



MERKEZİ KAYIT  
İSTANBUL

**2021**  
INTEGRATED  
ANNUAL REPORT





## ABOUT THE REPORT

This Integrated Annual Report has been prepared in accordance with the provisions of the Turkish Commercial Code (TCC) and related regulations for the year 2021. According to the relevant legislation, the information which should be included in the report has been evaluated to be important and is presented in the report.

This report has been prepared in accordance with the International Integrated Reporting Framework.

In determining the scope of the report, the effects of relevant issues on the MKK strategy, on our company's financial and operational performance and on the value it creates for its stakeholders were taken into account.

The financial indicators included in the report comprise the data disclosed in MKK's financial statements, which have been audited independently. The financial statements and explanatory notes to the independent audited financial statements dated 31 December 2021 constitute a complementary and integral part of this report.

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## ABBREVIATIONS

### INSTITUTIONS

|      |  |
|------|--|
| BIST | Borsa İstanbul   |
| CBRT | Central Bank of the Republic of Türkiye                  |
| CMB  | Capital Markets Board of Türkiye                         |
| ISE  | İstanbul Stock Exchange                                  |
| MDM  | National Depository Center of the Republic of Azerbaijan |
| MKK  | Merkezi Kayıt Kuruluşu                                   |
| TMEX | Turkish Mercantile Exchange (TMEX)                       |

### SERVICES AND PRODUCTS OF MKK

|               |                                      |
|---------------|--------------------------------------|
| HPKS          | Bearer Shares Registry System        |
| KFS           | MKK Crowdfunding System              |
| VAP           | Data Analysis Platform               |
| e-YKS         | Electronic Board of Directors System |
| e-ŞİRKET      | Companies Information Portal         |
| e-GENEL KURUL | Electronic General Meeting System,   |
| e-VEDO        | Electronic Trade Repository System   |
| YRTS          | Investor Risk Monitoring System      |
| KAP           | Public Disclosure Platform           |
| RISE          | Investor Risk Appetite Index         |

### OTHERS

|        |  |
|--------|--|
| ADNKS  | Address Based Population Registration System |
| CSD    | Central Securities Depository                |
| e-ÜRÜN | Electronic Warehouse Receipts                |
| MERSİS | Central Registration System                  |
| MKS    | Central Dematerialized System                |
| TCC    | Turkish Commercial Code                      |
| TRNC   | Turkish Republic of Northern Cyprus          |

## MESSAGE FROM THE CHAIRMAN



2021 was a year when Covid-19 still largely dominated the economic and social activities all over the world and in our country. As the pandemic rolled on into its second year, despite a recovery in economic activity, new variants and geopolitical risks continued to pile on the downward risks to economies and exacerbate uncertainties. Our country, which grew by 11% in 2021, was one of the fastest growing countries alongside the countries in the G-20, OECD and EU. During this year, which was marked by important successes and developments in our capital markets, especially in terms of the number of companies that went public, we experienced significant growth in the number of stock investors, stock market index values and transaction volumes, with new records broken.

MKK, which completed its 20<sup>th</sup> year of operation in 2021, is our country's Central Securities Depository for all dematerialised capital market instruments. In addition, MKK remains an important actor in the capital markets with more than 5,000 institutional members, by providing services in trade repository and reporting, corporate governance and investor services, and innovative applications developed in its R&D center.

In an era when technology is an integral part of capital markets, MKK, a financial technology company with the identity of an R&D Center, exports its products and services to other countries. With its state-of-the-art technological infrastructure and operational flexibility, MKK significantly contributes to the development of our capital markets and increases its competitiveness in the global financial world.

The developments that will strengthen our capital markets and the projects carried out by MKK, both in its own capacity and with its stakeholders, are of great importance to our country. MKK, which improves its service quality and offers new services every year, will always continue to support capital market participants within the framework of its corporate mission of creating a safe, low-risk and effective market infrastructure, backed by the experiences gained since its establishment, its advanced technological structure and through the expertise of its employees.

Leaving behind another successful year as the Central Securities Depository of Türkiye, we will maintain our efforts to add value to the financial markets, to seal new successes and successfully implement the Istanbul Financial Center Project through the synergy of our stakeholders, especially the Capital Markets Board, Borsa Istanbul and Takasbank in the coming period. On behalf of our board of directors, I would once again like to take this opportunity to thank all our employees and stakeholders who have been unwavering in their support for us throughout the year, and who worked on numerous projects.

**Ali İhsan GÜNGÖR**

**Chairman of the Board of Directors**

In an era when technology is an integral part of capital markets, MKK, a financial technology company with the identity of an R&D Center, exports its products and services to other countries.

## MESSAGE FROM THE CEO



The year 2021, which marks the 20<sup>th</sup> anniversary of MKK, witnessed records for our Capital Markets.

With the 52 companies which went public, total public offering revenues stood at TL 21.6 billion.

The number of investors with equity balances reached a level as high as 2.7 million.

The size of the dematerialized securities topped TL 3 trillion.

In our country and the whole world, the year 2021 was a period of continued efforts to tackle the Covid-19 pandemic while, undergoing a process of recovery and normalization in economic activity. For our capital markets, the year marked an important milestone in which we achieved historical successes and broke new records. One such historical record was the 52 companies which went public, with total public offering revenues of TL 21.6 billion. Meanwhile, the number of investors with equity balances ended 2021 at about 2.4 million after having doubled in the last two years, reaching a level as high as 2.7 million in April 2021. I would now like to briefly outline some of the important projects that we carried out during the year, where we achieved numerous financial and operational successes and innovations.

The first share issue was carried out in the Crowdfunding System. A Bearer Shares Registry System has been developed for the purpose of electronic registration and monitoring of information regarding bearer shares. The process of MKK membership and omnibus (collective) account opening for the MDM, the Central Securities Depository of Azerbaijan, was completed. A private custody service was introduced for companies established in the TRNC and listed on the Northern Cyprus Stock Exchange to keep shareholder records and share information in electronic form provided by MKK. We have further improved the technological infrastructure and operational performance of our Central Dematerialised System (MKS) application in accordance with the demands and requests of our members. Operations such as issuance of securities, custody and transfer transactions on beneficiary owner basis, rights issues and dividend and coupon payments were carried out smoothly and successfully during the year through the MKS.

When it comes to Trade Repository and Reporting services, we continued to carry out periodic and non-periodic reporting to regulatory and supervisory authorities and stakeholders in the markets in which we provide services throughout the year. Data support was provided to academics and universities. Data services offered to the public aimed at improving financial literacy were enhanced. The Data Analysis Platform VAP continued its development with the newly added MKK Profit Index and MKK Turnover Index, the MKK Dividend Payment Index and the MKK Dividend Spread Index. In addition, Dividend Payout Ratio and Dividend per Share indicators were also made public on the VAP. Distribution of data on Shares which are in Actual Circulation has again been improved on the VAP.

A search function with a "Quick Search" machine learning model and algorithm rules has been developed on the KAP, which is the transparency platform of the Turkish capital markets and one of our most important Corporate Governance related services. Financial Statement Item Inquiry features have been added to the general information form pages on the KAP website, which include summary information about

member companies and funds, in order to enable comparison of Financial Information and financial information of member companies. Companies using the Electronic General Meeting System, (e-GENEL KURUL), held their general meetings legally with remote participation throughout the year, and the meetings were followed with guidance and support services provided to all stakeholders (such as companies, shareholders and their proxies). Our e-GENEL KURUL application fulfilled an important function for companies that used it on demand throughout the pandemic. In addition, development and support was provided for eASY.KSEI, the electronic general meeting application used in the Indonesian capital markets, during 2021. The Electronic Board of Directors System, e-YKS, was utilised more widely, with the companies using the system to hold board meetings remotely through the secure infrastructure during the pandemic, and reaching legally valid decisions. In addition, we have continued to successfully provide services to the e-ŞİRKET user institutions with our role as a Central Database Service Provider.

In order to provide a higher standard of service to the growing number of investors and members in the field of Investor Services, with an operationally faster, more flexible, secure and advanced infrastructure, MKK Call Center was re-designed under the umbrella of the MKK Communication Center. An array of new functions and reporting capabilities were added to our e-YATIRIMCI application. Throughout the year, investors continued to use various information, reporting and securities blockage services in relation to their records kept in the MKK systems with applications offered through the telephone and Internet channels. Under the e-YATIRIMCI menus, investors were also able to start monitoring the Crowdfunding System and the Bearer Shares Registry System assets.

In order to improve our technological and operational efficiency, in addition to advancing innovation in our services, the Service Continuity Management System was established, ensuring that our organization's activities complied with the ISO 20000-1 IT Service Management System Standard. The Data and Business Dictionary study was launched as the first phase of the Data Governance Program. The studies were carried out with precision in order to harmonize the policies and procedures by taking into account the priorities of the "Information and Communication Security Guide" measure items published by the Digital Transformation Office of the Presidency of Republic of Türkiye. In order to create a general framework for the governance of information and technology in our organization, increase the value to be derived from digital transformation, reduce our risks and use corporate resources more effectively, the Control Objectives for Information and Related Technologies (COBIT) compliance study was initiated on an institutional initiative, even though we have no compliance obligations in this regard. With our array of reliable and secure technological infrastructure, we have started to provide infrastructure services for the MKK Real Estate Information Center, in which we hold a 100 per cent

stake. Furthermore, our Financial Registration System (FTS) development and hosting service, which we have provided to the Association of Financial Institutions, has also proven to be successful.

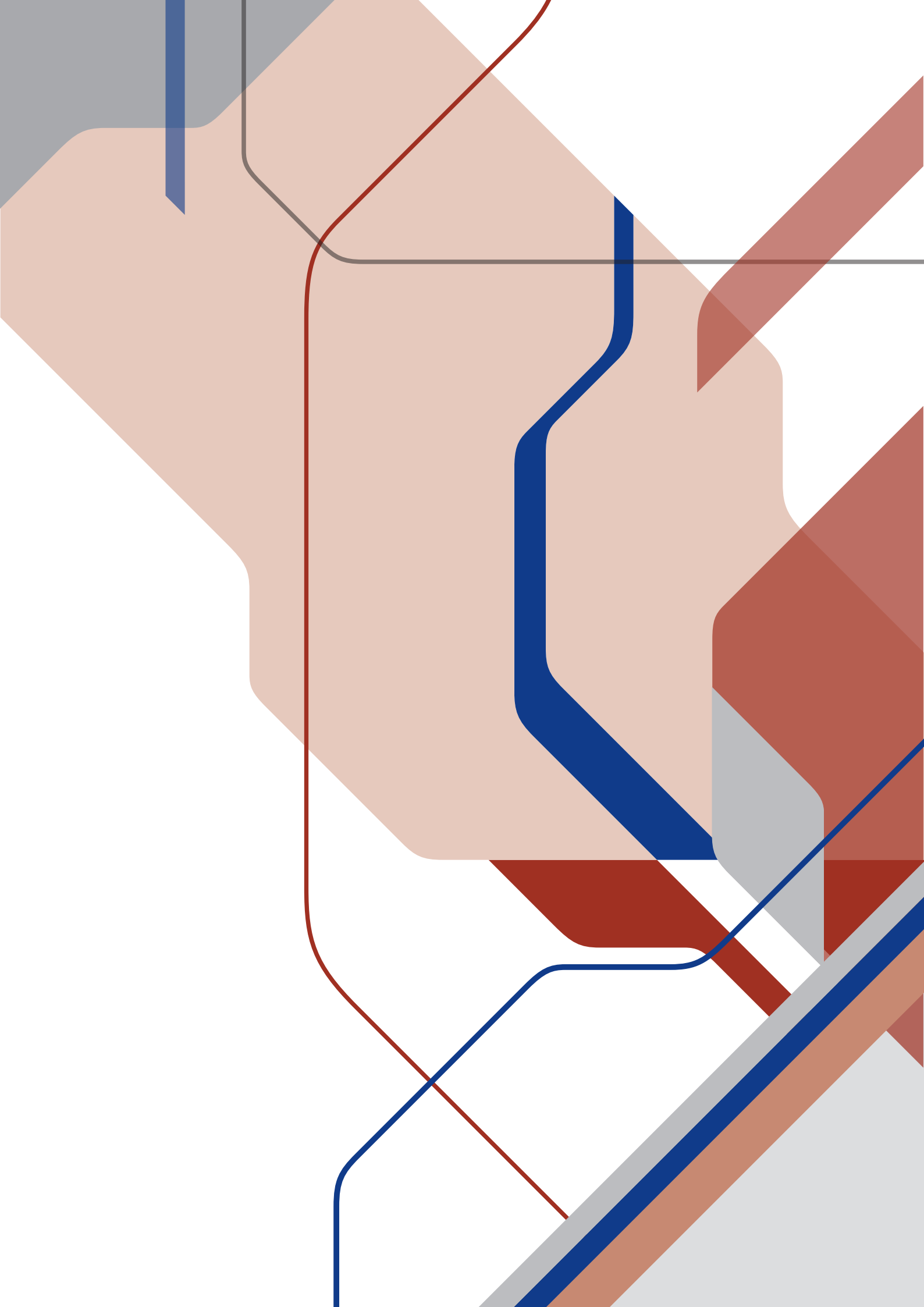
On the occasion of the 20<sup>th</sup> Anniversary in 2021 of MKK, which acts as a bridge that carries the past to the future in the transformation of capital markets and securities from physical to dematerialized custody, a special commemorative book entitled "The Digitalization Journey of the Turkish Capital Markets from Paper to Electronic Records, Central Securities Depository of Türkiye's 20<sup>th</sup> Year" was published. In the book, we aimed to contribute to the knowledge of market actors and the public about the growth of the capital markets and securities in our country, and to shed some light on MKK's development from past to present.

