factor.

***Useful lives of intangible assets***

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

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

**2.11 Summary of significant accounting policies**

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

***Related parties***

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

**2.11.1 Service revenue**

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

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

Revenue has been disclosed by offsetting, discounts, returns, taxes related with sales and the elimination of the transaction within the Group. The main income items in the Group’s service income are; trading fees, interest revenue, securities registration fees, listing fees, data vending and custody income.

***Debt securities trading revenues***

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

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

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

**2.11.1 Service revenue (Continued)**

*Equity market trading revenue*

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

*Derivatives trading revenue*

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

*Precious metals and diamond market trading revenue*

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

*Takasbank money market*

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

*Security registration income*

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

*Listing income*

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

*Custody and custody related operating revenue*

Custody and custody related operating revenue consist of custody fees accrued for in the private pension fund shares, precious metals and securities. Custody and custody related commissions obtained from the guarantees are accounted under this account.

*Data vending revenue*

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



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

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

**2.11.1 Service revenue (Continued)**

*Takasbank interest income*

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

*Technology income*

It consist of income received from the colocation, PTRM, OUCH, time server, data center ve other technology services.

*Account management fee*

It consist of income obtained from opening of member accounts for investors and for their partners defined in their own system with the same account numbers in the central depository system, and identifying the accounts with identity information of investors.

*Derivative transaction income/expense*

Derivative transaction consist of derivative instruments profit/loss and currency differences arising from these transactions. Derivative instruments are remeasured at fair value after initial recognition. Differences in the fair value are recognized on a net basis.

**2.11.2 Property and equipment**

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

*Depreciation*

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

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

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

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

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

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

**2.11.2 Property and equipment (Continued)**

*Reclassification to investment property*

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

**2.11.3 Investment properties**

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

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

**2.11.4 Government grants**

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

**2.11.5 Intangible assets**

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

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

**2.11.6 Research and development costs**

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

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

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

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

##### 2.11.6 Research and development costs (Continued)

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

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

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

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

##### 2.11.7 Financial instruments

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

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

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

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

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

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

**2.11.7 Financial instruments (Continued)**

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

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

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

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

**2.11.8 Impairment of financial assets**

TFRS 9 replaces the “incurred loss” model in TAS 39 with an “expected credit loss” (ECL) model. In this context, it has been necessary to evaluate how the economic factors that will be determined by weighting according to the probabilities of realization affect the ECLs. The new impairment model is applied to financial assets at fair value through other comprehensive income or measured at amortized cost (other than investments in, equity instruments) and contract assets. The financial assets at amortized cost consist of trade receivables, financial investments, and cash and cash equivalents.

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

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

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

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

**2.11.8 Impairment of financial assets (Continued)**

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

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

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

**Measurement of ECLs**

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

- Information considered in the Expected Credit Loss accounting should be reasonable, reliable and supportable.
- Country risk is also taken into account when calculating provisions that will be reserved for expected credit losses. Loans are allocated at a higher rate than the loan-based reserves, taking into account the size, type, maturity, currency, interest rate structure, borrowing sector, collaterals and similar concentrations over time, credit risk level and management.
- The approach used to assess expected credit losses is consistent with the Group’s credit risk management.
- Information used; specific factors of the borrower, general economic conditions and the assessment of the effects of these factors and conditions in the current and future periods, at the reporting date. Possible sources of information include the Group’s credit disposal experience, internal or external credit ratings, reports and statistics.
- If it is determined that the financial instrument has low credit risk at the reporting date, the Group may assume that the credit risk in the financial instrument has not increased significantly since its first financial statement.

**Credit-impaired financial assets**

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

**2.11.9 Financial income and financial expenses**

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

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

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

**2.11.10 Derivative financial instruments**

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

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

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

**2.11.11 Non-derivative financial liabilities**

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

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

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

**2.11.12 Payables to members**

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

**2.11.13 Deposits and guarantees received**

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

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

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

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

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

**2.11.14 Cash and cash equivalents**

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

**2.11.15 Trade and other receivables**

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

**2.11.16 Share capital**

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

**2.11.17 Capital reserves**

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

**2.11.18 Share premium**

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

**2.11.19 Treasury shares**

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

**2.11.20 Earnings per share**

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

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

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

**2.11.21 Provisions, contingent liabilities and assets**

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

**2.11.22 Lease transactions**

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

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

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

**2.11.23 Employment termination benefits**

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

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

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



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

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

**2.11.24 Segment reporting of financial information**

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

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

**2.11.25 Taxation**

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

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

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

**NOTE 3- BUSINESS COMBINATIONS**

None.

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**NOTE 4- CASH AND CASH EQUIVALENTS**

As at 31 December 2023 and 31 December 2022, the details of cash and cash equivalents are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Cash	88	21
Banks - time deposits	113,207,662	80,516,807
Banks - demand deposits	4,603,651	720,749
Reverse repo receivables	10	47
Investment funds	521,000	212,346
<b>At the statement of financial position</b>	<b>118,332,411</b>	<b>81,449,970</b>
Accruals on cash and cash equivalents	(537,414)	(185,251)
Expected credit loss allowance	122,816	91,590
<b>At the statement of cash flows</b>	<b>117,917,813</b>	<b>81,356,309</b>

As at 31 December 2023, there is no restricted deposits (31 December 2022: None).

***Banks-Time deposits***

As at 31 December 2023 and 31 December 2022, the details of time deposits are as follows:

<b>31 December 2023</b>	<b>Amount (TL)</b>	<b>Effective interest rate (%)</b>	<b>Maturity date</b>
TL	87,731,549	42.84	28 March 2024
USD	16,656,295	6.97	2 January 2024
EUR	8,819,818	4.97	2 January 2024
<b>Total</b>	<b>113,207,662</b>		
<b>31 December 2022</b>	<b>Amount (TL)</b>	<b>Effective interest rate (%)</b>	<b>Maturity date</b>
TL	62,110,155	11.07	31 March 2023
USD	13,015,421	5.94	6 January 2023
EUR	5,391,231	3.73	1 January 2023
<b>Total</b>	<b>80,516,807</b>		

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

As at 31 December 2023 and 31 December 2022, summary of financial information for equity accounted investments are as follows:

<b>31 December 2023</b>	<b>Directly and indirectly rate %</b>	<b>Effective rate %</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Net assets</b>	<b>Net profit/loss</b>	<b>BİST’s shares in profit/loss</b>	<b>BİST’s share in net assets</b>
Enerji Piyasaları İşletme A.Ş.	30.83	30.83	594,262	87,280	506,982	174,256	53,725	156,307
Sermaye Piy. Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	41.00	34.27	135,540	15,240	120,300	50,851	20,849	49,323
Montenegro Stock Exchange	24.43	24.43	83,913	391	83,522	1,180	288	20,408
Türkiye Ürün İhtisas Borsası A.Ş.	25.00	21.80	509,462	73,901	435,561	197,536	49,384	108,890
JCR Avrasya Derecelendirme A.Ş.	18.50	18.50	377,204	87,281	289,923	153,062	28,316	59,509
<b>Total</b>							<b>152,562</b>	<b>394,437</b>

