



# Independent Auditor's Report on the Board of Directors' Annual Report



## Güney Bağımsız Denetim ve SMMM A.Ş.

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### (Convenience translation of a report originally issued in Turkish)

### INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders of Borsa İstanbul Anonim Şirketi

#### 1) Opinion

We have audited the annual report of Borsa İstanbul Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period of 1/1/2020-31/12/2020.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

#### 2) Basis for Opinion

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

#### 3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated February 17, 2021 on the full set consolidated financial statements of the Group for the period of 1/1/2020-31/12/2020.

#### 4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC"), the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- The annual report also includes the matters below:
  - Subsequent events occurred after the end of the fiscal year which have significance,
  - The research and development activities of the Group,
  - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

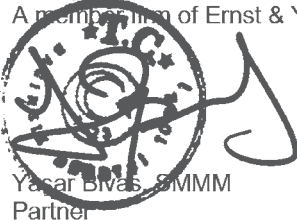
## 5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Yaşar Bivas.

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



Yaşar Bivas, SMMM  
Partner

February 26, 2021  
İstanbul, Türkiye

### **BORSA İSTANBUL EXCHANGE GROUP**

Borsa İstanbul, which dates back to 1873, was incorporated in 2012 and also has included the gold and derivatives markets, while increasing its stake in Takas İstanbul and Merkezi Kayıt İstanbul. Accordingly, Borsa İstanbul Exchange Group structure was established which provides efficient access to Turkish capital markets with a wide range of financial services. With an integrated business model, Borsa İstanbul Exchange Group offers listing, trading, settlement and custody operations of capital markets instruments, notably equities, derivative products, fixed income securities, precious metals and diamonds and Islamic finance products.



For information about actual developments, please visit the Borsa İstanbul website and follow us on social media.

<https://www.borsaistanbul.com/en>

<https://twitter.com/borsaistanbul>

<https://www.linkedin.com/company/borsaistanbul/>

<https://www.youtube.com/borsaistanbul>

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## About the Report

### PERIOD AND SCOPE OF THE REPORT

In its annual report, prepared for the fourth time as an integrated report, Borsa İstanbul A.Ş. (Borsa, Borsa İstanbul, the Company) aims to inform its stakeholders of the resources and relations used and affected by the Company, and presents financial, environmental and social outcomes of its operations.

The 2020 Annual Integrated Report reflects Borsa İstanbul's objective of "carrying out its operations in a financially, environmentally and socially responsible manner, creating added value for the society, and supporting the economic growth". The report also provides an inclusive overview of the Company's performance, progress, and strategic initiatives.

The report presents Borsa İstanbul's strategy and business model, the factors affecting Borsa İstanbul, significant risks, opportunities, governance, and its financial and operational performance between 1 January and 31 December 2020. Where relevant, information and explanations concerning Borsa İstanbul Group companies, which are İstanbul Takas ve Saklama Bankası A.Ş. (Takasbank, Takas İstanbul) and Merkezi Kayıt Kuruluşu A.Ş. (the

Central Securities Depository-Merkezi Kayıt İstanbul, MKK) are also included.

The report addresses the information pertaining to the financial and non-financial performance of Borsa İstanbul with an integrated approach. Borsa İstanbul's 31 December 2020 dated financial statements and the footnotes to the financial statements, both independently audited, are complementary to and an integral part of this report.

The report is in accordance with the principles and requirements, which make up the standards contained in the Turkey Financial Reporting Standards (TFRS), International Integrated Reporting Framework <IR> of the International Integrated Reporting Council, and the Global Reporting Initiative (GRI).

### THE MATERIALITY APPROACH

The report provides information that we consider material to existing and potential investors and all other stakeholders, who seek to carry out an informed assessment of Borsa İstanbul's ability to generate value in the short, medium and long term. The impact of our activities, performance and business model on the generation of value, our evaluations regarding the responses to be given to the emerging risks and opportunities in the context

of our company strategy, our senior management staff and our corporate governance practices are included in the report.

### ASSESSMENTS FOR THE FUTURE

The report includes Borsa İstanbul's financial status, outcomes of its activities and some future-oriented statements regarding its activities. These statements and projections also set out the risks and uncertainties, as they are related to events and depend on the conditions which will arise in the future. A number of factors could result in actual outcomes or developments deviating from these future-oriented assessments.

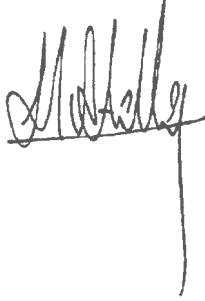
## RESPONSIBILITY OF THE BOARD OF DIRECTORS REGARDING THE INTEGRATED ANNUAL REPORT

2020 Integrated Annual Report explains how Borsa İstanbul uses its financial, human, intellectual, manufactured, natural, and social and relationship capital with the value that it generated during the reporting period.

On behalf of Borsa İstanbul Board of Directors, we believe that this report, which was prepared in accordance with the international integrated reporting framework <IR>, addresses all relevant issues, and we accept the responsibility for ensuring the integrity of the report.

We present the report to you, our valuable stakeholders, and invite you to leave feedback on our financial performance and the value presented.

On behalf of the Board of Directors,



**Mr. Mehmet Hakan ATILLA**  
CEO, Board Member



**Prof. Dr. Eriřah ARICAN**  
Chairperson





# A Stable and Stronger Economy

Contributing to Turkey's financial stability is a key objective for Borsa İstanbul, which has grown in profitability, as it builds the capital markets of the future by developing its products and services.

2.5

(TL billion)

operating revenues

1.4

(TL billion)

net profit

43%

increase

net profit, compared to the previous year

## CEO's Assessment

On behalf of Borsa İstanbul Group, I am pleased to present to you, our esteemed stakeholders, our perspective on the future, as well as the value we created in 2020; a year which was full of records in terms of traded values in all markets, equity indices, and the number of investors.

8



Dear Stakeholders of the Borsa İstanbul Group,

We have left behind a year that was challenging but successful from our perspective. When we look at this period, a time in which we had to work under extraordinary conditions due to the Covid-19 pandemic, during which we were anxious about our health, our families, and our loved ones, I am delighted to report that we managed the process successfully and exceeded our operational and financial targets. During this period, we had the pleasure of helping Turkish economy function by providing reliable and uninterrupted access to our markets, striving together, and producing new work.

#### The markets we operate

The year 2020 will go down in history as a year marked by the devastating consequences of the pandemic, which directly affected global financial markets. In addition to the effects of the measures taken and restrictions implemented on the real sector, the disruption to global capital flows subjected the capital markets, especially the markets of developing countries, to a rigorous resilience test. During this period, we saw faster and larger-scale capital outflows compared to previous crisis periods. In 2020, foreign investors' net sales had amounted to TL 41 billion as of October, although this figure narrowed to TL 32.5 billion by the end of the year with net purchases in the closing weeks of the year.

On the other hand, while our capital market has undergone what was perhaps the most challenging year in recent history, it has demonstrated that it offers unique opportunities for both companies and investors seeking to make use of their savings. In

**64%**  
increase

**The number of investors owning shares in the stock market increased by 64%, reaching 2 million.**

2020, eight companies which carried out IPOs amounting to TL 1.1 billion in Borsa İstanbul were listed while 1,254 debt instruments were issued and approximately TL 200 billion in funding was raised. The monetary expansion occurred in the domestic market after interest rate cuts accelerated the tendency of individual savings towards capital markets. Thus, due to the demand from our domestic investors, our equity indices reached record highs during the year. For example, on an annual basis, BIST 100 Index rose by 29%, BIST All-Shares Index rose by 40% and BIST IPO Index rose by 197%. With the contribution of IPOs, which attracted a great deal of interest from individual investors, the number of investors increased by 64% compared to the previous year to reach 2 million by the end of the year. Early data for 2021 indicates that this number will grow.

We reached a record for daily traded value in Equity Market on 12 November, with TL 64 billion. On the same day, we also reached a record with daily traded value of TL 4.2 billion in the Precious Metals and Diamond Markets. Daily traded value in the Debt Securities Market broke a new record, with TL 6.7 billion trade volume, on 20 April. On 1 September, a new record was set for repo volume, of TL 165 billion. In the Derivatives Market, we reached TL 25.7 billion of record daily traded value on 19 November. The highest increase in the annual traded value was in the Precious Metals and Diamond Markets with a 308% increase, followed by Equity Market (210%), Derivatives Market (98%), and Debt Securities Market (33%).

Strong operational performance has resulted in record financial returns. Borsa İstanbul Group increased its operating revenues by 24% to TL 2.5 billion and its net profit increased by 43% to TL 1.4 billion.

### New products and services

During this period, when we notched up the highest traded value in the history of Borsa İstanbul, our focus was, as always, to take new steps to improve Turkish capital market.

To increase the time overlap with foreign markets, we launched the After Hours Session (Evening Session) in the Derivatives Market on 17 January. As a result, trading for the index, USD/ounce gold and silver futures contracts could also be carried out between 7PM and 11PM and investors in America and Europe could access our derivative products for a longer duration. We also opened the FX derivative products with flexible maturity to enable companies and investors to manage currency risk. On 16 November, we opened the Precious Metals Swap Market and expanded the scope of swaps.

We restructured the sub-markets of Equity Market for the convenience of investors. In addition, the changes we carried out to the principles of trading, the criteria for cross-market transition and being listed were among the important steps which improved depth in the markets. Circuit breaker applications, which prevent excessive price volatility and protect investor interests, were included among our additional measures.

Last year, the intense interest from individual investors in the capital markets was a positive factor in Borsa İstanbul in reaching its potential. However, for the first time we have noted that it is necessary to raise awareness among people who invest in the stock market. We released educational and informative videos

**43%**  
increase

**Our net profit exceeded TL 1.4 billion with an increase of 43%.**

to reach a wide audience to provide accurate information for investors and raise their awareness. We also prepared content to promote listed companies to investors. In 2020, we continued to take steps related to "sustainability; we prepared Sustainability Guide under the theme of "To Exist in the Future" for companies by taking the comments and suggestions of a large stakeholder group, and published it on our website in August.

### Our employees

Supporting the well-being of employees and investing in their development is no longer merely a factor which provides advantages: it has become a vital necessity to ensure long-term resilience and growth. We have protected the health and safety of our employees by allowing them to work from home and by taking necessary measures at the offices, while our business continuity plans and activities have been deployed effectively. During this period, I would like to once again like to thank the valuable staff of the Borsa İstanbul Group for their devoted work.

### Our shareholders

Borsa İstanbul's strategy, which is based on deepening markets, sustainable profitable growth and product and service diversity, continues to increase the long-term value of the company. I am pleased to see QH Oil Investments, which is 100% subsidiary of the Qatar Investment Authority, as a long-term investor in Borsa İstanbul by taking over 10% of our capital from Türkiye Wealth Fund (Türkiye Varlık Fonu) in November.

In accordance with our profit distribution policy, we distributed TL 231 million in dividends to our shareholders last year. We aim to distribute dividends on a steady basis in the coming years, taking into account the balance between our long-term growth objectives and the national and global economic conditions.

### Looking forward

Financial markets have significantly changed through regulations as well as technological and macroeconomic factors. We are currently living in a period when this process of change has become accelerated. Adopting an innovative approach, expanding product diversity, and providing a liquid and reliable integrated marketplace are important not only for the development of Borsa İstanbul Group, but also for Turkey's financial stability. In this respect, managing change and ensuring that Borsa İstanbul Group maintains long-term, sustainable and profitable growth in these changing conditions is our top priority.

The successes we achieved last year, our increased stakeholder interaction and the resilience we have demonstrated in difficult conditions are important milestones in our journey. As part of our long-term gains, we will reach far more investors with the new products and services which we will offer in 2021 and beyond. Next year, we will further consolidate Borsa İstanbul's position as an important financing platform for the companies in Turkey and a primary source of capital accumulation for investors. As we did this year, we will continue to act

**100%**  
session continuity

**There was no interruption in our markets, with a 100% session continuity rate.**

towards the implementation of sound judgement and the most efficient use of resources by maximizing communication and the exchange of ideas with all our stakeholders.

### Appreciation

I would like to thank Borsa İstanbul's valuable employees, shareholders, members and business partners for their trust and standing by me in this journey.

On behalf of Borsa İstanbul Group, I am delighted to present the value we have generated for you, our valuable stakeholders, through our 2020 integrated annual report, a year in which we reached all-time highs for traded values in all markets and recorded record growth in the number of investors.

Respectfully,

**Mr. Mehmet Hakan Atilla**  
**CEO & Board Member**



# Resources Provided to Turkish Economy

With IPOs and issuances of debt instruments on Borsa İstanbul, more than TL 200 billion was provided to the economy.

8

companies

went public through initial public offering (IPO).

1,254

debt instruments were issued.

2

(million)

is the number of investors at the end of 2020.

# 2020 in Numbers

## Summary Financial Performance

	2017	2018	2019	2020	Annual Increase
Revenues	1,047	1,539	1,991	2,477	24%
Operating Profit	532	1,184	1,195	1,678	40%
Profit Before Tax	542	1,359	1,294	1,825	41%
Net Profit for the Period	420	1,174	1,009	1,445	43%
Total Assets	11,882	13,286	18,374	27,907	52%
Total Liabilities	10,319	10,620	14,914	23,336	56%
Total Shareholders' Equity	1,563	2,666	3,460	4,571	32%
Operating Profit Margin	51%	77%	60%	68%	
Net Profit Margin	40%	76%	51%	58%	

### Operating Revenues

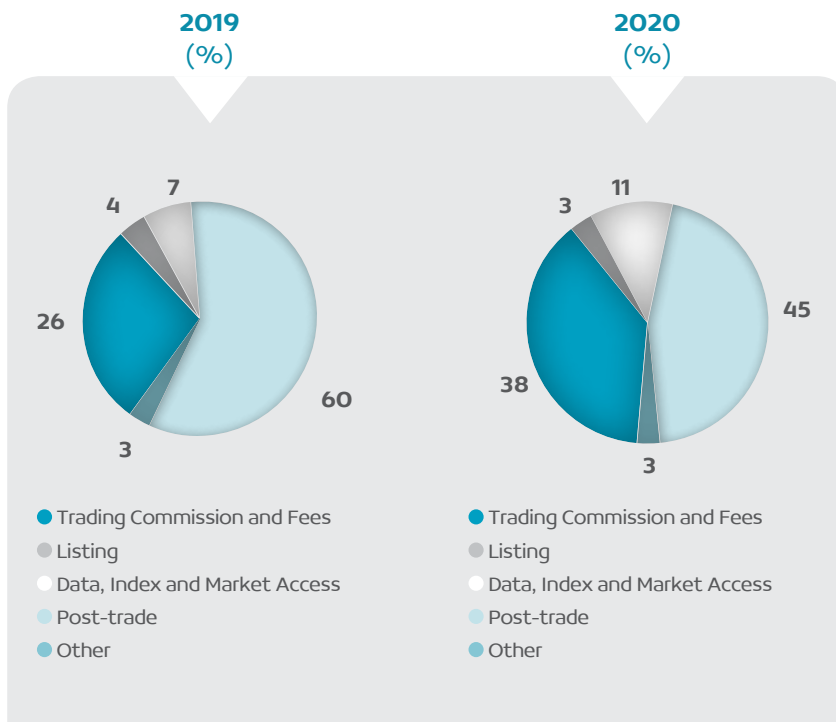
**2,477**  
(TL million)  
**24%**  
(annual increase rate)

### Net Kâr

**1,445**  
(TL million)  
**43%**  
(annual increase rate)

14

## Revenue Breakdown (%)

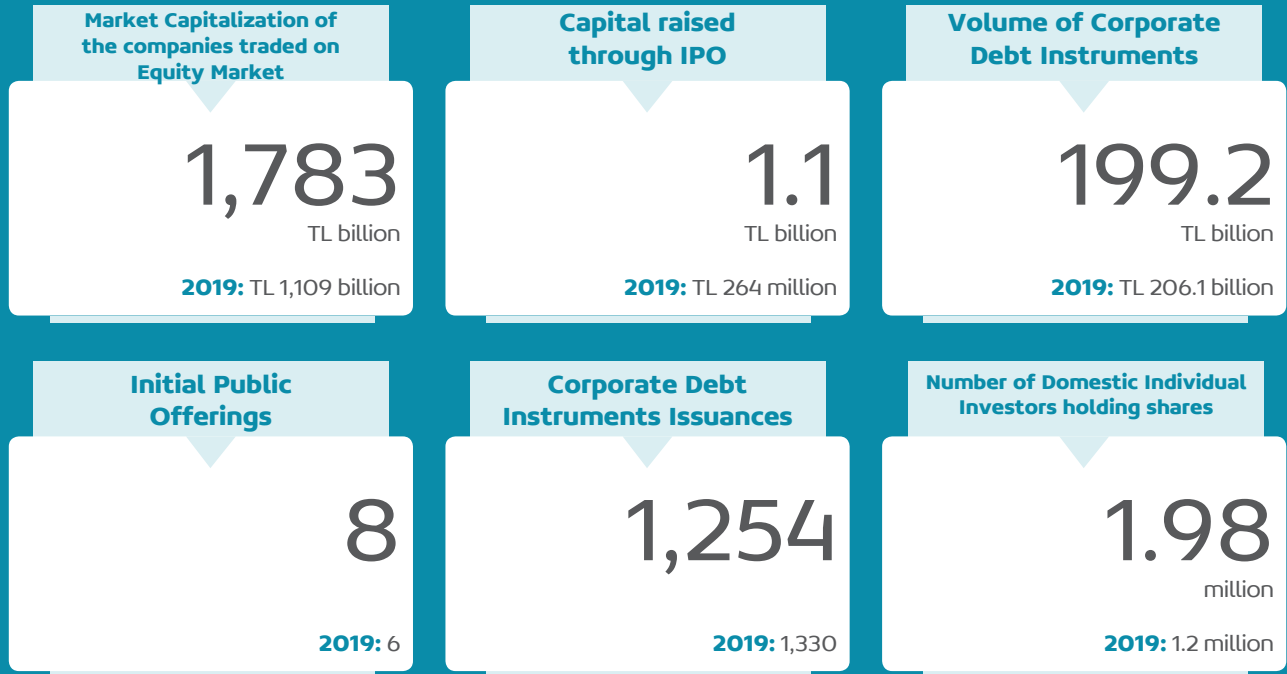


	2020 Revenue (TL Million)	Contribution to Total Revenue (%)	Change (According to 2019)
Trading Commission and Fees	941	38%	83
Listing	80	3%	-2%
Data, Index and Market Access	263	11%	77%
Post-trade	1,115	45%	-7%
Other	81	3%	43%

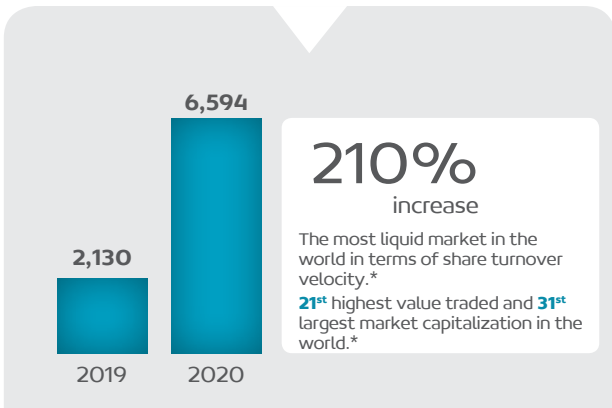
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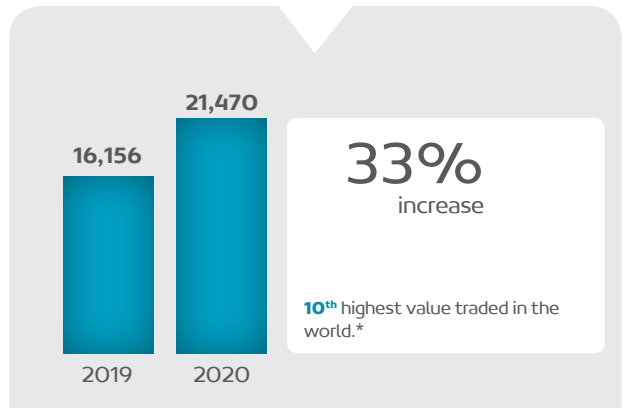
## Summary Operational Performance



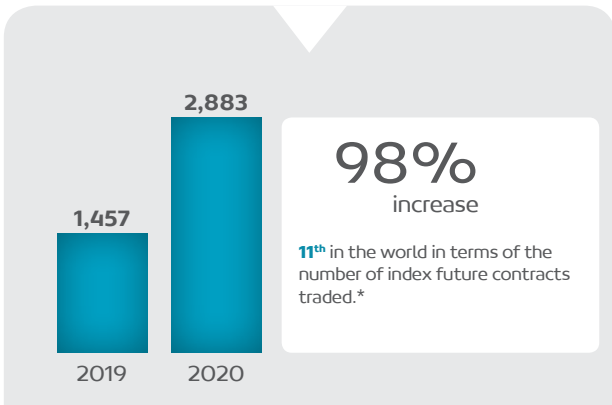
**Equity Market, Value Traded**  
(TL, Billions)



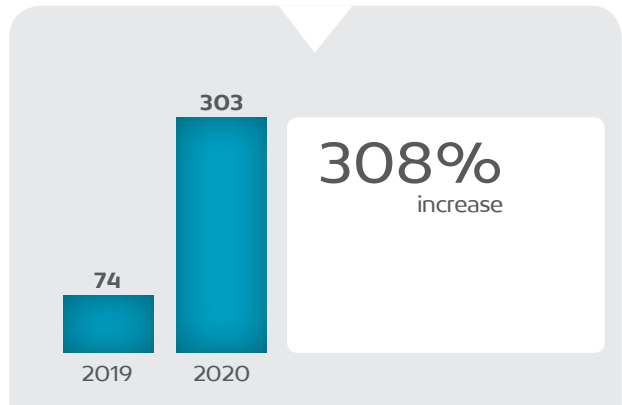
**Debt Securities Market, Value Traded**  
(TL, Billions)



**Derivatives Market, Value Traded**  
(TL, Billions)



**Precious Metals and Diamond Markets, Value Traded**  
(TL, Billions)



## Highlights

Evening sessions started on Derivatives Market.	<b>January</b>	
	<b>February</b>	Vehicle Exchange System introduced by Takasbank.
Circuit Breaker Trigger Rate removed for upper limit.	<b>March</b>	
Exchange Traded Funds included in the closing session.		
	<b>April</b>	Options based on ASELS stock introduced. BIST 100 Weight Limited 25 and BIST 30 Weight Limited 25 indices started to be calculated.
Integration of Trader Evolution completed.	<b>June</b>	
	<b>July</b>	Stock indices re-indexed with the removal of two zeroes. Euroclear Omnibus Custody account opened.
Equity Market Directive updated.	<b>August</b>	
Sustainability Guide published.		
Data Analysis Platform (DAP) introduced.		
	<b>September</b>	The structure of Equity Market has been re-organized. USD/TL Contracts with flexible maturity introduced. Central Securities Depository Real Estate Information Center established. Investor Risk Tracking System (IRMS) started operation.
	<b>November</b>	Precious Metals Swap Market opened. Futures based on the GUBRF, OYAKC, SOKM and VESTL stocks opened for trading.

## MARKETS AND LISTING

There are four main markets in Borsa İstanbul; Equity Market, Debt Securities Market, Derivatives Market and Precious Metals and Diamond Markets. Last year, 100% session continuity was maintained in these markets.

	2020 Revenue (TL Million)	Contribution to Total Revenue	Change (Compared to 2019)
<b>Trading commission and fees</b>	<b>941</b>	<b>38%</b>	<b>83%</b>
Debt Securities Market	273	11%	22%
Equity Market	343	14%	191%
Derivatives Market	200	8%	99%
Precious Metals and Diamond Markets	76	3%	128%
Other*	48	2%	28%
<b>Listing</b>	<b>80</b>	<b>3%</b>	<b>-2%</b>

\*Takasbank Money Market, Takasbank Securities Lending Market and the Turkey electronic fund trading platform

	Major Developments in 2020	Key Indicators	Objectives
<b>EQUITY MARKET</b>	<b>Records and Events:</b>	<b>Total traded value</b>	<ul style="list-style-type: none"> <li>Ensuring the market making system is effective and efficient</li> <li>Development of trading rules for warrants</li> <li>Development of the maximum TL application in orders</li> <li>Ensuring uninterrupted session continuity</li> </ul>
Equities, Exchange Traded Funds, Warrants, Certificates, Participation	On 12 November, the number of daily contracts traded reached 4.1 million, with traded volume of 12.2 billion lots and traded value of TL 64 billion, breaking an all-time record for daily figures.	TL 6,594 billion (2019: TL 2,130 billion)	
Certificates of Venture Capital Investment Funds and Real Estate Investment Funds, and Real Estate Certificates are traded in the Equity Market.	On 30 December, BIST 100 index broke an all-time high at 1,479.91 points. The index closed the year at 1,476.72 points.  The ratio of High Frequency Trades (HFT) transactions in the total traded value of the Equity Market reached its highest ever level, at 25.46% in November, with a 2020 average of 19.53%.	<b>Total market capitalization</b> TL 1.8 trillion (2019: TL 1.1 trillion)	
	<b>New Developments:</b>	<b>Number of investors holding shares:</b>	
	On 10 August, the Market-Wide Circuit Breaker System (MWCB) Application was put into use. With this application, if BIST 100 Index falls or rises by 5% as the first threshold and falls or rises by 7% in the second threshold compared to the previous day's close, the MWCB is activated. Transactions are then suspended temporarily in Equity Market, Equity and Equity Index contracts in Derivatives Market and in Debt Securities Equity Repo Market.	2 million (2019: 1.2 million)	
	In the Pre-Trade Risk Management Module (PTRM), various steps were commissioned to address market needs.		
	On 25 September, a regulation was put in place regarding orders to be distributed in public offerings in Equity Market and the distribution time. With this regulation, orders in the public offering distribution are unified on an investor basis by using the Central Securities Depository registration number, thus allowing more investors to benefit from public offerings.		
	The new market structure in the Equity Market entered force on 1 October.		

**DEBT SECURITIES MARKET**

Debt Securities Market (DSM) is the organized market where both outright purchase and sales transactions and repo- reverse repo transactions, and eurobond trading transactions are carried out.

The Money Market has been operating under DSM since October 2016.

In the Money Swap Market, which was opened in October 2018, USD and EUR swap transactions are carried out in the equivalent of Turkish Lira.

In November 2020, the Precious Metals Swap Market started operations and Turkish Lira, USD and EUR swap contracts were opened for transaction in the equivalent of gold.

**Records and Events:**

A new record for daily traded value was reached in the Outright Purchases and Sales Market, with TL 6.7 billion on 20 April. On 1 September, a record TL 165 billion in repo-reverse repo traded value was recorded.

**New Developments:**

Precious Metals Swap Market was launched on 16 November 2020 and the scope of swap transactions was expanded.

Technical work was completed for the implementation of a single price session for certain securities in the Outright Purchases and Sales Market. The legislative work is expected to be completed for the implementation.

A part of the demands from market members was met by conducting technical improvements in BISTECH System.

New features were added to the BISTECH PTRM System by taking member requests into account.

Measures were carried out and put in use for the government bonds based on the TLREF issued by the Ministry of the Treasury and Finance and for government bonds based on the TLREF Index, to be traded over a clean price during the payment periods with a variable interest coupon.

The maximum period between the start and end value dates of orders was increased to 365 days in order to increase the traded value in the Swap Market and to perform swap transactions with longer maturities.

In order to facilitate the realization of large-value transactions in the Repo- Reverse Repo Market, the upper size limit for orders which can be transmitted at any one time was increased.

In order to enable the realization of low value transactions, involving securities issued in US Dollars (USD) and Euro (EUR) denominations by the Ministry of Treasury and Finance on the Outright Purchases and Sales Market, the lower limit for any order which can be transmitted at any one time for securities issued in foreign currency terms was reduced.

**Total traded value**

TL 21,470 billion (2019: TL 16,156 billion)

**Outright Purchases and Sales Market traded value**

TL 421 billion (2019: TL 452 billion)

**Repo-Reverse Repo Market traded value**

TL 19 trillion (2019: TL 14.1 trillion)

**Money Swap Market traded value**

TL 2 trillion (2019: TL 1.5 trillion)

- Functional improvements in the BISTECH platform
- Moving SWAP markets to BISTECH platform
- Moving the registration system to the BISTECH platform
- Ensuring uninterrupted session continuity

## DERIVATIVES MARKET

Derivatives Market is the market where derivatives contracts are traded on single stock, index, foreign currency, energy, commodities, precious metals, foreign index, metal and TLREF. The market provides investors with opportunities such as hedging, portfolio diversification, leverage effect, effective price formation and access to high liquidity.

### Records and Events:

In 2020, all-time records were broken in terms of annual traded value, trade volume and the number of transactions, with total traded value of TL 2.88 trillion, a total trade volume of 1.5 billion and a total of 66.3 million transactions.

The daily traded value broke the all-time record with TL 25.7 billion on 19 November. The daily trading amount broke the all-time record with 20.3 million units on the same day and the number of open positions broke a new record of 15.2 million on 30 November.

The contribution of the market making program to the market has continued to increase.

### New Developments:

On 17 January, the evening session was launched. Index futures started to be traded in the evening session. On 18 September 2020, USD/ounce gold futures started to be traded in the evening session.

On 10 April, the options based on the ASELS stock started to be traded.

On 27 July, changes were made to the underlying assets, futures contracts, option contracts and market maker obligations within the scope of the project to remove two zeroes from BIST Equity Indices. With this re-indexing, underlying assets were equalized to spot indices. The contract size was reduced from 100 to 10 for both futures contracts and options.

On 7 August, the number of months to maturity open for transaction in the USD/TL futures contracts was increased from 6 to 16.

The Market-Wide Circuit Breaker System (MWCB), which was launched on 10 August, also started to cover the contracts based on equity and equity indices.

On 18 September, flexible USD/TL futures contracts, whose maturity date can be determined by investors, were opened for trading.

The USD/Ounce Gold futures contracts also started to be traded as of 18 September in the evening session application implemented in January with the index futures contracts.

The Futures Contracts based on GUBRF, OYAKC, SOKM and VESTL stocks were opened for trading on 16 October.