We are presenting our Integrated Annual Report for the year 2021 to the public, having successfully completed our 20<sup>th</sup> year of activity with the new systems and services that we have developed and introduced to our capital markets. I would like to sincerely thank all our member institutions and stakeholders, especially the Capital Markets Board of Türkiye (CMB), the regulatory body of our sector, and the Borsa İstanbul Group for their unwavering support, and our colleagues for their diligent work in our projects.

**Ekrem ARIKAN**  
CEO and Board Member



On the occasion of MKK's 20<sup>th</sup> anniversary in 2021, a special commemorative book entitled "The Digitalization Journey of the Turkish Capital Markets from Paper to Electronic Records, Central Securities Depository of Türkiye's 20<sup>th</sup> Year" was published.





# 2021 PERFORMANCE

In 2021, there was significant progress in the number of publicly offered companies and investors entering the capital markets. The Central Securities Depository of Türkiye (MKK) contributed to the growth of markets with its expanding service range in 2021.

## 2021 PERFORMANCE

The activities of MKK during 2021, the outputs and results of its activities and its relationship with the corporate strategy and objectives are presented in this section of the report.

### Financial Capital and Financial Performance

In relation to our Financial Capital, the explanations regarding the financial data of 2021 and our income realizations are given below:

| <b>Balance Sheet</b>                               |                            |                    |                    |
|--|----------------------------|--------------------|--------------------|
|  | <b>2021 (Consolidated)</b> | <b>2020</b>        | <b>2019</b>        |
| <b>Total Assets</b>                                | <b>314,293,351</b>         | <b>206,121,638</b> | <b>160,815,009</b> |
| Current Assets                                     | 270,179,690                | 165,435,393        | 119,848,061        |
| Non-Current Assets                                 | 44,113,661                 | 40,686,245         | 40,966,948         |
| <b>Total Liabilities and Equity</b>                | <b>314,293,351</b>         | <b>206,121,638</b> | <b>160,815,009</b> |
| Total Liabilities                                  | 109,410,273                | 67,878,793         | 48,330,600         |
| Equity   | 204,883,078                | 138,242,845        | 112,484,409        |
| <b>Income Statement</b>                            |                            |                    |                    |
|  | <b>2021 (Consolidated)</b> | <b>2020</b>        | <b>2019</b>        |
| Revenues   | 238,243,391                | 168,111,833        | 126,576,500        |
| Operating Expenses                                 | -161,610,485               | -126,813,821       | -108,942,308       |
| Operating Profit                                   | 76,632,906                 | 41,298,012         | 17,634,192         |
| Income from Investment Activities                  | 2,825,411                  |                    |                    |
| Operating Profit before Financial Income/ Expenses | 79,458,317                 |                    |                    |
| Financial Income/Expenses                          | 34,787,853                 | 11,265,582         | 21,488,441         |
| Profit/loss before Tax                             | 114,246,170                | 52,563,594         | 39,122,633         |
| Taxes  | -26,146,133                | -10,914,184        | -7,122,667         |
| Net Profit for the Period                          | 88,100,037                 | 41,649,410         | 31,999,966         |
| <b>Financial Ratios</b>                            |                            |                    |                    |
|  | <b>2021 (Consolidated)</b> | <b>2020</b>        | <b>2019</b>        |
| <b>Liquidity Ratio</b>                             |                            |                    |                    |
| Current Assets/Short-Term Liabilities              | 2.71                       | 2.73               | 2.89               |
| <b>Profitability Ratios</b>                        |                            |                    |                    |
| Profit before Tax/Total Assets                     | 0.36                       | 0.26               | 0.24               |
| Profit before Tax /Equity                          | 0.56                       | 0.38               | 0.35               |
| Operating Profit / Revenues                        | 0.32                       | 0.25               | 0.14               |
| Net Profit for the Period / Revenues               | 0.37                       | 0.25               | 0.25               |
| <b>Financial Leverage</b>                          |                            |                    |                    |
| Total Liabilities/Total Assets                     | 0.35                       | 0.33               | 0.3                |
| <b>Financing Ratios</b>                            |                            |                    |                    |
| Equity/ Total Liabilities                          | 1.87                       | 2.04               | 2.33               |
| Equity /Total Assets                               | 0.65                       | 0.67               | 0.7                |

**Realizations and Disclosures Related to Operating Income:**

| <b>Operating Income</b>   | <b>2021 (Consolidated)</b> | <b>2020</b>        | <b>Change</b> |
|---|----------------------------|--------------------|---------------|
| <b>Custody and Investor Service Revenues</b>                        | <b>213,732,279</b>         | <b>150,469,147</b> | <b>42%</b>    |
| - Custody Service Fees  | 83,338,142                 | 65,575,156         | 27%           |
| - Account Transaction Income  | 32,536,383                 | 21,485,063         | 51%           |
| - Transfer Transaction Fees   | 34,818,584                 | 20,385,206         | 71%           |
| - Cash Payment Transaction Fees                                     | 22,189,979                 | 13,743,031         | 61%           |
| - Corporate Actions Fees  | 16,026,675                 | 11,327,344         | 41%           |
| - Issuer Transaction Revenues                                       | 11,747,589                 | 10,767,116         | 9%            |
| - Issuance Fees   | 6,217,550                  | 4,494,714          | 38%           |
| - Administrative and Legal Income                                   | 1,413,951                  | 1,243,934          | 14%           |
| - Contribution Fees   | 5,034,106                  | 1,089,967          | 362%          |
| - Other Transaction Fees  | 409,321                    | 357,616            | 14%           |
| <b>Corporate Governance Service Revenues</b>                        | <b>19,231,343</b>          | <b>15,076,212</b>  | <b>28%</b>    |
| - KAP Service Income  | 9,871,200                  | 7,450,845          | 32%           |
| - e-GENEL KURUL Service Income                                      | 5,521,309                  | 4,767,443          | 16%           |
| - e-Company Service Income  | 2,982,931                  | 2,591,744          | 15%           |
| - e-Board of Directors System (e-YKS) Service Income                | 855,903                    | 266,180            | 222%          |
| <b>Trade Repository and Reporting Service Revenues</b>              | <b>2,422,389</b>           | <b>1,112,110</b>   | <b>118%</b>   |
| - Data Broadcasting Service Revenues                                | 1,671,362                  | 1,112,110          | 50%           |
| - e-VEDO Service Revenues   | 751,027                    | 0                  |               |
| <b>Other Income (IT Infrastructure+ Hosting+ Training Services)</b> | <b>3,270,848</b>           | <b>1,825,729</b>   | <b>79%</b>    |
| <b>Sales Returns</b>  | <b>-413,467</b>            | <b>-371,365</b>    |               |
| <b>Total</b>  | <b>238,243,391</b>         | <b>168,111,833</b> | <b>42%</b>    |

**Custody and Investor Services**

In 2021, "Dues and Membership Income" demonstrated a steep increase due to the record number of IPOs observed in our country's capital markets. "Cash Payment Transaction Revenues" posted a rapid increase due to the rise in dividend payments in 2021 which had been reduced due to the economic slowdown resulting from the pandemic and the measures taken in 2020, and the increased redemption and coupon payments on debt instruments, especially Lease Certificates. "Account Transaction Revenues", "Transfer Transaction Revenues", "Issuance Transaction Revenues", and "Issuer Transaction Revenues" all increased due to updates in our organization's fee schedule and volume increases.

**Corporate Governance Service Revenues**

Due to the Covid-19 pandemic, the effects of which continued in 2021, revenues from products and services increased as a result of the expansion of remote meeting systems and marketing efforts in the e-YKS. There was also an increase in our other Corporate Governance Services due to the update in tariffs.

**Trade Repository and Reporting Services**

In 2021, the e-VEDO service tariff was introduced and revenues began to be generated from the e-VEDO service in 2021. An increase in our Trade Repository and Reporting Service revenues was recognized in 2021 due to the growth in our data publishing services and tariff updates.

## INTELLECTUAL CAPITAL AND RESEARCH AND DEVELOPMENT ACTIVITIES



The institutions which will become members of the platform will be able to view data in a graphic form, as well as having access to the data in excel and PDF formats.

The R&D activities carried out in our organization in 2021 and the developments related to our intellectual capital are set out below:

### **Bearer Shares Registry System (HPKS)**

In accordance with Law No. 7262 on the Prevention of the Financing of the Proliferation of Weapons of Mass Destruction, published in the Official Gazette No. 31351 on 31/12/2020, and pursuant to Article 13 of the Capital Market Law, it became obligatory to notify MKK on the information regarding bearer shareholders of joint stock companies, excluding the companies whose shares are monitored on a registered basis, and the shares they hold. The HPKS was developed by our Organization in 2021 in order to electronically record and track information regarding bearer shareholders and their shares.

Transfer transactions related to the shares registered in the HPKS can be performed on MKK systems and applications by shareholders or by companies. Those who convene general meetings shall take into account the shareholders schedule provided by MKK in terms of bearer shareholders when organizing the list of shareholders that may participate in general meetings. In order to claim rights related to bearer shares against companies and third parties and to organize the list of shareholders who may participate in general meetings, the shareholders schedule provided by MKK is consulted with regard to bearer shareholders. Thus, MKK records have become the basis of the legal process in the transfer of shares and in the tracking of ownership information.

### **Pusula Intermediary Institutions MKK Data Analysis Platform**

The project "Pusula Intermediary Institutions MKK Data Analysis Platform" was completed in 2021 in order to report portfolio and investor data held in the CDS (Central Dematerialized System) by Intermediary Institutions, development and investment banks that are trading on the BIST Equity Market in different breakdowns and in comparison to other institutions within their peer groups.

The data on the platform provides an opportunity to analyze positions of different peer groups and intermediary institutions in capital markets. The data sets used to determine the peer groups are profitability and the number of investors with a securities balance, and the data may be expanded in line with the demands of our members in subsequent periods. In the system, which unites intermediary institutions in two different groups as those with or without bank affiliates, the data is divided into country or region and province-based breakdowns. The data is available on the platform under two different frequencies (daily or monthly). Portfolio values and numbers of individual and institutional investors, broken down by 9 different indices and age groups, allow intermediary institutions to conduct analysis through the Platform.

The institutions which will become members of the platform will be able to view data in a graphic form, as well as having access to the data in excel and PDF formats.

### **KAP Search Algorithm, Financial Statement Item Comparison and Summary Financial Information Pages**

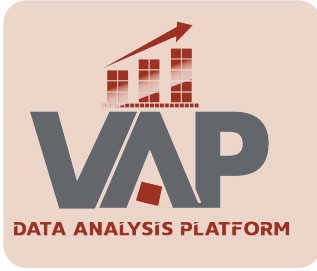
With the renewed search algorithm in 2021 and the new search feature which was brought into use, in addition to the word-based search capability of the search function on the KAP website, information which can be accessed from the detailed query area may also be accessed quickly and easily from a single area on the home page.