  

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

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

For the year ended 31 December 2023 and 2022, subsidiaries that are accounted by equity method are as stated below:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
<b>Beginning balance</b>	<b>238,722</b>	<b>170,400</b>
Dividends received	(4,625)	(14,682)
Income and expenses	152,562	80,042
Currency translation differences	7,778	2,962
<b>Ending balance</b>	<b>394,437</b>	<b>238,722</b>

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

**NOTE 6- FINANCIAL INVESTMENTS**

As at 31 December 2023 and 31 December 2022, the details of short term financial investments are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Financial assets measured at amortized cost	2,740,746	2,526,831
Deposits more than 3 months	-	1,344,566
Financial assets at fair value through profit or loss	39,647	59,632
<b>Total</b>	<b>2,780,393</b>	<b>3,931,029</b>

As at 31 December 2023 and 31 December 2022, the details of long term financial investments are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Financial assets at fair value through other comprehensive income	7,583	7,583
Financial assets measured at amortized cost	1,228,284	505,387
<b>Total</b>	<b>1,235,867</b>	<b>512,970</b>

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

As at 31 December 2023 and 31 December 2022, the details of financial assets measured at amortized cost are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Bonds	437,714	444,854
Eurobonds	3,442,371	2,521,911
Asset backed securities	-	39,819
Sukuk	124,333	83,921
Mutual fund	4,259	1,345
Time deposits	-	1,344,566
<b>Total</b>	<b>4,008,677</b>	<b>4,436,416</b>

As at 31 December 2023 and 31 December 2022, there are no financial assets at fair value through other comprehensive income subject to repurchase agreements and given as collateral. As at 31 December 2023 and 31 December 2022, the details of financial assets at fair value through other comprehensive income are as follows:

	<b>31 December 2023</b>			<b>31 December 2022</b>		
	<b>Directly and indirectly rate %</b>	<b>Effective rate %</b>	<b>Carrying value</b>	<b>Directly and indirectly rate %</b>	<b>Effective rate %</b>	<b>Carrying value</b>
Kyrgyz Stock Exchange	16.33	16.33	467	22.86	22.86	467
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	21.45	19.98	3,320	21.45	19.98	3,320
Sarajevo Stock Exchange	19.91	16.70	799	19.91	16.70	799
Baku Stock Exchange	4.76	4.76	157	4.76	4.76	157
Birleşik İpotek Finansmanı A.Ş.	5.00	5.00	2,500	5.00	5.00	2,500
Other	<0,01	<0,01	340	<0,01	<0,01	340
<b>Total</b>			<b>7,583</b>			<b>7,583</b>

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

As at 31 December 2023 and 31 December 2022, the details of trade receivables from third parties are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Receivables from members (*)	762,321	354,989
Loans given	1,718,384	2,530,226
Custody and commission receivables	166,195	271,698
Doubtful receivables	634	523
Expected credit loss	(11,646)	(11,186)
<b>Total</b>	<b>2,635,888</b>	<b>3,146,250</b>

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

As at 31 December 2023 and 31 December 2022, remaining maturities are less than 3 months.

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**NOTE 7- TRADE RECEIVABLES AND OTHER RECEIVABLES (Continued)**

*Expected credit loss*

For the year ended 31 December 2023 and 2022, the movements of expected credit loss are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
<b>Beginning balance</b>	<b>(11,186)</b>	<b>(10,933)</b>
Provisions during the period	(1,085)	(398)
Reversal of provision during the period	625	145
<b>Ending balance</b>	<b>(11,646)</b>	<b>(11,186)</b>

**Other receivables**

As at 31 December 2023 and 31 December 2022, the details of short term other receivables from third parties are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Other receivables	6,140	13,940
<b>Total</b>	<b>6,140</b>	<b>13,940</b>

**NOTE 8- OTHER ASSETS**

**Other current assets**

As at 31 December 2023 and 31 December 2022, the details of other current assets are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Receivables from derivatives collateral	161,158	137,513
Deferred VAT	27,721	39,951
Job advances given to personnel	10,515	8,190
Deposits and guarantees given	317	355
Other current assets	41,004	12,336
<b>Total</b>	<b>240,715</b>	<b>198,345</b>

**Other non-current assets**

As at 31 December 2023 and 31 December 2022, the details of other non-current assets are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Job advances	5,126	-
Deposits and guarantees given	113	532
<b>Total</b>	<b>5,239</b>	<b>532</b>

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**NOTE 9- DEFERRED INCOME**

**Short term deferred income**

As at 31 December 2023 and 31 December 2022, the details of short term deferred income are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Deferred income	12,669	6,245
<b>Total</b>	<b>12,669</b>	<b>6,245</b>

**Long term deferred income**

As at 31 December 2023 and 31 December 2022, the details of long term deferred income are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Deferred income	3,905	1,847
<b>Total</b>	<b>3,905</b>	<b>1,847</b>

**NOTE 10- PREPAID EXPENSES**

**Short term prepaid expenses**

As at 31 December 2023 and 31 December 2022, the details of short term prepaid expenses are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Prepaid expenses	131,583	67,567
<b>Total</b>	<b>131,583</b>	<b>67,567</b>

**Long term prepaid expenses**

As at 31 December 2023 and 31 December 2022, the details of long term prepaid expenses are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Prepaid expenses	65,640	16,407
<b>Total</b>	<b>65,640</b>	<b>16,407</b>

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**NOTE 11- INVESTMENT PROPERTIES**

For the year ended 31 December 2023 and 2022, the movements of the investment properties are as follows:

	<b>Valuation method</b>	<b>1 January 2023</b>	<b>Increase in value</b>	<b>Decrease in value</b>	<b>31 December 2023</b>
Akmerkez Office	Market value	65,000	85,000	-	150,000
Şişli Service Building	Market value	141,630	102,840	-	244,470
<b>Total</b>		<b>206,630</b>	<b>187,840</b>	<b>-</b>	<b>394,470</b>

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

As at 31 December 2023, there are investment properties of Group in İstanbul Akmerkez Shopping Center and İstanbul Şişli. The fair value of Akmerkez Shopping Center is TL 150,000 and the fair value of Şişli Service Building is TL 244,470 according to independent valuation report authorized by the Capital Markets Board (“CMB”).