### Total traded value

TL 2,883 billion  
(2019: TL 1,457 billion)

### Total number of accounts

397,000  
(2019: 240,000)

### Number of active accounts

20,000  
(2019: 12,000)

- Increasing liquidity and product diversity
- Supporting financial literacy
- Continuing development and regulation activities aimed at increasing the effectiveness of the market
- Ensuring uninterrupted session continuity

<b>PRECIOUS METALS AND DIAMOND MARKETS</b>	<p><b>Records and Events:</b> The daily traded value record of TL 4.2 billion was reached on 12 November.</p> <p>In particular, there was a significant increase in the gold and silver imports, with a surge in demand for gold from individuals leading to an increase in traded values.</p> <p>Within the framework of the OECD regulations, joint work was carried out with the Ministry of Treasury and Finance regarding Precious Metals Responsible Supply Chain procedures. Regulations under the responsibility of Borsa İstanbul started to be prepared.</p> <p><b>New Developments:</b> Within the scope of Borsa İstanbul Precious Metals Swap Market transactions, swap and storage services started to be provided without allocation.</p>	<p><b>Total traded value</b> TL 303 billion (2019: TL 74 billion)</p> <p><b>Total storage capacity</b> 1,600 tons</p>	<ul style="list-style-type: none"> <li>• Completing work on the Silver Fixing Session</li> <li>• Completion of the regulations regarding Precious Metals Responsible Supply Chain applications</li> <li>• Harmonizing regulations related to market applications by carrying out legislative work</li> <li>• Ensuring uninterrupted session continuity</li> </ul>
<b>LISTING</b>	<p><b>Events:</b> The listing of eight companies through IPO was carried out, raising TL 1.1 billion. The application for listing from 5 companies was rejected.</p> <p>1,254 debt instruments were quoted and the issuers provided approximately TL 200 billion in funding.</p> <p>11 exchange investment funds and 2,884 warrants were quoted.</p> <p>13 wholesale transactions were carried out.</p> <p>9 companies were removed from listing due to mergers and 3 companies were taken to the upper market.</p> <p>As a result of the investigations carried out, 14 companies received warnings, 4 companies were into under the Watch List Market and 7 companies were delisted.</p> <p>As a result of the updated regulations, six companies which failed to meet the required conditions were taken to the Pre-Market Trading Platform at the end of 2020. Three companies were given additional time until the end of March 2021 to meet the requirements.</p> <p><b>New Developments:</b> By amending the Listing Directive, the minimum market capitalization requirement for the shares offered to the public, one of the requirements for listing on Borsa İstanbul, was revised for Star Market and Main Market. The minimum market capitalization criteria for shares was increased.</p> <p>Sub-Market was established and Emerging Companies (ECM) Market was merged with Sub-Market on 1 October 2020. It thus becomes possible for companies to apply to the Sub-Market, where transaction principles are more attractive for investors, and to provide resources, rather than the ECM, which had lost its appeal.</p>	<p><b>Number of IPOs</b> 8 (2019:6)</p> <p><b>IPO revenues</b> TL 1,123 million (2019: TL 264 million)</p> <p><b>Number of listed private sector debt instruments</b> 1,254 (2019: 1,330)</p> <p><b>Private sector debt instrument issuance revenues</b> TL 199 billion (2019: TL 206 billion)</p>	<ul style="list-style-type: none"> <li>• Carrying out work to improve public offering processes</li> <li>• Preparation of the content of Public Offering Guide</li> <li>• Automation of listing fees</li> <li>• In 2021, where listing applications are expected to increase, listing evaluation processes are to be carried out in a way which will not disrupt the public offering calendars.</li> </ul>
<p>Listing transactions are carried out for the stocks offered to the public, exchange traded funds, warrants and the issued private sector debt instruments.</p> <p>The developments in the activities, financial and legal situations of the companies traded on Borsa İstanbul are monitored, and the companies with negative developments are warned. They are taken into the Watch List Market and/or they are removed from the listing, and those whose situation has improved are removed from the Watch List Market and taken to the upper market.</p> <p>In addition, wholesale transactions regarding allocated capital increase are carried out.</p>			

## MEMBERSHIP, DATA AND TECHNOLOGY

Borsa İstanbul provides data sale, license, membership, market access and co-location services.

	2020 Revenues (TL Million)	Contribution to Total Revenues	Change (Compared to 2019)
<b>Data, Index and Market Access</b>	<b>263</b>	<b>11%</b>	<b>77%</b>
Data vending revenues	174	7%	100%
Technology revenues	43	2%	81%
Members additional terminal usage fee	26	1%	42%
Membership fees	11	0.4%	-3%
License revenues	10	0.4%	10%

	Major Developments in 2020	Key Indicators	Objectives
<p><b>DATA DISTRIBUTION AND LICENSING</b></p> <p>Data generated in the Borsa İstanbul markets is delivered to investors in real time, delayed or in end-of-day data through Borsa İstanbul's licensed data distribution companies. In this context, Borsa İstanbul's range of data packages are transmitted to domestic and international users through around 220 data distribution companies.</p> <p>In addition to its own data, Borsa İstanbul also distributes Takasbank and the MKK data as well as international institutions' data such as data pertaining to the Sarajevo, Montenegro, Macedonia, Pakistan Stock Exchanges and the London Metal Exchange.</p>	<p><b>Events:</b></p> <p>A total of 220 organizations have the authority to distribute Borsa İstanbul data.</p> <p>A total of 60 institutions use indices belonging to Borsa İstanbul as an underlying asset or benchmark in their financial products, and 830 funds belonging to these institutions.</p> <p>The data distribution and index fees were updated.</p> <p>In order to contribute to the development of the market, the index licensing fee was not levied on exchange traded funds, and the Precious Metals and Diamond Market (PMDM) data distribution fees were not levied on members authorized to conduct transactions in the Precious Metals and Diamond Market.</p> <p>In order to support our stakeholders in data distribution during the pandemic, payment dates for user fees which data distribution organizations pay to Borsa İstanbul, were postponed for three months over the March-May 2020 period.</p> <p>New contracts were signed with a number of institutions in the field of data distribution and indexing.</p> <p>In order to increase financial literacy and bring new investors into the stock market, support was provided by providing data free of charge to virtual stock exchange/portfolio competitions organized by institutions.</p> <p><b>New Developments:</b></p> <p>In order to allow Borsa İstanbul data to be offered to a wide range of individual investors at a more affordable rate and to support our members in seeking new investors to the market, Mixed Level 1 data package, which consists of simultaneous data pertaining to Stock Level 1, FOM Level 1, BIST 30 and BIST 100 indices, was defined and started to be distributed in June 2020.</p> <p>Licensing agreements were created for the certificates which are based on baskets with the characteristic of being an index, and which will be created by using Borsa İstanbul data which are outside indices. Licenses have begun to be issued to applicants.</p>	<p><b>Number of data package subscriptions reported to Borsa İstanbul by data distribution organizations:</b> 1.7 million (2019: 615,000)</p> <p><b>Number of funds using Borsa İstanbul's indices as a basis or benchmark for their financial products:</b> 830 (2019: 755)</p> <p><b>The volume of funds using Borsa İstanbul's indices as a basis or benchmark for their financial products:</b> TL 286 billion (2019: TL 211 billion)</p>	<ul style="list-style-type: none"> <li>• Creating joint data packages with MKK and Takasbank</li> <li>• Preparing an online platform where customers can submit their applications for authorization requests and submit their reports</li> <li>• Reviewing policies applied in the field of data distribution and licensing and conducting feasibility studies</li> <li>• Renewal of Datastore, a historical and reference data sales platform</li> </ul>

## INDEX CALCULATION

Borsa İstanbul calculates different indices so investors are able to follow up movements occurring in the market. The indices related to Borsa İstanbul are used as an underlying asset or benchmark in their financial products. Furthermore, Borsa İstanbul offers index calculation services to institutions seeking to have an index calculated on their behalf.

### Developments:

As of the end of 2020, a total of 363 indices were being calculated, consisting of 61 real time and equity-based indices, 52 indices based on different investment instruments such as debt instruments, gold, bank deposits and funds, and 20 risk control indices linked to BIST 30 and BIST 100 Indices, along with 4 short and 2 leveraged indices.

The performances of the developed Volatility Index algorithms are monitored and improvement/developmental work is ongoing to prepare the algorithms for the market.

A license agreement was signed with Bloomberg in order to use Bloomberg BVAL prices in 12 Eurobond indices within the scope of BIST-KYD indices.

Processes were developed and commissioned for automatic calculation of the Deposit Indices, which had been calculated manually within the scope of the BIST-KYD indices, in the ICS system. Efforts to automate the manually calculated Dividend Indices are also continuing.

The efforts to comply with the IOSCO principles in index calculation activities continue.

### New Developments:

As of 27 July, all price and return indices calculated in TL started to be calculated and published with two zeroes removed. Historical data was updated.

BIST 100 Capped 25 and BIST 30 Capped 25 indices started to be calculated and published on 27 April 2020.

BIST 30 Equal Weighted Return index, the first equity index not weighted in market value, started to be calculated from end-of-day data from 1 April. It started to be calculated from real-time data and was published from 22 June.

Ziraat Portföy Star Market Liquid Dividend Index started to be calculated from end-of-day data and published from 1 February, and started to be calculated from real-time data on 1 June.

Ziraat Portföy Risk Equal Non-Bank 20 Return Index is an index which is not weighted in terms of market value. It started to be calculated from end-of-day data and published on 1 April, and started to be calculated from real-time data and published on 22 June. Ziraat Portföy Participation 30 Index and the Ziraat Portföy Participation 30 Equal Weighted Return Indices started to be calculated from real-time data and published on 1 October.

As of 15 June, BIST-KYD ÖSBA Variable Indices included private sector debt instruments with variable interest coupons, where the coupon rate is determined on the basis of the return of BIST TLREF Index. BIST-KYD GDS Variable Indices were created in order to reflect the returns of the GDS (Government Debt Securities) with variable interest coupons, and the returns of the GDS, in which the coupon rate is determined on the basis of the return of BIST TLREF Index as a whole.

**Number of indices based on stocks:** 363 (2019: 354)

**Number of indices based on other investment instruments:** 52 (2019: 50)

- To start calculating the Participation Index
- To start calculating the Volatility Index
- To establish the Non-Market Cap Weighted Stock Index system
- To complete work on the compliance of the BIST Indices with the IOSCO principles



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**MEMBERSHIP**

Borsa Istanbul members consist of investment companies authorized to operate in the capital market and precious metals brokerage companies authorized to operate in the Precious Metals and Diamond Market. Depending on market characteristics, other real and legal persons may be authorized to perform transactions without membership.

**Developments:**

A total of six institutions, including one bank, one brokerage institution and four precious metals brokerage institutions were authorized to trade as members.

12 members were authorized to trade in another market.

The number of real and legal persons authorized to trade in Diamond and Precious Stones Market without being a member, stood at 22.

197 persons were authorized as members' representatives.

In the Precious Metals Swap Market, which started operating in November 2020, capital market brokerage organizations as well as banks were permitted to trade and 10 members were authorized to trade in this market as of the end of the year.

The entrance fee, operating fee and annual fees to be paid for the year 2020 by those authorized to trade on Borsa Istanbul were revised with 10% increase. The practice of not collecting annual fees from temporarily closed brokerage institutions and narrowly authorized brokerage organizations continued.

**New Developments:**

Within the scope of pandemic measures, all paperwork involving members and their representatives was transformed into digital, when and if possible.

- To carry out representative application training online
- To establish a system where electronic notifications can be carried out regarding brokerage organization customers' default status, and where organizations can access customer default reports through their own software.

**MARKET ACCESS**

Market access consists of all systems, software and hardware services which are required by Borsa İstanbul members in order to carry out transactions and exchange information by connecting from remote access points, peer locations (co-location) and the session hall to the markets in which they operate.

In this context, the OUCH and FIX protocols developed for high-speed order and data transmission, and the services such as Reference Data and Dropcopy, OTASS, TW are provided for the use of market participants.

**Developments:**

An additional OUCH capacity of 20,200 orders/sec was allocated to members in 2020, resulting in an increase of 106%, with the total OUCH capacity allocation reaching 39,200 orders/sec.

In 2020, an additional FIX capacity of 3,130 orders/sec was allocated to members, resulting in an increase of 24%, with the total FIX capacity allocation reaching 16,340 orders/sec. The use of these products increased by 6% and 12%, respectively, by allocating 14 additional Reference Data usage and 23 Dropcopy usage points.

The fees for the use of the terminal, which is allocated to members for access to market systems, and user fees were revised with an increase of approximately 8.5% for 2020.

**New Developments:**

In order to carry out the transitions to market access through the backup system without wasting time and to avoid interruptions, the backup users, which are presented as a new product started to be allocated.

Access was provided for the passwords of representatives trading in the Swap and Money Market through the connect.borsaistanbul.com portal.

The automatic generation of VPN passwords and access to passwords by authorized persons through the connect.borsaistanbul.com portal were provided.

**Number of institutions benefiting from market access services:** 154  
(2019: 153)

**Number of BISTECH Trading System access users:** 1695  
(2019: 1594)

- Changing the allocation procedures and principles in order to make the business model of the FIX access channel, which is used in electronic order transmission, have a more flexible and simple structure, which is compliant with global standards, and in accordance with the demands and needs of members.
- Ensuring effectiveness in the management of customer complaints within the scope of market access
- Enriching the product portfolio with regard to market access
- Making an improvement that will ensure that all applications regarding remote access lines are received electronically.

<b>TECHNOLOGY SERVICES</b>	<p>50 cabinets were allocated to customers in 2020, an annual increase of 11 cabinets.</p> <p>40 customers were provided colocation service in 2020.</p> <p>A webinar was organized with the participation of the representatives and senior managers of members. The webinar included subjects such as the PTRM Entry and Collateral Controls, User Limit (Member User Controls), New Features to Be Added such as Short Sell and Maximum Order Size separation and Duplicate Order and Price Tolerance.</p> <p>The PTRM allocation was carried out for 24 institutions and the time server allocation increased to 16 customers who benefit from such services. The number of institutions to which data was distributed at the co-location, was increased from 29 to 31.</p> <p><b>New Developments:</b> ITCH Replay Tool was prepared with underwent testing at Borsa İstanbul with the application expected to be implemented in the first quarter of 2021.</p> <p>The expansion work of the Data Center was carried out and the processes are expected to be completed in the first quarter of 2021.</p> <p>Work has got underway on adding the features of repeated orders and short selling controls to the PTRM.</p>	<p><b>Number of customers benefiting from our co-location service</b> 40 (2019:39)</p> <p><b>Number of cabinets allocated in co-location</b> 50 (2019:39)</p> <p><b>Number of institutions distributing data in co-location:</b> 31 (2019:29)</p> <p><b>Number of institutions benefiting from time server service:</b> 16 (2019:12)</p>	<ul style="list-style-type: none"> <li>• Commissioning of the ITCH Replay Simulator application</li> <li>• Expansion of the space in the data center to address the needs of co-location customers</li> <li>• Collaborating with global network/platform providers in order to increase the international accessibility</li> <li>• Enrichment of the technology services product portfolio</li> <li>• Developing an API in order to enable the software used by our members to talk with the Borsa İstanbul's PTRM application</li> </ul>
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## POST TRADE

Custody services related to the Precious Metals and Diamond Market are carried out in a storage safe with a capacity of 1,600 tons located in Borsa İstanbul's Kuyumcukent campus.

Other post-trade services are provided by Borsa İstanbul's subsidiaries, Takas İstanbul and Merkezi Kayıt (Central Securities Depository) İstanbul.

With its 'central counterparty' and 'banking' licenses, Takas İstanbul offers its members a range of services such as clearing, settlement, custody, central counterparty and banking services in Turkey's capital markets.

Merkezi Kayıt İstanbul is the central registry organization which implements the model of full dematerialization on the basis of the rights holders (direct model) for Turkish capital market instruments. It also serves as a Data Storage Organization authorized by the CMB and provides Central Database Services to companies subject to audit.

	2020 Revenues (TL Million)	Contribution to Total Revenue	Change (Compared to 2019)
<b>Post Trade</b>	<b>1,115</b>	<b>45%</b>	<b>-7%</b>
Takasbank interest revenues	516	21%	-30%
Treasury operation derivative transaction revenues	7	0.3%	-90%
Custody revenues	393	16%	35%
Clearing revenues	178	7%	86%
Account management revenues	21	1%	83%

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	Major Developments Occurred in 2020	Objectives
<p><b>CLEARING SERVICE</b></p> <p>The commitments of Borsa İstanbul members to deliver and receive securities arising from trading transactions and their payment commitments in exchange for securities which are subject to trading are fulfilled through Takas İstanbul.</p> <p>In addition to capital market transactions, authorization is also provided for the purchase and sale of vehicles and dwellings (title deeds).</p>	<p><b>Events and New Developments</b></p> <p>Takasbank continues its work in coordination with the CMB, the Turkey Insurance Association, the Pension Monitoring Center and pension companies for Private Pension Funds to be traded on the TEFAS (the Turkey Electronic Fund Trading Platform).</p> <p>The BiGA transfer system, which is based on blockchain based physical gold, was developed, and the "BiGA Digital Gold" product, which enables transfer from person to person without time constraints using blockchain technology, was brought into service. Accordingly, Takasbank facilitates the transfer of digital assets with a physical basis through the use of blockchain technology.</p> <p>The Vehicle Clearing System was brought into use in Takasbank.</p>	<ul style="list-style-type: none"> <li>• With the "Collateral Management Project", an easy, accessible and centralized collateral management service will be provided for collateral transactions carried out within the scope of the Public Procurement Law.</li> <li>• Under the project, clearing and collateral management services will be provided in the capacity of a central settlement bank in the Electricity Futures Market and the Natural Gas Futures Market, which are planned to be opened within EPIAS (Energy Exchange İstanbul).</li> </ul>

## CUSTODY AND ACCOUNT MANAGEMENT

Central Registry Istanbul provides custody services for dematerialized capital market instruments and electronic product bills.

Takas Istanbul provides custody services for capital market instruments traded in foreign markets and custody services for funds under the PPS (Private Pension System).

Precious metal storage is carried out in the Borsa Istanbul storage vault, which has a capacity of 1,600 tons.

## New Developments

### Data Analysis Platform (DAP)

The DAP-Data Analysis Platform was launched on the www.vap.org.tr in 2020 platform to facilitate access to data regarding the capital markets for investors, academics and market professionals.

With the DAP, data covering our capital markets is analyzed in different breakdowns with econometric models and published to international standards under the headings of "Data on Custody", "Investor Statistics" and "Corporate Governance Data, Indices".

The most important purpose of the platform is to help users create investment strategies with the information which they will generate from the data. The platform contains data on equities, investment funds, government debt securities, private sector borrowing instruments, warrants and other securities. Of these securities, portfolio values and investor numbers in the breakdowns such as nationality, identity, age, province, portfolio tranche and country (equity only) are also published on an up-to-date and retrospective basis.

### Investor Risk Tracking System (IRTS)

The IRTS, which is being implemented by the MKK to monitor systemic risk and maintain financial stability, is aimed at measuring the risks brokerage institutions are subjected to as well as the risks facing customers (individual investors), who conduct credit transactions, short selling and loan transactions.

The IRTS ensures that credit transactions, investors' collateral in the capital markets and the associated risks which will be calculated over these values are communicated to stakeholders in the financial markets through a single center. Work is being carried out to ensure that various data sources are collected at a single center both on an institutional basis and on a sectorial basis, and that risks can be monitored and that investment institutions and regulatory and supervisory institutions can conduct a holistic assessment related to these risks.

### Transfer of Real Estate Information Center to the MKK

MKK Gayrimenkul Bilgi Merkezi A.Ş. (Real Estate Information Center) is authorized by law to receive information it needs regarding all valuation reports prepared by the valuation organizations which are authorized by the Capital Markets Board, in accordance with its own principles and procedures.

Its objectives are as follows: (1) to create a valuation registration system and database to ensure that valuation reports, real estate values and information are collected at a single point and are analyzed, (2) to make the data available for use to public institutions, the valuation sector and other real estate sector stakeholders, and (3) to provide indices and data analysis reports with software algorithms by establishing the Real Estate Valuation Information System.

- Registration of the stocks registered to the bearer in non-public joint stock companies on the MKK
- Completion of the MKK Compass project, where banks, brokerage organizations and portfolio management companies can compare themselves with peer groups in fields such as portfolio value, traded value, profitability, and the number of investors with shareholdings, and where they can conduct due diligence nationwide or on a province basis.
- Establishment of an Electronic Vault Tracking System to electronically monitor safe transactions and custody services.
- Development of custody services by launching warehouse services



# A More Liquid and Reliable Market

Providing liquid and reliable markets with its world-class technological infrastructure, Borsa İstanbul has widened the diversity of products it offers to domestic and foreign market participants with its innovative approach.

**1.8**

(TL trillion)

**total market  
capitalization of publicly  
traded companies**

**31.3**

(TL billion)

**total traded value in  
markets**

# Value Generation and Strategy

## Operation Environment and External Impacts

**Global macroeconomic conditions and uncertainties affect all companies, including listed ones and Borsa İstanbul. At the same time, our business performance is directly affected by the level of activity in the capital markets and the country's macroeconomic conditions.**

2020 was an extraordinary and indeed highly eventful year for all of us. The Covid-19 pandemic, the US presidential election, Brexit, the resignation of Japanese Prime Minister Shinzo Abe, and rising tensions between the USA and China all gave rise to a considerable economic uncertainty and a flood of pessimistic forecasts. In March, market volatility approached levels not seen since the Financial Crisis of 2008. Normal working, travel and leisure activities were severely disrupted for months. The data shows that the extent of the shock was especially evident in March. However, the remarkable feat in these extraordinary conditions, even in the worst days of the crisis, was that the markets remained open and functioning. In addition, markets recovered rapidly after a peak of uncertainty in March. At the end of July, most indicators recovered rapidly with levels of activity closing in on their pre-pandemic levels, reflecting the strong confidence in the markets and their role in supporting the economy. Towards the end of the year, the development and approval of several Covid-19 vaccines, the final agreement between the UK and the EU, and the outcome of the US elections served to boost confidence among investors and issuers.

**A year in which the pandemic and its consequences dominated local and global macroeconomic conditions**

Uncertainty surrounding 2020 had decreased amid a retreat in protectionist trends in global trade with the US-China deal and the approaching conclusion of the Brexit process. This was before Covid-19,

which emerged at the beginning of the year, turned into a pandemic and radically changed all expectations and plans for 2020. In terms of its impact on global capital markets, the reaction in the markets, especially in March, disrupted capital flows, due to high volatility and diminishing risk appetite. After the shock reaction in the markets, the recovery was also rapid, with many indicators in the capital markets returning to their pre-pandemic levels at the end of the second quarter.

To combat the effects of the pandemic, there was an increase in government borrowing and corporate borrowing. Governments spent their funding on those affected by the pandemic. The low levels of interest rates, with interest rates even below zero in some countries, encouraged companies as well as governments to borrow. Companies opted to borrow to compensate for the loss of revenue they faced and to cover unexpected expenses. According to a study conducted by the International Institute of Finance, the ratio of total debt in global GDP stood at 365% at the end of 2020. The central banks of developed countries, especially the United States, have declared that they will keep interest rates low in the coming years. This is expected to increase borrowing further.

**A year in which Turkey achieved economic growth, despite being impacted significantly by the pandemic**

Although the pandemic spread to Turkey later than in other countries, the steps taken to combat the pandemic have had a major impact on the service sector in particular. For most of the year, businesses in the food and beverage and tourism sectors have remained partially closed or were only able to open under certain restrictions. Therefore, the economy, which grew by 4.5% in the first quarter, contracted by 10% in the second quarter. With strong credit

momentum and normalization steps, the economy posted 6.7% growth in the third quarter. Although figures for the last quarter have not yet been released, they are expected to demonstrate that the economy grew throughout the year, as predicted in the 2021-2023 Medium Term Program announced in September.

At the end of the year, the TL had weakened by 32% against the USD and by 44% against the Euro. However, the TL gained value against the USD in the last two months of 2021 with new appointments in November to institutions involved in managing the economy as well as monetary tightening steps taken to control inflation.

The tightening of liquidity management, which started in August, continued in November and December. The policy interest rate was raised from 10.25% to 15% in November. Finally, in the meeting held on 24 December 2020, the one-week repo auction interest rate, which is the policy interest rate, was raised from 15% to 17%.

As a result of the decreased risk appetite due to the pandemic, capital outflows were recorded from developing countries, including Turkey.

**In an environment of such low interest rates, individual investors turn to the capital markets**

The low interest rates in all countries steered individual investors towards investment alternatives other than deposits, and the number of individual investors and their share in traded value increased. In 2020, equity markets attained record traded values compared to the previous year.

The fact that individual investors had started to be more important actors in capital markets has also led to some uncertainties. Social media accounts were set up to manipulate individuals, and investors were directed to certain shares. As a result of these, regulatory



agencies and stock exchanges are making some adjustments to the markets, in addition to taking steps to improve financial literacy in individual investors.

### **The gap created by foreign investors in our capital markets was filled by domestic investors.**

Domestic investors turned to different investment instruments, driven in large part by the Central Bank of Turkey keeping interest rates low in the first half of the year. In this context, the number of active investors investing in Borsa İstanbul increased by more than 800,000 in one year to reach 2 million by the end of the year. With the impact of the successful IPOs carried out throughout the year, each new IPO resulted in more investors being actively involved in the capital markets. This trend was seen to continue in January 2021.

The Private Pension System (PPS), which is growing every year due to the contribution of the State, also supports the development of our capital markets. While approximately 3 million people were included in the PPS in 2010, the number of participants included in the PPS within the space of 10 years exceeded 6.9 million, with the volume of assets under management reaching TL 158 billion.

As a result of the considerable interest shown by domestic investors in the capital markets, there was a surge in traded values compared to previous years. Daily traded value records were broken several times during the year.

At the end of 2020, BIST 100 index, which was re-indexed with the removal of two zeros during the year, broke all-time records on 30 December, hitting an all-time high of 1,483.16 during the session and 1,479.91 at the close of trade on the same day. The index closed 2020 at 1,477 points, a gain of 29% over its 2019 closing. Traded value in Equity Market increased by 210% compared to its 2019 level. A new record for

daily traded value was set at TL 64 billion in November. The traded value in the Debt Securities Market also increased by 33% compared to 2019.

Derivatives Market witnessed particularly impressive growth in annual traded value, with an increase of 98%. During 2020, demand for both gold and silver remained high due to price movements in gold and silver. Therefore, the traded values in Precious Metals and Diamond Markets increased by 308% compared to the previous year.

### **Despite the extraordinary conditions, the Borsa İstanbul markets remained open and functioning, even in the midst of the crisis**

Borsa İstanbul allowed employees to take leave on a rotation basis within the scope of pandemic measures. Normal working levels were achieved through remote access thanks to the developed remote working infrastructure from the middle of the year. With these measures, fewer personnel remained in our offices, with the rate of transmission of the virus kept at very low levels. In-house and external meetings were moved online. In the Annual General Meeting, shareholders were reminded of the importance of the electronic general assembly system, which has already been in use for many years. Thus, the number of participants attending the meeting physically decreased, with the number of those attending electronically increasing.

### **The pandemic ushers in a change in business models and a new awareness of sustainability**

In a world of lockdowns, high death tolls, and quarantines, current business models are being reviewed. Innovative steps are being taken to ensure that business models are not disrupted even in such an environment. Remote working is becoming a standard in many organizations.

With the lockdown measures, mobility decreased, and with it, traffic density, the use of fossil fuels,

and air pollution also decreased. As the impact of humanity on nature receded, dolphins began to be seen again in the sea in different parts of the world, and the cleaner air brought into stark contrast the extent that manmade pollution has reached.

In the same respect, sustainability has assumed a higher place on the agenda. Another aspect of 2020 was that it was the hottest year on record according to research carried out. The average temperature in 2020 was 0.6°C higher than the 1981-2010 average and 1.25°C higher than the average over the 1850-1900 period, a manifestation of the climate crisis we are experiencing. The agricultural loss caused by drought, which is the result of the climate crisis, has negatively affected producers as well as consumers. The reduction in carbon dioxide emissions, traffic, air pollution and fossil fuel consumption during the period of lockdowns also offers an indication to humanity that building a sustainable future is possible.

The development of sustainability reporting and integrated reporting capabilities among companies traded on the stock exchange directly affects the finance ecosystem. In this vein, environmental and social issues, which are carried to higher levels through stakeholder awareness by being in constant communication with local and international NGOs and initiatives and developing cooperation, will continue to be supported by concrete projects.

The Guide on Sustainability for Borsa İstanbul Companies was prepared. It was shared with the public in the form of a booklet through the corporate website in August. The Capital Markets Board published the Sustainability Principles Compliance Framework in October, which it prepared with the contributions of Borsa İstanbul and other stakeholders with the aim of encouraging companies to also report their activities in the field of sustainability.




## Material Issues

Our material issues are those which have a high impact on Borsa İstanbul and its key stakeholders and which affect its capacity to generate value. Our strategy changes over time in response to the expectations of our stakeholders and the economic, social and environmental context in which we operate.

Borsa İstanbul's material issues which affect its value generation in the short, medium and long term and which Borsa İstanbul focuses on within the scope of its strategy are reviewed annually. In 2020, the record increase in the number of individual investors in particular required measures to protect investors, and activities to promote financial literacy shall be at high materiality.

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MATERIAL ISSUES	ITS IMPACT ON VALUE GENERATION	RELATIONSHIP WITH SUSTAINABLE DEVELOPMENT GOALS	LINK TO STRATEGY
<p><b>PROTECTION OF THE INVESTOR</b></p> <p>Protecting domestic individual investors and establishing permanent trust in capital markets</p>	<p>Interest in capital markets grew in 2020: The number of investors with shareholdings grew by 800,000 to reach 2 million.</p> <p>Investors are offered transparent markets with uninterrupted access and measures are taken to reduce market volatility in order to ensure the continuity of the progress, marking an important stage in the goal of spreading the capital to the base.</p>	<p>8.10. Strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p>  <p>9.3 Expanding access to financial services and markets</p> 	<p><b>BOOSTING GROWTH</b></p> <p>Expanding the investor base and increasing the number of investors in the markets are among the key goals of Turkish capital markets and Borsa Istanbul.</p>
<p><b>INCREASING FINANCIAL LITERACY</b></p> <p>Providing individual investors with conscious investment habits, promoting Borsa İstanbul's products and services</p>	<p>A lack of financial resources is the key reasoning behind most of the Sustainable Development Goals. In this context, attracting individuals to capital markets and ensuring that they will be long term investors will mean incorporating them into the financial world (financial inclusion).</p> <p>To this end, informing investors of the risks in the markets is extremely important both in terms of the normal functioning of the market and in terms of protecting the personal savings of individual investors.</p>	<p>9.3 Expanding access to financial services and the markets</p> 	<p><b>SUSTAINABILITY</b></p> <p>Reaching new investors, who have become stakeholders by entering capital markets, with an effective communication strategy and increasing their financial literacy are among Borsa İstanbul's priorities.</p>

## Material Issues

### TECHNOLOGY AND INNOVATION

Developing new products and services, enriching basic technological capabilities, effecting continuous improvements in trading infrastructure and carrying out improvements to provide excellence in processes, developing corporate solutions by using innovative technology.

Products and services which meet a wide range of demands are developed by focusing on the financial instrument needs of the financial ecosystem and customers.

In addition to corporate solutions, the development and commercialization of BISTECH and related products is planned, reflecting the synergy of the Borsa Istanbul Group into product development processes.



8.3 Strengthening policies which promote job creation and growth of businesses

8.10. Strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

9.3 Increasing access to financial services and markets

### INNOVATION TECHNOLOGY

Developing and improving BISTECH applications and trading systems in accordance with increasing traded values in the markets and in accordance with user needs, and the creation of infrastructures for new products and services are the main elements of our technology activities.

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### DEVELOPING AND DEEPENING THE MARKETS

Conducting efforts to expand the issuer and investor base in capital markets, and launching new products and services, especially hedging instruments

The company works to expand the issuer and investor base in capital markets, and launches new products and services, especially those that provide protection from risk.

Activities aimed at including more companies in capital markets through public offering, encouraging companies to issue capital market instruments, and strengthening the corporate structures of companies continue throughout the year.

Companies provide the financing they need while investing through capital markets, which brings about the expansion of the economy. The companies' meeting their financing needs through capital markets enables the spread of capital to the base and a wider audience to benefit from economic growth.



8.3 Increasing policies that promote job creation and growth of businesses

8.10 Strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

9.2 Supporting inclusive and sustainable industrialization

9.3 Increasing access to financial services and markets

### BOOSTING GROWTH INNOVATION

Developing deep capital markets which support healthy price formation and increasing the diversity of products and services are an important part of the Borsa Istanbul Group's strategy.

## RISK MANAGEMENT AND BUSINESS CONTINUITY

Continuous, uninterrupted and timely identification, measurement and monitoring of existing or potential risks that may arise in the future. Increasing the Company's ability to respond quickly in case of interruptions in business processes

The company helps investors and issuers to manage their risks with the financial products it offers.

On the other hand, the company manages also its own risks in order to carry out its activities in a sustainable way. In this context, there is a unit directly related to risk management. The unit carries out work to identify and manage risks within the company. Thanks to this work, the risks which both Borsa İstanbul and its stakeholders are exposed to are reduced. In addition, a unit related to information security, which has become even more important in the digitalized world, was established.

In the purchases of a significant nature that directly affect Borsa İstanbul's activities, periodic performance evaluation has been started for critical suppliers. This is aimed at minimizing the risks that may be caused by suppliers.



10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations

## SUSTAINABILITY

Determining and effectively monitoring risk processes is linked to operational excellence and sustainability of the corporate structure.

## Material Issues

### STAKEHOLDER RELATIONS AND CORPORATE GOVERNANCE

Maintaining strong relations with stakeholders through transparent and effective communication, adopting corporate governance practices at international standards

The Company is in constant contact with all its stakeholders and takes into account the opinions of its stakeholders to the extent possible when carrying out its activities. A strong corporate structure and corporate governance practices are an integral part of the effective and fair operation of the market as well as ensuring resistance to risks. These elements form the building blocks of Borsa İstanbul's corporate strategy.