With the new search algorithm, users may access the content and reports they are looking for more easily and quickly.

In addition, the "Financial Statement Item Query" feature on the KAP website and the "Summary Financial Information" page on the general information form pages were put into practice on 10 December 2021 in order to enable investors, academics and market professionals to access financial information quickly.



**MERKEZİ KAYIT  
İSTANBUL**



We launched the Data Analysis Platform and made our data available to the financial world.

### VAP Index and Improvements

The VAP-Data Analysis Platform, which was launched in 2020 on the [www.vap.org.tr](http://www.vap.org.tr) website with the aim of helping investors, academics and market professionals' access data sets on capital markets, continued its development with new indices and functions that were added in 2021.

MKK Profit Index and MKK Turnover Index, which provide an opportunity to monitor changes in the profit and turnover levels of companies traded on the BIST equity market collectively and with indices prepared on a sectoral basis, have also started to be published on the VAP. As the indices are calculated on a collective and sectoral basis, total profit and turnover analysis can be carried out, and sectoral trends can be followed easily.

Also, in 2021, the "MKK Dividend Payment Index" and the "MKK Dividend Spread Index", calculated using the dividend data of companies whose shares are traded on BIST, began to be published on the VAP. In addition to these indices, the "Dividend Payout Ratio" and "Dividend per Share" indicators were also made public on the VAP.

Furthermore, the necessary development studies have been carried out on the use of the "Actual Circulating Shares" data in an excel format, and this data was made available to users of the Platform.

### Opening of the Tawarruq Market and Renewal of e-ÜRÜN Spot Trading Market Processes

The development of the project, which started in 2021 within the scope of commissioning of the Turkish Mercantile Exchange (TMEX) Tawarruq Market and the renewal of the e-ÜRÜN Spot Trading Market processes to include Commodities Market Intermediary Institutions, will be carried out in 2022 together with the integration studies with TMEX and Takasbank.

### Investor Risk Monitoring System (YRTS) - Open Consent Process Enhancements

The YRTS application aims to convey the margin transactions, collaterals and the risks to be calculated over these amounts held by investors trading in capital markets to stakeholders in financial markets through a single center. The improvements regarding the open consent statements planned to be received from investors have been initiated within the scope of the studies related to the system, and will continue in 2022.

### Data Governance Activities

The Data and Business Dictionary was launched as the first phase of the Data Governance Program. The infrastructure that will contribute to the collection of the in-house data portfolio under a single roof has been established to provide employees with easy access to information, with the creation of a common language through business dictionaries and the data dictionaries to be created. Efforts continue on the creation of the entire MKK data and business dictionary inventory. Steps have been taken to ensure that dictionary entries are performed in Change Management, Project Management and Software Development Life Cycle (SDLC) processes and that the dictionary is kept up-to-date with the Jira integration efforts. For the purpose of Data Governance, efforts have been stepped up on the architectural flow, the planning phases of the program and documentation. The necessary infrastructure has been prepared for the establishment of the Data Governance Committee.

### ISO 20000-1:2018 IT Service Management Certification

A Service Continuity Management System was established by ensuring the compliance of our organization's activities with the ISO 20000-1:2018 IT Service Management System Standard. Certification audits carried out in 2021 by an internationally accredited auditor were successfully completed and the ISO 20000-1: 2018 Information Technologies Service Management System certificate was granted to MKK on 30 December 2021. The certificate is valid until 29 December 2024.

## INTELLECTUAL CAPITAL AND RESEARCH AND DEVELOPMENT ACTIVITIES



The MMS currently serves about 13,000 appraisers and 148 appraisal organizations.

### Activities of the MKK Real Estate Information Center

The release efforts of the Turkish Association of Appraisers Member Management System (MMS) project have continued and an advanced user platform has been established. With the completion of the testing, development and information security processes, a wide range of developments were achieved in 2021 in the MMS, which had been made available for appraisal organizations and appraisers in August 2020. The MMS currently serves about 13,000 appraisers and 148 appraisal organizations.

The Real Estate Valuation Information System project was completed in 2021. Pursuant to the procedures of acquiring Turkish citizenship through the acquisition of real estate within the scope of the subparagraph (b) of the second paragraph of Article 20 of the Regulation on the Application of the Turkish Citizenship Law, and the Circular No. 2019/1 of the General Directorate of Land Registry and Cadastre (TKGM) on "Obtaining a Valuation Report in the Acquisition of Real Estate by Foreigners", a cooperation protocol was signed on 30 July 2021 in order to regulate the procedures and principles regarding the execution of the valuation reports requested by the TKGM in transactions involving foreign real persons, in cooperation with the Turkish Association of Appraisers and Real Estate Information Center.

In August 2021, the TADEBIS (Real Estate Valuation Information System) Application went online for the pilot regional study of the Foreign Sales Application in Antalya. TADEBIS was put in use for all foreign sales transactions in Türkiye in September 2021.

### Control Objectives for Information and Related Technology (COBIT) Compliance Efforts

In order to create a general framework for the governance and management of information and technology throughout our entire organization, to increase the value we obtained from the digital transformation, to reduce our risks, and to use corporate resources more effectively, COBIT compliance efforts have been initiated, covering all IT processes in line with the corporate objectives. In this context, through the pre-consultation process conducted within the framework of COBIT 4.1 in 2021, MKK maturity score assessments have exceeded expectations and opportunities for improvement were realized. The final maturity score is planned to be determined in the first quarter of 2022 upon receiving external consultancy services within the scope of COBIT 2019.

### The Turkish Republic Presidency Information and Communication Security Guideline Compliance Efforts

A compliance project has been initiated in order to harmonize the precautionary items with MKK's policies and procedures, taking into account the priorities of the "Information and Communication Security Guideline" published by the Office of the Head of the Presidential Digital Transformation. Compliance will be sought gradually within the framework of the plan set out in the Guideline.



WORLD INVESTOR  
WEEK 2021

# DÜNYA YATIRIMCI HAFTASI

4-6-8 Ekim 2021

## ELEKTRONİK GENEL KURUL VE YÖNETİM KURULUNU UZMANINA SOR

8 Ekim 2021 / 11:15 -12:15

|   |  |  |
|---|--|--|
|  <p style="margin-top: 10px;"><b>MODERATOR</b><br/><b>AV. ÜMİT YAYLA</b><br/><small>İstanbul Menkul Değerler<br/>Kurumu</small></p>  |  <p style="margin-top: 10px;"><b>ÖZGÜR BÜLBÜL</b><br/><small>Menkul Değer Kurumları A.Ş.<br/>Kurumsal İstisnalar Direktörü</small></p> |  <p style="margin-top: 10px;"><b>GÖKÇE ILIRIS</b><br/><small>Menkul Değer Kurumları A.Ş.<br/>Yatırımcı İlişkileri Direktörü<br/>Kurumsal İstisnalar Direktörü</small></p> |
|  <p style="margin-top: 10px;"><b>FİDAN AÖĞABA<br/>KARABULUT</b><br/><small>Özellikler A.Ş. Ticaret<br/>Menkul Değerler Kurumları Denetimden<br/>Kurum Müdürü</small></p> |  |  |

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WEEK 2021



SAKARYA  
ÜNİVERSİTESİ



BORSA  
İSTANBUL



TSPB

TÜRKİYE SERHAYE  
PİYASALARI BİLGİLİSİ

## DEPOSITORY SERVICES

MKK is the central securities depository for all dematerialized capital market instruments. In this context, electronic monitoring and custody of capital market instruments determined by the CMB, and agricultural products determined by the Ministry of Trade, Electronic Warehouse Receipts (e-ÜRÜN) issued by Licensed Warehouses and the related rights are provided by MKK in electronic form.

### Important Developments Related to Depository Services

#### The Crowdfunding System (KFS)

Crowdfunding System, which was implemented within the framework of the CMB's "Communiqué on Share-Based Crowdfunding" dated 3 October 2019, system integration of 11 platforms was completed in order to carry out share-based crowdfunding activities during 2021. In 2021, funding campaigns were launched for 21 projects, and following the success of campaigns funded by 7,200 individuals and 117 legal entities that are members of the platform, shares of the venture companies were issued on the Central Dematerialized System (CDS). On the other hand, with the communiqué adopted by the CMB on 27 October 2021, the procedures and principles regarding share-based and borrowing-based crowdfunding were also established. System development analyses on the implementation of borrowing-based crowdfunding have been completed, and application development and testing are at the planning stage.



#### MKK Membership of the Central Securities Depository of Azerbaijan and the Omnibus Account Opening Process

With the global (omnibus) account project, and pursuant to the legal infrastructure that was implemented at the end of 2019, it became possible for Foreign Central Securities Depositories (FCSDs) to carry out their operations by opening a single account at MKK instead of opening separate accounts on behalf of their customers who wish to conduct transactions in the Turkish government debt securities market.

As of the end of 2021, the "National Deposit Center" (NDC), the Central Securities Depository of Azerbaijan, Türkiye's brother country, also completed its MKK membership process. This cooperation further strengthened the close ties and collaborative efforts between MKK and NDC, as the link will enable Azerbaijan based investors to gain more convenient and easy access to our government debt securities market.

#### Private Depository Services

In 2021, the procedures and principles regarding the private depository services were established upon the CMB's permission for companies established in the TRNC and listed on the Northern Cyprus Stock Exchange to keep their shareholder records and share information in an electronic format provided by MKK.

#### Business Continuity Test

The business continuity test was carried out by the Borsa İstanbul Group Companies, held as response to the shutdown of the system due to an emergency event scenario on the MKK campus and in the data center in Istanbul, was carried out successfully on 11 September 2021 through continuation of operations from the Disaster Data Center in Ankara as at beginning of the day.

### CDS Improvements

In order to improve the performance of the CDS application, increase its safety and ease of use and to comply with the new regulations, taking into account the requests received as a result of member surveys and member interviews, the following issues, particularly in respect to technological infrastructure developments, increasing automation in processes and updating user guides were completed and put into use.

- Under the Weblogic transition, performance improvements were achieved in increasing resolution, on-screen editing, pledge collateral and in other file reading processes. In addition, structural improvements were rolled out to ensure that transactions carried out regarding the stock market trading process would not affect other CDS applications.
- An automation was made to ensure that the published account lists subject to gross settlement within the scope of the Borsa Istanbul regulations were automatically processed into the system.
- After the development of auto email delivery function on the password printing screen, the passwords were started to be sent to the contact person via email, without the need to print it or manual intervention.
- In order to coordinate the identification process of the member codes used by Borsa Istanbul, Takasbank and MKK, a code query infrastructure was developed which can be jointly used by the three institutions. With the application, the codes used by any institution in the definition of a member were queried, preventing duplicate use and ensuring efficiency in control processes.
- At the request of the warrant issuer institutions, improvements have been made to enable issuance transactions to be carried out without limit controls on an ISIN basis, within the issuance limits to be approved by the CMB on an order basis, in order to ensure healthy price formation in the market, and reporting of the issuance transactions within this scope.
- Within the scope of the Regulation on Amendments to the Investor Compensation Center Regulation published in the Official Gazette on 26 August 2021 an ICC member definition has been created in the CDS regarding the transfer of time-barred escrows and receivables to the ICC. Improvements have been made in the CDS to enable Takasbank to open accounts with the ICC and perform transfer operations.
- The issuers, which have cash payment obligations and made their payments to the relevant correspondent bank account of MKK, are started to be notified by e-mail messages when cash payments are carried out to the accounts of beneficiary owner members by MKK.
- Improvements have been made to ensure that the amount of products analyzed by authorized classifiers can be monitored by licensed warehouses during the issuance of e-ÜRÜN.
- Improvements to meet the requirements of the Bearer Shares Registry System (HPKS) regulation were brought into use throughout the year in phases. The information regarding shares registered in the HPKS began to be reported by the Trade Registry Directorates through queries made using company Central Registration System (MERSİS) numbers on our organization's website. In order to transmit information on "Date of Board of Directors Decision" and "Board of Directors Decision Number", which constitute part of the information required by the Trade Registry Directorate, an upgrade was made in the Share notification process. For the first time in the HPKS, card payment system integration was implemented to perform payment transactions using Virtual POS, and the document upload function was added in the transfer notifications.