For the year ended 31 December 2023 and 2022, rental income from investment properties is amounting to TL 1,485 and TL 914.

As at 31 December 2023, the significant estimates and assumptions used in determining the fair value of the investment properties are as follows:

<b>Investment property</b>	<b>Valuation method</b>	<b>Report date</b>	<b>m<sup>2</sup> value</b>
Akmerkez Office	Market value	21 December 2023	152.280
Şişli Service Building	Market value	29 December 2023	56.150

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



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**NOTE 12- PROPERTY AND EQUIPMENT**

For the year ended 31 December 2023 and 2022, the movements of the property and equipment are as follows:

	<b>Building</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furnitures and fixtures</b>	<b>Leasehold improvement</b>	<b>Construction in progress</b>	<b>Total</b>
<b>1 January 2023</b>							
Opening balance	25,726	61,403	1,178	142,048	147,538	32,158	410,051
Additions	974	109,915	128,601	110,038	1,410	3,814,999	4,165,937
Disposals	-	(5,903)	-	(544)	-	-	(6,447)
Transfers	-	-	-	-	-	(180,807)	(180,807)
Current depreciation	(597)	(39,472)	(5,214)	(46,310)	(7,554)	-	(99,147)
<b>31 December 2023</b>	<b>26,103</b>	<b>125,943</b>	<b>124,565</b>	<b>205,232</b>	<b>141,394</b>	<b>3,666,350</b>	<b>4,289,587</b>

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

For the year ended 31 December 2023 and 2022, there are no mortgages or pledges over property and equipment.

The total transfers amounting to TL 180,807 have been made from property, plant equipment to intangible assets (31 December 2022: 24,759 TL) (Note 14).

**NOTE 13- RIGHT OF USE ASSETS**

For the year ended 31 December 2023 and 2022, the movements of the right of use assets are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
<b>Opening balance</b>	<b>10,883</b>	<b>4,830</b>
Additions	5,250	12,122
Disposals	(507)	(79)
Current depreciation	(12,408)	(5,990)
<b>Total</b>	<b>3,218</b>	<b>10,883</b>

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**NOTE 14- INTANGIBLE ASSETS**

For the year ended 31 December 2023 and 2022, the movements of the intangible assets are as follows:

	<b>Rights</b>	<b>Software licenses</b>	<b>Development costs</b>	<b>Construction in progress</b>	<b>Total</b>
<b>1 January 2023</b>					
Opening balance	306,857	48,395	61,009	-	416,261
Additions	33,879	10,164	93,067	-	137,110
Disposals	-	-	-	-	-
Transfers	-	-	50,155	130,652	180,807
Current amortisation	(27,193)	(7,755)	(33,941)	-	(68,889)
<b>31 December 2023</b>	<b>313,543</b>	<b>50,804</b>	<b>170,290</b>	<b>130,652</b>	<b>665,289</b>

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

The Group is registered as “Research and Development Center” within the Research and Development Law numbered 5746 by Ministry of Science, Industry and Technology. Expenses incurred in relation to the developed projects are capitalized and accounted under the construction in progress. After the completion of the projects, the total capitalized amounts are classified to intangible assets and the depreciation is calculated over the total capitalized amount. For the year ended 31 December 2023, TL 5,897 depreciation expense is reserved for the projects developed within the scope of the R&D Center (31 December 2022: TL 5,213).

**NOTE 15- GOVERNMENT GRANTS**

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

It is stated with a letter on 6 January 2021 issued by Ministry of Industry and Technology as part of Research and Development Law numbered 5746 that Borsa İstanbul’s Research and Development Center status to be continued.

It is decided that Takasbank has been included in the scope of the research and development center in accordance with the Research and Development Law numbered 5746 by the Ministry of Industry and Technology with a decision on 20 April 2017.

As at 31 December 2023, research and development tax deduction amounting to TL 217,396 is considered as deduction in corporate tax calculation (31 December 2022: TL 71,985).

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

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**NOTE 16- TRADE PAYABLES AND OTHER PAYABLES**

**Short term trade payables**

As at 31 December 2023 and 31 December 2022, the details of trade payables to third parties are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Payables to members (*)	16,231,525	3,512,953
Payables to suppliers	131,792	96,141
<b>Total</b>	<b>16,363,317</b>	<b>3,609,094</b>

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

**Short term other payables**

As at 31 December 2023 and 31 December 2022, the details of other payables are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Other payables	60,884	38,811
<b>Total</b>	<b>60,884</b>	<b>38,811</b>

**NOTE 17- DERIVATIVE FINANCIAL INSTRUMENTS**

As at 31 December 2023 and 31 December 2022, the details of derivatives are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Swap transactions	55,113	-
<b>Total</b>	<b>55,113</b>	<b>-</b>

**NOTE 18- SHORT TERM PROVISIONS**

As at 31 December 2023 and 31 December 2022, the details of lawsuit provisions are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Lawsuit provisions	22,125	22,825
<b>Total</b>	<b>22,125</b>	<b>22,825</b>

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**NOTE 18- SHORT TERM PROVISIONS (Continued)**

For the year ended 31 December 2023 and 2022, the movements of lawsuit provisions are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
<b>Opening balance</b>	<b>22,825</b>	<b>26,193</b>
Increase during the period	4,095	3,649
Used during the period	(4,795)	(7,017)
<b>Ending balance</b>	<b>22,125</b>	<b>22,825</b>

**NOTE 19- SHORT TERM BORROWINGS**

As at 31 December 2023 and 31 December 2022, the details of the short-term borrowings are as follows:

<b>31 December 2023</b>	<b>Weighted average effective interest rate %</b>	<b>Currency</b>	<b>Original amount</b>	<b>TL equivalent</b>
Short term borrowings	5.49	USD	167,076	4,918,430
	4.16	EUR	18,506	602,826
	41.00	TL	129,836	129,836
				<b>5,651,092</b>

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

As at 31 December 2023 and 31 December 2022, remaining maturities are less than 3 months.

**NOTE 20- LEASE LIABILITIES**

As at 31 December 2023 and 31 December 2022, the details of lease liabilities are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Up to 1 year	1,486	7,390
1-5 years	1,589	5,164
<b>Total</b>	<b>3,075</b>	<b>12,554</b>

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**NOTE 21- PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

*Provision for legal cases*

There are several lawsuits in favour and against of the Group. These lawsuits consist of reemployment and disagreements with market members. The Group management evaluates the possible results and financial effects of these lawsuits and necessary provisions are recognized due to possible liabilities. As at 31 December 2023, provision for lawsuits amounting to TL 22,125 (31 December 2022: TL 22,825).