Development of financial literacy is supported by both providing education and internship opportunities to university students and supporting the education and events organized by different institutions. On the other hand, in accordance with the agreement signed with the Ministry of National Education in 1999, Borsa İstanbul continues to contribute to meeting the physical needs (such as computers, libraries, hardware etc.) of schools in various regions.

During the pandemic, which spread in Turkey in March, steps were taken to avoid endangering the health of employees. Planned business trips were cancelled with no new business trips planned. In-house and external meetings were held online. Working from home was included in the human resources regulations, while care was taken to keep a sufficient number of employees in the office to ensure continuity of business functions. Offices and common areas were disinfected. Financial support was provided to employees.

Regular meetings are held with brokerage institutions and banks, which are important players in capital markets. The Company regularly meets stakeholders such as the CMB, the regulatory body, the Türkiye Wealth Fund, the majority shareholder, the relevant offices of the Presidency and subsidiaries.

In order to ensure diversity, the Company added the provision that at least one independent board member must be a woman in its articles of association.



5.5 Assuring full participation in leadership and decision making

8.6 Supporting youth employment and supporting general and vocational training

10.3 Ensuring equal opportunity and ending discrimination

17.9 Developing the capacity of SDGs in developing countries

17.16 Developing global partnerships for sustainable development

17.17. Promoting effective partnerships

### SUSTAINABILITY

Processes of deepening markets and increasing operational effectiveness can be achieved through effective communication with internal and external stakeholders.

## ENVIRONMENTAL AND SOCIAL IMPACT AREA

Setting an example in sustainability, developing market-based solutions, products and services which contribute to sustainability, encouraging market participants and stakeholders to integrate a sustainability perspective into their activity cycles.

The company participates in sustainability activities abroad, including the United Nations Sustainable Stock Exchanges Initiative (SSE) and the World Federation of Exchanges (WFE) as well as many other events in Turkey.

Borsa İstanbul prepares its annual reports in an integrated annual report format starting from the 2017 report. The sustainability reporting guide, which was prepared in 2014 to encourage companies to report on sustainability and facilitate the reporting process, was updated with the support of a large stakeholder group, and was published online in August.

The Company contributed to the CMB together with other stakeholders in the preparation of the Sustainability Principles Compliance Framework published by the CMB in October.



12.6 Encouraging companies to carry out sustainable applications and sustainability reporting

17.16 Developing global partnerships for sustainable development

## SUSTAINABILITY

Internalizing sustainability and implementing pioneering practices are linked to operational efficiency.

Achieving the sustainable financial system vision requires the active participation and collaboration of all relevant stakeholders.

## How Do We Create Value?

Borsa İstanbul is committed to carrying out its activities in a manner that is sustainable and which generates long-term value for its stakeholders. This integrated annual report sets out how strategic priorities, risks and opportunities, its sustainability approach, and its goals and organization are structured towards these goals.

It also explains how we continue to invest in our commitment to providing capital for companies and providing alternative products for investors, being a leading hub for risk management and healthy price formation.

This report, the fourth integrated annual report of Borsa İstanbul, which provides a wide range of investment instruments to investors on its fast and reliable trading platform, provides hedging opportunities and provides financing opportunities to the real sector to meet their need for long-term resources, sets out its sustainable business model and the value it generates for its stakeholders. In the report, the strategic response given by Borsa İstanbul to external factors affecting capital markets and the risks is explained from a long-term point of view. The report focuses on 2020 activities within the framework of material issues.

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### Customer Value Proposition

To provide a reliable, transparent, effective and innovative trading platform to market participants with the best technological infrastructure.

### Employee Value Proposition

To provide the employees with a healthy and safe working environment where they can continuously develop themselves

### Shareholder Value Proposition

To provide a strong financial performance, a sustainable income flow and structure as a result of deep capital markets

### Social Value Proposition

To support employment and economic growth by developing and diversifying financing opportunities



## Capital Elements

### KEY RESOURCES USED IN VALUE GENERATION

#### Our Financial Capital

Our financial capital is comprised of our activities with their strong cash generation capacity and resource diversity, and the returns obtained from our investments.

Paid-in Capital: TL 423 million

#### Our Human Capital

Our human capital consists of a strong leadership team and qualified employees to carry out activities which require expertise, the teams that are specialized in technology and support personnel.

590 employees  
14.5 hours of training per employee

#### Our Intellectual Capital

Our intellectual capital consists of the license to provide a trading platform for capital market instruments, the world's leading trading technology (BISTECH) with its source codes, and the product development activities, rules and regulations created as a self-regulatory institution.

TL 26 million in R&D expenditure  
118 R&D staff

#### Manufactured Capital

The Primary Data Center, with the highest standards in terms of technology security, which facilitates rapid and uninterrupted trading of transactions for investors, the co-location infrastructure, the Emergency Center located in Ankara, the precious metal storage vault and our campus where the group companies operate in an integrated manner are our manufactured capital.

- Primary Data Center built on an area of 1,500 m<sup>2</sup>
  - 1,600 tons of gold storage capacity
  - 1,400 m<sup>2</sup> BISTECH R&D Center

#### Social and Relationship Capital

In addition to positive employee relations and investor confidence, which are vital in performing our activities effectively and developing our activities, effective communication with public and regulatory institutions, partnerships with the NGOs, local and global collaborations form our social and relationship capital.

- Flexible and remote working, domestic and international training opportunities for employees to promote employee satisfaction
- Membership and partnerships in national and international initiatives
- Constant communication with individual investors through the Investor Information Center

#### Natural Capital

In addition to the effective use of electricity and water at the İstinye and Kuyumcukent campuses, the energy used for the Primary Data Center constitutes our natural capital.

- Electricity Consumption (tons CO<sub>2</sub>-equivalent): 6,585 (2019: 6,910)
- Water Consumption (m<sup>3</sup>): 26,897 (2019: 26,106)

Our Business Model

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**Our Resources**



**Financial Capital**



**Human Capital**



**Intellectual Capital**



**Manufactured Capital**



**Social and Relationship Capital**



**Natural Capital**

**EXTERNAL FACTORS** 📄 30-31

**Uncertainties in the Global Financial Markets**

**An Expanding Investor Base in the Financial Markets in Turkey**

**STRATEGY** 📄 43-45

**Corporate Governance** 📄 68-73

**Main Business Processes** 📄 17-27

**Listing**

**Market Operations**

- Equities
- Debt Securities
- Derivatives
- Precious Metals and Diamond

**Data Vending  
Index Licensing**

**Material Issues** 📄 32-37

- Developing and Deepening the Markets
- Protection of Investors
- Financial Literacy
- Technology and Innovation
- Managing Risks
- Business Continuity
- Stakeholder Relations and Corporate Governance
- Environmental and Social Impact Area

**Market Surveillance** 📄 62

## Environmental, Social and Governance Factors Stakeholder Communication

### RISK MANAGEMENT 50-58

#### Post Trade

- Clearing
- Custody
- Public Disclosure

## Outcomes of Our Operations

Operating Profit of TL 1,678 Million (2019: 1,195)

Net Profit of TL 1,445 Million (2019: 1,009)

55 new jobs (2019:87)

Voluntary Employee Turnover: 3.7 (2019:4)

- Ongoing R&D projects
- Modern software architecture and technology, blockchain, products with high availability
- Innovative and high-tech products in the fields of finance and software technologies
- Contribution to capital market legislation

- 50 cabinets allocated at co-locations (2019:39)

- 5,572 applications received through the Investor Information Center throughout 2020
- Sponsorships, donations and aids

## Outcomes of Our Operations/ Value Created for Stakeholders

### SHAREHOLDERS

- A dividend of TL 231 million was distributed to Borsa İstanbul shareholders

### OUR EMPLOYEES

- TL 382 million in total wages and benefits were paid to Borsa İstanbul Group employees

### CUSTOMERS/INVESTORS

- TL 200 billion in financing was provided through the Private Sector Debt Securities issuances and the IPOs
- 100% session continuity
- Contribution to the institutionalization processes of companies with BISTEP, a corporate transformation program for companies implemented by Borsa İstanbul.

### REGULATORY INSTITUTIONS/ PUBLIC

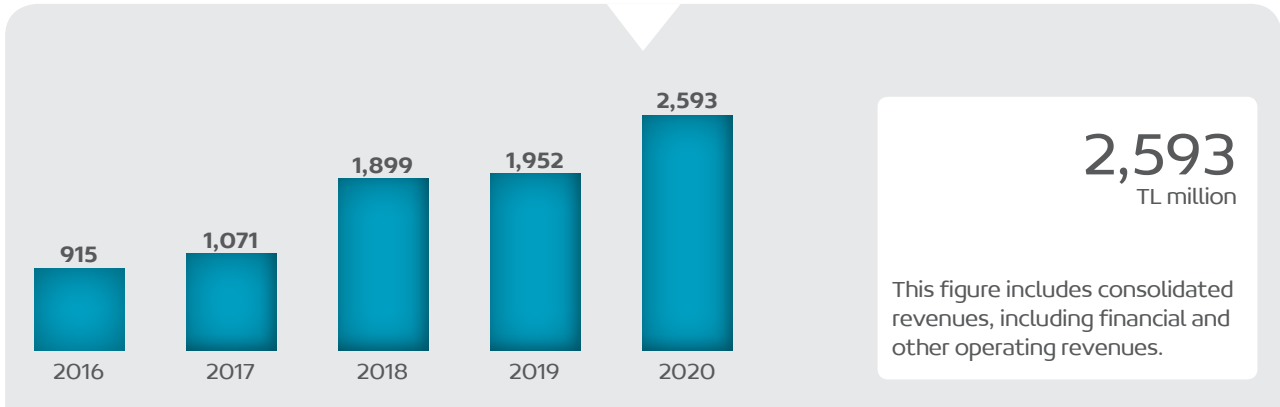
- TL 485 million paid as tax and as regulatory fee
- Regulatory compliance and contribution to regulatory developments

### SOCIETY

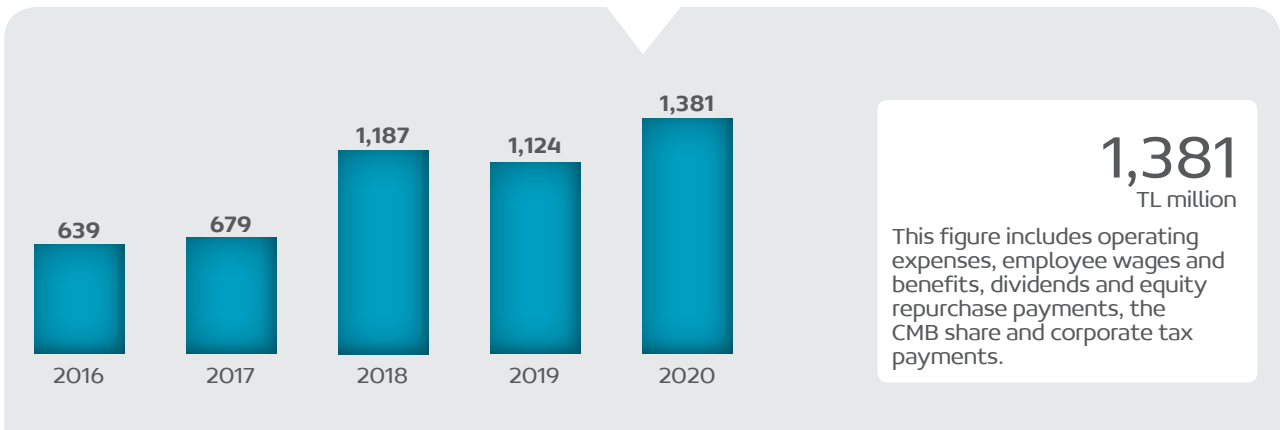
- Construction of 440 schools and 181 design skill workshops since 1997 with the Project of Physical Contribution to Education (PCEP)
- Improving the financial literacy and investment culture
- Contribution to economic growth

Our Business Model

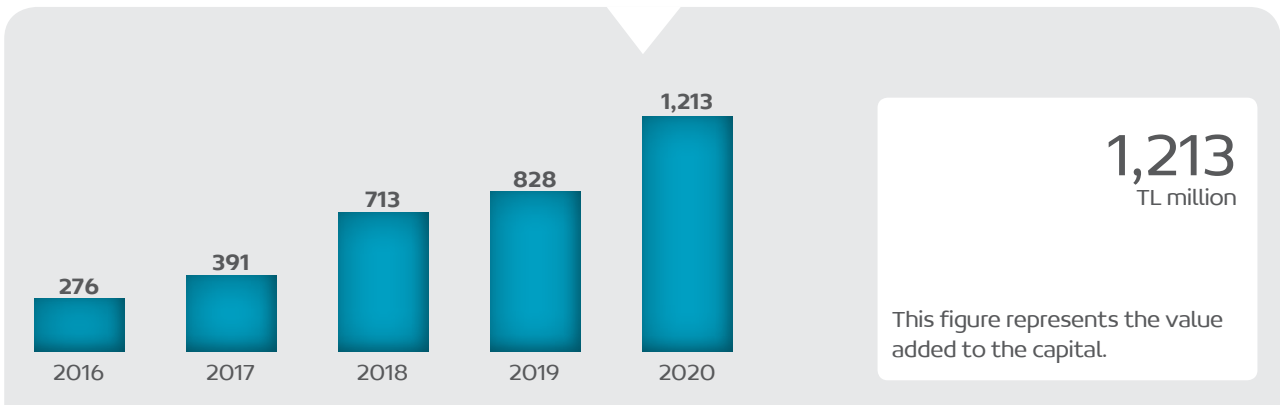
Economic Value We Generate



Economic Value We Distribute



Economic Value We Hold



## Our Strategy

Borsa İstanbul, which is Turkey’s only organized stock exchange serving the capital markets with its integrated structure and its business model based on product/service diversity, pursues development strategies to deepen the capital markets and contribute to responsible, sustainable growth. Borsa İstanbul builds the capital markets of the future for its stakeholders and shareholders, customers, employees, public authorities, and society as a whole.

- Vision: To be a global integrated market place for Turkish and

regional financial assets in future capital markets.

- Mission: To provide a reliable, transparent, effective, fair, innovative, competitive and sustainable trading platform for all investors.

Borsa İstanbul aims to provide its customers and partners with the best operational and financial results and to have a positive impact on society as a whole. Borsa İstanbul Strategic Plan covering the 2020-2022 period is built on the pillars of **Boosting Growth, Innovation,**

**Sustainability and Technology.** The concrete steps created for these core goals are followed up with annual business plans on a monthly basis and realizations are taken into account in the performance system.

The steps implemented to turn Borsa İstanbul’s strategic plan into action are summarized below.



Our Strategy

**Sustainable Profitable Growth**

**GOAL**

To contribute to Turkey's **financial stability** as an **integrated market place**, which provides **liquid and reliable markets** with its **world-class technological infrastructure**, offers **product diversity** to domestic and foreign market participants with its **innovative approach**, and **grows in profitability** with its corporate infrastructure.

**B I S T**

**BOOSTING GROWTH**

To grow through improvements and marketing strategies which will support and increase issuer capacity and to consolidate Borsa İstanbul's key role in the financial ecosystem by delivering the best-in-class services to a wider investor base.

**INNOVATION**

To implement innovations, which will meet the needs of the market and which will contribute to financial stability, from an innovative point of view, and to improve service capacity and support the development of the ecosystem.

**SUSTAINABILITY**

To develop the way of working with both employees and customers by offering operational excellence, to create effective group communication and synergy, to structure risk management and control processes, and to maintain stable, efficient and continuous growth while maintaining financial discipline.

**TECHNOLOGY**

To enrich basic technology capabilities, to carry out continuous improvements in transaction infrastructure and improvements which will provide excellence in processes, and to develop enterprise solutions by leveraging innovative technology.

**PRIORITIES (BIST)**

We believe that effective communication with internal and external stakeholders is vital in carrying out market improvements aimed at deepening the markets, in expanding the investor and issuer base, and in ensuring operational effectiveness. Accordingly, the effective and continuous dialogue and communication channels established on the principles of equality, transparency, accountability and responsibility with the stakeholders continue to be developed in Borsa İstanbul.

## BOOSTING GROWTH

While the development and deepening of capital markets will make Turkish economy more stable, inclusiveness will increase with the rolling out of capital to the base. In this respect, the first priority of Borsa İstanbul, which leads capital market development in Turkey, is to deepen the market. The issuer base, which will expand with new public offerings and debt instrument issuances, will enable capital markets to reveal their potential and reach the size to represent the country's economy.

Another aspect of growth is the expansion of the investor base by increasing interest in products and services. In this context, Borsa İstanbul will continue its initiatives to strengthen its perception among the general public, investors and companies, to act together with its stakeholders and to produce efficient and value-added work with innovative and technological approaches. Efforts to raise awareness and financial literacy are carried out in order to direct savings in the country to capital markets.

### Objectives

Deepening the market

Growth in the issuer base

Growth in the investor base

## INNOVATION

Borsa İstanbul aims to provide the capital market instruments which the market may need by focusing on new product and service development activities, and to carry out development activities on existing instruments, again to meet the needs of the market. In this vein, Borsa İstanbul actively pursues a strategy of continuous interaction with financial ecosystem players and its customers, and develops products and services which meet a wide range of requirements.

### Objectives

New products, services and markets

Improvements in existing products and markets

## SUSTAINABILITY

Borsa İstanbul aims to develop risk management systems, provide organizational development, and increase business efficiency and cost effectiveness. As one of the three main institutions of our capital markets, Borsa İstanbul, Central Securities Depository (Merkezi Kayıt İstanbul) and Takas İstanbul have joined forces under Borsa İstanbul Exchange Group brand and carry out their operations under a single roof in the same campus. With the group approach, the main priorities include ensuring effectiveness in the organizational structure, carrying out enterprise resource planning by optimizing business processes, and adopting global corporate governance and sustainability standards. In order to improve the corporate infrastructure, the Borsa İstanbul aims to improve the organizational structure and enhance existing integration with group companies.

Synergy created through effective subsidiary management and increasing intra-group integration will contribute to operational development, especially cost effectiveness.

### Objectives

Organizational development

Effective risk and efficiency management

Increasing employee satisfaction

## TECHNOLOGY

Borsa İstanbul focuses on digital transformation in capital markets in coordination with group companies. It works on blockchain and the DLT (Distributed Ledger Technology) applications, big data mining, data analysis and mobile applications, and develops enterprise solutions products. Borsa İstanbul completed its technological transformation in 2018 and a fast and secure technological infrastructure was established with the BISTECH system. Borsa İstanbul plans to continue to develop BISTECH and related products, to commercialize them and to reflect the synergy of the Borsa İstanbul Exchange Group into product development processes.

With the co-location service offered by Borsa İstanbul, market participants enjoy the privilege of having their own systems at the same location as the Borsa İstanbul systems. The co-location users, who move their systems to Borsa İstanbul Primary Data Center, have direct access to trading system in the fastest and securest way. In the coming period, it is aimed to enrich the technology services product portfolio, to achieve revenue targets by increasing the number of customers and to increase the international accessibility of the Turkish capital markets.

### Objectives

Making improvements to the BISTECH system

Development of corporate architecture and corporate solutions

## Our Sustainability Approach

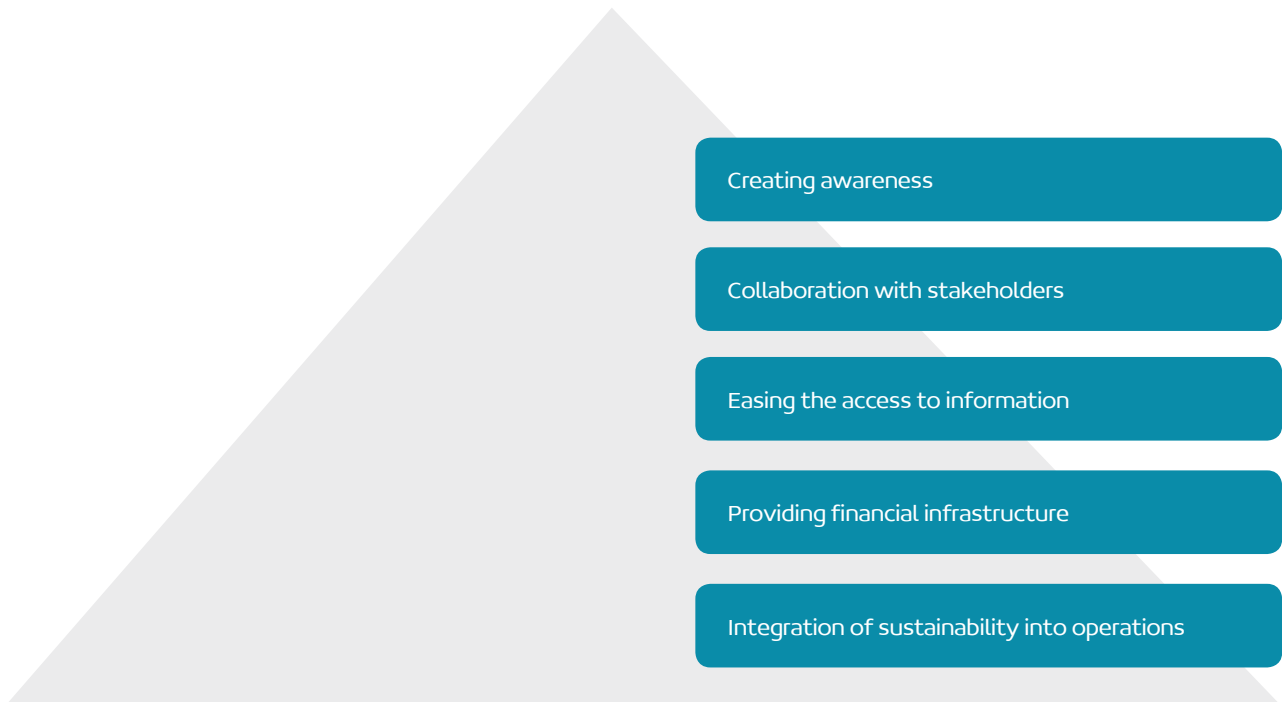
It is now widely accepted that environmental, social and governance (ESG) factors can pose serious risks to the long-term returns of companies and markets. Those investors, issuers and other market participants, who think more comprehensively about sustainability and are aware of the risks and opportunities, will make financial ecosystem healthier.

Stock exchanges have the opportunity to lead the development of sustainability practices among the companies in the capital market, given their central role in financial markets. Borsa İstanbul aims to play a leading role in the development and diversification efforts of capital market instruments by integrating sustainability into decision making mechanisms and business models, and taking into account global risks and opportunities for a sustainable financial system.

The main points of our sustainability approach can be summarized as follows;

- To set an example for all companies with the level of internalization and integration of sustainability goals
- To develop market-based solutions, products and services which contribute to sustainability
- To encourage market participants and stakeholders to integrate the sustainability perspective into their operating cycle

### Our Sustainability Principles





## Awareness through trainings and events

To raise awareness with training and events regarding the impact of environmental, social and governance factors on the long-term performance of financial markets and the important role which markets can play in achieving a fairer and more sustainable world.

Activities were organized to raise awareness regarding sustainability and for educational purposes.

On 12 March 2020, Allianz Global Investors, the United Nations Principles for Responsible Investment Initiative (UNPRI), the Turkish Association of Institutional Investment Managers, the Turkish Corporate Governance Association (TKYD), the Emerging Markets for Responsible Investing (EMRI) and Borsa İstanbul organized a webinar with wide participation consisting of domestic and foreign stakeholders on the impact of ESG factors on the country's risk and bond valuations in order to inform and raise awareness among our country's institutional investors and companies regarding the ESG. The webinar was attended by 136 people from 106 different institutions, including domestic and foreign investors.

On 12 May 2020, a webinar was organized jointly with Refinitiv, where information was shared about Refinitiv's sustainability tools including ESG scores. A total of 73 people from 41 institutions, including investors, participated in the webinar.

On 24 June 2020, a seminar on "Responsible Investment for the Financing of a Sustainable World" was held by the Capital Market Licensing Registry and Training Agency (CML).

On 29 September 2020, Borsa İstanbul attended the Executive Board meeting of Integrated Reporting Turkey Network (ERTA) where it shared information of the developments relating to the Coordination Council for the Improvement of the Investment Environment (YOİKK) Action Plan.

In the Sustainable Investment Summit 2020 organized by Turkish IR Society (TÜYİD) on 13 October 2020, Borsa İstanbul attended the panel entitled "The Role of Stock Exchanges in Driving Responsible Investing: Views from Top 10".

On 14 October 2020, Borsa İstanbul participated as a moderator in a webinar on integrated reporting from an investor relations perspective organized by the IR&IR Platform, which was set up in cooperation with the ERTA and TÜYİD.

On 24 November 2020, Borsa İstanbul participated in a webinar on the "The Reflections and Implementation Process of the Sustainability Principles Compliance Framework" held at the Center for Finance, Governance and Sustainability (CFGs) in Yıldız Technical University.

On 16 December 2020, Borsa İstanbul participated in a webinar on the Effects of the Sustainability Principles Compliance Framework on the Business World organized by the Business Council for Sustainable Development Turkey (BCSD Turkey).

## Our Sustainability Approach

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<p><b>Collaboration with stakeholders</b></p>	<p>To achieve the vision of a sustainable financial system requires the active participation of all relevant stakeholders and the presence of an effective policy and regulatory framework. Since stock exchanges interact with large stakeholder groups, efficient work can be carried out jointly.</p>	<ul style="list-style-type: none"> <li>· Borsa İstanbul takes part in efforts carried out to determine the role of stock exchanges in creating a sustainable society through the sustainability working group established by the World Federation of Exchanges (WFE). Borsa İstanbul is also a member of the Sustainable Stock Exchanges Initiative (SSE).</li> <li>· Borsa İstanbul was designated as the institution responsible for the action of “Encouraging our companies to capture a greater share of global sustainable investment flows” within the areas of responsibility of the Tax, Financing and Incentives Working Group within the framework of the YOIKK Action Plan. In this context, task forces were established with relevant regulatory institutions and the NGOs, especially members of the Sustainability Platform. As a result of the comprehensive work carried out during the year, the targets determined for the action item were achieved and the work program was completed. Meetings were organized within the scope of three separate task forces - Awareness, Incentive and Regulation - which were created with the stakeholders.</li> <li>· Incentive proposals were prepared for the support/incentive needs of our companies in the field of sustainability. Within the scope of the preparation of the proposals, the sustainability incentive questionnaire was prepared and a total of 288 companies responded to the questionnaire, 97 of which were the SMEs and 116 of which were public companies.</li> </ul>
<p><b>Access to information</b></p>	<p>To reach investment decisions and ensure proper allocation of capital, investors need to access to high quality information regarding how companies manage significant ESG risks (and potential opportunities). Providing greater visibility into companies’ corporate strategies and non-financial performances can enable stakeholders to reach well-informed decisions.</p>	<ul style="list-style-type: none"> <li>· In accordance with the Capital Market Law and relevant legislation, public companies are obliged to publish their compliance with corporate governance principles in a question-and-answer format, which they will then release on the Public Disclosure Platform.</li> <li>· Sharing its activities in an integrated annual report format since 2017, Borsa İstanbul supports companies to prepare integrated reports. To this end, Borsa İstanbul signed a cooperation agreement with the IIRC (the International Integrated Reporting Council) and actively participates in the work of the Integrated Reporting Turkey Network (ERTA), which has a local network status.</li> <li>· The Sustainability Guide for Companies (in Turkish) was updated in 2020 to reflect current developments and reporting practices.</li> </ul>
<p><b>Financial infrastructure - Sustainability and Corporate Governance Indices</b></p>	<p>Borsa İstanbul aims to expand and promote sustainability-oriented investment instruments.</p>	<ul style="list-style-type: none"> <li>· BIST Corporate Governance Index has been calculated since 2007. It was created to measure the price and return performance of companies with a corporate governance compliance rating of minimum 7 over 10 as a whole and minimum of 6.5 for each main section.</li> <li>· BIST Sustainability Index has been calculated since 2014. Ethical Investment Research Services Limited (EIRIS) assesses Borsa İstanbul listed companies based on the international sustainability criteria. The assessment is based upon only publicly available information and assessment costs of companies are covered by Borsa İstanbul.</li> </ul>

**Integration of sustainability into operations**

In order to play an effective role in supporting the sustainable finance agenda, sustainability must be placed at the heart of the governance, strategy and organizational structures.

- Borsa İstanbul prepared sustainability reports between 2014 and 2016. Since 2017, the information on ESG performance and targets have been presented to stakeholders through integrated annual reports.
- Borsa İstanbul Sustainability Committee was established in 2015 in order to implement sustainability in a holistic and effective manner, to monitor its sustainability strategy and performance, and to carry our work to integrate sustainability into decision making mechanisms and business models.
- Sustainability Platform was established under the leadership of Borsa İstanbul and with the participation of relevant institutions in order to conduct evaluations regarding the realization of the work carried out in the field of sustainability in a result-oriented and effective manner and to create a sharing network which would allow the discussion of joint steps to be taken on sustainability.

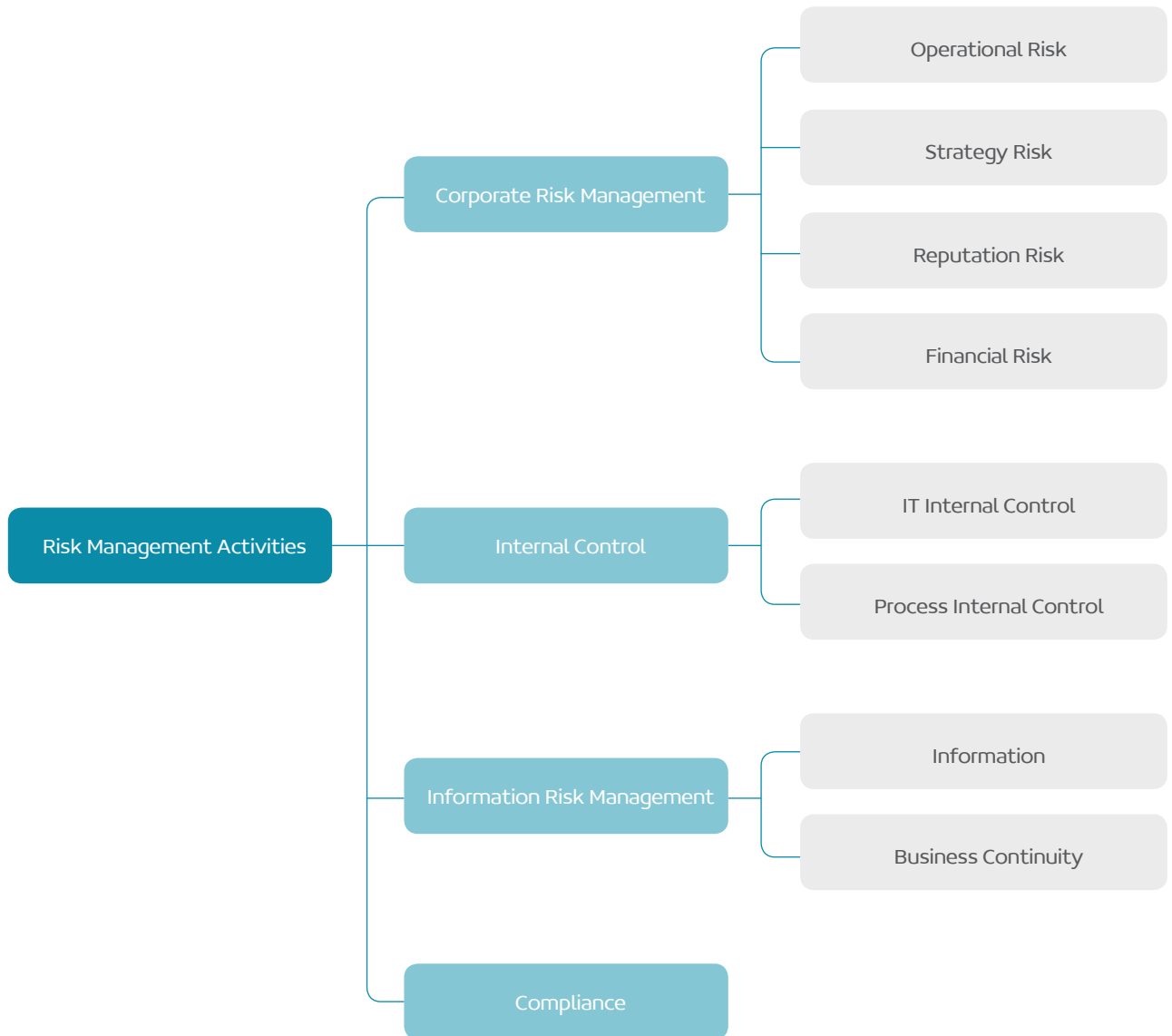
# Risk Management

Placing risk management as an indispensable part of the corporate culture and strategic decision-making process at Borsa İstanbul forms the basis of our corporate risk management strategy. The establishment of risk management enables a response with higher risk awareness to the evolving and changing dynamic business environment as well as the significant regulatory changes, as well as increasing the value generated for our stakeholders.