## DEPOSITORY SERVICES

### Custody Services in Numbers

| 1. Number of Investors and Accounts                                     |              |            |               |           |
|---|--------------|------------|---------------|-----------|
|   | 2021         | 2020       |               |           |
| Total Number of Accounts  | 54,353,870   | 50,869,569 |               |           |
| Total Number of Investors   | 28,512,348   | 27,479,486 |               |           |
| Number of Accounts with a Securities Balance                            | 6,332,213    | 5,730,801  |               |           |
| Number of Investors with a Securities Balance                           | 5,129,594    | 4,714,022  |               |           |
| 2. Number of Accounts with a Securities Balance by Type of Securities   |              |            |               |           |
| Security Type   | 2021         | 2020       |               |           |
| Stocks  | 2,798,046    | 2,347,996  |               |           |
| Government Debt Securities  | 19,608       | 24,021     |               |           |
| Private Sector Debt Instruments   | 46,526       | 54,989     |               |           |
| Mutual Funds  | 3,496,683    | 3,339,721  |               |           |
| Exchange-Traded Funds   | 19,116       | 22,046     |               |           |
| Structured Products   | 18,699       | 25,959     |               |           |
| Other Securities  | 12,410       | 6,637      |               |           |
| 3. Number of Investors with a Securities Balance by Type of Securities  |              |            |               |           |
| Security Type   | 2021         | 2020       |               |           |
| Stocks  | 2,366,952    | 1,999,996  |               |           |
| Government Debt Securities  | 19,429       | 23,696     |               |           |
| Private Sector Debt Instruments   | 47,180       | 55,852     |               |           |
| Mutual Funds  | 3,169,704    | 3,063,135  |               |           |
| Exchange-Traded Funds   | 18,194       | 20,912     |               |           |
| Structured Products   | 17,791       | 24,768     |               |           |
| Other Securities  | 12,116       | 6,372      |               |           |
| 4. Nominal and Market Values of Dematerialized Securities (TRY Million) |              |            |               |           |
|   | Market Value |            | Nominal Value |           |
| Security Type   | 2021         | 2020       | 2021          | 2020      |
| Stocks  | 2,175,673    | 1,779,548  | 175,802       | 143,897   |
| Government Debt Securities  | 187,154      | 184,312    | 153,315       | 141,645   |
| Private Sector Debt Instruments   | 113,991      | 97,610     | 114,350       | 98,236    |
| Mutual Funds  | 298,722      | 139,890    | 1,330,284     | 1,046,317 |
| Exchange-Traded Funds   | 7,380        | 3,959      | 151           | 230,215   |
| Structured Products   | 526          | 372        | 1,804         | 13,105    |
| Other Securities  | 37,580       | 32,008     | 37,340        | 31,338    |
| Total   | 2,821,027    | 2,237,699  | 1,813,046     | 1,704,753 |

**5. Number of Securities Issued**

| Security Type                   | Number of Securities Issued |              | Total Number of Securities |              |
|---------------------------------|-----------------------------|--------------|----------------------------|--------------|
|                                 | 2021                        | 2020         | 2021                       | 2020         |
| Stocks                          | 116                         | 29           | 891                        | 793          |
| Stocks (Crowd-funding)          | 21                          |              | 21                         |              |
| Private Sector Debt Instruments | 1,173                       | 1,596        | 608                        | 593          |
| Mutual Funds                    | 388                         | 229          | 955                        | 639          |
| Exchange-Traded Funds           | 2                           | 9            | 15                         | 13           |
| Structured Products             | 5,149                       | 2,884        | 1,709                      | 1,072        |
| Other Securities                | 440                         | 317          | 179                        | 175          |
| <b>Total</b>                    | <b>7,290</b>                | <b>5,064</b> | <b>4,379</b>               | <b>3,285</b> |

**6. Nominal and Market Values of the Issued Securities**

| Security Type                   | Nominal Market Value of Securities<br>(TRY million) |                  | Market Value of Securities<br>(TRY million) |                  |
|---------------------------------|---|------------------|---|------------------|
|                                 | 2021  | 2020             | 2021  | 2020             |
| Stocks                          | 13,514  | 5,810.6          | 86,901                                      | 17,069.6         |
| Stocks (Crowd-funding)          | 8   |                  | 88  |                  |
| Private Sector Debt Instruments | 203,736   | 206,845.8        | 203,736                                     | 206,845.8        |
| Other Securities                | 105,872   | 61,532.8         | 105,872                                     | 61,533.2         |
| <b>Total</b>                    | <b>323,130</b>                                      | <b>274,189.2</b> | <b>396,597</b>                              | <b>285,448.6</b> |

**7. Corporate Actions**

| Transaction Type            | Nominal Value (TRY million) |          | Number of Companies |      |
|-----------------------------|-----------------------------|----------|---------------------|------|
|                             | 2021                        | 2020     | 2021                | 2020 |
| Rights Issue                | 13,180.30                   | 5,975.60 | 54                  | 39   |
| Bonus Issue                 | 5,818.80                    | 3,461.90 | 45                  | 30   |
| Concurrent Capital Decrease | 0                           | 666.4    | 0                   | 3    |
| Squeeze-out Security        | 0                           | 0.3      | 0                   | 1    |
| Share CDS Removal           | 405.4                       | 4,004.50 | 1                   | 4    |

| Transaction Type   | Currency (Nominal Value) | 2021       | 2020       |
|--------------------|--------------------------|------------|------------|
| Dividend Payment   | TRY million              | 24,544.70  | 8,078.00   |
| Dividend Payment   | EUR million              | 0          | 0.2        |
| Squeeze-out Cash   | TRY million              | 0          | 4.9        |
| Redemption Payment | TRY million              | 243,366.40 | 170,487.80 |
| Redemption Payment | EUR million              | 15.1       | 0          |
| Redemption Payment | USD million              | 3.9        | 0          |
| Coupon Payment     | TRY million              | 12,959.60  | 6,719.20   |
| Coupon Payment     | EUR million              | 0.3        | 0          |
| Coupon Payment     | USD million              | 0.2        | 0          |

## TRADE REPOSITORY AND REPORTING SERVICES

MKK provides Trade Repository and Reporting services to public institutions, market participants, companies, academics and the general public for the purposes of supporting the sound function and development of the capital markets, monitoring systemic risk and contributing to the protection of financial stability, and developing value-added data products.

### Electronic Trade Repository (e-VEDO)

The "Electronic Trade Repository System" is a notification system in which derivative transactions in domestic and international organized and over-the-counter markets are reported by the relevant contracting parties in international standards.

In 2021, some processes for derivative reporting were automated and developed in line with member requests.

During the year, 12 new companies started reporting on a T+1 basis and 8 new companies started reporting on a T+0 basis. As of the end of 2021, the number of e-VEDO members reached 221 with 46 intermediary institutions, 48 banks, one central counterparty and 126 legal companies.

|                          | 2021 | 2020 |
|--------------------------|------|------|
| Number of e-VEDO members | 221  | 201  |



### Investor Risk Monitoring System (YRTS)

The YRTS, which we brought into service in 2020, aims to measure the risks which intermediary institutions face as well as the risks of intermediary institutions' customers (investors) engaged in margin trading, short selling and lending and borrowing transactions, with regard to the monitoring of risk in capital markets.

In 2021, a total of 54 members were permitted to report to the system.



### Data Dissemination Services

As of 2021, 13 data vendors published CDS data simultaneously or on a delayed basis, and 19 data vendors published KAP data simultaneously.

### Data Support Contributing to Academic Studies

In 2021, data support was provided to a total of 30 universities.

## Information Sharing with the Third Parties

|  |   |  |  |  |   |
|--|---|--|--|--|---|
| TR Ministry of Treasury and Finance            | TR Ministry of Trade                                | TR Ministry of the Interior                          | TR Ministry of Industry and Technology                                   | Republic of Türkiye Ministry of Agriculture and Forestry | Presidency of the Republic of Türkiye Finance Office  |
| The Central Bank of the Republic of Türkiye    | Capital Markets Board of Türkiye                    | Banking Regulation and Supervision Agency of Türkiye | TR Ministry of Treasury and Finance Financial Crimes Investigation Board | Revenue Administration                                   | Savings Deposit Insurance Fund of Türkiye             |
| Borsa İstanbul A.Ş. (BİAŞ)                     | TURIB (Commodity Exchange)                          | Turkish Capital Markets Association                  | The Public Oversight, Accounting and Auditing Standards Authority        | Investor Compensation Center                             | Pension Monitoring Center                             |
| Takasbank (CCP)                                | Turkish Grain Board                                 | The Banks Association of Türkiye Risk Center         | Real Estate Investors Association  | Corporate Governance Association of Türkiye              | Turkish Institutional Investment Managers Association |
| Turkish Investor Relations Society             | TR Ministry of Treasury and Finance Tax Audit Board | Republic of Türkiye Social Security Institution      | Capital Markets Licensing and Training Agency of Türkiye                 | e-GOVERNANCE   | Central Registration Record System (MERSIS)           |
| Address Based Identity Registry System (ADNKS) | Oesterreichische Kontrollbank AG (OeKB)             | Issuers  | Companies with Bearer Shares   | Intermediary Institutions                                | Crowdfunding Platforms and Trustees                   |
| Forensic and Administrative Institutions       | Universities  | Independent Audit Organizations                      | Data Distribution Organizations  | Investors  | Investor Devisees                                     |

## CORPORATE GOVERNANCE SERVICES

MKK offers a wide array of value-added products and services for companies to fulfill their public disclosure and information society obligations and to make their corporate governance processes more efficient in accordance with the Capital Markets legislation and TCC regulations. Summary information pertaining to our corporate governance products and services is provided below.



### e-GENEL KURUL ELECTRONIC GENERAL MEETING

#### e-GENEL KURUL: Electronic General Meeting System

Under this system, general meetings of companies can be held legally in an electronic environment, where shareholders can participate in multiple general meetings concurrently by remote access with their e-signatures and use their votes in real time.

In 2021, 480 general meetings were held through the e-GENEL KURUL. All meetings were monitored with guidance, and where needed, support services provided to all stakeholders (such as companies, shareholders, representatives, etc.) that use the system. The highest number of general meetings to be held on the same day was on 31 March 2021 when 27 general meetings were held. A total of 15,883 people participated electronically via e-GENEL KURUL in the general meetings held during the year, either through their representatives or in person, and exercised their rights. The number of physical participants in the same meetings was 3,580.

In 2021, shareholders and investors from 48 different countries participated in the meetings via e-GENEL KURUL, particularly from the United States, the United Kingdom and Canada.

During the year, approximately 1,569 hours of general meetings were broadcast live in 488 different locations from 33 different cities.



#### Electronic General Meeting System Started to Be Used in the Indonesian Capital Markets

The Central Securities Depository of Indonesia (KSEI) opened a tender in 2017 for the electronic management of general meeting processes, electronic voting and proxy issuance processes to be brought to the Indonesian capital markets. MKK, which was selected as the organization that proposed the best practice by participating in this tender, completed the implementation of the electronic general meeting system it has customized and further developed for KSEI in the Indonesian capital markets at the end of 2018, in line with its commitments. With the new legal infrastructure in Indonesia in 2019-2020 and the completion of additional developments, the system was officially launched in Indonesia with five meetings held on one single day on 14 May 2020. A total of 640 companies held 1,014 general meetings during 2020.

On 28 June 2021, the other improvements that were carried out along with the e-voting transmission function of investors and proxies in a live environment were brought into operation. The eASY.KSEI (E-GEM Indonesia) application was introduced to the Indonesian capital markets on 30 September 2021 in an online ceremony organized by KSEI with the participation of our CEO and Board Member, Mr. Ekrem Arıkan, who gave a speech at the event. In 2021, a total of 729 companies held 1,293 general meetings via eASY.KSEI.

In 2022, our organization will continue to provide technical support and system development services as part of its cooperation with the KSEI.