*Guarantees*

Guarantees given to Takasbank Money Market, Securities Lending Market, Debt Securities Market, Over the Counter Market, BİAŞ Money Market , Equity Market, Derivatives Market and Swap Market. As at 31 December 2023, total guarantees amounting to TL 34,383,116 (31 December 2022: TL 90,147,147).

*Commitments*

Commitments given to Securities Lending Market, Debt Securities Market, Over the Counter Market, BİAŞ Money Market , Equity Market, Derivatives Market and Swap Market. As at 31 December 2023, total commitments amounting to TL 876,122 (31 December 2022: TL 817,532).

*Collaterals*

As at 31 December 2023 and 31 December 2022, market collaterals are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Takasbank Market	192,051,645	66,968,507
Equity Market	12,960,593	8,890,570
Debt Securities	3,688,854	4,445,011
Precious Metal and Diamond Market	1,640,908	966,000
Derivatives Market	2,848,594	2,731,955
Other	54,367,483	12,020,529
<b>Total</b>	<b>267,558,077</b>	<b>96,022,572</b>

As at 31 December 2023 and 31 December 2022, collaterals received from suppliers are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
TL	24,365	20,043
USD	62,316	34,275
EUR	3,846	1,927
<b>Total</b>	<b>90,527</b>	<b>56,245</b>

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**NOTE 21- PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

*Assets under custody*

	<b>31 December 2023</b>	<b>31 December 2022</b>
Physical Contribution to Education Project (*)	78,147	58,174
<b>Total</b>	<b>78,147</b>	<b>58,174</b>

(\*) In accordance with the decision of İMKB’s Board of Directors in 1997, made a contribution to “Physical Contribution to Education Project (EFİKAP)” amounting to TL 32,000. Within the framework of the General Assembly and Board of Directors resolutions, it is collected under time deposits held by public banks and managed by İMKB, that allocated for the construction of primary schools. It was previously accounted under İMKB’s assets and liabilities until 1999 and after this date, it is followed in the off-balance sheet accounts. As at 31 December 2023, principal amount of EFİKAP is TL 78,147 (31 December 2022: TL 58,174).

There are the investment securities held in custody amounting to TL 7,295,420,807 within the framework of area of the activity (31 December 2022: TL 5,845,604,285).

**NOTE 22- PROVISIONS AND PAYABLES FOR EMPLOYEE BENEFITS**

*Short term employee benefits*

As at 31 December 2023 and 31 December 2022, the details of liabilities for employee benefits are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Social security premium	83,298	30,171
Payables to personnel	3,724	1,494
<b>Total</b>	<b>87,022</b>	<b>31,665</b>

As at 31 December 2023 and 31 December 2022, the details of short term provisions for employee benefits are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Unused vacation liability	129,839	55,656
Personnel bonus provision	823,126	176,551
<b>Total</b>	<b>952,965</b>	<b>232,207</b>

**Unused vacation liability**

In accordance with the Labor Law in Türkiye, the Group provides provision for the unused portion of annual paid vacations of the employees with service terms over one year, including the trial period, calculated for the non-current periods.

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**NOTE 22- PROVISIONS AND PAYABLES FOR EMPLOYEE BENEFITS (Continued)**

**Unused vacation liability (Continued)**

For the year ended 31 December 2023 and 2022, the movements of unused vacation liability is as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
<b>Opening balance</b>	<b>55,656</b>	<b>25,653</b>
Payment during the period	(2,062)	(1,560)
Increase during the period	76,245	31,563
<b>Ending balance</b>	<b>129,839</b>	<b>55,656</b>

**Personnel bonus provision**

For the year ended 31 December 2023 and 2022, the movements of personnel bonus provisions is as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
<b>Opening balance</b>	<b>176,551</b>	<b>-</b>
Payment during the period	(258,179)	(2,980)
Increase during the period	904,754	179,531
<b>Ending balance</b>	<b>823,126</b>	<b>176,551</b>

**Long term employee benefits**

As at 31 December 2023 and 31 December 2022, the details of long term employee benefits provisions are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Provision for employee termination benefits	192,217	102,767
<b>Total</b>	<b>192,217</b>	<b>102,767</b>

**Provision for employee termination benefits**

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

As at 31 December 2023, the amount payable consists of one month’s salary limited to a maximum of full TL 23,489.8 for each year of service (31 December 2022: full TL 15,371.4). Benefit obligation is not legally subject to any funding and there are no funding requirements. Provision for employment termination benefits has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

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**NOTE 22- PROVISIONS AND PAYABLES FOR EMPLOYEE BENEFITS (Continued)**

**Provision for employee termination benefits (Continued)**

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Discount rate	2.73%	3.11%
Estimated employee turnover rate	97.58%	97.19%

For the year ended 31 December 2023 and 2022, the movements of provision for employee termination benefits are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
<b>Opening balance</b>	<b>102,767</b>	<b>46,923</b>
Interest cost	20,611	8,851
Service cost	15,643	9,491
Payment during the period	(5,021)	(2,907)
Actuarial gains/losses	58,217	40,409
<b>Ending balance</b>	<b>192,217</b>	<b>102,767</b>

**NOTE 23- OTHER LIABILITIES**

**Other current liabilities**

As at 31 December 2023 and 31 December 2022, the details of other current liabilities are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Deposits and guarantees received	85,132,347	67,537,466
Expense accrual for CMB share	463,609	300,080
Taxes and duties payable	173,880	173,889
Expected credit loss	4,474	63,619
Other	25,049	19,569
<b>Total</b>	<b>85,799,359</b>	<b>68,094,623</b>

**Other non-current liabilities**

As at 31 December 2023 and 31 December 2022, the details of other non-current liabilities are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Deposits and guarantees received	22,668	15,806
<b>Total</b>	<b>22,668</b>	<b>15,806</b>



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**NOTE 24- SHAREHOLDER’S EQUITY**

***Share capital***

As stated in Article 138 of Capital Markets Law No. 6362, the Articles of Association of Borsa İstanbul Anonim Şirketi have been issued by the Capital Markets Board and registered arbitrarily at the trade registry on 3 April 2013 following the approval of the relevant Minister, and these articles include: the Company’s main field of operation, purpose, capital amount, shares, principles on transferring its shares; limitations on liquidation, transfer, merger, termination, public offering, privileges to be granted to shares without being subject to the fourth paragraph of Article 478<sup>th</sup> of Law No. 6102; organs and committees as well as formation, roles, authorizations and responsibilities, working procedures and principles of those; and principles regarding accounts, distribution of profits and organization. As stated in the Company’s Articles of Association, the Company’s initial capital is TL 423,234,000, consisting of 42,323,400,000 bearer shares each of which is equals to TL 0.01. As at 31 December 2023 and 31 December 2022, the Company’s shareholding structure as follows:

	31 December 2023		31 December 2022	
	Amount (TL)	Share (%)	Amount (TL)	Share (%)
Türkiye Wealth Fund	341,127	80.60	341,127	80.60
Qh Oil Investments	42,323	10.00	42,323	10.00
Borsa İstanbul A.Ş.	9,809	2.32	9,809	2.32
Turkish Capital Markets Association	5,502	1.30	5,502	1.30
Other	24,473	5.78	24,473	5.78
<b>Total</b>	<b>423,234</b>	<b>100.00</b>	<b>423,234</b>	<b>100.00</b>

**Restricted reserves**

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

**Retained earnings**

As at 31 December 2023, retained earnings is amounting to TL 5,689,074 (31 December 2022: TL 3,131,896). It was decided in General Assembly dated 2 August 2023 dividend distribution of TL 2.12 gross dividend per share for TL 1 nominal value to shareholders who are eligible to receive dividend.