The establishment of risk management practices able to minimize the impact of risks and the implementation of corporate risk management policies in all critical processes is a process under the supervision and responsibility of the Board of Directors. Work aimed at integrated risk management is also monitored by the Early Detection of Risks Committee (Risk Committee) within the Board of Directors.

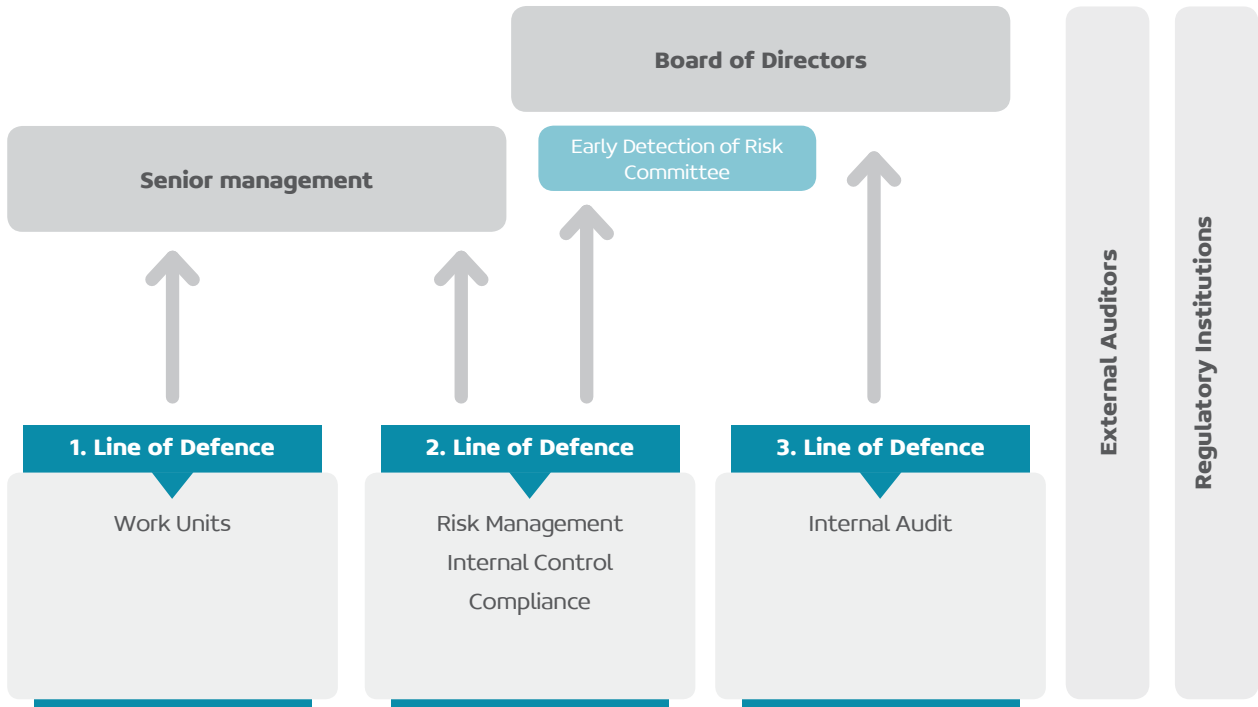


The risk management operations at Borsa İstanbul are coordinated by teams specialized in corporate risk management, information risk management, internal control, business continuity and compliance with legislation.



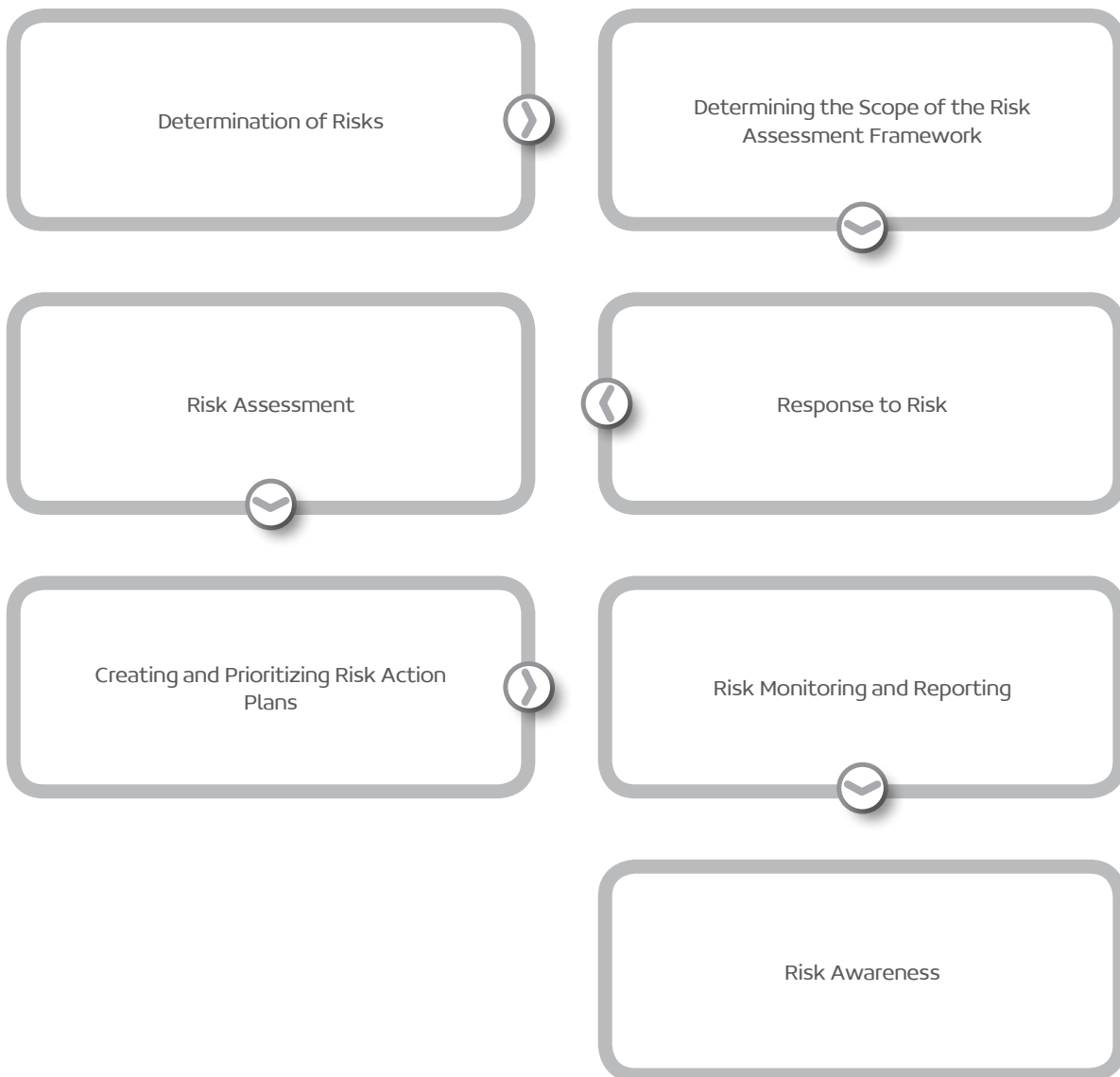
The Triple Line of Defence model was adopted in order to effectively manage and control risks which may prevent the realization of the corporate strategies and goals determined by Borsa İstanbul, and to provide reasonable assurance to the senior management and to optimize and ensure the effectiveness of governance, risk and internal control systems.

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## RISK METHODOLOGY

The effective management of risks at Borsa İstanbul is a fundamental component of the corporate strategy and an important step in the successful execution of its activities. Corporate risk management methodology was adopted to achieve continuous and timely identification, evaluation, measurement, monitoring, mitigation and reporting of existing or potential risks which may have an impact on achieving the specified strategic objectives. Placing risk management as an indispensable part of corporate culture and strategic decision-making process also forms the basis of our corporate risk management strategy.



**DETERMINING RISK APPETITE**

Borsa İstanbul determines the risk appetite which it is prepared to bear in any time frame in line with its mission, vision, goals and objectives. Risk appetite is reviewed annually. In order to carry out effective risk management, risk appetite is established on the basis of each risk category by taking corporate strategies into account and the steps to be taken are determined by taking risk appetite into account.

**OUR PRINCIPLES IN DETERMINING RISK APPETITE**

Ensuring effective management of strategic, reputational, operational, financial and compliance risks which could hinder Borsa İstanbul’s ability to achieve its corporate goals

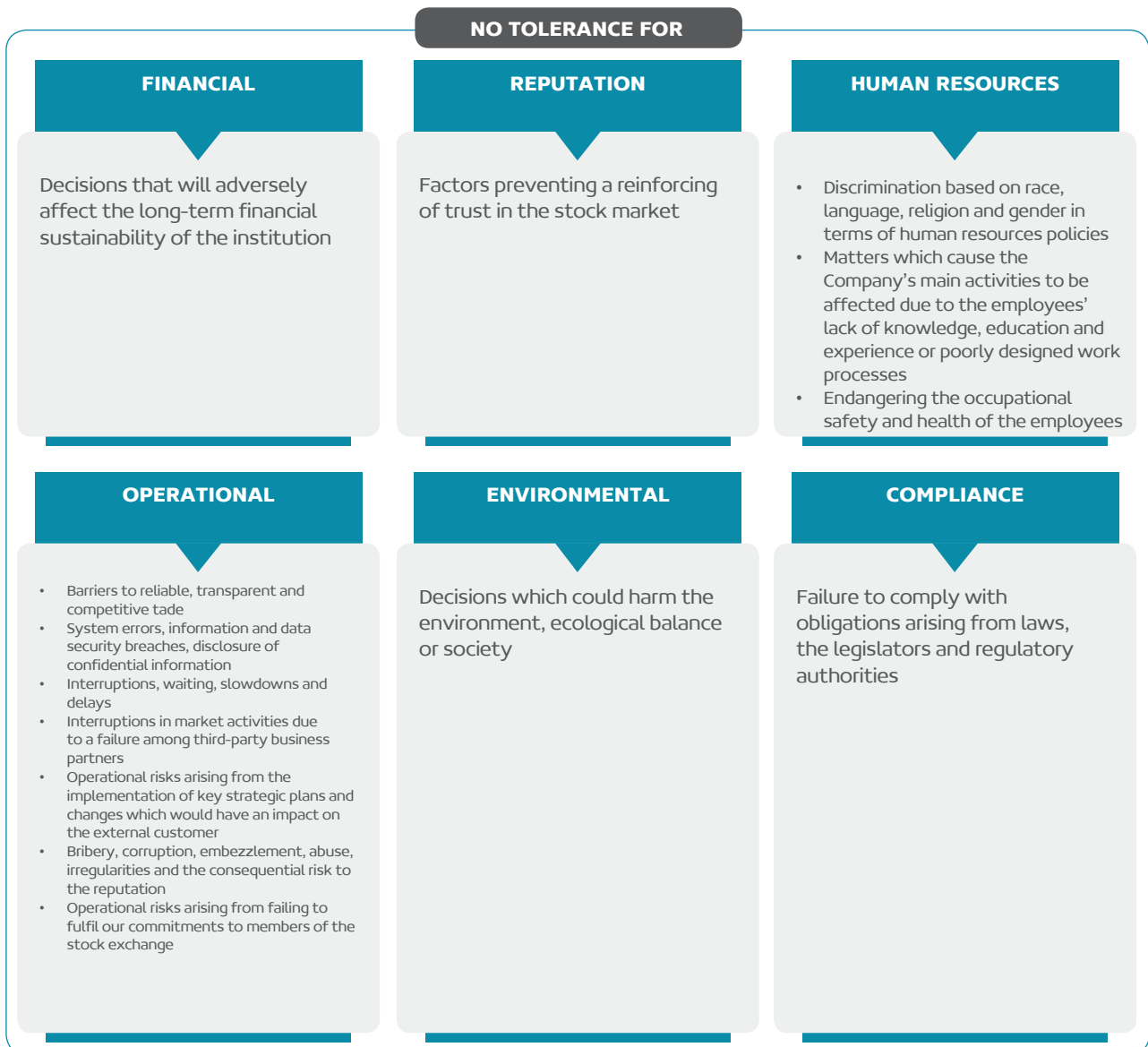
Fulfilling legal and regulatory requirements completely, maintaining the goal of a fair, ethical and responsible market management

Maintaining sustainability to become a center of attraction for new participants, maintaining a strong reputation by providing operational robustness and uninterrupted service to the stakeholders

**OUR RISK APPETITE**

The risk tolerance is zero for the following areas. Risk appetite was determined as “Medium” level on the basis of other areas and risk categories.

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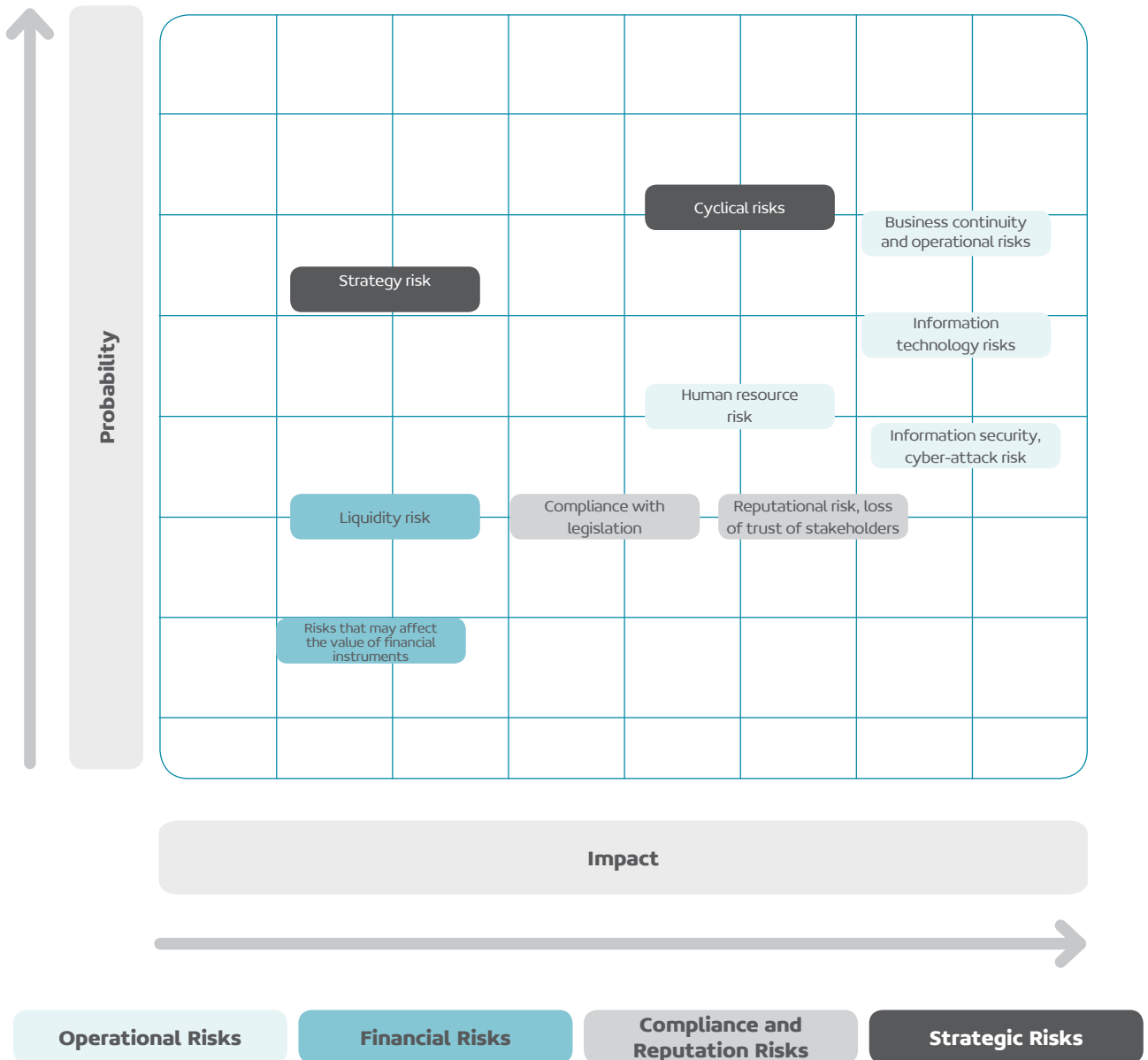


GRI 102-11, 102-15, 102-29, 102-30



## FUNDAMENTAL RISKS AND PREVENTION STRATEGIES

For Borsa İstanbul, the risk assessment matrix, which was formed at the end of this process, can be summarized as follows.



Borsa İstanbul takes the strategic, financial, operational, reputational and compliance impacts and probability values into consideration in the assessment of risks. Possible impacts on the basis of identified risk categories and our strategies to prevent risks are as follows.

RISKS	POTENTIAL IMPACT	RISK DEFINITIONS AND PREVENTION STRATEGIES	AFFECTED CAPITAL ELEMENT
<b>Operational Risks</b>	Information Technology Risks	Revenue Loss Reputation Loss	Financial Intellectual Human
	Business Continuity and Operational Risks	Revenue Loss Reputation Loss	
	Information Security and Cyber Attack Risks	Revenue Loss Reputation Loss	
	Human Resources Risks	Revenue Loss Reputation Loss	

<b>Financial Risks</b>	Liquidity Risks	Financial Loss	Within the scope of financial risk management, counterparty risk is assessed and a Fund Management Policy is in place which will protect against the negative effects of liquidity risk from any bank. Funds are evaluated within the constraints set out within the scope of the policy and the portfolio is diversified to distribute risk. Funds are managed by balancing assets and liabilities which are sensitive to risks and by taking necessary measures against potential risks.	Financial
	Risks which May Affect the Value of Financial Instruments	Financial Loss	Steps are taken to ensure that the short or long term assets and liabilities contained in our financial statements are managed in such a way that there is no open position either in terms of interest or maturity.	
<b>Compliance and Reputation Risks</b>	Failure to Comply with Legislation Completely/ Thoroughly and Risk of Loss of Shareholder Trust	Reputation Loss Financial Loss	Capital Markets Law, CMB regulations, the legislation on tackling laundering of proceeds from criminal activities, prevention of financing of terrorism, prevention of corruption, the fight against bribery and similar economic crimes and other issues are complied with.  Borsa İstanbul is in close contact with regulatory institutions, especially CMB, and is involved in the development of regulations that promote the development and deepening of the markets.  To identify actions which may prevent the open, orderly, fair, and transparent operation of the markets and ensure that capital market instruments traded on Borsa İstanbul can be bought and sold in confidence and stability, unusual price and quantity movements occurring in all markets, especially Equity Market, are monitored and reported by the electronic surveillance system.	Financial Social and Relationship
	Cyclical Risks	Loss of Competitive Clout Financial Loss	Adverse macroeconomic conditions and weak global risk appetite may reduce interest in Borsa İstanbul markets. For this reason, Borsa İstanbul closely follows economic conjuncture and pursues strategies to create value for the country's economy. Borsa İstanbul works to diversify revenues and develop new sources of income with innovative approaches to respond to the needs of the market and ensure sustainable revenue flow.  It organizes training programs on financial literacy and the functioning of markets and carries out projects to expand its investor base.	Financial
<b>Strategic Risks</b>	Strategy Risks	Loss of Competitive Clout Financial Loss	The strategic objectives of Borsa İstanbul were set and key performance indicators to be followed were defined. A business plan was prepared to ensure that the strategic objectives are achieved.	

### OUR RISK MANAGEMENT ACTIVITIES IN 2020

#### Corporate Risk Management

In 2020, risk assessment activities were carried out with work units, and action plans were established for the risks which exceeded the stated risk appetite. Risks and actions were monitored monthly and reported regularly to the Senior Management and the Early Detection of Risks Committee (Risk Committee). Awareness training on risk management was provided to all units and training activities were offered to newly recruited personnel.

#### Information Risk Management

In 2020, risk assessment activities were carried out with the IT units, and action plans were established for the risks which exceeded the stated risk appetite. The risks and actions were monitored monthly and reported regularly to the Senior Management and the Risk Committee.

#### Internal Control

The internal control system is critical in establishing the necessary controls on the company's processes and reducing the risks to a level acceptable by the company.

The risk-based internal control activities carried out in our stock exchange are directed by the Board of Directors, managers, and employees. The system is designed to provide reasonable assurance that Borsa İstanbul will meet the following objectives:

- Effective and efficient execution of activities,
- Protection of assets and resources,
- Ensuring that accounting records are kept accurately and completely,
- Timely and reliable production of financial and non-financial information.

In 2020, the "Internal Control Directive" entered force to determine

the duties, authorities, and responsibilities related to internal control activities. The "Internal Control Procedure", which regulates the procedures and principles to be complied with during the activities, was prepared and entered force.

Internal control plans are prepared by taking into account the type of control, its scope, the risk status of the work units to be controlled, the previous control date and the business plan. The method, scope, duration and frequency of the controls to be carried concerning the company's activities are determined within the framework of a control plan. The internal control plan is initiated after obtaining the approval of the senior management.

In 2020, special internal control activities including end-to-end process control activities were carried out for the activities of work units and the IT units within the scope of the internal control plan.

The Internal Control Service reviews the suitability of the published legislative documents with the internal control system, and the relevant documents are published after obtaining the views of the Compliance and Internal Control units.

#### Compliance

In 2020, the Risk Management, Internal Control and Compliance units of Borsa İstanbul offered their views on behalf of Borsa İstanbul for the legislation drafts prepared by Capital Markets Board and other public institutions and organizations. In addition, the department contributed to the preparation of internal and external regulations established by the Borsa İstanbul work units within the framework of the underlying legislation, national and international standards and institutional standards. The department offered its views to the work units within the framework of the provisions of the relevant legislation in order to eliminate any doubts arising in the process of implementing the legislation.

In addition, legislative changes concerning Borsa İstanbul's activities and the capital markets in general are followed up. Other activities such as informing senior management and related work units about these changes, in-service training activities, contributing to creating the job descriptions of the Borsa İstanbul work units and process analysis were also carried out.

#### Business Continuity

With the increasing risk of the Covid-19 pandemic, the risk score of the pandemic was raised in March and efforts were initiated to take risk mitigation steps immediately. The pandemic process is addressed in coordination with Borsa İstanbul Group companies.

A Pandemic Disease Plan was prepared and implemented. The topics under the scope of a duty of support services such as the rules to be followed in the pandemic, the order to work from home, transportation and, cafeteria services are coordinated by the workgroup. Business continuity, human resources and support services teams of Borsa İstanbul Group regularly evaluate the situation, the steps to be taken and those responsible for these steps are determined.

The ISO 22301 certification process was initiated in the last quarter of 2020. Borsa İstanbul plans to receive the certificate in the second quarter of 2021.

Business Continuity Management Committee (BCMC) meetings were held twice in 2020. Takasbank and the MKK were invited to attend these meetings to ensure a more effective business continuity management.

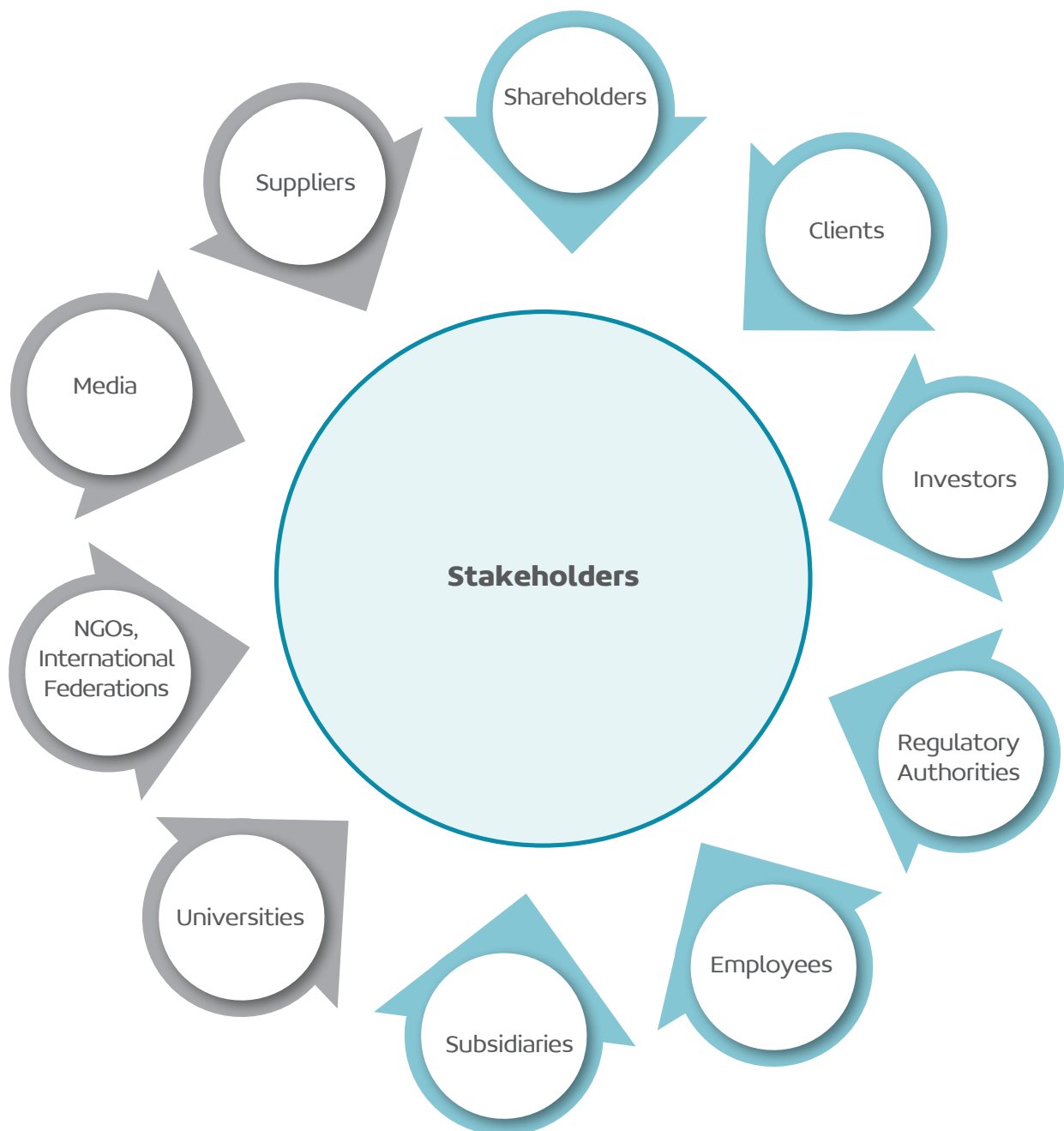
In-house training and awareness activities were carried out in 2020.

The Business Continuity Awareness Plan, which is planned to be implemented in 2021, was prepared and was approved in the BCMC meeting held on 29 December 2020.

# Stakeholder Relations and Corporate Governance

## Our Stakeholders

Borsa İstanbul aims to sustain its strong relationships with its stakeholders through transparent and effective communication. It carries out its stakeholder relations through a variety of platforms. Its main stakeholders are individuals, groups, and institutions that have a significant impact on Borsa İstanbul, and the ones that are affected by Borsa İstanbul's actions. Shareholders, clients, capital market investors, regulatory authorities, employees, and its subsidiaries are among the main stakeholders.



## Our Stakeholders

### OUR SHAREHOLDERS

SHAREHOLDERS	LINK TO STRATEGY	PRIMARY SUBJECTS
Türkiye Wealth Fund	<b>BOOSTING GROWTH</b>	Development and Deepening of the Market
QH Oil Investments, a 100% subsidiary of the Qatar Investment Authority,	<b>INNOVATION</b>	Risk Management
The Capital Markets Association of Turkey	<b>SUSTAINABILITY</b>	Stakeholder Relations and Corporate Governance
Brokerage institutions, banks, precious metal brokers		

### COMMUNICATION CHANNELS

[investorrelations@borsaistanbul.com](mailto:investorrelations@borsaistanbul.com) e-mail address

General Assembly Meetings, corporate website

### COMMUNICATION TOPICS

Questions from shareholders, institutional performance, dividend, strategy, risks, corporate governance and sustainability, transfer of shares

### DEVELOPMENTS IN 2020

General Assembly Meeting was held on April 14, 2020. The authorization which was given to the Board of Directors for 2 years in the 2018 Annual General Meeting regarding share repurchases was extended for another 2 years.

Within the framework of the profit distribution policy, which is aimed at distributing at least 50% of the distributable profit for the period, a gross dividend of TL 0.5595 per TL 1 nominally valued share was distributed.

TWF sold 10% of Borsa İstanbul shares to QH Oil Investments, a 100% owned subsidiary of the Qatar Investment Authority.

The Borsa İstanbul shares held by Deutsche Securities Menkul Değerler A.Ş., were acquired by Borsa İstanbul on 17 July 2020.

### Our shareholders as of 31.12.2020:

80.60% Türkiye Wealth Fund (TWF)

10.00% QH Oil Investments

2.30% Borsa İstanbul \*

1.30% Turkish Capital Markets Association (TCMA)

5.80% Other \*\*

\* It includes the shares which Borsa İstanbul acquired from shareholders

\*\* Brokerage institutions, banks, Takasbank (Settlement and Custody Bank), precious metal brokers, and other companies

(The capital structure is on Borsa İstanbul's website at <https://borsaistanbul.com/en/sayfa/2393/corporate-governance>)

## OUR CLIENTS

CLIENTS OF BORSA İSTANBUL	LINK TO STRATEGY	MATERIAL ISSUES
<ul style="list-style-type: none"><li>Listed companies, the companies which issued corporate bonds traded on Debt Securities Market</li></ul>	<b>BOOSTING GROWTH</b>	Development and Deepening of Market
<ul style="list-style-type: none"><li>Members (Brokerage institutions, commercial banks, participation banks, Takasbank, corporations producing or trading in precious metals, authorized agents)</li></ul>	<b>INNOVATION</b>	Technology and Innovation
<ul style="list-style-type: none"><li>Non-member jewelry sector corporations</li></ul>	<b>SUSTAINABILITY</b>	Investor Protection
<ul style="list-style-type: none"><li>Central Bank of the Republic of Turkey (CBRT)</li></ul>		Financial Literacy
<ul style="list-style-type: none"><li>Data distributors</li></ul>		
<ul style="list-style-type: none"><li>Private Market members</li></ul>		
<ul style="list-style-type: none"><li>Software firms/Telecom operators</li></ul>		
<ul style="list-style-type: none"><li>Institutions which use BIST indices for their financial products.</li></ul>		

### COMMUNICATION CHANNELS

Meetings, announcements, e-mails

### COMMUNICATION SUBJECTS

Listing criteria and other regulations, issuance of instruments, exchange fee models and market practices, products and services, corporate solutions

### DEVELOPMENTS IN 2020

The Listing Directive was amended.

Eight companies were listed after an IPO with a total amount of TL 1.1 billion. The applications for listing from five companies were rejected. Nine companies were delisted due to company consolidations. Three companies were promoted to an upper market segment.