### e-ŞİRKET: Companies Information Portal

It is mandatory for corporations, which are subject to audits within the framework of the TCC and capital market regulations, to publish disclosures that are required by law on their website.. The mandate includes publicly held corporations as well, and it is also stated in the relevant regulation that they may fulfill their obligations through the electronic environment provided by MKK.

Pursuant to Article 1524 of the TCC, e-ŞİRKET is available to companies as a platform where the content to be disclosed on the website is uploaded to the company's dedicated pages through secure electronic signatures and time stamps. The uploaded content are kept in a secure environment, made available for access, and securely archived. Data sharing is possible on the system through integration with MERSIS.

In 2021, our organization provided Central Database Service Provider services to 2,612 companies through the e-ŞİRKET Portal, which complies with the technical and security criteria in the relevant regulations.

Since the establishment of the e-ŞİRKET Portal in 2013, 3,292 companies fulfilled their obligations without being required to take any action on their websites. Companies uploaded 101,906 documents to the information society services-specific area on the e-ŞİRKET Portal, and made those documents available to third parties. The most uploaded document types were balance sheets (14,489 items), minutes of general meetings (13,724 items) and income statements (13,506 items).



### e-YKS: Electronic Board of Directors System

e-YKS, which is one of the inhouse developed corporate governance solutions, is an information system that allows the Board of Directors of joint-stock companies or the Board of Managers of other capital stock companies to meet in an electronic environment with legal effect. e-YKS allows members of Boards of Directors, wherever they are in the world, to legally participate in board meetings regardless of time or place, and to instantly sign Board of Directors decisions. Companies that use e-YKS may hold their Board of Directors meetings through a secure infrastructure without coming together physically - especially during the Covid-19 pandemic. As of 2021, our e-YKS product was used by a large number of domestic and foreign capital companies, both public and non-public.



## CORPORATE GOVERNANCE SERVICES

A search function with the machine learning model and algorithm rules has been developed and provided to users.



### Public Disclosure Platform (KAP)

KAP is an electronic system in which the notifications required to be disclosed to the public in accordance with the capital markets and stock exchange legislation are transmitted and published through electronic signatures. The system is designed to allow all segments to access accurate, direct and complete information simultaneously at a low cost over the Internet. The KAP also serves as an electronic archive that provides easy and low-cost access to retrospective information.

### KAP Improvements/Projects Carried Out in 2021

#### Search Algorithm

A search function with the machine learning model and algorithm rules has been developed and provided to users. Thanks to the "KAP Quick Search" function, users can access the information they are looking for more quickly and effectively through keywords. An average of 9,200 searches are made per day in the "KAP Quick Search" area of the KAP website and mobile application. The most popular searches include companies whose shares have been offered to the public for the first time, statements about sports companies and financial reports.

#### MKK Indices (Profit-Turnover-Dividend)

The "MKK Profit" and "MKK Turnover" Indices, which were prepared using KAP data and allow monitoring of changes in profits and turnover of publicly traded companies have started to be published collectively and in a sectoral breakdown. In addition to these indices, the "MKK Dividend Payment" and "MKK Dividend Distribution" Indices that are calculated using companies' dividend data, and the "Dividend Payout Ratio" and "Dividend per Share" indicators are now also being published on the VAP.

#### Financial Ratios

"Periodic Financial Ratios" and "2016-2021 Average Financial Ratios" will be calculated and published on the VAP in 2022 in order to enable production of different data sets from the financial report statements of publicly traded companies, conducting of a range of analysis on a collective and sectoral basis, and to enable following of seasonal trends.

#### KAP Financial Statement Item Query Feature

On 10 December 2021, the "Financial Information" tab was added to the general information form pages containing summary information about KAP member companies and funds on the KAP website. By using this tab, our stakeholders are able to quickly access the "summary financial information" of the company or fund of their choice for the past three years, as well as the latest interim statements.

Moreover, in order to enable comparison of the financial information of member companies, the "Financial Statement Item Query" tab has been added to the "Notification Queries" menu. With this improvement, our stakeholders are able to compare the financial statement items which have been published in the XBRL format on the KAP website since 2016 in detail of companies, funds, sectors, and download this data to their computers collectively.

| <b>KAP Website Usage</b>            | <b>2021</b> | <b>2020</b> |
|-------------------------------------|-------------|-------------|
| Number of Page Views <sup>(1)</sup> | 88,574,413  | 76,870,957  |
| Unique Page Views                   | 72,349,991  | 62,690,498  |
| Access Count <sup>(2)</sup>         | 25,153,069  | 21,042,427  |
| Average Time Spent on a Page        | 00:01:21    | 00:01:19    |
| Page/Session <sup>(3)</sup>         | 4           | 4           |

<sup>(1)</sup> The total number of page views.

<sup>(2)</sup> Indicates how many times visitors accessed the website through a page or a set of pages.

<sup>(3)</sup> Page/Session (Average Page Depth) suggests the average number of pages viewed per session.

| <b>KAP Website Access Statistics for Existing and New Users</b> |                   |                   |
|---|-------------------|-------------------|
| <b>Number of sessions</b>                                       | <b>2021</b>       | <b>2020</b>       |
| New User  | 6,968,087         | 6,233,445         |
| Existing User   | 18,184,982        | 14,808,982        |
| <b>Total</b>  | <b>25,153,069</b> | <b>21,042,427</b> |

| <b>Access Statistics for Different Devices</b> |                   |                 |                   |                 |
|--|-------------------|-----------------|-------------------|-----------------|
| <b>Number of Sessions</b>                      | <b>2021</b>       | <b>Oran (%)</b> | <b>2020</b>       | <b>Oran (%)</b> |
| PC   | 8,866,113         | 35.20%          | 7,880,666         | 37.45%          |
| Mobile Phone                                   | 16,127,066        | 64.10%          | 12,993,082        | 61.75%          |
| Tablet   | 159,890           | 0.60%           | 168,679           | 0.80%           |
| <b>Total</b>                                   | <b>25,153,069</b> | <b>100.00%</b>  | <b>21,042,427</b> | <b>100.00%</b>  |

| <b>Number of Notifications Published on the KAP Website</b> |                                |
|---|--------------------------------|
| <b>Notification Type</b>                                    | <b>Number of Notifications</b> |
| Fund Notification   | 36,531                         |
| Material Event Disclosure                                   | 21,919                         |
| Financial Report  | 7,758                          |
| Regulatory Authority Notification                           | 22,448                         |
| Other   | 9,431                          |
| <b>Total</b>  | <b>98,087</b>                  |

| <b>KAP Training Activities</b>   |  |                           |
|--|--|---------------------------|
| <b>Subject of Training</b>   | <b>Number of Training Programs Organized</b> | <b>Total Participants</b> |
| Corporate Governance Practices and Public Disclosure Obligations in the Capital Market | 2  | 42                        |
| Public Disclosure Platform (KAP) Corporate Actions for Publicly Traded Companies       | 1  | 15                        |
| Training on Financial Reporting in the KAP System                                      | 1  | 23                        |
| <b>Total</b>   | <b>4</b>                                     | <b>80</b>                 |

## INVESTOR SERVICES

Investors can obtain information about their records kept in MKK systems from applications provided through the phone and Internet channels, view all investment accounts held by different brokerage firms, access account details, execute investor blockage on their securities and remove these blockages, and also benefit from a range of information and reporting services offered free of charge.

### Investor Services Improvements /Projects Carried Out in 2021

#### MKK Communication Center - 444 0 655 (MKK)

With the increase in the number public offerings in 2021, there was a significant increase in the number of investors conducting transactions in capital markets. Our investor call center service was also transformed in September 2021, with the expansion of the scope of new products and services offered by our organization and the services we provide to our stakeholders. The "MKK Call Center", which has been serving investors for nearly 16 years, now operates to a higher standard. The Center is now operationally more flexible, safer and has a more modern structure as it supports both member and non-member organizations that benefit from our services under the umbrella of the "MKK Communication Center (MİM)"

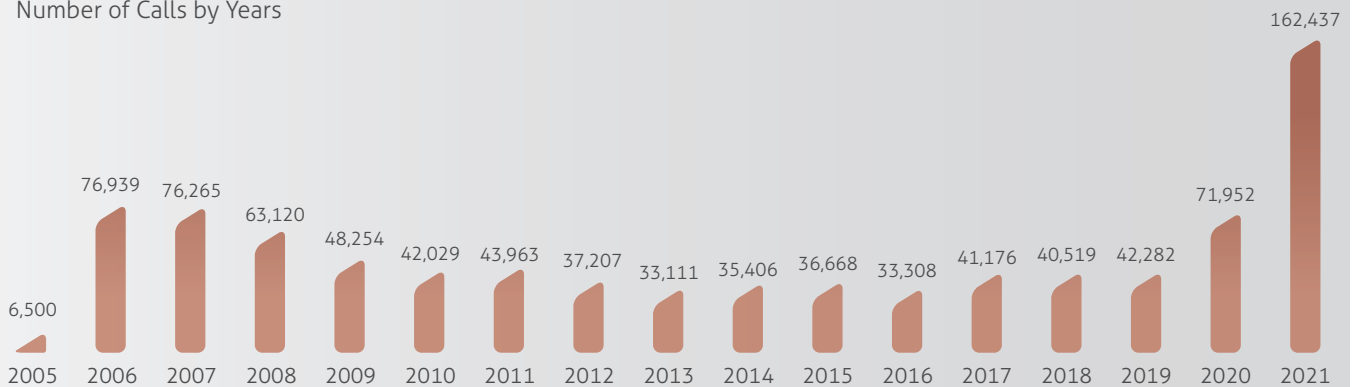
The MKK Communication Center is a voice response and customer communication service that provides information to all stakeholders, MKK members and investors in their daily operational processes, in technical support issues, and on general information regarding MKK services and our capital markets. Investors that call the Communication Center can obtain information regarding their accounts through the voice response system, perform investor blockage operations, and use reporting services offered free of charge. In addition, investors may create MKK registry passwords and update their contact information (e-mail, mobile phone number) registered in MKK by contacting Call Center representatives during working hours.

Our members and stakeholders can receive support by telephone from the Communication Center hotline for all questions and support needs related to our products and services listed below during working hours on weekdays.

- e-YATIRIMCI - Investor Information Center,
- KAP - Public Disclosure Platform Support Services,
- e-YKS - Electronic Board of Directors Support Services,
- e-GENEL KURUL - Electronic General Meeting Support Services,
- e-ŞİRKET - Companies Information Portal Service,
- HPKS - Bearer Shares Registry System Support Services,
- Dematerialized System - Custody Operations and Membership Support Services,
- e-ÜRÜN - Electronic Warehouse Receipt Support Services,
- e-VEDO - Electronic Trade Repository Reporting Support Services,
- YRTS - Investor Risk Monitoring System Support Services,
- KFS - Crowdfunding System Support Services,

The MKK Communication Center received around 163,000 calls in 2021.

Number of Calls by Years





In 2021, the number of text message notifications increased by 132% and the number of e-mail notifications increased by 60% year-on-year.

#### e-YATIRIMCI (Investor Information Center)

Numerous new functions and reporting capabilities were added to our e-YATIRIMCI application in 2021. Investors can view account(s) balance/movements and portfolio distribution information of investment accounts held in MKK, execute and remove blockages on their securities, access corporate actions notifications of companies that they are shareholders of, receive free notifications regarding their transactions, follow limit and ownership information on crowdfunding platforms through the integration with the crowdfunding system, view their bearer shares through the integration of the bearer shares registration system and send their notices regarding share purchase or sale transactions to be published on the KAP with the KAP integration.