**Revaluation reserve**

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

**Losses on remeasurements of defined benefit plans**

As at 31 December 2023, actuarial loss recognized under shareholder’s equity in the statement of financial position amounting to TL 72,087 (31 December 2022: TL 36,893).

**Currency translation differences**

It consist of foreign currency exchange differences arising from the translation of the financial statements of the Group’s foreign operations into the presentation currency. For the investments accounted for under the equity method and other subsidiaries subject to consolidation, equities are translated based on closing rates, income and expense items are translated based on average rates. Exchange differences amounting to TL 17,170 are recognized in the “Currency translation differences” (31 December 2022: TL 9,392).

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**NOTE 25- REVENUE AND COST OF SALES**

For the year ended 31 December 2023 and 2022, the details of gross profit are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Service revenue	14,787,592	6,374,444
Less: Sales discounts	(3,186)	(2,674)
<b>Revenue</b>	<b>14,784,406</b>	<b>6,371,770</b>
Cost of sales	(762,543)	(186,946)
<b>Gross profit</b>	<b>14,021,863</b>	<b>6,184,824</b>

For the year ended 31 December 2023 and 2022, the details of service revenue are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Takasbank interest income	4,972,918	1,686,940
Trading revenues	4,119,917	2,005,452
<i>Debt securities</i>	491,202	218,622
<i>Equity market</i>	1,830,174	893,172
<i>Derivatives</i>	789,048	535,063
<i>Takasbank money market</i>	643,608	188,821
<i>Precious metals and diamond market</i>	272,771	141,980
<i>Takasbank security lending market</i>	5,925	8,415
<i>Turkey electronic fund purchase and sale platform</i>	87,189	19,379
Custody and custody related operating income	2,363,909	1,056,034
Listing income	466,852	196,405
Settlement and clearing income	769,584	470,622
Data vending income	764,655	388,331
Security registration income	153,409	44,458
Technology income	283,751	141,788
Additional terminal fee	127,265	62,534
Money transfer service income	99,913	46,024
Membership fee	62,608	28,075
Account management fee	270,890	61,984
License income	68,192	33,957
Technology implementation and consultancy income	91,257	79,102
Gain/loss on valuation of securities	-	10,191
Other service income	172,472	62,547
<b>Total</b>	<b>14,787,592</b>	<b>6,374,444</b>

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**NOTE 25- REVENUE AND COST OF SALES (Continued)**

For the year ended 31 December 2023 and 2022, the details of cost of sales are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Takasbank interest expense	272,626	121,465
Fees and commissions	123,460	65,481
Derivative transaction net expense	344,952	-
Gain/loss on valuation of securities (net)	21,505	-
<b>Total</b>	<b>762,543</b>	<b>186,946</b>

**NOTE 26- GENERAL ADMINISTRATIVE EXPENSES**

For the year ended 31 December 2023 and 2022, the details of general administrative expenses are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Personnel fees and expenses	3,238,911	1,023,231
Depreciation and amortization expenses	174,547	100,845
Maintenance and repairment expenses	130,430	69,646
Taxes and other legal expenses	139,834	94,627
Revenue sharing expenses	48,241	27,726
Electricity, water and natural gas expenses	45,382	42,185
Communication expenses	30,397	17,239
Subcontractor expenses	32,852	14,055
Insurance expenses	12,983	8,489
Advertising expenses (*)	2,350,118	452,966
Travel expenses	17,988	8,464
Consultancy expenses	27,803	11,226
Rent expenses	10,575	4,983
Other expenses	65,026	38,025
<b>Total</b>	<b>6,325,087</b>	<b>1,913,707</b>

(\*) It includes the cash donation TL 2,000,000 for affected by the earthquakes centered by Kahramanmaraş.

For the year ended 31 December 2023 and 2022, personnel expenses are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Gross salaries	1,725,108	604,155
Social benefits	361,583	96,744
Social security contribution	205,882	82,411
Health care expenses	104,946	40,876
Other expenses	841,392	199,045
<b>Total</b>	<b>3,238,911</b>	<b>1,023,231</b>

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**NOTE 26- GENERAL ADMINISTRATIVE EXPENSES (Continued)**

*Expenses by nature*

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Personnel fees and expenses	3,238,911	1,023,231
Takasbank interest expense	272,626	121,465
Depreciation and amortization expenses	174,547	100,845
Maintenance and repairment expenses	130,430	69,646
Taxes and other legal expenses	139,834	94,627
Fees and commissions	123,460	65,481
Revenue sharing expenses	48,241	27,726
Electricity, water and natural gas expenses	45,382	42,185
Communication expenses	30,397	17,239
Subcontractor expenses	32,852	14,055
Insurance expenses	12,983	8,489
Advertising expenses	2,350,118	452,966
Travel expenses	17,988	8,464
Consultancy expenses	27,803	11,226
Rent expenses	10,575	4,983
Derivative transaction net expense	344,952	-
Gain/loss on valuation of securities (net)	21,505	-
Other expenses	65,026	38,025
<b>Total</b>	<b>7,087,630</b>	<b>2,100,653</b>

*Fees for Services Obtained from Independent Auditor/Independent Audit Firm*

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

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Independent audit fee	3,744	1,024
Tax consulting fee	-	-
Other service fee apart from audit	-	-
Other assurance services fee	2,631	403
<b>Total</b>	<b>6,375</b>	<b>1,427</b>

The fees above have been determined by including the legal audit and other related service fees of all subsidiaries.