To 14 companies have been issued warnings, 4 companies were included under watch list and 7 companies were delisted. Six companies were relegated to the Pre-Market Trading Platform (PMTP) and 3 companies were granted a time extension to meet the required criteria for remaining listed.

Meetings were organized with brokerage institutions. Before the pandemic, two financial literacy training programs were carried out with 1,000 participants, for the clients of A1 Capital Securities and Integral Investment Securities.

An event organized to introduce capital market instruments, inform companies of corporate governance principles and to explain the advantages and contributions of public offerings to companies was held with the cooperation of the Capital Markets Board in Gaziantep on 25th February with 250 participants.

A financial literacy training program was organized for users of Matrix Bilgi Dağıtım.

Borsa İstanbul communicated with companies, brokerage institutions and members twice a week on average regarding the projects about entrepreneurship ecosystem, agricultural securitization and product developments infrastructure changes.

A total of 19 meetings were held throughout 2020 with 18 brokerage institutions. In these meetings, the ways to develop cooperation were discussed. During the pandemic, all meetings were conducted online.

## Our Stakeholders

### OUR INVESTORS

CAPITAL MARKETS INVESTORS	LINK TO STRATEGY	MATERIAL ISSUES
Legal investors and natural investors who place their savings in capital market instruments, individual pension funds, exchange traded funds, investment participations, free funds and collective investment institutions which carry out individual/institutional portfolio management	<b>BOOSTING GROWTH</b> <b>INNOVATION</b> <b>SUSTAINABILITY</b>	Development and Deepening of the Market Technology and Innovation Investor Protection Financial Literacy

### COMMUNICATION CHANNELS

Printed and visual media, social media

Investor Information Center

Events and training

Virtual session rooms

### COMMUNICATION SUBJECTS

Financial literacy, products and services

62

### DEVELOPMENTS IN 2020

World Investor Week was organized with TCMA (Turkish Capital Markets Association).

Our financial literacy training videos, which we created for high school students with the General Directorate of Secondary Education of the Ministry of National Education, were streamed on Eba TV during the 2020-2021 school year. We are planning to offer further projects to increase financial literacy among students through a working group which Borsa İstanbul will also participate in under the leadership of the Ministry of National Education and the Ministry of Commerce.

We created a welcome letter with our general manager's signature for our new investors who chose to invest in the capital market in 2020 and opened an account. This was shared with our investors through our subsidiary, MKK (Central Securities Depository).

With the object of developing monitoring actions in 2020;

- 1) By effectively using the **Measures Management System (TYS)** which was put in use in 2019, new measures were applied such as Order Cancellation, Amount reductions and prohibiting price worsening, a "Restriction on the Market to Limit Order entry with Market Orders", "Restriction of order collection information broadcasting". By starting with a proactive approach within TYS, we applied 156 measures on a share basis and 176 measures on an investor basis for 120 different stocks in 2020.
- 2) **Measures Pool System (THS)**, which we created in accordance with the demands of brokerage institutions and stakeholders, has been brought into use. Monitoring Measures Systems, which work with the Volatility Based Measures System (VBTS) and Measures Management System, have started to be tracked through a single channel, broadcasting from Borsa İstanbul's website regularly.
- 3) The procedures and principles regarding notification to the Audit Committee of acts and situations which contravene internal legislation, ethical regulations, laws and or related regulations entered force in Borsa İstanbul.
- 4) Social media posts regarding shares traded on Borsa İstanbul were taken into account in the cautionary decisions. The work on the automation of social media tracking with artificial intelligence algorithms has got underway.



## REGULATORY AUTHORITIES

Capital Markets Board of Turkey (CMB), Ministry of Treasury and Finance, Central Bank of The Republic of Turkey (CBRT), Banking Regulation and Supervision Agency (BRSA) and other regulatory and supervisory public authorities.

**LINK TO STRATEGY**  
**BOOSTING GROWTH**  
**INNOVATION**

### MATERIAL ISSUES

Development and Deepening of the Market

Investor Protection

Environmental and Social Impact Area

## COMMUNICATION CHANNELS

Direct communication, cooperation, reporting, Financial Stability and Development Committee

### COMMUNICATION SUBJECTS

Regulatory and legal substructure, auditing and monitoring actions

### DEVELOPMENTS IN 2020

Borsa İstanbul provided feedback for the draft regulations prepared by the CMB. Working in close contact with the CMB in regard to improving current services and developing new products and services.

Reports prepared within the context of monitoring, member auditing and corporate auditing actions are shared with CMB when necessary and work is carried out in coordination with the related department within the CMB thereafter.

The TLREF Committee, which is comprised of representatives from the CBRT, the Ministry of the Treasury and Finance, the Banks Association of Turkey, the Turkish Capital Markets Association, Takas İstanbul and Borsa İstanbul, convenes on a regular basis.

Work is carried out in the Coordination Council for the Improvement of the Investment Environment (YOIKK) Action Plan of the Presidency, as the organization responsible for encouraging our companies to take a greater share of “global sustainable investment flows”.

A high level of participation is ensured in cooperation and communication meetings among all institutions involved in the management of the economy, which were institutionalized under the roof of the Financial Stability and Development Committee.

## Our Stakeholders

### OUR EMPLOYEES

Qualified human resources, respectful to ethical principles and to company values.

**LINK TO STRATEGY  
SUSTAINABILITY**

#### PRIMARY SUBJECTS

Risk Management  
Environmental and Social Impact Area  
Stakeholder Relations and Corporate Governance

### COMMUNICATION CHANNELS

The primary communication channels include the “I Have An Idea (Bir Fikrim Var)” application, performance evaluation meetings, internal communication platforms, informing/sharing meetings, satisfaction surveys and labor union interviews.

### COMMUNICATION SUBJECTS

Performance processes, talent management, organizational regulations, improvements to the work environment

### DEVELOPMENTS IN 2020

#### Talent management

Meetings entitled “A Coffee Break with HR” started to be held with the participation of employees. These meetings are aimed at receiving instant feedback from employees and finding solutions to problems.

Changes were made to the organizational structure and job descriptions were created based on directorship. An optimal staff study was carried out and the number of employees required in the departments was determined accordingly.

The digitalization of Talent Management Processes got underway in 2020. The “I Have an Idea” application where employees could offer suggestions was brought into use. Through this practice it is aimed at providing a forum where the suggestions put forward by employees can be evaluated, with employees rewarded for appropriate suggestions.

In 2021, all Talent Management Processes are planned to be digitalized with back-up plans put in place for critical positions. It is targeted that the amount of overtime and the amount of leave being forfeited by employees in return for additional pay being reduced to create a healthy work-life balance without disrupting work continuity.

#### Pay

The sixth term Collective Labor Agreement covering the 2019-2020 period, which was signed with the Bank-Finance and Insurance Workers Union (BASİSEN) which most of the employees were a member of in 2018, expired at the end of 2020. Renewal of the Agreement for the new period is underway.

Financial incentives are provided in the form of a performance bonus for employees who created a further added value over and above their job definition and stood out with their performance.

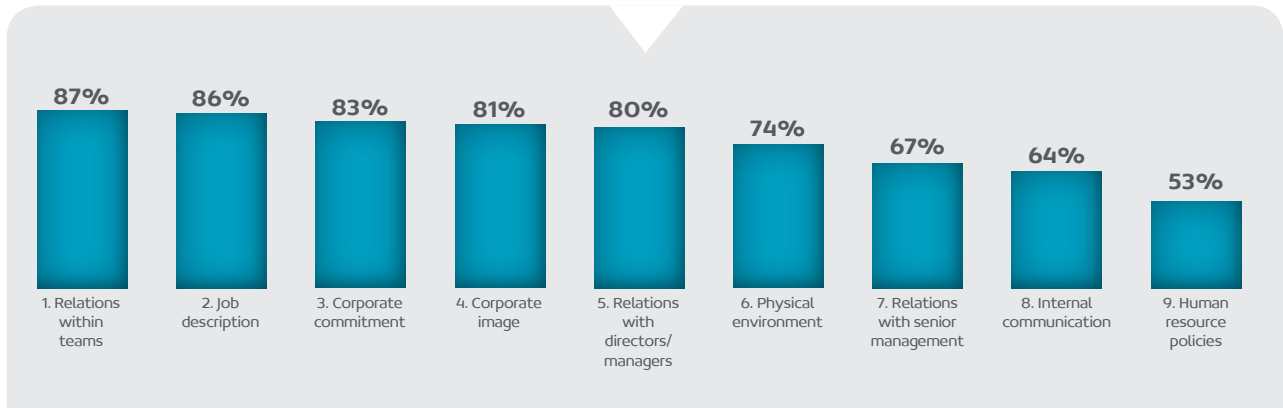
In 2021, in order to carry out evaluations both on the basis of targets and competence, competencies were determined for 2021 and our managers' target cards were created within the framework of our corporation's institutional goals. Within this framework, a goal card will be created for each employee and a Performance Management System will be implemented, which will evaluate employees four times a year on the basis of the determined targets and competencies during 2021.

#### Occupational health and safety

Within the scope of occupational health and safety, employees were given the chance to work from home opportunity is provided to our employees by minimizing the number of employees working in the campus/office. A Covid-19 precaution form is created, and it is ensured to get filled by our employees and risks are immediately identified. Employees' HES codes are daily checked, and employees with the risk are identified and led into working from home.

## Employee Satisfaction

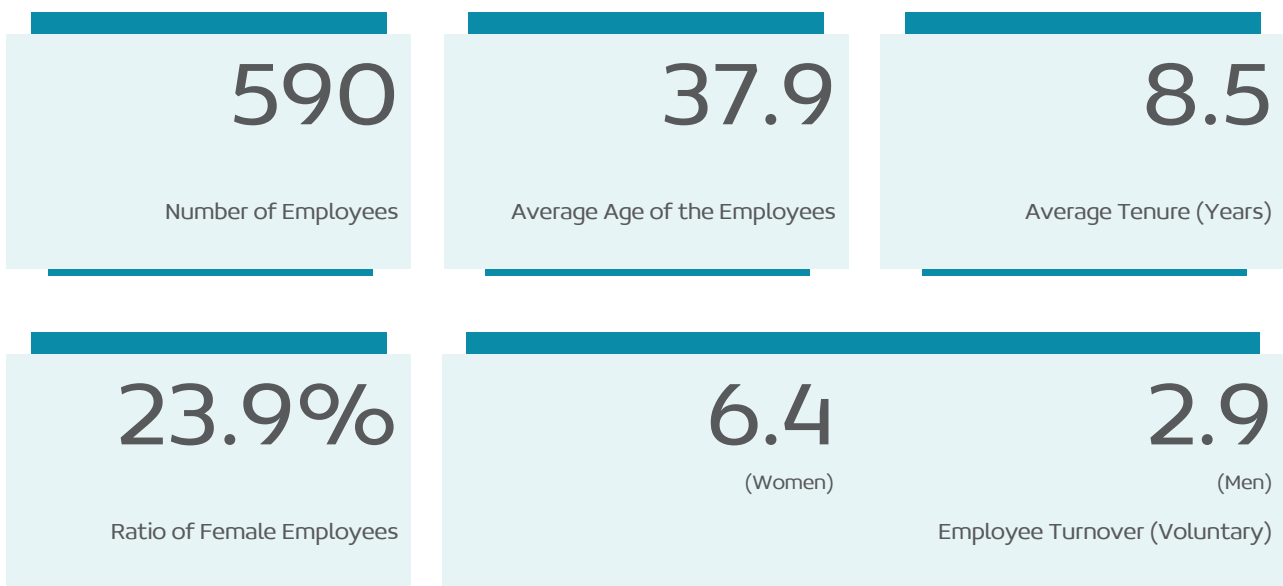
Employee feedback from the satisfaction survey was analyzed in order to take the necessary steps. The survey attracted a participation level of 72% and average satisfaction rate is 75%. The general levels of satisfaction determined from the surveys are set out below.



## Training

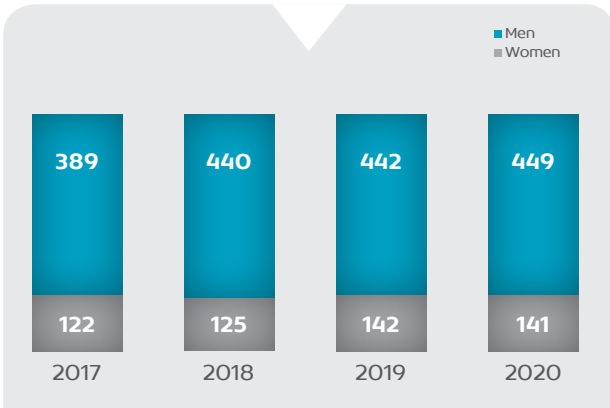
In addition to compulsory training activities, Borsa İstanbul ensured that the departments received the training which they requested to work more efficiently in their technically executed work in the areas which require professional knowledge, such as project management training and technical training in IT. Moreover, the organization ensures participation in a variety of seminars and conferences in similar fields. By identifying the required competencies for all positions and the training needs, and also by taking performance evaluation results into consideration, technical training programs are organized within the scope of technical needs in addition to the standard training which will be carried out for our employees through the training catalogue.

Borsa İstanbul believes that the most important contribution to growth and development is provided by the employees. While Borsa İstanbul develops a human resources policy and processes based on respect for people, it carries out work aimed both at bringing new talent to the institution and developing the employees currently working in the institution.



## Our Stakeholders

Number of Employees



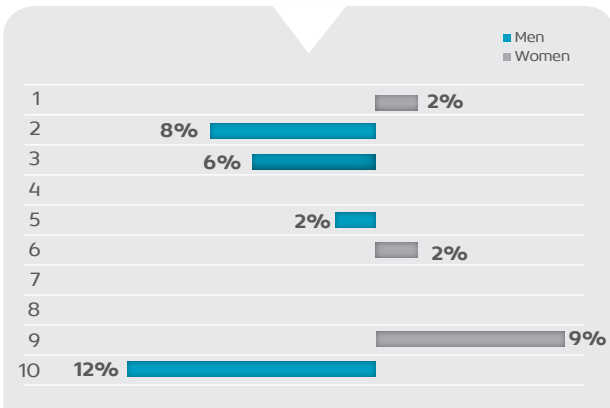
### Analysis of the gender pay gap

In Borsa İstanbul, wages are not determined according to gender. Pay scales determined by the length of service are identical for men and women. In addition to statutory requirements, nursery care assistance is provided for women employees with children.

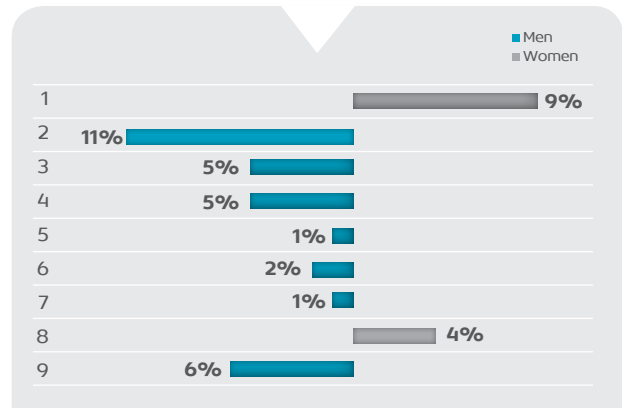
66

In the graph below, when the employees grouped by their length of service with a designation of 1 for the most senior employees, the left graph shows that men earn higher pay and while the graph on the right side demonstrates that women earn higher pay.

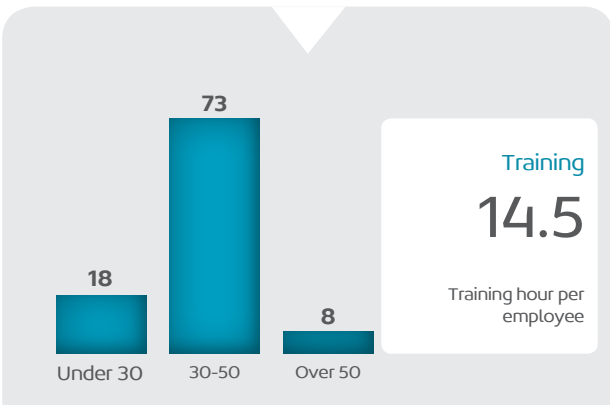
2019



2020



Age Diversity



## SUBSIDIARIES

Group companies, domestic and foreign partnerships	<b>LINK TO STRATEGY</b>	<b>MATERIAL ISSUES</b>
	<b>BOOSTING GROWTH</b>	Development and Deepening of the Market
	<b>INNOVATION</b>	Stakeholder Relations and Corporate Governance

### COMMUNICATION CHANNELS

Board membership, general assembly meetings

### COMMUNICATION SUBJECTS

Group synergy, new projects, joint products and events

### DEVELOPMENTS IN 2020

Within the scope of our plan for restructuring the subsidiaries, the liquidation of ITU Technology Inc. has been completed. Finans Teknopark A.Ş. entered a process of liquidation.

The data of the Sarajevo Stock Exchange and Montenegro Stock Exchange, which are also connected to our subsidiary as part of the Eurasia Data Dissemination Network (EDDN), is distributed by Borsa İstanbul. Data produced by Takas İstanbul and Central Registry İstanbul is also distributed by Borsa İstanbul and work is in progress to establish a joint data package with these institutions.

Synergy Committee meetings are held within group companies, with joint purchases evaluated in the meetings to create synergy between institutions. Demands with similar characteristics are purchased on a wholesale basis and at once in order to achieve a pricing advantage and operational convenience.

The Organization of Islamic Cooperation (OIC), as the institution undertaking over the Stock Exchange Forum's secretariat, cooperates with Takasbank and MKK (Central Securities Depository) within the scope of the coordination of Forum meeting which is organized every year, and within the scope of the work of the task forces formed.

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Subsidiaries*	Shares (%)	Shares including indirect holding (%)
<b>Capital Market Institutions</b>		
İstanbul Settlement and Custody Bank	64.18	
Central Securities Depository	30.10	71.75
Capital Markets Licensing and Training Agency	20.00	34.27
<b>Stock Exchanges</b>		
Montenegro Stock Exchange	24.43	
Kyrgyz Stock Exchange	16.33	
Sarajevo Stock Exchange	9.89	16.70
Baku Stock Exchange	4.76	
<b>Commodity and Financial Markets</b>		
Energy Exchange İstanbul (EPIAŞ)	30.83	
ELİDAS Licenced Warehouse	17.33	19.98
Turkish Mercantile Exchange	15.00	21.80
JCR Eurasia Rating	18.50	
Birleşik Mortgage Company	5.00	

\* The ownership of Finans Teknopark A.Ş. in liquidation is 51%.

## Corporate Governance

A Financial Market Infrastructure (FMI) should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.”  
Principle 2, IOSCO Principles for Financial Market Substructures, 2012

Per Article 73 of the Capital Market Law No. 6362, and Article 40 of Regulation on Establishment, Activity, Operation and Audit Principles of Exchanges and Market Operators, Borsa İstanbul is regulated according to the “Corporate Governance Communiqué” No. II-17.1.

Corporate Governance Information Form (KYBF) and Compliance Report Form (URF) are published on the website for reporting compliance with the corporate governance principles and to provide information regarding existing institutional management practices.

<https://borsaistanbul.com/en/sayfa/2393/corporate-governance>

### THE CORPORATE GOVERNANCE APPROACH AT BORSA İSTANBUL

- To provide full compliance between Borsa İstanbul’s organization and governance and its strategic objectives and operational needs,
- To improve Borsa İstanbul’s status as an important capital market platform worldwide by adopting local regulations and international best practices,
- To ensure that board members, senior management, and employees work in coordination within good governance and towards the organizational objectives.
- To improve the trust of Borsa İstanbul’s existing and potential shareholders and other key stakeholders in the governance process.

For Borsa İstanbul, being an organization that is held up as an example to other companies in regard to Corporate Governance and offering them encouragement in this direction is perceived as an important means of demonstrating to both domestic and international investors that the Turkish markets operate to high standards, and are therefore subjected to lower governance risk when compared to the stock markets of other developing countries.

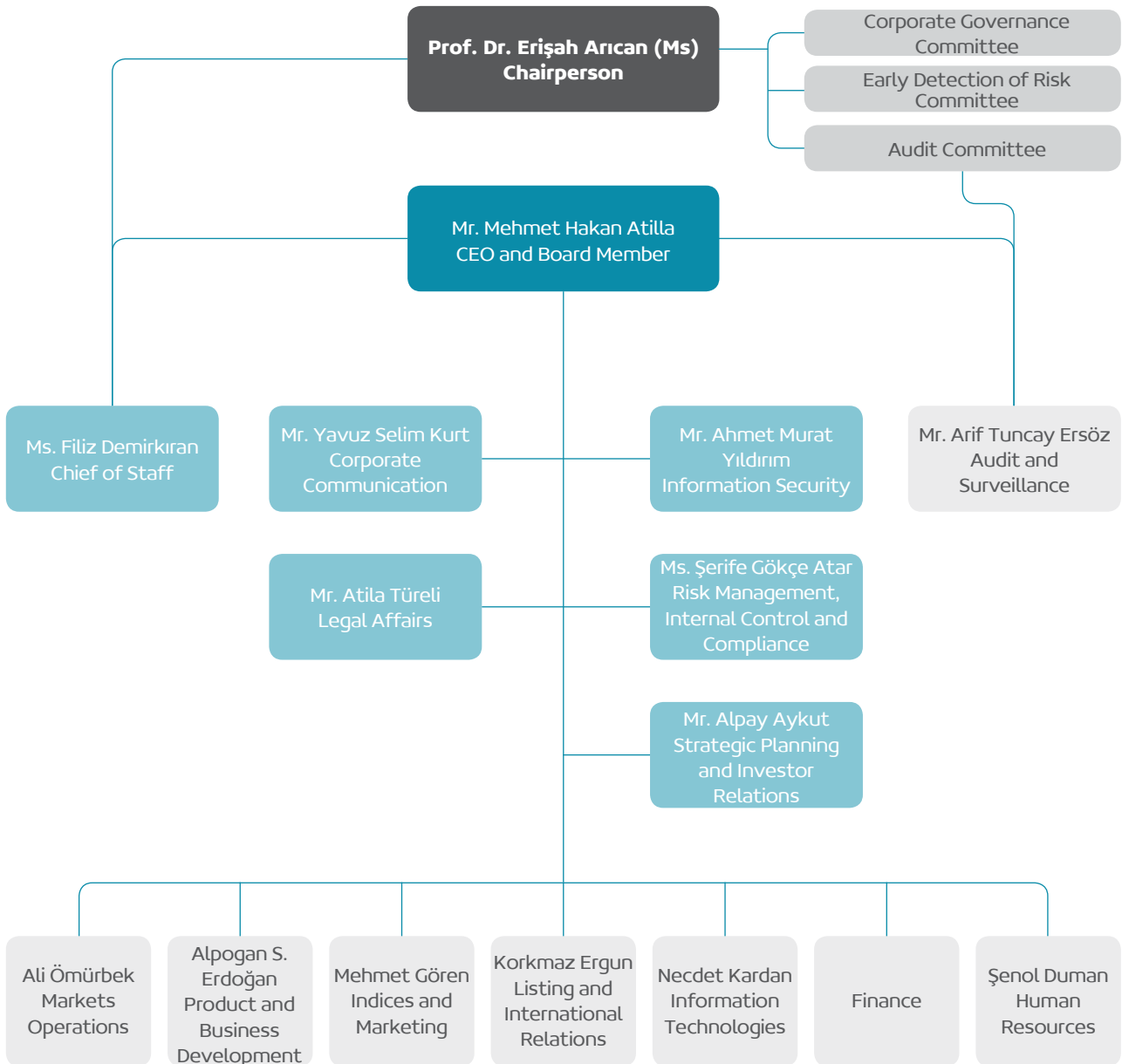
68

Borsa İstanbul is one of the most central institutions in Turkish financial markets and is the controlling shareholder in Takas İstanbul and Central Registry İstanbul, that are financial market infrastructure institutions. As stated in the IOSCO Principles, financial market infrastructure institutions must have high-quality governance.

## Organizational Structure

Borsa İstanbul's corporate governance organs have a long-term vision that is focused on growth perspectives. Board of Directors decides Borsa İstanbul's strategy. Managers put this strategy into practice and manage the daily process. Borsa İstanbul CEO and Board of Directors protect the interests of the Group, shareholders, and other stakeholders.

The organizational structure is being set out with the purpose of ensuring it operates efficiently and productively.



## Board of Directors

Borsa İstanbul's Board of Directors is the guarantor of its corporate vision. It sets the strategical orientations and ensures that senior managers follow them. It works to encourage Borsa İstanbul to generate long-term value by placing importance on risk management, social and environmental issues.

The Board consists of 9 members. Members are elected by General Assembly for a maximum of 3 years.

Board members have different profiles and experiences in different fields, bring their expertise in capital markets, banking and financial subjects, law, digital transformation, and corporate governance to the Company, as well as their international vision. Collectively, they represent all shareholders and take into consideration the priorities of the stakeholders, which are simultaneously company's material

matters. In setting these issues, the Board proceeds with a steady and long-term growth strategy, risk control culture and a productive and sustainable work model. In this regard, the risk management tracking responsibilities were broadened in 2020 and the results of the strategical action plan put in place in 2020 are monitored by the Board.

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	Position	Committee Membership
<b>Prof. Dr. Eriřah ARICAN (Ms)</b>	Chairperson	
<b>Mr. Zafer SÖNMEZ</b>	Deputy Chairperson	Member of the Corporate Governance Committee
<b>Mr. Mehmet Hakan ATILLA</b>	CEO and Board Member	
<b>Mr. Yunus ARINCI</b>	Independent Board Member	Chairman of the Audit Committee
<b>Mr. Metin KIRATLI</b>	Board Member	Member of the Early Detection of Risk Committee
<b>Prof. Dr. Fahrettin ALTUN (Mr.)</b>	Board Member	
<b>Prof. Dr. Cem DEMİROĞLU (Mr.)</b>	Independent Board Member	Chairman of the Corporate Governance Committee
		Member of the Audit Committee
<b>Mr. Tevfik ERASLAN</b>	Independent Board Member	Member of the Audit Committee
		Chairman of the Early Detection of Risk Committee
<b>Ms. Gülsevin ÇİPLİ</b>	Independent Board Member	Member of the Corporate Governance Committee
		Member of the Early Detection of Risk Committee

Our Board Members' resumes are available on our website.



6

Number of board meetings

44%

Proportion of independent board members (According to CMB Corporate Governance Principles, year-end)

83%

Participation rate in meetings

22%

Percentage of female members (Year-End)

The key activities of Board of Directors are disclosed on the website. The resolutions taken in the meetings and counter-statements (if any) are recorded in written format. The resolutions, which are related to traded companies, are disclosed through Public Disclosure Platform when legally required.

“Executive liability insurance”, “professional liability insurance” and “cyber security” policies are in place for board members.

The Board physically met 6 times in 2020, and also took resolutions without physically meeting.

#### Remuneration

Total remuneration, including wages and similar payments, paid to Borsa İstanbul Group senior management amounted to TL 11.2 million in 2020. (December 31, 2019: TL 10.6 million)

Specifying all types of remuneration to be paid to the chairperson and the board members is done by shareholders at general assembly meeting, every year. Travel, accommodation, and representation expenses that will be funded by Borsa İstanbul and sureties such as insurance are determined by Board of Directors. Chairperson, board members, their wives, husbands and

children and other relatives of whom they are responsible are entitled to health benefit scheme under the conditions stipulated by the company.

Actions such as providing security and credit facilities, advancing money directly or indirectly to a board member or company’s senior executives by our company are prohibited.

## Board Committees

Corporate Governance Committee, Audit Committee and Early Detection of Risk Committee have been helping the Board to perform its duties and responsibilities in an effective and transparent manner, in compliance with regulations.

AUDIT COMMITTEE	CORPORATE GOVERNANCE COMMITTEE	EARLY RISK ASSESSMENT COMMITTEE
<p><b>Object</b></p> <p>Audit Committee is authorized to assist the Board in monitoring the quality and accuracy of financial statements, to monitor the efficiency of accounting system and how it is practiced, to issue preliminary approval for the assignment of an independent external audit company and the services which will be provided by this company, to prepare and audit the contract between the auditor and Borsa İstanbul, to monitor Borsa İstanbul's independent audit system, its operation and the productivity of internal audit mechanisms.</p> <p><b>Members</b></p> <p>Mr. Yunus ARINCI (Chairperson)</p> <p>Mr. Tevfik ERASLAN (Member)</p> <p>Prof. Dr. Mr. Cem DEMİROĞLU (Member)</p> <p><b>Activities in 2020</b></p> <p>Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was granted preliminary approval as the independent external auditor for Borsa İstanbul in 2020, 2021 and 2022. It was submitted to the Board, for final approval.</p> <p>Borsa İstanbul's consolidated financial statements for 2019 (annual) and 2020 (interim), and independent audit reports have been reviewed.</p> <p>Audit and Surveillance Board annual internal work plan for 2020 was approved.</p> <p>Committee has been informed of internal audit activities carried out during 2020 on a regular basis. Committee approved internal audit and examination reports. In line with these approvals, related departments have been informed.</p> <p>Audit Committee has been provided information regarding the financial statements of Borsa İstanbul. The Committee reviewed and assessed the details of various transactions contained in financial statements.</p> <p>Summaries of the reports prepared and submitted to the CEO by Audit and Surveillance Board have been presented to Audit Committee.</p>	<p><b>Object</b></p> <p>Corporate Governance Committee ensures that the corporate governance principles have been applied, and where they have not been applied, seeks to determine the reasons thereof and identify any conflict of interests caused by the failure to follow these principles, and issues advice aimed at improving corporate governance practices. The committee also fulfills the functions of nomination and remuneration committees since there are not separate board committees.</p> <p><b>Members</b></p> <p>Prof. Dr. Mr. Cem DEMİROĞLU (Chairperson)</p> <p>Ms. Gülsevin ÇİPLİ (Member)</p> <p>Mr. Zafer SÖNMEZ (Member)</p> <p>Mr. Sönmez joined as a member after being elected as a board member in the General Assembly Meeting on April 14th, 2020.</p> <p><b>Activities in 2020</b></p> <p>Corporate Governance Committee convened four times in 2020.</p> <p>Corporate governance reports (prepared in Excel file) and committee annual evaluation report for 2020 were prepared and presented to the Board for its approval.</p> <p>Alternatives for the long-term incentive plan and fringe benefits were reviewed.</p> <p>The bonus system for 2020 was reviewed and senior management performance bonuses were proposed to the Board of Directors.</p> <p>Changes to the procedures and principles for capital market instrument transactions carried out by Borsa İstanbul Board Members, employees and their relatives were proposed to the Board of Directors.</p> <p>Committee worked on the competence and experience inventory (skill matrix) for board members.</p> <p>The corporate governance aspects that could be improved are identified.</p>	<p><b>Object</b></p> <p>Early Risk Assessment Committee works with the aim of early detection of the risks which could put Borsa İstanbul's existence and continuity in danger, taking measures for detected risks and managing the risk.</p> <p><b>Members</b></p> <p>Mr. Tevfik ERASLAN (Chairperson)</p> <p>Mr. Metin KIRATLI (Member)</p> <p>Ms. Gülsevin ÇİPLİ (Member)</p> <p><b>Actions in 2020</b></p> <p>Early Risk Assessment Committee gathered three times in 2020.</p> <p>Committee preparation meetings are conducted in coordination with the Risk Department. In addition, the risks and actions to mitigate risks are regularly reported to the committee.</p> <p>In the meetings,</p> <ul style="list-style-type: none"> <li>- the risks taken by the work units and the effects of these risks were evaluated,</li> <li>- information concerning the work for effective detection and management of risks is obtained,</li> <li>- and the measures which should be taken by related units to reduce the probability of risks being realized and to reduce their effects to an acceptable level, particularly risks related to the markets were discussed.</li> </ul> <p>The committee informed the Board of Directors of issues which were deemed to be important.</p>

Committees' working principles are available on our website.