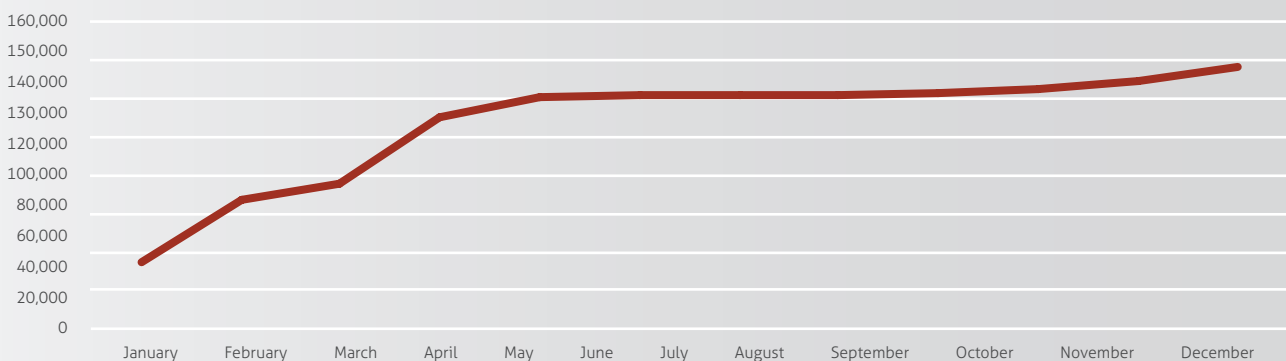
#### YBS: Investor Notification Service

The "Investor Notification Service" is an information and notification service provided by MKK within the scope of investor information services. This service is aimed at enabling investors to immediately notice possible errors and irregularities regarding the stocks in their accounts and to reduce or completely eliminate individual or systemic risks that may occur.

In 2021, the number of text message notifications increased by 132% and the number of e-mail notifications by 60% compared to the previous year. Thus, while a total of about 8.5 million notifications were sent to investors from different delivery channels in 2020, this number increased by 62% to around 13.8 million in 2021.

| Number of e-YATIRIMCI Users | 2021           | 2020          |
|-----------------------------|----------------|---------------|
| Web Members                 | 120,442        | 25,744        |
| Mobile Members              | 15,809         | 3,418         |
| <b>Total</b>                | <b>136,251</b> | <b>29,162</b> |

Number of e-YATIRIMCI Users (Cumulative)



Note: iOS stats only include users who allow their stats to be shared (around 28% of the total).

## PRODUCED CAPITAL AND INFORMATION TECHNOLOGY MANAGEMENT

The improvement efforts in 2021 regarding our Produced Capital, which represents the acquired capital elements (building, equipment, IT infrastructure, etc.) that we benefit from while maintaining our services and activities, are summarized below.

### System Management Improvements

- The Planning, design and procurement efforts required for capacity and performance increases in our data storage infrastructure and server infrastructures were completed with meticulous attention, and the product and procurement processes required for the investment phase were successfully concluded. A central management application has been brought into use to effectively manage and monitor all of our data storage systems.
- The identity authorization management (privileged access management) product has been installed and tested.
- The open-source IT infrastructure monitoring application has been upgraded to the latest version, increasing its efficiency and bringing integration with the ITSM system.
- Capacity, security and performance improvements have been achieved in the open-source corporate video conferencing system.
- In order to provide secure file transfer outside the organization, the corporate file sharing system was put into use.
- The corporate e-mail archiving system has been installed and tested.
- Upgrades and topology improvements were made in the corporate e-mail and directory system, resulting in improved performance, security and redundancy.

### Network and Cyber Security Management Improvements

- Necessary planning, design and procurement efforts to increase the capacity and performance of our network backbone were completed.
- An increase in capacity and performance was achieved by deploying new generation network routers.
- Network isolation and consolidation efforts were carried out to increase security and facilitate management.
- A ten-fold increase in the communication speed on critical network infrastructure was achieved.
- By performing topology improvements and cabling arrangements, simplifications of over 20% were achieved and the system became more manageable.
- The effectiveness of monitoring activities was increased by deploying new products to monitor the network infrastructure.
- A Web Application Firewall was deployed for all of our applications.

- The e-mail analysis system was brought into use, increasing security in the face of harmful content and providing users with the opportunity to control their own content.
- By switching to the use of virtual load balancer and common license pool, savings of around 60% were achieved in license costs.

### IT Support and Operations Center Improvements

- The local administrator password management system was put into use to increase security levels on users' computers.
- A system has been deployed to monitor the authorization and movement records on user computers centrally and to take the required actions automatically and remotely.
- A remote technical support product was launched in order to provide faster and safer support to our customers and internal users.
- A new product was launched to centrally manage, control and report user access rights.
- Within the scope of our new products and services, there was an expansion of over 100% in the support service provided to our members and users when compared to the previous year.
- The application inventory on user computers started to be collected automatically and central license tracking was initiated.

### Middle Layer and Version Management Improvements

- CDS (Central Dematerialized System) application servers have been upgraded to the latest version, which includes the most up-to-date and superior technological features, and increased capacity and performance.
- The capacity of the application performance monitoring product that monitors the CDS has been increased, rendering the monitoring of the CDS more comprehensive and effective.
- The API (Application Programming Interface) Portal was brought into use in order to test the web services offered by MKK to our members and to reduce operational backlog in membership processes.

### Corporate Solutions

- The technologies of the VAP and corporate websites have been improved to achieve high performance and fast access.
- The internal technological infrastructure of the MKK software provided to our members has been re-modeled such that the software have an integrated manageable structure.
- Corporate applications have been upgraded to the latest version, with security and patch management implemented for the entire organization

## 2021 PERFORMANCE

## HUMAN CAPITAL

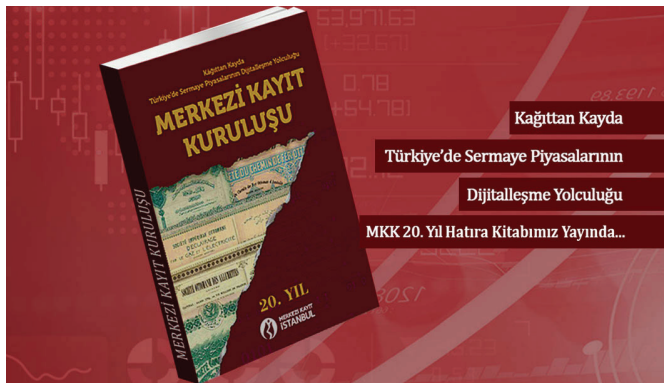
MKK carries out work to maintain the continuity of corporate affiliation by keeping employee competence and motivation high in line with its Organizational Efficiency target. The priority of our Human Resources Policy is the implementation of human resources practices in the most modern manner, with appropriate infrastructure, by adhering to the corporate culture and core values while ensuring that the training needs of our employees are shaped by being open to innovation and change, upgrading the knowledge and skills of employees such that they can follow the latest developments in the business and technology world, and their management skills are developed in line with their career plans. Our organization seeks to become an organization which is sensitive to the environment, occupational health and safety, complies with

quality standards, uses its human resources effectively, and derives strength from employee productivity by constantly improving its technology.

In 2021, our employees participated in professional and personal development training programs in fields such as Finance, Technology and Management. Training is provided in a range of areas including Capital Markets, Project Management, IT Service Management, Data Science, Software Frameworks, Information Security and Business Continuity Management. Our employees continued to benefit from online training in 2021 through corporate agreements with online training platforms.

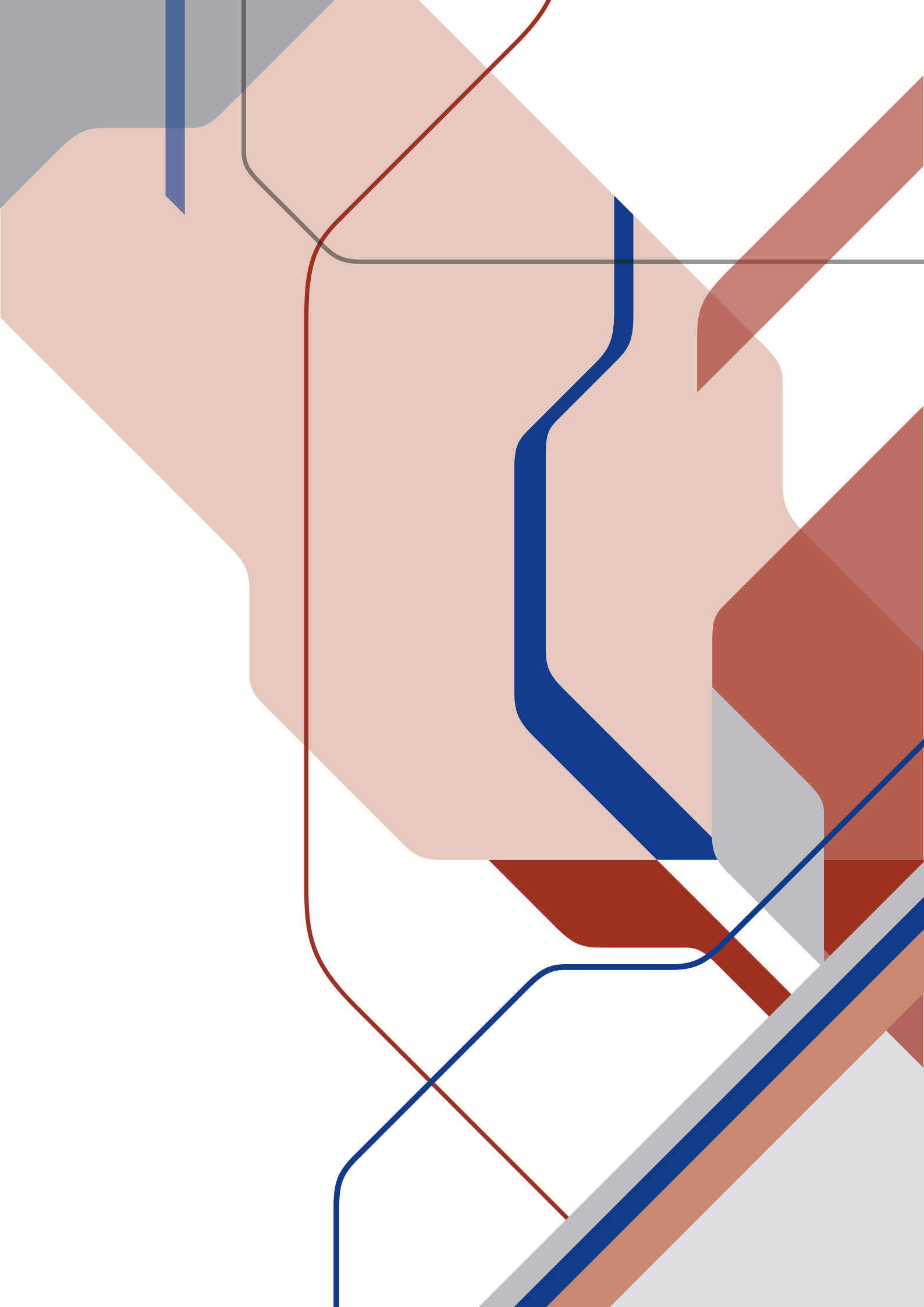


The 20<sup>th</sup> anniversary of our establishment was celebrated with a gong ceremony held in the Borsa Istanbul. During the event, where the commemorative book "The Digitalization Journey of the Capital Markets in Türkiye from Paper to Records", prepared specifically to mark the 20<sup>th</sup> Year since the Foundation of MKK was also unveiled, 20<sup>th</sup> Year Plaques and the commemorative book, "The Digitalization Journey of the Capital Markets in Türkiye from Paper to Records", was presented to employees who had served in the Borsa Istanbul Group for 20 years or more.



Scan the QR code to reach the website of the commemorative book "The Digitalization Journey of the Capital Markets in Türkiye from Paper to Records".







# VALUE GENERATION AND STRATEGY

MKK creates value for its stakeholders with the vision of being an effective Central Depository Institution that provides services to capital markets on a global scale and to the highest standards in line with the objectives of the Istanbul International Financial Center.