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**NOTE 27- OTHER OPERATING INCOME AND EXPENSES**

For the year ended 31 December 2023 and 2022, the details of other operating expenses are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Capital Markets Board provision	463,609	300,080
Provision expenses	56,585	226,630
Other expense	4,113	11,430
<b>Total</b>	<b>524,307</b>	<b>538,140</b>

For the year ended 31 December 2023 and 2022, the details of other operating income are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Provision no longer required	68,696	6,183
Rental income	2,114	2,393
Foreign exchange gain	158,524	1,914
Other income	31,850	2,557
<b>Total</b>	<b>261,184</b>	<b>13,047</b>

**NOTE 28- INVESTMENT ACTIVITIES INCOME**

For the year ended 31 December 2023 and 2022, the details of investment activities income are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Increase in fair value of investment properties	187,840	122,455
Dividend income	130	139
<b>Total</b>	<b>187,970</b>	<b>122,594</b>

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**NOTE 29- FINANCIAL INCOME AND EXPENSES**

For the year ended 31 December 2023 and 2022, the details of financial income are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Interest income	652,475	552,580
Gain on fair value of securities	663,074	-
<b>Total</b>	<b>1,315,549</b>	<b>552,580</b>

For the year ended 31 December 2023 and 2022, the details of financial expenses are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Rediscount expense	-	6,902
Other	3,361	416
<b>Total</b>	<b>3,361</b>	<b>7,318</b>

**NOTE 30- TAX ASSETS AND LIABILITIES**

Dividends paid to non-resident corporations, which have a place of business in Türkiye, or resident corporations are not subject to withholding tax. Otherwise, while dividends paid are subject to withholding tax at the rate of 15%, this rate has been changed to 10% published in the Official Gazette dated 22 December 2021 and numbered 31697. An increase in capital via issuing bonus shares is not considered as a profit distribution.

In accordance with the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette on 12 March 2023, with the exceptions and deductions subject to deduction from corporate income in accordance with the Law No. 5520 and the regulations in other laws, by being shown in the corporate tax return for the year 2022. An additional tax - will be charged based on reduced corporate tax. Some exceptions and discounts listed in the Law No. 7440 are outside the scope of additional tax. Corporate tax liability affected by Kahramanmaraş earthquake will be exempt from the additional tax. As of 31 December 2023, related tax amounts are recognized in the financial statements.

As a result of the amendment made in the "The Law on Imposing Additional Motor Vehicles Tax for Compensation for Economic Losses Caused by Earthquakes Occurred on 6 February 2023 and Amending Certain Laws and Decree Law No. 375" published in the Official Gazette dated 15 July 2023, starting from the declarations that must be submitted as of 1 October 2023, the corporate tax rate has been increased from 25% to 30%.

According to the Communiqué No. 32415 (2nd. Repetition) dated 30 December 2023 of the Tax Procedure Law, the balance sheet dated 31 December 2023, prepared in accordance with the Tax Procedure Law, has been corrected within the scope of inflation accounting application by using the Producer Prices General Indices ("PPI") published by the Turkish Statistical Institute.

Corporations are required to pay advance corporation tax quarterly over the rate determined by law. Advance tax is to be declared by the 14<sup>th</sup> day of the second month following each calendar quarter end and is payable by the 17<sup>th</sup> of the second month following each calendar quarter end.

Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

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**NOTE 30- TAX ASSETS AND LIABILITIES (Continued)**

In Türkiye, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25<sup>th</sup> of the fourth month following the close of the financial year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back in order to net-off accumulated gains. As at 31 December 2023 and 31 December 2022, the details of current tax assets and liabilities are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Provision for corporate tax	2,593,100	1,097,048
Prepaid tax	(1,508,886)	(767,441)
<b>Current income tax liabilities</b>	<b>1,084,214</b>	<b>329,607</b>

For the year ended 31 December 2023 and 2022, the details of tax expenses in profit or loss are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Income tax expense	2,593,100	1,097,048
Deferred tax expense/ (income)	(1,216,020)	(841,844)
<b>Total tax expense</b>	<b>1,377,080</b>	<b>255,204</b>

For the year ended 31 December 2023 and 2022, reconciliation is as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
<b>Profit before tax</b>	<b>9,086,373</b>	<b>4,493,922</b>
Income tax charge at effective tax rate	2,725,912	1,123,481
Income from tax exemptions	(920,868)	(127,350)
Non-deductible expenses	733,411	110,564
Temporary differences recognised	(17,786)	-
Effect of changes in tax rate	(203,454)	-
Effect of inflation adjustments according to legal regulation (*)	(928,004)	(798,331)
Other	(12,131)	(53,160)
<b>Tax expense</b>	<b>1,377,080</b>	<b>255,204</b>

(\*) Arises from the deferred tax effect of temporary differences created by the adjustments made to inflation accounting in accordance with the Communiqué No. 32415 (2nd. Repetition) dated 30 December 2023 of the Tax Procedure Law.

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**NOTE 30- TAX ASSETS AND LIABILITIES (Continued)**

**Deferred tax assets and liabilities**

The Group and its subsidiaries calculate deferred tax assets and liabilities considering the effects of the temporary differences arising from the different valuations between the TFRS and the tax financial statements of the balance sheet items. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

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

	31 December 2023		31 December 2022	
	Temporary differences	Deferred tax	Temporary differences	Deferred tax
Property and equipment, intangible assets and investment properties	5,499,413	1,649,824	2,945,032	736,258
Expense accrual for CMB share	463,609	139,083	300,080	75,020
Provision for TFRS 9	138,324	41,497	166,759	41,690
Provision for employee termination benefits	192,217	57,665	102,767	25,692
Lawsuit provision	22,125	6,638	22,825	5,706
Personnel bonus provision	823,126	246,938	176,551	44,138
Provision for unused vacation liabilities	129,839	40,281	55,656	13,914
Financial instruments valuation difference	20,597	6,179	-	-
Deferred income	(16,337)	(4,901)	-	-
Other	90,487	27,146	137,788	34,447
<b>Toplam</b>		<b>2,210,350</b>		<b>976,865</b>

As at 31 December 2023, deferred tax asset amounting to TL 2,210,350 (31 December 2022: TL 976,865) is reflected to the Group’s financial statements and there is no deferred tax liability (31 December 2022: None).

For the year ended 31 December 2023 and 2022, the movements of net deferred tax assets / (liabilities) are as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
<b>Beginning balance</b>	<b>976,865</b>	<b>124,919</b>
Deferred tax income / (expense)	1,216,020	841,844
Other comprehensive income tax that will never be reclassified to profit or loss	17,465	10,102
<b>Ending balance</b>	<b>2,210,350</b>	<b>976,865</b>



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**NOTE 31- RELATED PARTY DISCLOSURES**

**Key management personnel compensation**

For the year ended 31 December 2023 and 2022, salaries and similar benefits provided to members of key management are amounting to TL 42,833 and TL 24,071.