In addition,

- **The Dispute Committee** assists Board of Directors in resolving the disputes among investment institutions or with their clients, in areas related to stock exchange operations in regard to meeting the responsibilities of delivering and matching orders on time.
- **The Disciplinary Committee** assists Board of Directors in conducting necessary disciplinary processes related to those who fail to act in accordance with the regulations pertaining to individuals authorized to work in Borsa İstanbul and those who represent them, capital market legislation, Borsa İstanbul's regulations and the decisions taken by Borsa İstanbul.
- **The IPO Committee** offers suggestions to the Board and specifies the necessary steps which should be taken by Borsa İstanbul in its own IPO preparation process.

## Senior Management

	Position	Education	Work Experience
<b>Mr. Mehmet Hakan ATILLA</b>	CEO Board Member	Gazi University, Economics	25 years of financial services sector experience  Halkbank Turkey Assistant General Manager, in charge of international banking
<b>Mr. Ali ÖMÜRBEK</b>	Executive Vice President (Market Operations)	İstanbul Technical University, Mathematical Engineering	25 years of investment company management experience  Halk Investment Securities Assistant General Manager
<b>Mr. Alpogan Sabri ERDOĞAN</b>	Executive Vice President (Product Development)	Boğaziçi University, Economics	21 years of experience in the financial services sector
<b>Mr. Arif Tuncay ERSÖZ</b>	Chief Audit Executive	İstanbul Technical University, Business Engineering	28 years of auditing experience in Borsa İstanbul
<b>Dr. Korkmaz Enes ERGUN (Mr.)</b>	Executive Vice President (Listing and Index)	Ankara University, Business Administration  Marmara University, PhD and MA in Economics	22 years of capital markets experience
<b>Mr. Mehmet GÖNEN</b>	Executive Vice President (Marketing and Business Development)	Boğaziçi University, Industrial Engineering  University of Michigan, MBA	Management experience in international investment companies
<b>Mr. Necdet KARDAN</b>	Executive Vice President (Information Technologies)	Augsburg University, Computer Engineering/Visual Communication Design  Donau University, IT  MA in Asset & Inventory Management	15 years of software and IT management experience  Ministry of Treasury and Finance, Advisor to the Minister
<b>Dr. Şenol DUMAN (Mr.)</b>	Executive Vice President (Human Resources)	Ankara University, Public Management  Carnegie Mellon University, MA in Public Management  Pittsburgh University,  PhD in Public Management and International Relations	25 years of public and private sector management experience

# Sustainability Performance Indicators

## ECONOMIC PERFORMANCE INDICATORS

	2016		2017		2018		2019		2020	
	TL Million	USD Million	TL Million	USD Million	TL Million	USD Million	TL Million	USD Million	TL Million	USD Million
<b>Economic Value Generated</b>										
Revenues*	915	303	1,071	294	1,899	395	1,952	344	2,593	370
<b>Distributed Economic Value</b>										
Operating Expenses**	271	90	257	71	201	42	224	39	281	40
Employee Fees and Benefits	215	71	209	57	259	54	347	61	382	55
Payments for capital providers***	-	-	28	8	461	96	181	32	233	33
Payments to governmental institutions ****	154	51	185	51	265	55	372	66	485	69
<b>Retained Economic Value</b>										
(Incomes - Distributed Economic Value)	276	91	391	107	713	148	828	146	1,213	173

### Description and notes

Financial information is presented on a Consolidated basis. In calculations, the following USD/TRY rates have been used 3.6477 for 2017; 4.8134 for 2018; 5.6708 for 2019; and 7.009 for 2020.

\* All income is included (including financial and other action incomes)

\*\* Other operating expenses and financial expenses are included.

\*\*\*Includes dividend and share repurchase payments.

\*\*\*\* Consist of CMB (Capital Market Board of Turkey) regulator fee and corporate taxes.

## ENVIRONMENT PERFORMANCE INDICATORS

### Greenhouse Gas Emissions\* (tons CO<sub>2</sub>-equivalent)

	2016	2017	2018	2019	2020
<b>Scope 1</b>	<b>1,303.3</b>	<b>1,622.5</b>	<b>1,692.2</b>	<b>1,593</b>	<b>1,531</b>
Vehicles	98.3	154.0	182.2	171	157
F-gases	761.0	571.3	748.9	666	559
Fuel used in buildings	404.4	725.3	681.8	674	765
Generators (diesel)	39.6	171.9	79.2	82	50
<b>Scope 2</b>	<b>4,085.6</b>	<b>6,146.4</b>	<b>6,875.8</b>	<b>6,910</b>	<b>6,585</b>
Electricity Consumption	4,085.6	6,146.4	6,875.8	6,910	6,585
<b>Scope 3</b>	<b>547.8</b>	<b>331.5</b>	<b>265.2</b>	<b>255</b>	<b>204</b>
Employee Transportation - Services	213.6	194.3	187.2	191	195
Domestic flights for business purposes	49.8	27.1	29.7	20	7.3
Short distance flights for business purposes (Europe)	117.1	37.0	24.7	14	0.17
Long-distance flights for business purposes	167.3	73.2	23.6	30	1.75
<b>Total</b>	<b>5,936.7</b>	<b>8,100.4</b>	<b>8,833.2</b>	<b>8,759</b>	<b>8,115</b>

\*GWP (Global Warming Potential) values are taken from the IPCC AR5 report.

	2016	2017	2018	2019	2020
<b>Scope 1 Total</b>	<b>1,303.3</b>	<b>1,622.5</b>	<b>1,692.2</b>	<b>1,593</b>	<b>1,531</b>
CO <sub>2</sub>	1,300.3	1,617.0	1,686.5	1,588	1,526
CH <sub>4</sub>	1.2	2.7	2.8	3	3
N <sub>2</sub> O	1.8	2.8	2.9	3	3
<b>Scope 2 Total</b>	<b>4,085.6</b>	<b>6,146.4</b>	<b>6,875.8</b>	<b>6,910</b>	<b>6,585</b>
CO <sub>2</sub>	4,072.9	6,126.0	6,853.0	6,887	6,563
CH <sub>4</sub>	1.4	2.4	2.7	3	3
N <sub>2</sub> O	11.3	18.0	20.1	20	19
<b>Scope 3 Total</b>	<b>547.8</b>	<b>331.5</b>	<b>265.2</b>	<b>255</b>	<b>204</b>
CO <sub>2</sub>	542.2	328.1	262.5	253	202
CH <sub>4</sub>	0.1	0.1	0.1	0	0
N <sub>2</sub> O	5.4	3.3	2.7	3	2
<b>Sum Total</b>	<b>5,936.7</b>	<b>8,100.4</b>	<b>8,833.2</b>	<b>8,759</b>	<b>8,115</b>
CO <sub>2</sub>	5,915.4	8,071.1	8,801.2	8,727	8,086
CH <sub>4</sub>	2.7	5.2	5.6	6	5
N <sub>2</sub> O	18.5	24.1	26.3	26	24

## SOCIAL PERFORMANCE INDICATORS

NUMBER OF EMPLOYEES	2016		2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Number of employees	135	371	122	389	125	440	142	442	141	449
<b>Total</b>		506		511		565		584		590

NUMBER OF EMPLOYEES BY CONTRACT TYPE	2016		2017		2018		2019		2020	
	Full Time	Part-Time	Full Time	Part-Time	Full Time	Part-Time	Full Time	Part-Time	Full Time	Part-Time
	506	-	509	2	560	5	580	4	585	5

AGE DISTRIBUTION OF EMPLOYEES	2016		2017		2018		2019		2020	
	Above 50	30		9		32		41		48
30- 50	395		408		432		439		436	
Under 30	81		94		101		104		106	
<b>Number of employees - total</b>	506		511		565		584		590	
<b>Average age of employees</b>	38.56		37.58		37.83		37.77		37.87	

NUMBER OF EMPLOYEES BY TERM OF EMPLOYMENT	2016		2017		2018		2019		2020	
	0-5 years	230		246		230		282		291
5-10 years	99		132		153		134		117	
10+ years	177		133		182		168		182	
<b>Total</b>	506		511		565		584		590	
<b>Average Term of Employment</b>	10,46		8,92		8,8		8,25		8,27	

DIVERSITY AND EQUAL OPPORTUNITY	2016		2017		2018		2019		2020	
	Distribution of Employees in Senior Management Bodies by Gender and Age (Director and above)	Women	Men	Women	Men	Women	Men	Women	Men	Women
Above 50	1	0	1	1	2	8	2	11	1	11
30- 50 years old	0	24	0	21	0	19	1	21	1	20
Under 30	0	0	0	0	0	0	0	0	0	0

EMPLOYEES ON PARENTAL LEAVE & EMPLOYEES RETURNED TO WORK AFTER PARENTAL LEAVE	2016		2017		2018		2019		2020	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
<b>Employees on parental leave</b>	12	27	7	18	10	29	5	22	11	26
<b>Employees returned to work after parental leave</b>	10	27	7	18	10	29	7	22	6	26

The number of male employees indicates those eligible for 10 days' paternity leave. In the Collective Labor Agreement, this leave defined as "compulsory leave" and extends for 10 days, while in Labor Law it is defined as "Casual Leave" and extends for 5 days.

OCCUPATIONAL HEALTH AND SAFETY TRAINING	2016		2017		2018		2019		2020	
	Percentage of Training Hours Allocated to Occupational Health and Safety (Training on OHS/ Total Training Hours)	58%		11%		4%		14%		9%

In accordance with the legislation, 8 hours of fundamental Occupational Health and Security training is required. For low-level risk positions, this training is required to be carried out once every 3 years.

<b>OCCUPATIONAL HEALTH AND SAFETY DATA</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Number of employees in Borsa İstanbul	506	511	565	584	590
Number of subcontracted employees	89	80	72	72	62
Number of fatal accidents (All)	-	-	-	-	-
Rate of accident frequency * (Borsa İstanbul)	-	0.9	-	-	0.9
Rate of accident frequency * (Subcontractors)	-	-	-	-	-
Rate of days ** (Subcontractors)	-	-	-	-	-

\*The Accident Frequency Rate = (Total number of accidents/Total employee working hours) x 1,000,000  
\*\*Rate of Lost Days = (Total number of days lost x 200,000)/Total working days (in hours)

<b>EMPLOYEE TRAINING</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Annual average training hours per employee	9.79	19.71	13.58	16.97	14,58
Annual average training hours per employee*	10.16	29.71	22.84	23.03	25,35
Annual average training hours per female employee	9.52	22.24	10.32	17.39	17,06
Annual average training hours per male employee	10.55	11.66	14.51	16.83	13,78

\*Calculated based on the number of trained employees.

<b>NUMBER OF NEWLY-RECRUITED EMPLOYEES</b>	<b>2016</b>		<b>2017</b>		<b>2018</b>		<b>2019</b>		<b>2020</b>	
	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>
<b>Number of newly - recruited Employees</b>	10	54	7	89	12	70	30	57	14	41
Above 50	0	0	0	2	0	3	1	0	0	0
30- 50	5	36	2	55	4	36	15	29	5	16
Under 30	5	18	5	32	8	31	14	28	9	25

<b>NUMBER OF EMPLOYEES LEAVING</b>	<b>2016</b>		<b>2017</b>		<b>2018</b>		<b>2019</b>		<b>2020</b>	
	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>
<b>Number of employees who quit during the year</b>	17	116	21	70	9	20	15	53	14	35
Above 50	2	5	7	27	0	1	1	10	2	9
30- 50	12	91	13	39	7	16	13	32	10	20
Under 30	3	20	1	4	2	3	1	11	2	6
Employee Turnover	12.59	31.27	17.21	17.99	7.20	4.55	10.56	11.99	9.93	7.80

<b>EMPLOYEES SUBJECT TO PERFORMANCE EVALUATION</b>	<b>2016</b>		<b>2017</b>		<b>2018</b>		<b>2019</b>		<b>2020</b>	
	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>
	135	368	122	389	221	431	115	389	129	394

BORSA İSTANBUL A.Ş.

**Consolidated Financial Statements as at and for the Year Ended  
31 December 2020 with Independent Auditor's Report Thereon**



# Independent Auditor's Report



## Güney Bağımsız Denetim ve SMMM A.Ş.

Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27 Maslak  
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ey.com  
Ticaret Sicil No: 479920  
Mersis No: 0-4350-3032-6000017

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

To the Shareholders of Borsa İstanbul Anonim Şirketi

#### A) Report on the Audit of the Consolidated Financial Statements

##### 1) Opinion

We have audited the consolidated financial statements of Borsa İstanbul Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

##### 2) Basis for Opinion

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

##### 3) Other Matter

The consolidated financial statements of the Group as of December 31, 2019 were audited by another audit firm whose independent auditor's report thereon dated March 3, 2020 expressed an unqualified opinion.

## Independent Auditor’s Report

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

### 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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

## Independent Auditor's Report

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

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

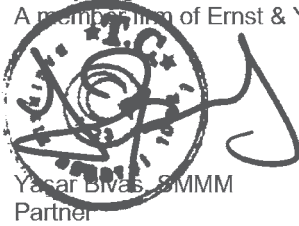
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law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

### B) Report on Other Legal and Regulatory Requirements

- 1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2020 and financial statements are not in compliance with law and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Yaşar Bivas.

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

  
Yaşar Bivas, SMMM  
Partner

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BORSA İSTANBUL A.Ş.

## Consolidated Statement of Financial Position As at 31 December 2020

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

ASSETS	Notes	Audited 31 December 2020	Audited 31 December 2019
<b>CURRENT ASSETS</b>		<b>26,665,838</b>	<b>17,478,234</b>
Cash and cash equivalents	4	23,769,022	16,217,363
Financial investments	6	2,403,812	919,740
- Financial assets measured at amortized cost		2,403,812	846,403
- Deposits more than 3 months		-	40,049
- Financial assets at fair value through profit or loss		-	33,288
Trade receivables	7	307,246	276,364
- Other trade receivables		307,246	276,364
Other receivables	7	421	373
- Other receivables		421	373
Derivative financial instruments	16	-	40,015
Prepaid expenses	10	17,850	14,587
Other current assets	8	167,487	9,792
<b>NON-CURRENT ASSETS</b>		<b>1,240,711</b>	<b>895,426</b>
Financial investments	6	357,204	65,555
- Financial assets at fair value through other comprehensive income		8,407	11,189
- Financial assets measured at amortized cost		348,797	54,366
Investments accounted for under the equity method	5	133,387	81,581
Investment properties	11	61,730	57,775
Property and equipment	12	228,565	242,217
Intangible assets	13	376,032	389,253
Prepaid expenses	10	2,857	1,335
Deferred tax assets	29	80,017	56,904
Other non-current assets	8	919	806
<b>TOTAL ASSETS</b>		<b>27,906,549</b>	<b>18,373,660</b>

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The accompanying notes between pages 90 and 140 are an integral part of these consolidated financial statements.

## Consolidated Statement of Financial Position As at 31 December 2020

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

LIABILITIES	Notes	Audited 31 December 2020	Audited 31 December 2019
<b>CURRENT LIABILITIES</b>		<b>23,178,720</b>	<b>14,692,273</b>
Short term borrowings	18	2,046,493	4,105,860
Lease liabilities	19	1,997	1,519
Trade payables	15	990,238	947,878
- <i>Other trade payables</i>		990,238	947,878
Liabilities for employee benefits	21	15,848	10,228
Other payables	15	116,995	88,063
- <i>Other payables</i>		116,995	88,063
Deferred income	9	2,969	3,715
Current income tax liabilities	29	120,074	71,406
Short term provisions		39,087	70,555
- <i>Provisions for employee benefits</i>	21	17,318	50,195
- <i>Other short term provisions</i>	17	21,769	20,360
Other current liabilities	22	19,845,019	9,393,049
<b>NON-CURRENT LIABILITIES</b>		<b>157,318</b>	<b>221,305</b>
Lease liabilities	19	3,946	4,601
Trade payables	15	104,498	166,840
- <i>Other trade payables</i>		104,498	166,840
Deferred income	9	600	814
Long term provisions		38,485	34,598
- <i>Provisions for employee benefits</i>	21	38,485	34,598
Deferred tax liabilities	29	-	5,582
Other non-current liabilities	22	9,789	8,870
<b>SHAREHOLDER'S EQUITY</b>		<b>4,570,511</b>	<b>3,460,082</b>
Equity holders of the parent	23	3,614,281	2,603,309
Share capital		423,234	423,234
Treasury shares		(100,294)	(99,016)
Share premium		12,418	12,418
Other comprehensive income/expense not to be reclassified to profit or loss		4,116	4,221
- <i>Revaluation reserve</i>		13,677	13,677
- <i>Losses on remeasurements of defined benefit plans</i>		(9,561)	(9,456)
Other comprehensive income/expense to be reclassified to profit or loss		2,796	1,397
- <i>Currency translation differences</i>		2,796	1,397
Restricted reserves		536,543	448,302
Retained earnings		1,493,078	1,018,679
Net profit for the period		1,242,390	794,074
Non-controlling interests		956,230	856,773
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,906,549</b>	<b>18,373,660</b>

BORSA İSTANBUL A.Ş.

## Consolidated Statement of Changes in Equity For the Year Ended 31 December 2020

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

Statement of changes in shareholders' equity					
	Share capital	Treasury shares	Restricted reserves	Share premium	Revaluation reserve
<b>Balances at 1 January 2019</b>	<b>423,234</b>	<b>(97,666)</b>	<b>392,550</b>	<b>12,418</b>	<b>13,677</b>
Net profit for the period	-	-	-	-	-
Other comprehensive income/(expense)	-	-	-	-	-
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers	-	-	54,402	-	-
Transactions with non-controlling interests	-	-	-	-	-
Increase/(decrease) arising from treasury share transactions	-	(1,350)	1,350	-	-
Dividend paid	-	-	-	-	-
<b>31 December 2019</b>	<b>423,234</b>	<b>(99,016)</b>	<b>448,302</b>	<b>12,418</b>	<b>13,677</b>
<b>Balances at 1 January 2020</b>	<b>423,234</b>	<b>(99,016)</b>	<b>448,302</b>	<b>12,418</b>	<b>13,677</b>
Net profit for the period	-	-	-	-	-
Other comprehensive income/(expense)	-	-	-	-	-
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers	-	-	86,963	-	-
Transactions with non-controlling interests	-	-	-	-	-
Increase/(decrease) arising from treasury share transactions	-	(1,278)	1,278	-	-
Dividend paid	-	-	-	-	-
<b>31 December 2020</b>	<b>423,234</b>	<b>(100,294)</b>	<b>536,543</b>	<b>12,418</b>	<b>13,677</b>



**Statement of changes in shareholders' equity**

Remeasurement of defined benefit obligations	Currency translation differences	Retained earnings	Net profit for the period	Equity holders of the parent	Non- controlling interests	Total equity
(6,093)	1,433	260,483	993,635	1,993,671	671,846	2,665,517
-	-	-	794,074	794,074	215,364	1,009,438
(3,363)	(36)	-	-	(3,399)	(609)	(4,008)
<b>(3,363)</b>	<b>(36)</b>	<b>-</b>	<b>794,074</b>	<b>790,675</b>	<b>214,755</b>	<b>1,005,430</b>
-	-	939,233	(993,635)	-	-	-
-	-	-	-	-	(37)	(37)
-	-	(1,350)	-	(1,350)	-	(1,350)
-	-	(179,687)	-	(179,687)	(29,791)	(209,478)
<b>(9,456)</b>	<b>1,397</b>	<b>1,018,679</b>	<b>794,074</b>	<b>2,603,309</b>	<b>856,773</b>	<b>3,460,082</b>
<b>(9,456)</b>	<b>1,397</b>	<b>1,018,679</b>	<b>794,074</b>	<b>2,603,309</b>	<b>856,773</b>	<b>3,460,082</b>
-	-	-	1,242,390	1,242,390	202,863	1,445,253
(105)	1,399	-	-	1,294	23	1,317
<b>(105)</b>	<b>1,399</b>	<b>-</b>	<b>1,242,390</b>	<b>1,243,684</b>	<b>202,886</b>	<b>1,446,570</b>
-	-	707,111	(794,074)	-	-	-
-	-	-	-	-	(450)	(450)
-	-	(1,278)	-	(1,278)	-	(1,278)
-	-	(231,434)	-	(231,434)	(102,979)	(334,413)
<b>(9,561)</b>	<b>2,796</b>	<b>1,493,078</b>	<b>1,242,390</b>	<b>3,614,281</b>	<b>956,230</b>	<b>4,570,511</b>

BORSA İSTANBUL A.Ş.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Year Ended 31 December 2020

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

	Notes	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
Revenue	24	2,477,325	1,991,398
Cost of sales (-)	24	(80,004)	(196,657)
<b>Gross profit</b>		<b>2,397,321</b>	<b>1,794,741</b>
General administrative expenses (-)	25	(595,976)	(527,960)
Other operating expenses (-)	26	(141,248)	(104,827)
Other operating income	26	18,066	33,214
<b>Operating profit</b>		<b>1,678,163</b>	<b>1,195,168</b>
Investment activities income	27	4,310	601
Investment activities expenses (-)	27	-	(4,355)
Share of profit/(loss) of investments accounted for under the equity method	5	29,144	15,717
<b>Profit before financial income/(expense)</b>		<b>1,711,617</b>	<b>1,207,131</b>
Financial income	28	125,954	95,859
Financial expenses (-)	28	(12,434)	(9,187)
<b>Profit before tax</b>		<b>1,825,137</b>	<b>1,293,803</b>
Income tax expense (-)	29	(408,558)	(268,014)
Deferred tax income/(expense)	29	28,674	(16,351)
<b>PROFIT FOR THE PERIOD</b>		<b>1,445,253</b>	<b>1,009,438</b>
<b>Profit attributable to:</b>			
- Non-controlling interests		202,863	215,364
- Equity holders of the parent		1,242,390	794,074
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income not to be reclassified to profit or loss</b>		<b>(82)</b>	<b>(3,972)</b>
Gains/losses on remeasurements of defined benefit plans	21	(103)	(4,965)
Other comprehensive income tax that will never be reclassified to profit or loss		21	993
- Deferred tax income/(expense)	29	21	993
<b>Other comprehensive income to be reclassified to profit or loss</b>		<b>1,399</b>	<b>(36)</b>
- Currency translation differences	5	1,399	(36)
<b>Other comprehensive income/(expense)</b>		<b>1,317</b>	<b>(4,008)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,446,570</b>	<b>1,005,430</b>
- Non-controlling interests		202,886	214,755
- Equity holders of the parent		1,243,684	790,675

The accompanying notes between pages 90 and 140 are an integral part of these consolidated financial statements.

## Consolidated Financial Statement of Cash Flows For the Year Ended 31 December 2020

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

	Notes	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
<b>Cash flows provided from operating activities</b>			
<b>Net profit for the period</b>		<b>1,445,253</b>	<b>1,009,438</b>
<b>Adjustments for:</b>			
Tax expense	29	379,884	284,365
Depreciation expense	12	28,162	23,363
Amortization expense	13	51,056	42,734
Change in provision for employment termination benefits	21	7,675	6,907
Change in personnel bonus provision	21	19,887	26,468
Change in valuation of investment properties	11	(3,955)	4,030
Change in unused vacation liability	21	(2,873)	6,625
Change on law suit provision	17	1,409	4,260
Expense accrual for Capital Markets Board share	15	104,943	87,544
Provisions no longer required	26	(10,707)	(23,630)
Share of (profit)/loss of investments accounted for under the equity method	5	(29,144)	(15,717)
Financial income, net	28	(113,520)	(86,672)
Provisions for doubtful receivables	7	3,292	485
Unrealized exchange (gain)/loss		(151,441)	2,888
<b>Cash flows from operating activities before working capital changes</b>		<b>1,729,921</b>	<b>1,373,088</b>
Increase/(decrease) in short-term borrowings		(2,059,367)	680,447
Decrease/(increase) in trade receivables		(30,300)	(200,557)
Decrease/(increase) in other receivables		(48)	434
Decrease/(increase) in prepaid expenses		(4,785)	9,288
Decrease/(increase) in other current assets		(157,695)	22,600
Decrease/(increase) in other non-current assets		(113)	(186)
Increase/(decrease) in liability for employee benefits		5,620	(1,089)
Increase/(decrease) in trade payables		(31,114)	454,377
Increase/(decrease) in other payables		11,533	(1,215)
Increase/(decrease) in deferred income		(960)	(284)
Increase/(decrease) in other current liabilities		10,462,677	3,179,209
Increase/(decrease) in other non-current liabilities		919	239
Increase/(decrease) in lease liabilities		2,728	(6,787)
Decrease/(increase) in derivative financial instruments		40,015	(40,015)
Taxes paid		(359,890)	(317,440)
Employment termination benefits paid	21	(2,664)	(5,007)
Employee's service provision paid	21	(1,227)	(2,511)
Capital Markets Board share paid		(87,544)	(79,876)
Personnel bonus paid	21	(46,355)	(21,462)
Unused vacation paid	21	(3,536)	(2,092)
Collection of doubtful receivables	7	-	23
<b>Net cash (used in)/generated from operating activities</b>		<b>7,737,894</b>	<b>3,668,096</b>
Proceed from sale of property and equipment	12	193	90
Purchase of property and equipment	12	(33,037)	(64,322)
Proceed from sale of intangible assets	13	-	111
Purchase of intangible assets	13	(19,838)	(15,188)
Financial asset (purchase/sale) measured at amortized cost		(1,851,841)	(823,048)
Financial asset (purchase/sale) at fair value through profit or loss		33,288	(33,288)
Financial asset (purchase/sale) at fair value through other comprehensive income		(3,000)	4
Deposits more than 3 months		40,049	(8,036)
Cash outflow from purchase of shares or capital increase in subsidiaries/joint ventures		(17,274)	(37)
Lease payments		(3,816)	(977)
Interests received		116,689	107,241
Dividend received from financial investments	27	355	276
<b>Net cash (used in)/generated from investment activities</b>		<b>(1,738,232)</b>	<b>(837,174)</b>
Cash outflow from repurchase of treasury shares		(1,278)	(1,350)
Dividend paid		(334,413)	(209,478)
<b>Net cash (used in)/generated from financing activities</b>		<b>(335,691)</b>	<b>(210,828)</b>
<b>Net increase in cash and cash equivalents</b>		<b>7,393,892</b>	<b>3,993,182</b>
Effects of currency translation on cash and cash equivalents		153,833	33,761
Cash and cash equivalents at the beginning of the period	4	16,219,272	12,192,329
<b>Cash and cash equivalents at the end of the period</b>	4	<b>23,766,997</b>	<b>16,219,272</b>

The accompanying notes between pages 90 and 140 are an integral part of these consolidated financial statements.

BORSA İSTANBUL A.Ş.

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

(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>th</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 Kıymet 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 BİST's subsidiaries operating in Turkey, joint operations and associations, together referred to as "Group".

As at 31 December 2020, BİST have 590 employees (31 December 2019: 584) and the Group have 1,097 employees (31 December 2019: 1,096). 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 2020 and 31 December 2019, the Company's shareholder structure and is as follows:

	31 December 2020		31 December 2019	
	Amount (TL)	Share (%)	Amount (TL)	Share (%)
Türkiye Wealth Fund	341,127	80.60	383,450	90.60
Qh Oil Investments (*)	42,323	10.00	-	-
Borsa İstanbul A.Ş.	9,749	2.30	9,590	2.27
Turkish Capital Markets Association	5,502	1.30	5,502	1.30
Other	24,533	5.80	24,692	5.83
<b>Total</b>	<b>423,234</b>	<b>100.00</b>	<b>423,234</b>	<b>100.00</b>

(\*) In the context of the memorandum of understanding dated 26 November 2020 signed by Türkiye Wealth Fund and Qatar Investment Authority, 10% of the Company shares transferred to Qh Oil Investments on 30 November 2020.

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

#### Subsidiaries

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

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

#### İstanbul Takas ve Saklama Bankası A.Ş.

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

#### Merkezi Kayıt Kuruluşu A.Ş.

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

#### Joint ventures

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

Joint ventures	Country	Area of activity
Tasfiye Halinde Finans Teknopark A.Ş. <sup>(*)</sup>	Turkey	Technology

<sup>(\*)</sup> In the Trade Registry Gazette dated 31 March 2020 and numbered 10048, it was published that the title change of Finans Teknopark A.Ş. to Tasfiye Halinde Finans Teknopark A.Ş. had been registered on 27 March 2020.

#### Tasfiye Halinde Finans Teknopark A.Ş.

Tasfiye Halinde Finans Teknopark A.Ş. is established in Turkey and started its operations at 9 January 2015 in order to ensure the collaboration of research institutions and organizations and finance and production sectors, to globalize the finance and industry sector’s competition abilities, and to direct these sectors rotation to export, and ultimately to ensure the technological substructure that will produce technological and financial information.

#### Associates

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

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

<sup>(\*)</sup> As at 31 March 2020 the Group has started to present it as investments accounted for under the equity method due to significant effect.

<sup>(\*\*)</sup> On 17 January 2020 it has purchased 18.50% shares.

#### 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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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 1- GROUP’S ORGANIZATION AND NATURE OF OPERATIONS (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 Avrasya Derecelendirme A.Ş. started its operations at 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

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#### 2.1 Basis of presentation

##### 2.1.1 Preparation of financial statements

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

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

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

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

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

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

Approval of the financial statements:

The consolidated financial statements have been approved by the Board of Directors on 17 February 2021. General Assembly have a right to change and related authorized entities have a right to request the change the consolidated financial statements.

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

(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

##### *The new standards, amendments and interpretations which are effective as at January 1, 2020*

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

##### **Definition of a Business (Amendments to TFRS 3)**

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations standards. The amendments are intended to assist entities to remove the assessment regarding the definition of business. The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. The amendments did not have a significant impact on the financial position or performance of the Group.

##### **Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform**

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform, in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7. The amendments did not have a significant impact on the financial position or performance of the Group.

##### **Definition of Material (Amendments to TAS 1 and TAS 8)**

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted. The amendments did not have a significant impact on the financial position or performance of the Group.

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

##### *The new standards, amendments and interpretations which are effective as at January 1, 2020 (Continued)*

##### **Amendments to TFRS 16 - Covid-19 Rent Related Concessions**

In June 5, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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##### **Standards issued but not yet effective and not early adopted**

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

##### **TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)**

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

##### **TFRS 17 - The new Standard for insurance contracts**

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

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

On March 12, 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.



## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

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

##### **Amendments to TFRS 3 - Reference to the Conceptual Framework**

In July 2020, the POA issued amendments to TFRS 3 Business Combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018). The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### **Amendments to TAS 16 - Proceeds before intended use**

In July 2020, the POA issued amendments to TAS 16 Property, Plant and Equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### **Amendments to TAS 37 - Onerous contracts - Costs of Fulfilling a Contract**

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

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

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

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

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

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

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

##### Relief from discontinuing hedging relationships

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

##### Separately identifiable risk components

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

##### Additional disclosures

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

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### Annual Improvements - 2018-2020 Cycle

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

- *TFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter*: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *TFRS 9 Financial Instruments - Fees in the "10 per cent test" for derecognition of financial liabilities*: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- *TAS 41 Agriculture - Taxation in fair value measurements*: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

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

##### 2.3 Comparative information

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

As of 31 December 2020, 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.

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

#### 2.3 Comparative information (Continued)

As at 31 December 2019, the Group's reverse repo transactions amounting to TL 23,013 which is included in financial investments, is classified under the cash and cash equivalents, CMB share provision amounting to TL 87,544 which is included in due to related parties, is classified under the other trade payables. As at 31 December 2019, derivative income from treasury operations amounting to TL 67,741 which is included in financial and other operating income, is classified under the revenue, foreign exchange transaction amounting to TL 6,439 which is included in general administrative expenses, is classified under the other operating expenses. Related classifications are made in the statement of cash flows. The abovementioned classifications did not have any effect on retained earnings and net profit for the related period.

#### 2.4 Offsetting

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

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

#### 2.5 Going concern

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

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

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

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

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

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

#### 2.7 Consolidation principles

The consolidated financial statements include the accounts of the Group on the basis set out in sections below.