# VALUE CREATION MODEL

## External Factors

Global Markets

Turkish Markets

Vision

## Our Inputs



### Social Relational Capital

Our tasks and roles in the financial ecosystem (See: Our Core Activities and Business Model), Our Corporate Interactions and Collaborations, (See: Our Stakeholders)



### Financial Capital

Paid-in Capital at the end of 2020 (TL 36 million)



### Human Capital

Our employees (219 people by the end of 2020),



### Intellectual Capital

Our R&D center license and our R&D projects, our certificates (ISO 27001 Information Security Management Systems and ISO 22301 Business Continuity Management Systems)



### Produced Capital

Our Campus and Building, our IT Infrastructure, our fixtures



### Natural Capital

| Natural Resource Consumption | 2021      | 2020      | 2019      | Unit           |
|------------------------------|-----------|-----------|-----------|----------------|
| Energy Consumption           | 4,005,983 | 3,930,519 | 3,993,704 | KWH            |
| Water Consumption            | 10,487    | 14,466    | 13,811    | m <sup>3</sup> |
| Paper Consumption            | 14,800    | 11,200    | 18,000    | kg             |

STRATEGY

RISKS AND  
OPPORTUNITIES

Technological  
developmentsLegislation and  
amendments

Mission

## Our Activities and Outputs

## PERFORMANCE

## Our Activities

- Depository Operations
- Trade Repository and Reporting Operations
- Corporate Governance Operations
- Investor Services Operations

## Outputs

- Central Securities Depository Services for the Capital Markets and Agricultural Markets
- Derivative Transactions and Debt Instruments Notification and Reporting Services
- Analysis and Reporting of Market Data
- Public Disclosure Platform Operations
- Corporate Governance Practices and Support Services
- Investor Notification and Information Services
- Investor Call Center Services

## Results of Our Activities

## Social Relational Capital

84% customer satisfaction, National Central Securities Depository (See. Our Developing Services), Systemic Risk, Market Risk Monitoring and Reporting (See. Our Developing Services), Contribution to Financial Literacy (See. Our Developing Services), Contribution to Public Disclosure (See. Our Developing Services), Dissemination of Corporate Governance Practices (See. Our Developing Services),

## Financial Capital

| TL                        | 2021<br>(Consolidated) | 2020        | 2019        |
|---------------------------|------------------------|-------------|-------------|
| Net Sales                 | 238,243,391            | 168,111,833 | 126,576,500 |
| Operational Profit        | 76,632,906             | 41,298,012  | 17,634,192  |
| Net Profit for the Period | 88,100,037             | 41,649,410  | 31,999,966  |

**Human Capital** Employees by the end of 2021 (216 people)

**Intellectual Capital** Our R&D projects for 2020 (5 projects)

Our Certificates (ISO 27001 Information Security Management Systems and ISO 22301 Business Continuity Management Systems),

**Produced Capital** Approximately TL 5 million of investments in Hardware and Software in 2021

## OPERATING ENVIRONMENT AND EXTERNAL IMPACTS

While determining its strategies and carrying out its activities, MKK is affected by and takes into account the legal, technological and economic developments occurring in the national and international operating environment. This section discusses the effects of recent developments in international and national financial markets on our Organization and how we managed these processes during 2021.

| Development/<br>Trend             | Impact on the Markets and Our Organization  | How We Took Action  |
|-----------------------------------|---|---|
| Economic/Sectoral<br>Developments | In 2021, IPOs reached record levels in the world and in our country, while investor inflow to capital markets and transaction volumes both increased. This situation has been positively reflected in our operating income.   | In response to interest in the capital markets from investors and issuers, various projects have been implemented to improve financial literacy, reinforce corporate governance and public disclosure standards. Our IT infrastructure has been strengthened and the level of automation in our processes has increased.  |
| Technological<br>Developments     | Technologies such as blockchain and artificial intelligence are becoming widespread in the clearing, settlement and custody sector.   | Concrete projects and studies related to the adaptation of new technologies to our applications are being carried out with our R&D center and projects.   |
| Globalization                     | In the international capital markets, with the horizontal and vertical integrations as well as operational links established between Central Securities Depositories have enhanced institutional cooperation, with steps taken to allow investors to transact in capital markets more easily.   | In 2021, the Central Securities Depository of our brother country Azerbaijan, the MDM, became a member of the MKK.<br><br>We have started to provide private custody services for companies established in the TRNC and listed on the Northern Cyprus Stock Exchange, to keep their shareholder and share information in an electronic environment provided by the MKK. |
| Legal Regulations                 | Pursuant to the new regulation, which came into force in 2020, the joint stock companies, whose shares are not registered at MKK in dematerialized form, began to notify MKK of the shareholders and their holdings in bearer form, before distributing any shares to the shareholders.<br><br>With the communiqué published by the CMB on 27 October 2021, the procedures and principles regarding share and borrowing-based crowdfunding have been regulated. | Our HPKS development efforts were completed and the system was started to be used in 2021 in accordance with the relevant legislation.<br><br>System development analysis studies regarding the debt-based crowdfunding application were completed, application development and testing studies were planned.   |

## CORPORATE STRATEGY

The corporate mission, vision and main objectives of MKK as stated in its strategic plan for 2021-2023 are as follows:

### Mission

As an essential actor of the capital markets, MKK's main mission is to provide central depository, trade repository and reporting, public disclosure, corporate governance and investor services in a trustworthy, transparent and efficient environment and to present its data and technology products to local and global financial markets with an innovative approach.

### Vision

With respect to the Istanbul International Finance Center vision, MKK aims to become a global central securities depository and financial technology company by providing services to capital markets at global scale and standards.

### Our Goals

| Main Goal                           | Sub Goals   |
|-------------------------------------|---|
| Learning and Improving Organization | Recruitment of Employees in Sufficient Numbers and with Adequate Competency |
|                                     | High Employee Motivation and Satisfaction                                   |
|                                     | Strong Corporate Image  |
| Effective Operation and Technology  | Adaptation to Best Practices in the IT and Business Processes               |
|                                     | Application Infrastructures Development                                     |
|                                     | Increasing Automation and Digital Workforce                                 |
|                                     | Flexible Technology Infrastructure Development                              |
|                                     | Strengthening Use of Data and Business Intelligence                         |
|                                     | Supporting Use of Open Source to Reduce Technology Dependency               |
| Improving Services                  | High Customer Satisfaction  |
|                                     | Ever-Evolving Depository Services   |
|                                     | Ever-Evolving Data Storage and Reporting Services                           |
|                                     | Ever-Evolving Corporate Governance Services                                 |
|                                     | Ever-Evolving Investor Services   |
|                                     | Effective Marketing   |
| Strong Financial Structure          | Fair Pricing (Tariff Revamp)  |
|                                     | Sustainable Financial Performance   |

Based on the targets set out in our 2021-2023 Corporate Strategic Plan, 139 initiatives (activities) have been identified, and the follow-up and reporting of our strategic plan and these initiatives are carried out through the Corporate Architecture and Strategy Committee, which is held on a quarterly basis throughout the year.

## OUR CORE ACTIVITIES AND BUSINESS MODEL

The duties and authorities of MKK determined by law, basic services and products, outputs and results of these services are set out below:

| OUR INPUTS  | DUTIES AND RESPONSIBILITIES  | SERVICES AND PRODUCTS   |
|---|--|---|
| <p><b>Financial Capital</b><br/>Our monetary capital</p> <p><b>Human Capital</b><br/>Our employees</p> <p><b>Intellectual Capital</b><br/>Our software and intellectual assets</p> <p><b>Produced Capital</b><br/>Our building and equipment</p> <p><b>Social Relational Capital</b><br/>Our stakeholder relations</p> <p><b>Natural Capital</b><br/>The natural resources we use</p> | <p>With the authority given by the CMB, Central Securities Depository &amp; Registrar of Dematerialized Capital Market Instruments</p> <p>With the authority given by the CMB, Financial Accounts Center of Türkiye</p> <p>With the authority given by the CBOT, Securities Settlement System operator for all Dematerialized Capital Market Instruments</p> <p>With the authority given by the Ministry of Trade, Electronic Registry Center for all dematerialized agriculture products</p> <p>With the capacity under the Turkish Commercial Code, "Registration Center for Bearer Shares of Unlisted Joint-Stock Companies"</p> <p>"Platform provider for electronic monitoring of the shareholders" of companies listed at the TRNC Stock Exchange</p> <p>With the authority given by the CMB, Trade Repository for derivatives transactions</p> <p>With the authority given by the CMB, Public Disclosure Platform for all Borsa Istanbul listed companies</p> <p>With the authority given by the Ministry of Trade, Electronic General Meeting Center (e-GENEL KURUL) for all Borsa Istanbul listed companies</p> <p>With the authority given by the Ministry of Trade, Digital Company Center for Companies</p> <p>With the authority given by the Ministry of Trade, "Electronic Board System Provider" for the companies</p> | <p><b>Depository Services</b><br/>Account Maintenance Operations<br/>Issuance Operations<br/>Securities Transfer Operations<br/>Corporate Actions Operations<br/>Legal Operations<br/>SWIFT Operations<br/>e-ÜRÜN Operations<br/>Membership Operations<br/>Crowdfunding System<br/>Bearer Share Depository System</p> <p><b>Trade Repository and Reporting Services</b><br/>e-VEDO: Electronic Trade Repository<br/>MEVITAS: Central Electronic Transmission Gathering and Analysis System<br/>VAP: Data Analysis Platform<br/>YRTS: Investor Risk Monitoring System<br/>Reporting Service<br/>Leasing Registry System<br/>PUSULA Broker Institutions MKK (Central Securities Depository of Türkiye) Data Analysis Platform</p> <p><b>Corporate Governance Services</b><br/>KAP: Public Disclosure Platform<br/>e-GENEL KURUL: Electronic General Meeting System<br/>e-YKS: Electronic Board of Directors System<br/>e-ŞİRKET: Companies Information Portal</p> <p><b>Investor Services</b><br/>e-YATIRIMCI: Investor Information Center<br/>Investor Notification Service (YBS)<br/>MKK Communication Center (MİM)</p> |

## OUTPUTS

### Depository Services

Investor accounts opened and monitored on a beneficial owner basis with omnibus account capability

Issuance of securities

Execution of Securities transfers

Dividend payments, new shares issuance, mergers

Legal services (prohibition notices, securities conversions, sales restrictions)

SWIFT reporting

Records and reports of licensed warehouses and e-WRs

Entrepreneurial records, Integrated control system

Bearer share records

Shareholder tables

### Trade Repository and Reporting Services

Derivative and debt instrument notifications reporting

Reporting to regulatory supervisory institutions

Data preparation and dissemination

Data requests and reports

Indices and financial ratios

### Corporate Governance Services

KAP Operations

Electronic General Assembly Meetings

Central Database Service Provider

Electronic Board of Directors meetings

### Investor Services

Inbound and Outbound Calls

Notifications, Announcements and Reporting

Investor Blockage Service

## RESULTS OF OUR ACTIVITIES



**National Central Securities Depository**  
(Social Relational Capital)



**Contribution to Financial Literacy**  
(Social Relational Capital)



**Systemic Risk, Market Risk Monitoring and Reporting**  
(Social Relational Capital)



**Transparent, Timely and Accurate Public Disclosure**  
(Social Relational Capital)



**Contribution to Institutionalization**  
(Social Relational Capital)



**Income Increase**  
(Financial Capital)



**Increase in the Number of Employees and their Competence**  
(Human Capital)



**The Increase in Value of Our Software and Intellectual Assets**  
(Intellectual Capital)



**Institutional Awareness and Prestige**  
(Social Relational Capital)



**Stakeholder Satisfaction**  
(Social Relational Capital)

## HISTORICAL MILESTONES

### 2001-2010

- Regulatory Framework and Establishment of MKK,
- Completion of the "Central Dematerialized System (CDS)" project,
- Dematerialization of shares,
- Dematerialization of mutual funds
- First dematerialized issue of private sector debt instrument,
- First dematerialized issue of financing bills,
- Received Information Security Management System Certificate ISO 27001,
- First dematerialized issue of bank bills,
- First dematerialized issue of warrants,
- Issuance of the first dematerialized foreign capital market instruments by opening an account with a foreign CSD,
- Representation and administration of the Investors Protection Fund (continued until 2013),