***Trade receivables from related parties***

	<b>31 December 2023</b>	<b>31 December 2022</b>
Halk Yatırım Menkul Değerler A.Ş.	14,713	8,584
T.C. Ziraat Bankası A.Ş.	9,322	3,579
Türkiye Halk Bankası A.Ş.	19,058	10,020
Ziraat Yatırım Menkul Değerler A.Ş.	21,551	86,869
Other	10,161	5,233
<b>Total</b>	<b>74,805</b>	<b>114,285</b>

***Trade payables to related parties***

	<b>31 December 2023</b>	<b>31 December 2022</b>
Halk Yatırım Menkul Değerler A.Ş.	3,468	9,920
Türkiye Halk Bankası A.Ş.	4,863	17,986
Türkiye Hayat ve Emeklilik A.Ş.	51	13
Ziraat Yatırım Menkul Değerler A.Ş.	9,558	37,175
Other	13,039	8,896
<b>Total</b>	<b>30,979</b>	<b>73,990</b>

***Other payables to related parties***

	<b>31 December 2023</b>	<b>31 December 2022</b>
Türkiye Wealth Fund	1,500,000	-
<b>Total</b>	<b>1,500,000</b>	<b>-</b>

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Botaş A.Ş.	1,276,700	1,075,778
Halk Faktoring A.Ş.	250,056	75,975
Halk Yatırım Menkul Değerler A.Ş.	1,520,241	373,355
Türkiye Halk Bankası A.Ş.	70,092	25,597
Türkiye Hayat ve Emeklilik A.Ş.	101,225	6,321
Ziraat Yatırım Menkul Değerler A.Ş.	1,099,598	907,736
Other	1,474,124	190,847
<b>Total</b>	<b>5,792,036</b>	<b>2,655,609</b>

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**NOTE 31- RELATED PARTY DISCLOSURES (Continued)**

***Related party transactions***

<b>1 January – 31 December 2023</b>	<b>Sales</b>	<b>Purchases</b>	<b>Financial income</b>
Halk Yatırım Menkul Değerler A.Ş.	162,448	-	1,913
Superonline İletişim Hizmetleri AŞ	20	4,209	-
T.C. Ziraat Bankası A.Ş.	366,355	30,630	244,794
Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş	66	-	-
Türkiye Halk Bankası A.Ş.	1,930,031	-	210,337
Ziraat Yatırım Menkul Değerler A.Ş	252,747	-	-
Türkiye Varlık Fonu	-	3,201,480	-
Other	600,066	54,406	29,399
<b>Total</b>	<b>3,311,733</b>	<b>3,290,725</b>	<b>486,443</b>

***Related party transactions***

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

**NOTE 32- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL  
INSTRUMENTS**

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

***Credit risk***

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

***Market risk***

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

***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations as associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group generally generates funds by liquidating its short-term financial instruments such as collecting its receivables. The Group manages its liquidity risk by allocating its resources to obtain adequate reserves for recovering its current and potential liabilities, with time deposits, investment funds and government bond investments.

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**NOTE 32- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL  
INSTRUMENTS (Continued)**

**32.1 Credit risk**

As at 31 December 2023 and 31 December 2022, credit risk exposure of the Group in terms of financial instruments are as follows:

<b>31 December 2023</b>	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Cash and cash equivalents</b>	<b>Financial investments</b>	<b>Derivative instrument</b>
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D)</b>	<b>2,710,693</b>	<b>6,140</b>	<b>118,332,323</b>	<b>4,008,677</b>	<b>55,113</b>
- Guaranteed part of maximum credit risk with collaterals etc	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	2,721,705	6,140	118,455,139	4,008,677	55,113
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	-
- Overdue (Gross book value)	634	-	-	-	-
- Impairment (-)	(634)	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-
D. Expected credit losses	(11,012)	-	(122,816)	-	-

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

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**NOTE 32- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL  
INSTRUMENTS (Continued)**

**32.2 Liquidity risk**

Liquidity risk is the Group’s default in meeting its net funding liabilities. Events causing a decrease in funding resources such as; market deteriorations or decrease in credit ratings are major reasons of liquidity risk. The Group manages its liquidity risk by allocating its resources to obtain adequate reserves for recovering its current and potential liabilities by holding appropriate level of cash and cash equivalents. As at 31 December 2023 and 31 December 2022, the table below represents the gross amount of un-discounted cash flows related to financial liabilities based on the remaining maturities:

<b>31 December 2023</b>	<b>Carrying value</b>	<b>Contractual cash flows</b>	<b>Up to 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>
<b>Current liabilities</b>					
Short term borrowings	5,651,092	5,651,092	5,651,092	-	-
Lease liabilities	1,486	1,542	481	1,061	-
Trade and other payables	17,955,180	17,955,180	17,955,180	-	-
Other current liabilities	91,591,395	91,591,395	91,591,395	-	-
<b>Non-current liabilities</b>					
Lease liabilities	1,589	2,582	-	-	2,582
Other non-current liabilities	22,668	22,668	-	-	22,668
<b>Total</b>	<b>115,223,410</b>	<b>115,224,459</b>	<b>115,198,148</b>	<b>1,061</b>	<b>25,250</b>
<b>31 December 2022</b>					
	<b>Carrying value</b>	<b>Contractual cash flows</b>	<b>Up to 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>
<b>Current liabilities</b>					
Short term borrowings	7,028,263	7,028,263	7,028,263	-	-
Lease liabilities	7,390	8,545	2,097	6,448	-
Trade and other payables	3,721,895	3,728,797	3,728,797	-	-
Other current liabilities	70,750,232	70,750,232	70,750,232	-	-
<b>Non-current liabilities</b>					
Lease liabilities	5,164	10,153	-	-	10,153
Other non-current liabilities	15,806	15,806	-	-	15,806
<b>Total</b>	<b>81,528,750</b>	<b>81,541,796</b>	<b>81,509,389</b>	<b>6,448</b>	<b>25,959</b>

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**NOTE 32- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL  
INSTRUMENTS (Continued)**

**32.3 Market risk**

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

***Foreign currency risk***

The Group is exposed to foreign currency risk due to the changes in foreign exchange rates while having assets, liabilities or off statement of financial position items denominated in foreign currencies. As at 31 December 2023 and 31 December 2022, the foreign exchange rates used by the Group for translation of the transactions in foreign currencies are as follows:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>Asset</b>	<b>Liability</b>	<b>Asset</b>	<b>Liability</b>
USD	29.4382	29.4913	18.7029	18.7366
EUR	32.5739	32.6326	19.9806	20.0166

While converting the foreign currency transactions of Takasbank, one of the subsidiaries of the Group, the foreign exchange buying rates of the Central Bank of the Republic of Türkiye on 29 December 2023 were used as a base (29.4382 for the USD and 32.5739 for the EUR).