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

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

#### Subsidiaries

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

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

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

#### 2.7 Consolidation principles (Continued)

##### Subsidiaries (Continued)

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 2020 and 31 December 2019, 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 2020	31 December 2019
İstanbul Takas ve Saklama Bankası A.Ş.	64.18	64.15
Merkezi Kayıt Kuruluşu A.Ş.	71.75	71.73

##### 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.

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

As at 31 December 2020 and 31 December 2019, the table below sets out the joint ventures accounted by equity method, the proportion of voting power held by the Company and its subsidiaries and effective ownership of interests:

	Effective ownership of interest (%)	
	31 December 2020	31 December 2019
Tasfiye Halinde Finans Teknopark A.Ş.	51.00	51.00
Tasfiye Halinde Borsa İstanbul İTÜ Teknoloji A.Ş. <sup>(*)</sup>	-	50.00

<sup>(\*)</sup> In the Trade Registry Gazette dated 18 June 2020 and numbered 10100, it was published that Tasfiye Halinde Borsa İstanbul İTÜ Teknoloji A.Ş. was abandoned with the decision of the General Assembly, had been registered on 16 June 2020.

##### Associates

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

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

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

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

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

#### 2.7 Consolidation principles (Continued)

##### Associates (Continued)

As at 31 December 2020 and 31 December 2019, 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 2020		31 December 2019	
	Directly and indirectly rate %	Effective rate %	Directly and indirectly rate %	Effective rate %
Enerji Piyasaları İşletme A.Ş. ("EPIAŞ")	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	21.79
JCR Avrasya Derecelendirme A.Ş.	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:

##### 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 1,000 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 7 December 2020 Akmerkez office was evaluated by market value approach and the fair value amount is TL 26,000.

##### 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 4,544.62 m<sup>2</sup> ground. According to a licensed real estate valuation firm report which is dated 13 October 2020. Şişli service building evaluated by market value approach and the fair value amount is TL 35,730.

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

##### *Provisions for employment termination benefits*

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

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

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise (Note 21).

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

	31 December 2020	31 December 2019
Discount rate	3.74%	3.52%
Estimated employee turnover rate	96.90%	96.90%

##### *Useful lives of intangible assets*

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

##### *Fair value of derivative instruments*

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

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

#### 2.11 Summary of significant accounting policies

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

##### **Related parties**

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

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

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

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

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

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

##### *Debt securities trading revenues*

Debt securities trading revenues consist of revenue from transactions in international bond markets where external debt instruments issued by the Republic of Turkey Treasury and included on the exchange list and in the equity repo market, where transactions are carried out with the shares of the companies that are traded on Borsa İstanbul Equity Market and which are included in BiST 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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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

##### 2.11.1 Service revenue (Continued)

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

###### *Custody and custody related operating revenue*

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

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

###### *Data vending revenue*

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

###### *Takasbank interest income*

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



## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

##### 2.11.2 Property and equipment

The cost of an item of property and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

After recognition as an asset, an item of property and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

##### *Depreciation*

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

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

Property and equipment	Year
Buildings	35-50
Machinery and equipment	4-10
Vehicles	5
Furniture and fixtures	4-15
Leasehold improvements	5-25

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

##### *Reclassification to investment property*

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

##### 2.11.3 Investment properties

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

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

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

##### 2.11.4 Government grants

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

##### 2.11.5 Intangible assets

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

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

##### 2.11.6 Research and development costs

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

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

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

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

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

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

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

##### 2.11.7 Financial instruments

###### Classification and measurement

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

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

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

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

*“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.

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

##### 2.11.8 Impairment of financial assets

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.

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

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

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

#### Measurement of ECLs

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

- Information considered in the Expected Credit Loss accounting should be reasonable, reliable and supportable.
- Country risk is also taken into account when calculating provisions that will be reserved for expected credit losses. Loans are allocated at a higher rate than the loan-based reserves, taking into account the size, type, maturity, currency, interest rate structure, borrowing sector, collaterals and similar concentrations over time, credit risk level and management.
- The approach used to assess expected credit losses is consistent with the Group's credit risk management.

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

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

###### Measurement of ECLs (Continued)

- 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.

##### 2.11.10 Derivative financial instruments

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

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

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

##### 2.11.11 Non-derivative financial liabilities

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

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

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

##### 2.11.12 Payables to members

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

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

##### 2.11.13 Deposits and guarantees received

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.

##### 2.11.14 Cash and cash equivalents

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

##### 2.11.15 Trade and other receivables

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

##### 2.11.16 Share capital

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

##### 2.11.17 Capital reserves

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

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

##### 2.11.18 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.

##### 2.11.21 Provisions, contingent liabilities and assets

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

##### 2.11.22 Lease transactions

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

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

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

##### 2.11.23 Employment termination benefits

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

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

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

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

##### 2.11.23 Employment termination benefits (Continued)

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.

##### 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 Share-based payments

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

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

##### 2.11.26 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.



## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 4 - CASH AND CASH EQUIVALENTS

As at 31 December 2020 and 31 December 2019, the details of cash and cash equivalents are as follows:

	31 December 2020	31 December 2019
Cash	27	36
Banks - time deposits	23,493,661	15,643,225
Banks - demand deposits	248,149	519,100
Reverse repo receivables	25,859	52,351
Investment funds	1,326	2,651
<b>At the statement of financial position</b>	<b>23,769,022</b>	<b>16,217,363</b>
Accruals on cash and cash equivalents	(30,098)	(20,833)
12 months expected credit loss allowance	28,073	22,742
<b>At the statement of cash flows</b>	<b>23,766,997</b>	<b>16,219,272</b>

As at 31 December 2020, there is no restricted deposits (31 December 2019: None).

#### Banks-Time deposits

As at 31 December 2020 and 31 December 2019, the details of time deposits are as follows:

31 December 2020	Amount (TL)	Effective interest rate (%)	Maturity date
TL	19,363,912	18.10	4 January - 31 March 2021
USD	2,129,447	2.78	4 January 2021
EUR	2,000,302	2.06	5 January 2021
<b>Total</b>	<b>23,493,661</b>		
31 December 2019	Amount (TL)	Effective interest rate (%)	Maturity date
TL	8,799,398	11.38	2 January - 31 March 2020
USD	3,429,554	2.70	2 January - 13 February 2020
EUR	3,414,273	0.72	2 January - 4 February 2020
<b>Total</b>	<b>15,643,225</b>		

As at 31 December 2020, average maturity of reverse repo receivables is 4 day and interest rate is 15% (31 December 2019: 1 day, 11%).

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

As at 31 December 2020 and 31 December 2019, summary of financial information for equity accounted investees are as follows:

#### Joint ventures

31 December 2020	Directly and indirectly rate %	Effective rate %	Total assets	Total liabilities	Net assets	Net profit/loss	BiST's shares in profit/loss	BiST's share in net assets
Tasfiye Halinde Finans Teknopark A.Ş.	51.00	51.00	2,104	4	2,100	69	35	1,071
<b>Total</b>							<b>35</b>	<b>1,071</b>
31 December 2019	Directly and indirectly rate %	Effective rate %	Total assets	Total liabilities	Net assets	Net profit/loss	BiST's shares in profit/loss	BiST's share in net assets
Finans Teknopark A.Ş.	51.00	51.00	2,033	1	2,032	27	14	1,036
Tasfiye Halinde Borsa İstanbul İTÜ Teknoloji A.Ş.	50.00	50.00	154	-	154	(2)	(1)	77
<b>Total</b>							<b>13</b>	<b>1,113</b>

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

As at 31 December 2020 and 31 December 2019, summary of financial information for equity accounted subsidiaries are as follows:

#### Subsidiaries

31 December 2020	Directly and indirectly rate %	Effective rate %	Total assets	Total liabilities	Net assets	Net profit/loss	BiST's shares in profit/loss	BiST's share in net assets
Enerji Piyasaları İşletme A.Ş.	30.83	30.83	329,159	61,313	267,846	66,828	20,604	82,579
Sermaye Piy. Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	41.00	34.27	41,162	6,304	34,858	8,998	3,689	14,292
Montenegro Stock Exchange	24.43	24.43	22,245	32	22,213	350	86	5,428
Türkiye Ürün İhtisas Borsası A.Ş.	25.00	21.80	80,832	5,092	75,740	17,198	4,300	18,935
JCR Avrasya Derecelendirme A.Ş. (*)	18.50	18.50	34,426	6,274	28,152	2,325	430	11,082
<b>Total</b>							<b>29,109</b>	<b>132,316</b>
31 December 2019	Directly and indirectly rate %	Effective rate %	Total assets	Total liabilities	Net assets	Net profit/loss	BiST's shares in profit/loss	BiST's share in net assets
Enerji Piyasaları İşletme A.Ş.	30.83	30.83	293,621	81,317	212,304	41,771	12,878	65,453
Sermaye Piy. Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	41.00	34.27	34,999	4,058	30,941	7,176	2,459	10,603
Montenegro Stock Exchange	24.43	24.43	16,400	259	16,141	1,503	367	3,943
Kyrgyz Stock Exchange (**)	16.33	16.33	2,948	76	2,872	-	-	469
<b>Total</b>							<b>15,704</b>	<b>80,468</b>

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

(\*\*) As at 31 March 2020, Kyrgyz Stock Exchange has been classified to financial investments due to disappearance of the significant influence.

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

For the years ended 31 December 2020 and 2019, joint ventures and subsidiaries that are accounted by equity method are as stated below:

	1 January - 31 December 2020	1 January - 31 December 2019
<b>Beginning balance</b>	<b>81,581</b>	<b>69,102</b>
Acquisitions (*)	16,899	-
Transfers	5,783	-
Disposals	(75)	-
Bargain purchase (**)	2,136	-
Dividends received	(3,480)	(3,202)
Income and expenses	29,144	15,717
Currency translation differences	1,399	(36)
<b>Ending balance</b>	<b>133,387</b>	<b>81,581</b>

(\*) The difference between the purchase amount of JCR Avrasya Derecelendirme A.Ş. at the date of purchase and the fair value of net identifiable assets is recognized as goodwill.

(\*\*) The difference between net asset value of Türkiye Ürün İhtisas Borsası A.Ş and value transferred from financial investments is recognized as bargain purchase gain in the statement of profit or loss.

### NOTE 6 - FINANCIAL INVESTMENTS

As at 31 December 2020 and 31 December 2019, the details of short term financial investments are as follows:

	31 December 2020	31 December 2019
Financial assets measured at amortized cost	2,403,812	846,403
Deposits more than 3 months	-	40,049
Financial assets at fair value through profit or loss	-	33,288
<b>Total</b>	<b>2,403,812</b>	<b>919,740</b>

As at 31 December 2020 and 31 December 2019, the details of long term financial investments are as follows:

	31 December 2020	31 December 2019
Financial assets at fair value through other comprehensive income	8,407	11,189
Financial assets measured at amortized cost	348,797	54,366
<b>Total</b>	<b>357,204</b>	<b>65,555</b>

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

### NOTE 6 - FINANCIAL INVESTMENTS (Continued)

As at 31 December 2020 and 31 December 2019, the details of debt securities are as follows:

	31 December 2020		31 December 2019	
	Carrying value	Interest rate %	Carrying value	Interest rate %
Bonds	1,306,287	11.68	628,525	3.45
Corporate bonds	-	-	75,034	11.59
Eurobonds	1,052,328	4.69	131,899	4.69
Asset backed securities	39,279	16.99	41,265	16.99
Sukuk	147,721	6.34	57,334	11.75
Repo	206,994	12.24	-	-
<b>Total</b>	<b>2,752,609</b>		<b>934,057</b>	

As at 31 December 2020 and 31 December 2019, there are no financial assets at fair value through other comprehensive income subject to repurchase agreements and given as collateral. As at 31 December 2020 and 31 December 2019, the details of financial assets at fair value through other comprehensive income are as follows:

	31 December 2020			31 December 2019		
	Directly and indirectly rate %	Effective rate %	Carrying value	Directly and indirectly rate %	Effective rate %	Carrying value
Kyrgyz Stock Exchange	16.33	16.33	467	-	-	-
Türkiye Ürün İhtisas Borsası A.Ş.	-	-	-	25.00	21.79	6,250
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	21.45	19.98	3,320	21.45	19.97	3,320
Sarajevo Stock Exchange	19.91	16.70	799	19.91	16.68	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	-	-	-
Other	<0,01	<0,01	1,164	<0,01	<0,01	663
<b>Total</b>			<b>8,407</b>			<b>11,189</b>

### NOTE 7 - TRADE RECEIVABLES AND OTHER RECEIVABLES

#### Trade receivables

As at 31 December 2020 and 31 December 2019, the details of short term other trade receivables from third parties are as follows:

	31 December 2020	31 December 2019
Receivables from members <sup>(*)</sup>	172,816	96,811
Loans given	99,886	157,493
Custody and commission receivables	38,241	22,466
Doubtful receivables	635	677
Expected credit loss	(4,332)	(1,083)
<b>Total</b>	<b>307,246</b>	<b>276,364</b>

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

As at 31 December 2020 and 31 December 2019, remaining maturities are less than 3 months.

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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### NOTE 7 - TRADE RECEIVABLES AND OTHER RECEIVABLES

#### Expected credit loss

For the years ended 31 December 2020 and 2019, the movements of expected credit loss are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
<b>Beginning balance</b>	<b>(1,083)</b>	<b>(659)</b>
Provisions during the period	(3,292)	(485)
Collections during the period	-	23
Reversal of provision during the period	43	38
<b>Ending balance</b>	<b>(4,332)</b>	<b>(1,083)</b>

#### Other receivables

As at 31 December 2020 and 31 December 2019, the details of short term other receivables from third parties are as follows:

	31 December 2020	31 December 2019
Other receivables	421	373
<b>Total</b>	<b>421</b>	<b>373</b>

### NOTE 8 - OTHER ASSETS

#### Other current assets

As at 31 December 2020 and 31 December 2019, the details of other current assets are as follows:

	31 December 2020	31 December 2019
Receivables from derivatives collateral	163,867	6,461
Job advances given to personnel	521	733
Deposits and guarantees given	213	252
Other	2,886	2,346
<b>Total</b>	<b>167,487</b>	<b>9,792</b>

#### Other non-current assets

As at 31 December 2020 and 31 December 2019, the details of other non-current assets are as follows:

	31 December 2020	31 December 2019
Deposits and guarantees given	919	806
<b>Total</b>	<b>919</b>	<b>806</b>

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### NOTE 9 - DEFERRED INCOME

#### Short term deferred income

As at 31 December 2020 and 31 December 2019, the details of short term deferred income are as follows:

	31 December 2020	31 December 2019
Deferred income	2,969	3,715
<b>Total</b>	<b>2,969</b>	<b>3,715</b>

#### Long term deferred income

As at 31 December 2020 and 31 December 2019, the details of long term deferred income are as follows:

	31 December 2020	31 December 2019
Deferred income	600	814
<b>Total</b>	<b>600</b>	<b>814</b>

### NOTE 10 - PREPAID EXPENSES

#### Short term prepaid expenses

As at 31 December 2020 and 31 December 2019, the details of short term prepaid expenses are as follows:

	31 December 2020	31 December 2019
Prepaid expenses	17,850	14,587
<b>Total</b>	<b>17,850</b>	<b>14,587</b>

#### Long term prepaid expenses

As at 31 December 2020 and 31 December 2019, the details of long term prepaid expenses are as follows:

	31 December 2020	31 December 2019
Prepaid expenses	2,857	1,335
<b>Total</b>	<b>2,857</b>	<b>1,335</b>

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 11 - INVESTMENT PROPERTIES

For the years ended 31 December 2020 and 2019, the movements of the investment properties are as follows:

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

	Valuation method	1 January 2019	Increase in value	Decrease in value	31 December 2019
Akmerkez Office	Market value approach	23,175	325	-	23,500
Şişli Service Building	Market value approach	38,630	-	(4,355)	34,275
<b>Total</b>		<b>61,805</b>	<b>325</b>	<b>(4,355)</b>	<b>57,775</b>

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As at 31 December 2020, there are investment properties of Group in İstanbul Akmerkez Shopping Center and İstanbul Şişli. The fair value of Akmerkez Shopping Center is TL 26,000 and the fair value of Şişli Service Building is TL 35,730 according to independent valuation report authorized by the Capital Markets Board ("CMB").

As at 31 December 2020, rental income from investment properties is amounting to TL 688 (31 December 2019: TL 600).

The significant estimates and assumptions used in determining the fair value of the investment properties as at 31 December 2020 are as follows:

Investment property	Valuation method	Expert report date	Precedent value m <sup>2</sup> TL
Akmerkez Office	Market value approach	7 December 2020	27.807
Şişli Service Building	Market value approach	13 October 2020	7.862

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



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

### NOTE 12 - PROPERTY AND EQUIPMENT

For the years ended 31 December 2020 and 2019, the movements of the property and equipment are as follows:

	Building	Machinery and equipment	Vehicles	Furnitures and fixtures	Leasehold improve- ments	Construction in progress	Right of use	Total
<b>1 January 2020</b>								
Opening balance	27,471	9,338	75	33,309	147,265	18,776	5,983	242,217
Additions	-	4,606	399	6,727	1,017	17,560	2,728	33,037
Disposals	-	(160)	-	(33)	-	-	-	(193)
Transfers	-	-	-	-	3,945	(22,279)	-	(18,334)
Current depreciation	(583)	(8,131)	(73)	(9,286)	(6,810)	-	(3,279)	(28,162)
<b>31 December 2020</b>	<b>26,888</b>	<b>5,653</b>	<b>401</b>	<b>30,717</b>	<b>145,417</b>	<b>14,057</b>	<b>5,432</b>	<b>228,565</b>
<b>1 January 2019</b>								
Opening balance	28,052	12,873	119	26,534	122,865	12,480	-	202,923
Additions	-	4,740	-	17,264	4,267	31,263	6,788	64,322
Disposals	-	-	-	(90)	-	-	-	(90)
Transfers	-	-	-	(2,232)	25,624	(24,967)	-	(1,575)
Current depreciation	(581)	(8,275)	(44)	(8,167)	(5,491)	-	(805)	(23,363)
<b>31 December 2019</b>	<b>27,471</b>	<b>9,338</b>	<b>75</b>	<b>33,309</b>	<b>147,265</b>	<b>18,776</b>	<b>5,983</b>	<b>242,217</b>

There are no mortgages or pledges over property and equipment. As at 31 December 2020, insurance collaterals over property and equipment amounting to full USD 130 million and full TL 68 million.

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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### NOTE 13 - INTANGIBLE ASSETS

For the years ended 31 December 2020 and 2019, the movements of the intangible assets are as follows:

	Rights	Software licenses	Development costs	Total
<b>1 January 2020</b>				
Opening balance	333,948	28,348	26,957	389,253
Additions	2,556	17,282	-	19,838
Disposals	-	-	-	-
Transfers	1,209	-	17,125	18,334
Current amortisation	(23,918)	(9,572)	(17,903)	(51,393)
<b>31 December 2020</b>	<b>313,795</b>	<b>36,058</b>	<b>26,179</b>	<b>376,032</b>
<b>1 January 2019</b>				
Opening balance	353,914	26,548	34,873	415,335
Additions	5,568	9,620	-	15,188
Disposals	-	(111)	-	(111)
Transfers	(1,534)	-	3,109	1,575
Current amortisation	(24,000)	(7,709)	(11,025)	(42,734)
<b>31 December 2019</b>	<b>333,948</b>	<b>28,348</b>	<b>26,957</b>	<b>389,253</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 years ended 31 December 2020, TL 337 depreciation expense is reserved for the projects developed within the scope of the R&D Center (31 December 2019: TL 62).

### NOTE 14 - 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 2020, research and development tax deduction amounting to TL 26,059 is considered as deduction in corporate tax calculation (31 December 2019: TL 21,629).

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

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 15 - TRADE PAYABLES AND OTHER PAYABLES

#### Short term trade payables

As at 31 December 2020 and 31 December 2019, the details of short term trade payables are as follows:

	31 December 2020	31 December 2019
Payables to members <sup>(*)</sup>	866,622	850,501
Trade payables <sup>(**)</sup>	107,386	86,894
Payables to domestic suppliers	16,230	10,483
<b>Total</b>	<b>990,238</b>	<b>947,878</b>

<sup>(\*)</sup> 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.

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

#### Short term other payables

As at 31 December 2020 and 31 December 2019, the details of other payables are as follows:

	31 December 2020	31 December 2019
Expense accrual for Capital Markets Board share	104,943	87,544
Other payables	12,052	519
<b>Total</b>	<b>116,995</b>	<b>88,063</b>

#### Long term trade payables

As at 31 December 2020 and 31 December 2019, the details of long term trade payables are as follows:

	31 December 2020	31 December 2019
Trade payables <sup>(*)</sup>	104,498	166,840
<b>Total</b>	<b>104,498</b>	<b>166,840</b>

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

### NOTE 16 - DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2020 and 31 December 2019, the details of derivative assets are as follows:

	31 December 2020	31 December 2019
Swap transactions	-	40,015
<b>Total</b>	<b>-</b>	<b>40,015</b>

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 17 - SHORT TERM PROVISIONS

As at 31 December 2020 and 31 December 2019, the details of lawsuit provisions are as follows:

	31 December 2020	31 December 2019
Lawsuit provisions	21,769	20,360
<b>Total</b>	<b>21,769</b>	<b>20,360</b>

For the years ended 31 December 2020 and 2019, the movements of lawsuit provisions are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
<b>Opening balance</b>	<b>20,360</b>	<b>16,100</b>
Increase during the period	6,404	12,474
Used during the period	(4,995)	(8,214)
<b>Ending balance</b>	<b>21,769</b>	<b>20,360</b>

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### NOTE 18 - SHORT TERM BORROWINGS

As at 31 December 2020 and 31 December 2019, the details of the short-term borrowings are as follows:

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

31 December 2019	Weighted average effective interest rate %	Currency	Original amount	TL equivalent
Short term borrowings	1.67	USD	334,833	1,988,973
	0.01	EUR	318,300	2,116,887
				<b>4,105,860</b>

### NOTE 19 - LEASE LIABILITIES

As at 31 December 2020 and 31 December 2019, the details of lease liabilities are as follows:

	31 December 2020	31 December 2019
Up to 1 year	1,997	1,519
1-5 years	3,946	4,601
<b>Total</b>	<b>5,943</b>	<b>6,120</b>

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

#### Provision for legal cases

There are several lawsuits against and in favour of the Group. These lawsuits consist of reemployment and disagreements with market members. In accordance with the opinions of the legal advisors, the management has provided provisions amounting to TL 21,769 in the consolidated financial statements as at 31 December 2020 (31 December 2019: TL 20,360) (Note 17).

#### Off-balance sheet items

##### Guarantees

Guarantees given to Takasbank Money Market, Securities Lending Market, Debt Securities Market, Over the Counter Market, BİAŞ Money Market, Equity Market, Derivatives Market and Swap Market. Since the Bank is the central counterparty, market transactions are guaranteed. As at 31 December 2020, total guarantees amounting to TL 28,063,370 (31 December 2019: TL 18,946,779).

##### 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 2020, total commitments amounting to TL 587,961 (31 December 2019: TL 410,953).

##### Collaterals

As at 31 December 2020 and 31 December 2019, market collaterals are as follows:

	31 December 2020	31 December 2019
Takasbank Market	21,440,551	19,264,889
Equity Market	14,591,388	9,135,268
Debt Securities	6,950,132	9,052,180
Precious Metal and Diamond Market	738,893	689,095
Derivatives Market	469,047	611,302
Other	726,684	443,649
<b>Total</b>	<b>44,916,695</b>	<b>39,196,383</b>

As at 31 December 2020 and 31 December 2019, collaterals received from suppliers are as follows:

	31 December 2020	31 December 2019
TL	19,368	58,369
USD	15,780	21,335
EUR	817	5,908
<b>Total</b>	<b>35,965</b>	<b>85,612</b>

#### Assets under custody

	31 December 2020	31 December 2019
Contribution fund of mandatory education of BİST <sup>(*)</sup>	57,383	106,231
<b>Total</b>	<b>57,383</b>	<b>106,231</b>

<sup>(\*)</sup> In accordance with the decision of İMKB's Board of Directors in 1997, İMKB made a contribution to "Contribution to Continuous Education" amounting to TL 32,000. The contribution fund is established under the decisions made in the General Assembly and Board of Directors in order to fund the construction of primary schools under the name of "Contribution Fund of Mandatory Education of İMKB". This fund is collected under time deposits held by public banks and managed by İMKB; however, the related fund is not included in the assets of İMKB. The fund was previously accounted under İMKB's assets and liabilities until 1999 and currently, it is accounted under the off-balance sheet. As at 31 December 2020, principal amount of "Contribution Fund of Mandatory Education" is TL 57,383 (31 December 2019: TL 106,231).

There are the investment securities held in custody amounting to TL 4,661,569,127 within the framework of area of the activity (31 December 2019: TL 4,112,178,649).

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

#### Short term employee benefits

As at 31 December 2020 and 31 December 2019, the details of liabilities for employee benefits are as follows:

	31 December 2020	31 December 2019
Social security premium	10,282	8,710
Payables to personnel	5,566	1,518
<b>Total</b>	<b>15,848</b>	<b>10,228</b>

As at 31 December 2020 and 31 December 2019, the details of short term provisions for employee benefits are as follows:

	31 December 2020	31 December 2019
Unused vacation liability	17,318	23,727
Personnel bonus provision	-	26,468
<b>Total</b>	<b>17,318</b>	<b>50,195</b>

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#### Unused vacation liability

In accordance with the Labor Law in Turkey, the Group provides provision for the unused portion of annual paid vacations of the employees with service terms over one year, including the trial period, calculated for the non-current periods. For the years ended 31 December 2020 and 2019, the movements of unused vacation liability is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance	23,727	19,194
Payment during the period	(3,536)	(2,092)
Increase during the period	(2,873)	6,625
<b>Ending balance</b>	<b>17,318</b>	<b>23,727</b>

#### Personnel bonus provision

For the years ended 31 December 2020 and 2019, the movement of personnel bonus provisions as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance	26,468	21,462
Payment during the period	(46,355)	(21,462)
Increase during the period	19,887	26,468
<b>Ending balance</b>	<b>-</b>	<b>26,468</b>

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

#### Long term employee benefits

As at 31 December 2020 and 31 December 2019, the details of long term employee benefits provisions are as follows:

	31 December 2020	31 December 2019
Provision for employee termination benefits	38,485	33,371
Service bonus provision	-	1,227
<b>Total</b>	<b>38,485</b>	<b>34,598</b>

#### Provision for employee termination benefits

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

The amount payable consists of one month's salary limited to a maximum of full TL 7,117.17 for each year of service as at 31 December 2020 (31 December 2019: full TL 6,379.86).

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

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

	31 December 2020	31 December 2019
Discount rate	3.74%	3.52%
Estimated employee turnover rate	96.90%	96.90%

For the years ended 31 December 2020 and 2019, the movements of provision for employee termination benefits are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance	33,371	26,506
Interest cost	4,663	3,018
Service cost	3,012	3,889
Payment during the period	(2,664)	(5,007)
Actuarial gains/losses	103	4,965
<b>Ending balance</b>	<b>38,485</b>	<b>33,371</b>

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

#### Service bonus provision

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

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

For the years ended 31 December 2020 and 2019, the movements of service bonus provisions are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance	1,227	3,738
Payment during the period	(1,227)	(2,511)
<b>Ending balance</b>	<b>-</b>	<b>1,227</b>

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### NOTE 22 - OTHER LIABILITIES

#### Other current liabilities

As at 31 December 2020 and 31 December 2019, the details of other current liabilities are as follows:

	31 December 2020	31 December 2019
Deposits and guarantees received	19,765,714	9,349,133
Taxes and duties payable	41,396	26,687
Expected credit loss	31,619	14,744
Other	6,290	2,485
<b>Total</b>	<b>19,845,019</b>	<b>9,393,049</b>

#### Other non-current liabilities

As at 31 December 2020 and 31 December 2019, the details of other non-current liabilities are as follows:

	31 December 2020	31 December 2019
Deposits and guarantees received	9,789	8,870
<b>Total</b>	<b>9,789</b>	<b>8,870</b>



## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 23 - SHAREHOLDER'S EQUITY

#### Share capital

As stated in Article 138 of Capital Markets Law No. 6362, the Articles of Association of Borsa İstanbul Anonim Şirketi have been issued by the Capital Markets Board and registered arbitrarily at the trade registry on 3 April 2013 following the approval of the relevant Minister, and these articles include: the Company's main field of operation, purpose, capital amount, shares, principles on transferring its shares; limitations on liquidation, transfer, merger, termination, public offering, privileges to be granted to shares without being subject to the fourth paragraph of Article 478<sup>th</sup> of Law No. 6102; organs and committees as well as formation, roles, authorizations and responsibilities, working procedures and principles of those; and principles regarding accounts, distribution of profits and organization. As stated in the Company's Articles of Association, the Company's initial capital is TL 423,234,000, consisting of 42,323,400,000 bearer shares each of which is equals to TL 0.01. As at 31 December 2020 and 31 December 2019, the Company's shareholding structure as follows:

	31 December 2020		31 December 2019	
	Amount (TL)	Share (%)	Amount (TL)	Share (%)
Turkiye Wealth Fund	341,127	80.60	383,450	90.60
Qh Oil Investments	42,323	10.00	-	-
Borsa İstanbul A.Ş.	9,749	2.30	9,590	2.27
Turkish Capital Markets Association	5,502	1.30	5,502	1.30
Other	24,533	5.80	24,692	5.83
<b>Total</b>	<b>423,234</b>	<b>100.00</b>	<b>423,234</b>	<b>100.00</b>

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#### 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 2020, retained earnings is amounting to TL 1,493,078 (31 December 2019: TL 1,018,679). It was decided in the Borsa İstanbul A.Ş.'s General Assembly dated 14 April 2020 dividend distribution of amounting to TL 231,434 to shareholders.

#### Revaluation reserve

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

#### Losses on remeasurements of defined benefit plans

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. In 2012, the Group decided to early adopt the amendments to TAS 19 which is applicable as at 1 January 2014 and recognized all actuarial gains and losses in other comprehensive income. Actuarial loss recognized under shareholder's equity in the statement of financial position amounting to TL 9,561 as at 31 December 2020 (31 December 2019: TL 9,456).

#### Currency translation differences

Foreign currency translation differences consist of foreign currency exchange differences arising from the translation of the financial statements of the Group's foreign operations into the presentation currency.

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 24 - REVENUE AND COST OF SALES

For the years ended 31 December 2020 and 2019, the details of gross profit are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Service revenue	2,479,539	1,998,318
Less: Sales discounts	(2,214)	(6,920)
<b>Revenue</b>	<b>2,477,325</b>	<b>1,991,398</b>
Cost of sales	(80,004)	(196,657)
<b>Gross profit</b>	<b>2,397,321</b>	<b>1,794,741</b>

For the years ended 31 December 2020 and 2019, the details of service revenue are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Takasbank interest income	515,930	732,323
Trading revenues	940,628	513,827
<i>Debt securities</i>	273,183	224,552
<i>Equity market</i>	343,281	117,875
<i>Derivatives</i>	200,186	100,792
<i>Takasbank money market</i>	37,262	32,759
<i>Precious metals and diamond market</i>	76,461	33,512
<i>Takasbank security lending market</i>	1,995	2,281
<i>Turkey electronic fund purchase and sale platform</i>	8,260	2,056
Custody and custody related operating income	392,691	290,556
Listing income	79,673	80,918
Settlement and clearing income	177,985	95,582
Data vending income	174,248	87,068
Security registration income	41,456	25,030
Technology income	42,711	23,588
Additional terminal fee	25,740	18,161
Money transfer service income	19,039	13,987
Membership fee	10,666	11,052
Account management fee	21,485	11,744
License income	9,784	8,911
Derivative transaction income from treasury operations	6,831	67,741
Other service income	20,672	17,830
<b>Total</b>	<b>2,479,539</b>	<b>1,998,318</b>

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 24 - REVENUE AND COST OF SALES (Continued)

#### Cost of sales

For the years ended 31 December 2020 and 2019, the details of cost of sales are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Takasbank interest expense	61,340	184,720
Fees and commissions	18,664	11,937
<b>Total</b>	<b>80,004</b>	<b>196,657</b>

### NOTE 25 - GENERAL ADMINISTRATIVE EXPENSES

For the years ended 31 December 2020 and 2019, the details of general administrative expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel fees and expenses	382,067	347,171
Depreciation and amortization expenses	79,218	66,035
Maintenance and repairment expenses	22,804	21,838
Taxes and other legal expenses	18,968	19,881
Revenue sharing expenses	19,852	7,489
Electricity, water and natural gas expenses	8,435	8,467
Communication expenses	10,159	8,112
Subcontractor expenses	5,148	5,942
Insurance expenses	4,472	4,237
Advertising expenses	20,645	10,138
Travel expenses	1,016	3,037
Consultancy expenses	5,321	5,503
Rent expenses	1,181	1,613
Other expenses	16,690	18,497
<b>Total</b>	<b>595,976</b>	<b>527,960</b>

#### Personnel expenses

For the years ended 31 December 2020 and 2019, the details of personnel expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Gross salaries	264,937	241,215
Social benefits	42,939	37,845
Social security contribution	39,433	33,171
Health care expenses	12,748	15,243
Mutual rescission expenses	3,082	3,819
Other expenses	18,928	15,878
<b>Total</b>	<b>382,067</b>	<b>347,171</b>

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 25 - GENERAL ADMINISTRATIVE EXPENSES (Continued)

#### Expenses by nature

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel fees and expenses	382,067	347,171
Takasbank interest expense	61,340	184,720
Depreciation and amortization expenses	79,218	66,035
Maintenance and repairment expenses	22,804	21,838
Taxes and other legal expenses	18,968	19,881
Fees and commissions	18,664	11,937
Revenue sharing expenses	19,852	7,489
Electricity, water and natural gas expenses	8,435	8,467
Communication expenses	10,159	8,112
Subcontractor expenses	5,148	5,942
Insurance expenses	4,472	4,237
Advertising expenses	20,645	10,138
Travel expenses	1,016	3,037
Consultancy expenses	5,321	5,503
Rent expenses	1,181	1,613
Other expenses	16,690	18,497
<b>Total</b>	<b>675,980</b>	<b>724,617</b>

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### NOTE 26 - OTHER OPERATING INCOME AND EXPENSES

For the years ended 31 December 2020 and 2019, the details of other operating expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Capital Markets Board provision	104,943	87,544
Provision expenses	32,640	13,212
Foreign exchange loss	-	3,617
Other	3,665	454
<b>Total</b>	<b>141,248</b>	<b>104,827</b>

For the years ended 31 December 2020 and 2019, the details of other operating income are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Provision no longer required	10,707	23,630
Rental income	974	1,190
Foreign exchange gain	2,392	-
Other	3,993	8,394
<b>Total</b>	<b>18,066</b>	<b>33,214</b>

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 27 - INVESTMENT ACTIVITIES INCOME AND EXPENSES

For the years ended 31 December 2020 and 2019, the details of investment activities incomes are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Increase in fair value of investment properties	3,955	325
Dividend income	355	276
<b>Total</b>	<b>4,310</b>	<b>601</b>

For the years ended 31 December 2020 and 2019, the details of investment activities expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Decrease in fair value of investment properties	-	4,355
<b>Total</b>	<b>-</b>	<b>4,355</b>

### NOTE 28 - FINANCIAL INCOME AND EXPENSES

For the years ended 31 December 2020 and 2019, the details of financial income are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Interest income	125,954	95,859
<b>Total</b>	<b>125,954</b>	<b>95,859</b>

For the years ended 31 December 2020 and 2019, the details of financial expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Rediscount expense	8,740	8,959
Other	3,694	228
<b>Total</b>	<b>12,434</b>	<b>9,187</b>

### NOTE 29 - TAX ASSETS AND LIABILITIES

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

According to the provisional Article 10 of the Law No, 7061 of 5 December 2017, numbered 30261, “Amendments to Certain Tax Laws and Some Other Laws” and the Law No, 5520 on Corporate Income Tax Law, it is foreseen that the corporation tax that should be paid over the profits of the tax years 2018, 2019 and 2020 will be calculated as 22% and the tax will be continued with 20%. During this period, the Council of Ministers was given the authority to reduce the rate of 22% to 20%.

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income. Advance tax is to be declared by the 14<sup>th</sup> day of the second month following each calendar quarter end and is payable by the 17<sup>th</sup> of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

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

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

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 2020 and 31 December 2019, the details of current tax assets and liabilities are as follows:

	31 December 2020	31 December 2019
Provision for corporate tax	408,558	268,014
Prepaid tax	(288,484)	(196,608)
<b>Current income tax liabilities</b>	<b>120,074</b>	<b>71,406</b>

For the years ended 31 December 2020 and 2019, the details of tax expenses in profit or loss are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Income tax expense	408,558	268,014
Deferred tax expense/(income)	(28,674)	16,351
<b>Total tax expense</b>	<b>379,884</b>	<b>284,365</b>

For the years ended 31 December 2020 and 2019, the total provision for taxes on income is different than the amount computed by applying the statutory tax rate to profit before provision for taxes as shown in the following reconciliation:

	1 January - 31 December 2020	1 January - 31 December 2019
<b>Profit before tax</b>	<b>1,825,137</b>	<b>1,293,803</b>
Income tax charge at effective tax rate	401,530	284,637
Adjustments for that deferred tax is not calculated	-	11,134
Income from tax exemptions	(13,392)	(34,328)
Non-deductible expenses	3,209	15,248
Temporary differences recognised	(14,018)	7,674
Effect of changes in tax rate	2,082	-
Other	473	-
<b>Tax expense</b>	<b>379,884</b>	<b>284,365</b>

For the years ended 31 December 2020, effective tax rate is as 21% (31 December 2019: 22%).

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

#### Deferred tax assets and liabilities

The Group and its subsidiaries calculate deferred tax assets and liabilities considering the effects of the temporary differences arising from the different valuations between the TFRS and the tax financial statements of the balance sheet items. 20% is used for the temporary differences in the calculation of deferred tax while preparing the 31 December 2020 financial statements.

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 2020		31 December 2019	
	Temporary differences	Deferred tax	Temporary differences	Deferred tax
Property and equipment, intangible assets and investment properties	161,195	32,239	52,440	10,488
Expense accrual for CMB share	104,943	20,989	87,544	19,260
Provision for TFRS 9	64,093	12,832	37,918	8,342
Provision for employee termination benefits	38,485	7,697	33,371	6,674
Lawsuit provisions	21,769	4,377	20,360	4,381
Personel bonus provisions	-	-	16,859	3,709
Provision for unused vacation liabilities	17,318	3,464	23,727	5,220
Provision for service bonuses	-	-	1,227	245
Financial instruments valuation difference	-	-	(40,015)	(8,803)
Other	(7,905)	(1,581)	8,210	1,806
<b>Deferred tax (liabilities)/assets</b>		<b>80,017</b>		<b>51,322</b>

As at 31 December 2020, deferred tax asset amounting to TL 80,017 (31 December 2019: TL 56,904) is reflected to the Group's financial statements and there is no deferred tax liability (31 December 2019: TL 5,582).

For the years ended 31 December 2020 and 2019, the movements of net deferred tax assets/(liabilities) are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
<b>Beginning balance</b>	<b>51,322</b>	<b>66,680</b>
Deferred tax income/expense	28,674	(16,351)
Other comprehensive income tax that will never be reclassified to profit or loss	21	993
<b>Ending balance</b>	<b>80,017</b>	<b>51,322</b>

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 30 - RELATED PARTY DISCLOSURES

#### Related party income

	1 January - 31 December 2020	1 January - 31 December 2019
<b>Rental income</b>		
Turkiye Wealth Fund	688	600
<b>Total</b>	<b>688</b>	<b>600</b>

#### Key management personnel compensation

For the years ended 31 December 2020, salaries and similar benefits provided to members of key management are amounting to TL 11,198 (31 December 2019: TL 10,649).

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

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

- Credit risk
- Liquidity risk
- Market risk

#### 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.



## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

#### 31.1 Credit risk

As at 31 December 2020 and 31 December 2019, credit risk exposure of the Group in terms of financial instruments are as follows:

31 December 2020	Trade receivables	Other receivables	Deposit at banks	Reverse repo	Financial investments
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E+F)</b>	<b>307,246</b>	<b>421</b>	<b>23,741,810</b>	<b>25,859</b>	<b>2,752,609</b>
- Guaranteed part of maximum credit risk with collaterals etc	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	310,943	421	23,769,883	25,859	2,752,609
B. Net carrying value of financial assets which are overdue but not impaired	635	-	-	-	-
C. Net carrying value of impaired assets	(635)	-	-	-	-
- Overdue (Gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-
D. Off statement of financial position items with credit risk	-	-	-	-	-
E. Lifetime expected credit loss	(3,697)	-	-	-	-
F. 12 months expected credit loss	-	-	(28,073)	-	-
<b>31 December 2019</b>	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Deposit at banks</b>	<b>Reverse repo</b>	<b>Financial investments</b>
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E+F)</b>	<b>276,364</b>	<b>373</b>	<b>16,162,325</b>	<b>52,351</b>	<b>974,106</b>
- Guaranteed part of maximum credit risk with collaterals etc	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	276,770	373	16,185,067	52,351	974,106
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	-
- Overdue (Gross book value)	677	-	-	-	-
- Impairment (-)	(677)	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-
D. Off statement of financial position items with credit risk	-	-	-	-	-
E. Lifetime expected credit loss	(406)	-	-	-	-
F. 12 months expected credit loss	-	-	(22,742)	-	-

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

#### 31.2 Liquidity risk

Liquidity risk is the Group's default in meeting its net funding liabilities. Events causing a decrease in funding resources such as; market deteriorations or decrease in credit ratings are major reasons of liquidity risk. The Group manages its liquidity risk by allocating its resources to obtain adequate reserves for recovering its current and potential liabilities by holding appropriate level of cash and cash equivalents. As at 31 December 2020 and 31 December 2019, the table below represents the gross amount of un-discounted cash flows related to financial liabilities based on the remaining maturities:

31 December 2020	Carrying value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years
<b>Current liabilities</b>					
Short term borrowings	2,046,493	2,046,493	2,046,493	-	-
Lease liabilities	1,997	2,369	601	1,768	-
Trade payables	1,107,233	1,107,233	1,107,233	-	-
Other current liabilities	19,845,019	19,845,019	19,845,019	-	-
<b>Non-current liabilities</b>					
Lease liabilities	3,946	4,447	-	-	4,447
Trade payables	104,498	113,238	-	-	113,238
Other non-current liabilities	9,789	9,789	-	-	9,789
<b>Total</b>	<b>23,118,975</b>	<b>23,128,588</b>	<b>22,999,346</b>	<b>1,768</b>	<b>127,474</b>
<b>31 December 2019</b>					
<b>Current liabilities</b>					
Short term borrowings	4,105,860	4,105,860	4,105,860	-	-
Lease liabilities	1,519	1,800	529	1,271	-
Trade payables	1,035,941	1,035,941	1,035,941	-	-
Other current liabilities	9,393,049	9,393,049	9,393,049	-	-
<b>Non-current liabilities</b>					
Lease liabilities	4,601	5,930	-	-	5,930
Trade payables	166,840	175,799	-	-	175,799
Other non-current liabilities	8,870	8,870	-	-	8,870
<b>Total liabilities</b>	<b>14,716,680</b>	<b>14,727,249</b>	<b>14,535,379</b>	<b>1,271</b>	<b>190,599</b>
Derivative cash outflows	-	372,000	372,000	-	-
Derivative cash inflows	(40,015)	(449,400)	(449,400)	-	-
<b>Derivative financial liabilities</b>	<b>(40,015)</b>	<b>(77,400)</b>	<b>(77,400)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>14,676,665</b>	<b>14,649,849</b>	<b>14,457,979</b>	<b>1,271</b>	<b>190,599</b>

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

#### 31.3 Market risk

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

#### Foreign currency risk

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

As at 31 December 2020 and 31 December 2019, the foreign exchange rates used by the Group for translation of the transactions in foreign currencies are as follows:

	31 December 2020	31 December 2019
USD	7.3405	5.9402
EUR	9.0079	6.6506

As at 31 December 2020 and 31 December 2019, the table below summarizes the foreign currency position risk of the Group carrying value of assets and liabilities held by the Group in foreign currencies (in TL equivalent) are as follows:

	31 December 2020			31 December 2019		
	TL	USD	EUR	TL	USD	EUR
Cash and cash equivalents	4,331,462	312,659	226,067	7,361,980	606,064	565,639
Financial investments	1,652,870	145,220	65,152	525,535	21,132	60,146
Other current assets	3,765	319	158	324	50	4
<b>Total assets</b>	<b>5,988,097</b>	<b>458,198</b>	<b>291,377</b>	<b>7,887,839</b>	<b>627,246</b>	<b>625,789</b>
Short term borrowings	1,786,450	104,701	113,000	4,105,861	334,833	318,300
Other current liabilities	3,378,569	250,036	171,314	3,067,015	241,246	245,687
Trade payables	773,045	97,942	6,006	253,736	42,715	-
<b>Total liabilities</b>	<b>5,938,064</b>	<b>452,679</b>	<b>290,320</b>	<b>7,426,612</b>	<b>618,794</b>	<b>563,987</b>
<b>Net foreign currency assets/ (liabilities)</b>	<b>50,033</b>	<b>5,519</b>	<b>1,057</b>	<b>461,227</b>	<b>8,452</b>	<b>61,802</b>
Derivative financial instruments	-	-	-	399,036	-	60,000
<b>Net foreign currency off- balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>399,036</b>	<b>-</b>	<b>60,000</b>
<b>Net exposure</b>	<b>50,033</b>	<b>5,519</b>	<b>1,057</b>	<b>62,191</b>	<b>8,452</b>	<b>1,802</b>

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

#### Exposure to foreign currency risk

For the years ended 31 December 2020 and 2019, 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 2020</b>				
<b>Increase/(decrease) 10% of USD parity</b>				
1- USD net asset/liability	4,051	(4,051)	4,051	(4,051)
2- Hedged portion of USD amounts (-)	-	-	-	-
<b>3- Net effect of USD (1+2)</b>	<b>4,051</b>	<b>(4,051)</b>	<b>4,051</b>	<b>(4,051)</b>
<b>Increase/(decrease) 10% of EURO parity</b>				
4- EURO net asset/liability	952	(952)	952	(952)
5- Hedged portion of EURO amounts (-)	-	-	-	-
<b>6- Net effect of EURO (4+5)</b>	<b>952</b>	<b>(952)</b>	<b>952</b>	<b>(952)</b>
<b>TOTAL (3+6)</b>	<b>5,003</b>	<b>(5,003)</b>	<b>5,003</b>	<b>(5,003)</b>
<b>31 December 2019</b>				
<b>Increase/(decrease) 10% of USD parity</b>				
1- USD net asset/liability	5,021	(5,021)	5,021	(5,021)
2- Hedged portion of USD amounts (-)	-	-	-	-
<b>3- Net effect of USD (1+2)</b>	<b>5,021</b>	<b>(5,021)</b>	<b>5,021</b>	<b>(5,021)</b>
<b>Increase/(decrease) 10% of EURO parity</b>				
4- EURO net asset/liability	1,198	(1,198)	1,198	(1,198)
5- Hedged portion of EURO amounts (-)	-	-	-	-
<b>6- Net effect of EURO (4+5)</b>	<b>1,198</b>	<b>(1,198)</b>	<b>1,198</b>	<b>(1,198)</b>
<b>TOTAL (3+6)</b>	<b>6,219</b>	<b>(6,219)</b>	<b>6,219</b>	<b>(6,219)</b>

#### 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 2020 and 31 December 2019, the Group's interest rate sensitive financial instruments' allocation are presented below:

	31 December 2020	31 December 2019
<b>Financial assets</b>		
Bank deposits	23,493,661	15,683,274
Reverse repo receivables	25,859	52,351
Financial assets measured at amortized cost	2,752,609	900,769
Financial assets at fair value through profit or loss	-	33,288
<b>Financial liabilities</b>		
Short term borrowings	2,046,493	4,105,860

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 32 - FINANCIAL INSTRUMENTS

#### Fair value of financial instruments

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

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

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

#### Financial assets

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

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

#### Financial liabilities

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

31 December 2020	Carrying value	Fair value
<b>Financial assets</b>		
Cash and cash equivalents	23,769,022	23,769,022
Trade receivables	307,667	307,667
Financial assets measured at amortized cost	2,752,609	2,746,641
<b>Financial liabilities</b>		
Borrowings	2,046,493	2,046,493
Lease liabilities	5,943	5,943
Trade payables	1,211,731	1,211,731
<b>31 December 2019</b>		
<b>Financial assets</b>		
Cash and cash equivalents	16,217,363	16,217,363
Trade receivables	276,737	276,737
Derivative financial instruments	40,015	40,015
Financial assets measured at amortized cost	900,769	905,974
Financial assets at fair value through profit or loss	33,288	33,288
<b>Financial liabilities</b>		
Borrowings	4,105,860	4,105,860
Lease liabilities	6,120	6,120
Trade payables	1,202,781	1,202,781

As at 31 December 2020 and 31 December 2019, the fair value classification of the financial assets at amortized cost of the Group is Level 2.

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## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

### NOTE 32 - FINANCIAL INSTRUMENTS (Continued)

#### 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).

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

31 December 2020	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Investment funds	1,326	-	-	1,326
<b>Total</b>	<b>1,326</b>	<b>-</b>	<b>-</b>	<b>1,326</b>
31 December 2019	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Investment funds	2,651	-	-	2,651
Derivative financial instruments	-	40,015	-	40,015
Financial assets at fair value through profit or loss	7,736	25,552	-	33,288
<b>Total</b>	<b>10,387</b>	<b>65,567</b>	<b>-</b>	<b>75,954</b>

The Group evaluated that the cost of equity instruments which are classified as financial assets at fair value through other comprehensive income, reflect the fair values of the related assets. The fair value of the related assets has been determined as Level 3.

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

As at 31 December 2020 and 31 December 2019, 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 61,730 is determined using the market value approach as stated in the valuation reports (31 December 2019: TL 57,775). Related valuation methods and accounting policies are explained in Note 2.10.

### NOTE 33 - SUBSEQUENT EVENTS

None.

GRI STATEMENT: “The service was performed on the Turkish language version of the report.”.

<b>BORSA İSTANBUL - GRI STANDARDS - CORE</b>		
<b>GRI STANDARD NUMBER</b>	<b>DISCLOSURES</b>	<b>PAGE NUMBER/DIRECT REFERENCE/URL</b>
<b>GRI 101: FOUNDATION 2016</b>		
<b>GRI 102: GENERAL DISCLOSURES 2016</b>		
<b>ORGANIZATIONAL PROFILE</b>		
102-1	Borsa İstanbul A.Ş.	
102-2	<ul style="list-style-type: none"> <li>2020 in Numbers, Page: 17-27</li> </ul>	<a href="https://www.borsaistanbul.com/en/sayfa/2426/markets">https://www.borsaistanbul.com/en/sayfa/2426/markets</a>
102-3	Borsa İstanbul A.Ş., Reşitpaşa Mahallesi, Borsa İstanbul Caddesi No: 4, 34467	
	Sarıyer/İstanbul/TURKEY	
102-4	İstanbul-Turkey	
102-5	<ul style="list-style-type: none"> <li>Shareholders, Page: 90</li> </ul>	<a href="https://www.borsaistanbul.com/en/sayfa/3753/legal-framework">https://www.borsaistanbul.com/en/sayfa/3753/legal-framework</a>
102-6	<ul style="list-style-type: none"> <li>Our Stakeholders, Page: 60-63</li> </ul>	
102-7	<ul style="list-style-type: none"> <li>Summary Financial Performance, Page: 14-15</li> <li>Our Stakeholders/Our Employees, Page: 64-66</li> <li>Economic Performance Indicators, Page: 74</li> <li>Social Performance Indicators, Page: 76-77</li> </ul>	
102-8	<ul style="list-style-type: none"> <li>Social Performance Indicators, Page: 76-77</li> </ul>	
102-9	<ul style="list-style-type: none"> <li>Our Stakeholders, Page: 60-63</li> </ul>	
102-10	<ul style="list-style-type: none"> <li>Group’s Organization and Nature of Operations, Page: 90-92</li> </ul>	
102-11	<ul style="list-style-type: none"> <li>Risk Management, Page: 50-58</li> </ul>	
102-12	<a href="https://www.borsaistanbul.com/en/sayfa/2209/international-memberships">https://www.borsaistanbul.com/en/sayfa/2209/international-memberships</a>	
102-13	<a href="https://www.borsaistanbul.com/en/sayfa/2209/international-memberships">https://www.borsaistanbul.com/en/sayfa/2209/international-memberships</a>	
<b>STRATEGY</b>		
102-14	<ul style="list-style-type: none"> <li>CEO’s Assessment, Page: 8-11</li> <li>Our Strategy, Page: 43-45</li> </ul>	
102-15	<ul style="list-style-type: none"> <li>Risk Management, Page: 53-58</li> </ul>	
<b>ETHICS AND INTEGRITY</b>		
102-16	<a href="https://www.borsaistanbul.com/en/sayfa/4885/ethical-principles">https://www.borsaistanbul.com/en/sayfa/4885/ethical-principles</a>	
<b>GOVERNANCE</b>		
102-18	<ul style="list-style-type: none"> <li>Organizational Structure, Page: 69</li> <li>Board of Directors, Page: 70-71</li> <li>Board Committees, Page: 72</li> <li>Senior Management, Page: 73</li> </ul>	
102-19	<ul style="list-style-type: none"> <li>Corporate Management, Page: 68</li> </ul>	
102-20	<ul style="list-style-type: none"> <li>Corporate Management, Page: 68</li> <li>Our Sustainability Approach, Page: 46-49</li> </ul>	
102-22	<ul style="list-style-type: none"> <li>Board of Directors, Page: 70-71</li> <li>Board Committees, Page: 72</li> </ul>	
102-23	The Chairperson of the Board of Directors is also the Chairperson of the Executive Committee	
	<a href="https://www.borsaistanbul.com/en/sayfa/2393/corporate-governance">https://www.borsaistanbul.com/en/sayfa/2393/corporate-governance</a>	
102-24	<ul style="list-style-type: none"> <li>Corporate Management, Page: 68</li> <li>Board of Directors, Page: 70-71</li> </ul>	
102-25	<a href="https://www.borsaistanbul.com/en/sayfa/2393/corporate-governance">https://www.borsaistanbul.com/en/sayfa/2393/corporate-governance</a>	

**GRI 102: GENERAL DISCLOSURES 2016**

**BORSA İSTANBUL - GRI STANDARDS - CORE**

<b>GRI STANDARD NUMBER</b>	<b>DISCLOSURES</b>	<b>PAGE NUMBER/DIRECT REFERENCE/URL</b>
	102-29	<ul style="list-style-type: none"> <li>Risk Management, Page: 53-58</li> <li>Corporate Management, Page: 68</li> </ul> <p><a href="https://www.borsaistanbul.com/tr/sayfa/209/surdurulebilirlik-komitesi">https://www.borsaistanbul.com/tr/sayfa/209/surdurulebilirlik-komitesi</a></p>
	102-30	<ul style="list-style-type: none"> <li>Risk Management, Page: 53-58</li> </ul> <p><a href="https://www.borsaistanbul.com/tr/sayfa/209/surdurulebilirlik-komitesi">https://www.borsaistanbul.com/tr/sayfa/209/surdurulebilirlik-komitesi</a></p>
	102-32	<ul style="list-style-type: none"> <li>Our Sustainability Approach, Page: 46-49</li> </ul> <p><a href="https://www.borsaistanbul.com/tr/sayfa/209/surdurulebilirlik-komitesi">https://www.borsaistanbul.com/tr/sayfa/209/surdurulebilirlik-komitesi</a></p>
	102-35	<a href="https://www.borsaistanbul.com/en/sayfa/4920/remuneration-policy">https://www.borsaistanbul.com/en/sayfa/4920/remuneration-policy</a>
	<b>STAKEHOLDER ENGAGEMENT</b>	
	102-40	<ul style="list-style-type: none"> <li>Our Stakeholders, Page: 59-67</li> </ul>
	102-41	<ul style="list-style-type: none"> <li>Our Stakeholders, Page: 59-67</li> <li>Corporate Management, Page: 68</li> </ul>
	102-42	<ul style="list-style-type: none"> <li>Our Stakeholders, Page: 59-67</li> </ul>
	102-43	<ul style="list-style-type: none"> <li>Our Stakeholders, Page: 59-67</li> </ul>
	102-44	<ul style="list-style-type: none"> <li>Our Stakeholders, Page: 59-67</li> </ul>
	<b>REPORTING PRACTICE</b>	
	102-45	Notes Related to the Consolidated Financial Tables, Page: 90-92
	102-46	<ul style="list-style-type: none"> <li>About the Report, Page: 1</li> <li>Material Issues, Page: 32-37</li> </ul>
	102-47	<ul style="list-style-type: none"> <li>Material Issues, Page: 32-37</li> </ul>
	102-48	There is no restated information.
	102-49	There are no significant changes from previous reporting periods in the list of material topics and topic boundaries.
	102-50	01.01.2020-31.12.2020
	102-51	2019
	102-52	Annual
	102-53	Ms. Banu Budayoğlu Yılmaz Tel: +90 212 298 28 22 e-mail: banu.yilmaz@borsaistanbul.com
	102-54	This report is prepared in accordance with GRI Standards-Core option.
	102-55	Page: 141-144
	102-56	There is no external assurance received for the report.
	<b>GRI STANDARD NUMBER DISCLOSURES PAGE NUMBER/DIRECT REFERENCE</b>	
	<b>GRI 200: ECONOMIC STANDARD SERIES</b>	
	<b>ECONOMIC PERFORMANCE</b>	
	103-1	<ul style="list-style-type: none"> <li>Material Issues, Page: 32-37</li> </ul>
	103-2	<ul style="list-style-type: none"> <li>CEO's Assessment, Page: 8-11</li> </ul>
	103-3	<ul style="list-style-type: none"> <li>CEO's Assessment, Page: 8-11</li> </ul>
	201-1	<ul style="list-style-type: none"> <li>How Do We Generate Value, Page: 38-39</li> <li>Economic Performance Indicators, Page: 74</li> </ul>
	201-3	<ul style="list-style-type: none"> <li>Provisions for Employee Benefits and Liabilities for Employee Benefits, Page: 124-126</li> </ul>
	201-4	There is no financial assistance received from government during the reporting period.



<b>BORSA İSTANBUL - GRI STANDARDS - CORE</b>		
<b>GRI STANDARD NUMBER</b>	<b>DISCLOSURES</b>	<b>PAGE NUMBER/DIRECT REFERENCE/URL</b>
<b>INDIRECT ECONOMIC IMPACTS</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	• Material Issues, Page: 32-37
	103-2	• CEO's Assessment, Page: 8-11
	103-3	• CEO's Assessment, Page: 8-11
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2016</b>	203-1	• How Do We Generate Value, Page: 38-39
	203-2	• How Do We Generate Value, Page: 38-39
<b>ANTI-CORRUPTION</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	<a href="https://www.borsaistanbul.com/en/sayfa/4885/ethical-principles">https://www.borsaistanbul.com/en/sayfa/4885/ethical-principles</a>
	103-2	<a href="https://www.borsaistanbul.com/en/sayfa/4885/ethical-principles">https://www.borsaistanbul.com/en/sayfa/4885/ethical-principles</a>
	103-3	<a href="https://www.borsaistanbul.com/en/sayfa/4885/ethical-principles">https://www.borsaistanbul.com/en/sayfa/4885/ethical-principles</a>
<b>GRI 205: ANTI-CORRUPTION 2016</b>	205-1	As no cases of corruption were identified in the reporting period, no action was required in this regard.
	205-2	<a href="https://www.borsaistanbul.com/en/sayfa/4885/ethical-principles">https://www.borsaistanbul.com/en/sayfa/4885/ethical-principles</a>
	205-3	There are no confirmed incidents of corruption during the reporting period.
<b>GRI 300: ENVIRONMENTAL STANDARD SERIES</b>		
<b>ENERGY</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	• Material Issues, Page: 32-37  <a href="https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf">https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf</a>
	103-2	<a href="https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf">https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf</a>
	103-3	<a href="https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf">https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf</a>
<b>GRI 302: ENERGY 2016</b>	302-1	• Environmental Performance Indicators, Page: 75
	302-2	• Environmental Performance Indicators, Page: 75
	302-4	• Environmental Performance Indicators, Page: 75
<b>WATER</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	• Material Issues, Page: 32-37
	103-2	<a href="https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf">https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf</a>
	103-3	<a href="https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf">https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf</a>
<b>GRI 303: WATER 2016</b>	303-1	• Environmental Performance Indicators, Page: 75
<b>EMISSIONS</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	• Material Issues, Page: 32-37
	103-2	<a href="https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf">https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf</a>
	103-3	<a href="https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf">https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf</a>
<b>GRI 305: EMISSIONS 2016</b>	305-1	• Environmental Performance Indicators, Page: 75
	305-2	• Environmental Performance Indicators, Page: 75
	305-3	• Environmental Performance Indicators, Page: 75
<b>ENVIRONMENTAL COMPLIANCE</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	• Material Issues, Page: 32-37
	103-2	<a href="https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf">https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf</a>
	103-3	<a href="https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf">https://www.borsaistanbul.com/files/borsa-istanbul-as-environmental-policy.pdf</a>
<b>GRI 307: ENVIRONMENTAL COMPLIANCE 2016</b>	307-1	There are no significant fines or sanctions in the reporting period.

## BORSA İSTANBUL - GRI STANDARDS - CORE

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE/URL
<b>GRI 400: SOCIAL STANDARD SERIES</b>		
<b>EMPLOYMENT</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	<ul style="list-style-type: none"> <li>Material Issues, Page: 32-37</li> <li>Our Stakeholders/Our Employees, Page: 64-66</li> </ul>
	103-2	<a href="https://www.borsaistanbul.com/en/sayfa/4902/human-resources-policy">https://www.borsaistanbul.com/en/sayfa/4902/human-resources-policy</a>
	103-3	<a href="https://www.borsaistanbul.com/en/sayfa/4902/human-resources-policy">https://www.borsaistanbul.com/en/sayfa/4902/human-resources-policy</a>
<b>GRI 401: EMPLOYMENT 2016</b>	401-1	• Social Performance Indicators, Page: 76-77
	401-3	• Social Performance Indicators, Page: 76-77
<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	• Material Issues, Page: 32-37
	103-2	<a href="https://www.borsaistanbul.com/en/sayfa/4907/workplace-health-and-safety-policy">https://www.borsaistanbul.com/en/sayfa/4907/workplace-health-and-safety-policy</a>
	103-3	<a href="https://www.borsaistanbul.com/en/sayfa/4907/workplace-health-and-safety-policy">https://www.borsaistanbul.com/en/sayfa/4907/workplace-health-and-safety-policy</a>
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016</b>	403-1	• Social Performance Indicators, Page: 76-77
	403-2	• Social Performance Indicators, Page: 76-77
<b>TRAINING AND EDUCATION</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	• Material Issues, Page: 32-37
	103-2	<a href="https://www.borsaistanbul.com/en/sayfa/4902/human-resources-policy">https://www.borsaistanbul.com/en/sayfa/4902/human-resources-policy</a>
	103-3	<a href="https://www.borsaistanbul.com/en/sayfa/4902/human-resources-policy">https://www.borsaistanbul.com/en/sayfa/4902/human-resources-policy</a>
<b>GRI 404: TRAINING AND EDUCATION 2016</b>	404-1	• Social Performance Indicators, Page: 76-77
	404-3	• Social Performance Indicators, Page: 76-77
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	• Material Issues, Page: 32-37
	103-2	<a href="https://www.borsaistanbul.com/en/sayfa/4902/human-resources-policy">https://www.borsaistanbul.com/en/sayfa/4902/human-resources-policy</a>
	103-3	<a href="https://www.borsaistanbul.com/en/sayfa/4902/human-resources-policy">https://www.borsaistanbul.com/en/sayfa/4902/human-resources-policy</a>
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>	405-1	<ul style="list-style-type: none"> <li>Our Stakeholders/Our Employees, Page: 64-66</li> <li>Social Performance Indicators, Page: 76-77</li> </ul>
	405-2	There is no gender-based wage discrimination at Borsa Istanbul.

# Directory

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**Büyük Mükellefler Tax Office - Tax Number:** 180 044 9175

**Trade Registry Number:** 848233/0

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