As at 31 December 2023 and 31 December 2022, the table below summarizes the foreign currency position risk of the Group carrying value of assets and liabilities held by the Group in foreign currencies (in TL equivalent) are as follows:

	<b>31 December 2023</b>			<b>31 December 2022</b>		
	<b>TL</b>	<b>USD</b>	<b>EUR</b>	<b>TL</b>	<b>USD</b>	<b>EUR</b>
Cash and cash equivalents	29,902,615	707,119	278,944	19,032,965	723,967	275,698
Trade receivables	38,367	1,303	-	15,986	853	1
Financial investments	3,379,883	114,813	-	2,521,911	28,178	100,078
Other current assets	34,934	992	176	10,824	386	181
<b>Total assets</b>	<b>33,355,799</b>	<b>824,227</b>	<b>279,120</b>	<b>21,581,686</b>	<b>753,384</b>	<b>375,958</b>
Short term borrowings	5,521,256	167,076	18,506	6,821,660	186,551	167,218
Other current liabilities	17,990,467	389,589	200,211	12,279,923	444,601	198,978
Trade payables	13,604,689	401,949	54,397	2,377,918	118,910	7,746
<b>Total liabilities</b>	<b>37,116,412</b>	<b>958,614</b>	<b>273,114</b>	<b>21,479,501</b>	<b>750,062</b>	<b>373,942</b>
Derivative financial instruments	(4,415,730)	(150,000)	-	-	-	-
<b>Net exposure</b>	<b>655,117</b>	<b>15,613</b>	<b>6,006</b>	<b>102,185</b>	<b>3,322</b>	<b>2,016</b>

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**NOTE 32- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL  
INSTRUMENTS (Continued)**

*Exposure to foreign currency risk*

For the year ended 31 December 2023 and 2022, an appreciation/ (depreciation) of the TL by 10% against the other currencies below would have increased/ (decreased) the equity and profit/loss (excluding the tax effect):

**Foreign exchange sensitivity analysis table**

	Profit/(Loss)		Shareholder’s equity	
	Strengthening of foreign currency	Weakening of foreign currency	Strengthening of foreign currency	Weakening of foreign currency
<b>31 December 2023</b>				
<b>Increase/(decrease) 10% of USD</b>				
1- USD net asset/liability	45,962	(45,962)	45,962	(45,962)
2- Hedged portion of USD amounts (-)	-	-	-	-
<b>3- Net effect of USD (1+2)</b>	<b>45,962</b>	<b>(45,962)</b>	<b>45,962</b>	<b>(45,962)</b>
<b>Increase/(decrease) 10% of EURO</b>				
4- EURO net asset/liability	19,564	(19,564)	19,564	(19,564)
5- Hedged portion of EURO amounts (-)	-	-	-	-
<b>6- Net effect of EURO (4+5)</b>	<b>19,564</b>	<b>(19,564)</b>	<b>19,564</b>	<b>(19,564)</b>
<b>TOTAL (3+6)</b>	<b>65,526</b>	<b>(65,526)</b>	<b>65,526</b>	<b>(65,526)</b>

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

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**NOTE 32- NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL  
INSTRUMENTS (Continued)**

***Interest rate risk***

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

As at 31 December 2023 and 31 December 2022, the Group’s interest rate sensitive financial instruments’ allocation are presented below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Financial assets</b>		
Bank deposits	113,207,662	81,861,373
Reverse repo receivables	10	47
Financial assets measured at amortized cost	3,969,030	3,032,218
Deposits more than 3 months	-	1,344,566
Financial assets at fair value through profit or loss	39,647	59,632
Derivative financial instruments	55,113	-
<b>Financial liabilities</b>		
Short term borrowings	5,651,092	7,028,263
Lease liabilities	3,075	12,554

**NOTE 33- FINANCIAL INSTRUMENTS**

***Fair value of financial instruments***

Fair value is the price for which an asset could be exchanged on the date of valuation between a willing parties in a current transaction.

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

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

***Financial assets***

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

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

***Financial liabilities***

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

**CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**BORSA İSTANBUL A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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

**NOTE 33- FINANCIAL INSTRUMENTS (Continued)**

<b>31 December 2023</b>	<b>Carrying value</b>	<b>Fair value</b>
<b>Financial assets</b>		
Cash and cash equivalents	118,332,411	118,332,411
Trade and other receivables	2,716,833	2,716,833
Derivative financial instruments	55,113	55,113
Financial assets measured at amortized cost	3,969,030	3,969,030
Financial assets at fair value through profit or loss	39,647	39,647

<b>Financial liabilities</b>		
Borrowings	5,651,092	5,651,092
Lease liabilities	3,075	3,075
Trade and other payables	17,955,180	17,955,180

<b>31 December 2022</b>	<b>Carrying value</b>	<b>Fair value</b>
<b>Financial assets</b>		
Cash and cash equivalents	81,449,970	81,449,970
Trade and other receivables	3,274,475	3,274,475
Financial assets measured at amortized cost	3,032,218	3,032,218
Deposits more than 3 months	1,344,566	1,344,566
Financial assets at fair value through profit or loss	59,632	59,632

<b>Financial liabilities</b>		
Borrowings	7,028,263	7,028,263
Lease liabilities	12,554	12,554
Trade and other payables	3,721,895	3,721,895

As at 31 December 2023 and 31 December 2022, the fair value classification of the financial assets at amortized cost of the Group is Level 2.

***Classification relevant to fair value information***

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

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

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

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



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

**NOTE 33- FINANCIAL INSTRUMENTS (Continued)**

*Classification relevant to fair value information (Continued)*

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

<b>31 December 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Investment funds	521,000	-	-	521,000
Derivative financial instruments	-	55,113	-	55,113
Financial assets at fair value through other comprehensive income	-	-	7,583	7,583
<b>Total</b>	<b>521,000</b>	<b>55,113</b>	<b>7,583</b>	<b>583,696</b>

<b>31 December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Investment funds	212,346	-	-	212,346
Derivative financial instruments	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	7,583	7,583
<b>Total</b>	<b>212,346</b>	<b>-</b>	<b>7,583</b>	<b>219,929</b>

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

As at 31 December 2023 and 31 December 2022, real estates classified as investment property in the financial statements are carried at fair value. Level 2 inputs are used to determine fair value of investment properties. The fair value of the investment properties amounting to TL 394,470 is determined using the market value approach as stated in the valuation reports (31 December 2022: TL 206,630). Related valuation methods and accounting policies are explained in Note 2.10.

**NOTE 34- SUBSEQUENT EVENTS**

None.

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