### 2011- 2018

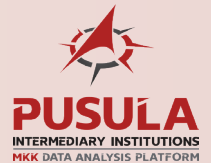
- Türkiye Electronic Fund Trading Platform - (TEFAS) developed with Takasbank (Istanbul Settlement and Custody Bank) was launched.
- First initial public offering benefit practice was completed,
- Completion of Electronic Warehouse Receipt Center (e-ÜRÜN) software,
- e-GOVERNANCE portal was launched,
- MKK became a 5% shareholder in the Sarajevo Stock Exchange (SASE),
- MKK became a 10% founding shareholder of the Capital Markets Licensing, Registry and Training Agency (SPL),
- Dematerialization of government Debt Securities was completed,
- Electronic General Meeting System (e-GENEL KURUL) Project was launched,
- Investor Risk Appetite Index (YRTS) was measured and published on our corporate website,
- Issuance of the first dematerialized cotton e-ÜRÜN,
- Starting to provide "e-ŞİRKET Central Database Service Provider" service,
- Received Business Continuity Management System Certificate ISO 22301,
- MKK received the "R&D Center" authorization from the Turkish Ministry of Science, Industry and Technology,
- Public Disclosure Platform handover from Borsa Istanbul,
- Launch of the "Electronic Trade Repository Platform (e-VEDO)"
- Export of e-GENEL KURUL to Indonesia,
- Development of the Electronic Board of Directors System (e-YKS) and its introduction as a new generation Board of Directors system,
- PDP Mobile was developed,

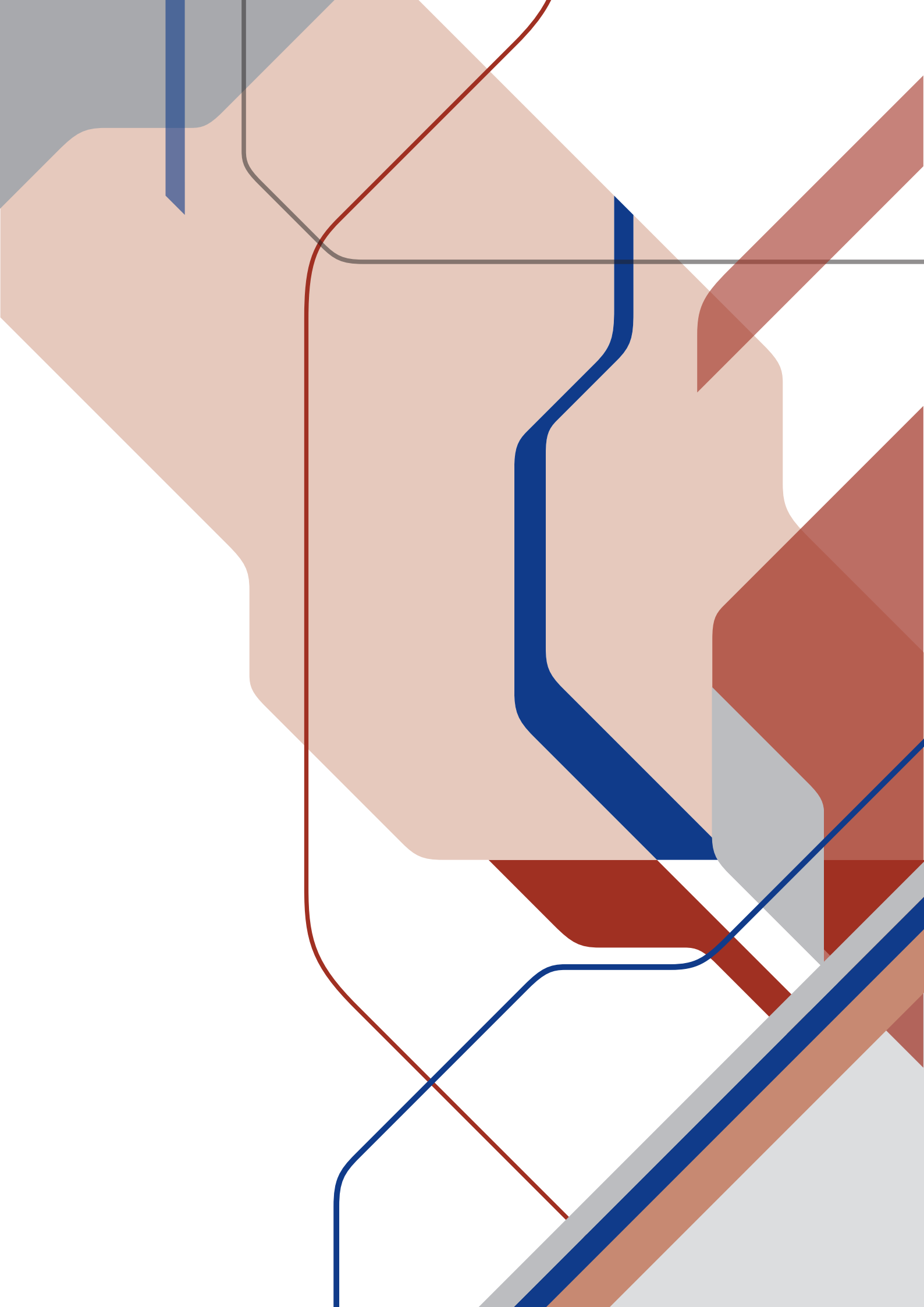
## 2019 and Beyond

- Commissioning of e-ÜRÜN trading and clearing transactions on the CDS,
- Launching of Omnibus (Global) accounts and the first Foreign Central Securities Depository membership,
- Crowdfunding System (KFS) project was developed and became live
- BSDS for dematerialization of bearer shares was developed,
- Expanding the scope of derivatives reporting (IT+O reporting),
- Initiation of debt instruments reporting,
- Investor Risk Monitoring System (YRTS) was developed,
- Data Analysis Platform (VAP) was developed,
- Introduction of e-GENEL KURUL to Indonesian capital markets,
- e-YATIRIMCI web and mobile applications were developed,
- Shares of Real Estate Information Center were taken over (MKK GABIM),
- Development of the KAP search algorithm,
- PUSULA Intermediary Institutions MKK Data Analysis Platform was developed,
- Obtaining ISO 20000-1:2018 IT Service Management System Certificate,
- The MKK Communication Center (MİM) became operational,
- First Issuance of a Lease Certificate Based on Agreement for Work,
- Signing of a contract with Türk Bankası Limited, which is listed on the TRNC Stock Exchange, as part of MKK's service to provide a platform where shareholders of companies listed on the Turkish Republic of Northern Cyprus (TRNC) Stock Exchange can be monitored electronically.



## Geliştirilen Yazılımlar







# RISK MANAGEMENT

Corporate Risk Management Activities are carried out in line with our organization's goals via identifying risks and opportunities, analyzing, and measuring risks as well as creating, implementing, monitoring risk mitigation and prevention plans in a systematic and effective manner.

## RISK MANAGEMENT

### Corporate Risk Management

Corporate Risk Management Activities are carried out in line with our organization's goals via identifying risks and opportunities, analyzing, and measuring risks and opportunities as well as creating, implementing and monitoring risk mitigation and prevention plans in a systematic and effective manner. Corporate Risk Management activities are carried out within the framework of the Corporate Risk Management Policy and Corporate Risk Management Procedure.

Corporate Risk Management activities are established in accordance with the Articles of Association and the Communiqué of the Capital Markets Board on the Determination and Implementation of Corporate Governance Principles. In addition, our process has been established on the basis of the following international standards:

- ISO 27001 Information Security Management System Standard
- ISO 22301 Business Continuity Management System Standard

### Corporate Risk Management Activities



- ISO 20000-1 IT Service Management System Standard
- ISO 31000 Corporate Risk Management System Standard
- COSO Internal Control Management System Framework
- COBIT Standard for Control Objectives for Information and Related Technology
- Principles for Financial Market Infrastructures (CPMI-IOSCO)
- International Institute of Internal Auditors (IIA) Triple Line Model

Within the scope of the goal of benchmarking the best practices in the sector, the process has been designed in detailed consultation with our Borsa İstanbul and Takasbank and efforts are in progress to advance the process by creating synergy with all our stakeholders with a continuous improvement perspective.

As part of the risk assessment and review activities carried out in 2021, reportings was made to Early Detection of Risk Committee and Board of Directors on 3 May 2021 and to RESK on 25 June, 28 September and 29 December 2021 in accordance with the rules set out in our Early Detection of Risk Committee policy and procedure.

### 1. Creation of the Scope

In this process, a risk management framework is created and our organization's risk appetite is assessed, risk and control officers are assigned and assets and asset groups are defined.

The policy that we created as per the said applications was approved by our Board of Directors on 25 June 2021.

### 2. Risk Assessment

In this process, risks are identified, analyzed and evaluated. The natural risk level is calculated by performing an assessment in the context of the impact and the probability of risk.

By measuring the level of control effectiveness, the residual risk value is determined by reevaluating the natural risk. The impacts of business unit risks are calculated in accordance with our organization's risk methodology, based on financial, reputation, compliance and operational criteria, and the level of impact of information technology related risks is based on confidentiality, accessibility and integrity criteria, which are elements of Information Security.

### 3. Risk Processing/ Risk Response

Risk processing strategies are applied for risks which exceed the calculated residual risk level and our organization's risk appetite (Very High and High risks):

- **Risk Improvement:** Taking action
- **Acceptance of Risk:** Assuming the risk and not taking action
- **Risk Aversion:** Protection by avoiding the risk
- **Transfer of Risk:** Sharing risks through the use of tools such as insurance and the purchase of external services

Action plans are designed and monitored for risks which have been selected for risk improvement.

## RISK MANAGEMENT

### MKK Risk Appetite

Risk Appetite is the level of risk which is deemed acceptable by the Board of Directors at any time period in accordance with the corporate mission, vision, goals and objectives of MKK. The risk appetite of our organization has been approved by our Board of Directors. The level of risk appetite has been determined in line with the strategic goals of our organization. The following considerations were especially taken into account when determining risk appetite:

- The ability of our organization to fulfill its corporate objectives requires prudent management of the financial risks it is exposed to.
- Meeting legal and regulatory requirements is critical to maintaining the goal of fair and orderly market management.
- Our organization maintains its business sustainability to ensure its goal of attracting new participants and providing additional markets and services.
- Our organization commands a strong reputation, which is supported by operational robustness and the provision of uninterrupted services.

Our risk appetite is at "High" level, as the risk categories in MKK created within this scope are Legislation Compliance Risk (LCR), Credit and Liquidity Risk (CLR), Investment and Custody Risk (ICR), Operational Risk (OPR) and General Business Risk (GBR). Furthermore, since the risks categorized as "Very High" and "High" exceed our risk appetite, the necessary controls are put into effect by applying the related risk handling or response strategies.

In exceptional cases, we do not have appetite for risk. The following table contains the primary and critical elements of our organization and our risk appetite for them, with 0 as (zero):

|              |                 |   |
|--------------|-----------------|---|
| NO TOLERANCE | FINANCIAL       | Decisions that will negatively affect the long-term financial sustainability of MKK   |
|              | REPUTATION      | Factors that prevent the provision of confidence in MKK on a national and/or international scale as a result of the unauthorized seizure of the asset, deterioration in the accuracy and completeness of the asset or its inaccessibility and unavailability  |
|              | COMPLIANCE      | Failure to comply with obligations from legal, legislative, supervisory and regulatory authorities  |
|              | HUMAN RESOURCES | <ul style="list-style-type: none"> <li>• Discrimination on the basis of race, language, religion or gender in terms of human resources policies</li> <li>• Issues which could impact the activities of MKK due to a lack of knowledge, training or experience of employees or due to poorly structured business processes</li> <li>• Endangering the occupational safety and health of employees</li> </ul>   |
|              | OPERATIONAL     | <ul style="list-style-type: none"> <li>• Business and operations which prevent transactions from taking place in a reliable, transparent, effective, stable, fair, honest and competitive manner</li> <li>• System errors, information and data security breaches, disclosure of confidential information</li> <li>• As part of our activities, interruptions, waiting times, slowdowns and delays that may occur in the services we provide, especially systems that serve the markets</li> <li>• Interruptions in market activities caused by third-party business partners from whom services are received</li> <li>• Operational risks which arise in the implementation of strategic plans and changes which affect external customers</li> <li>• Operational risks arising from the inability to fulfill our commitments to MKK members</li> <li>• Any incidences of bribery, corruption, embezzlement, misconduct or irregularities, and the associated reputational risk</li> </ul> |
|              | ENVIRONMENTAL   | Issues or decisions which may harm the environment, ecological balance and society  |

## Key Risks and Prevention Strategies

Confidentiality, integrity and accessibility are taken as a basis in the evaluation of Information Technologies risks of our organization, and financial, operational, reputation and compliance impact criteria and probability values are taken as the basis in the evaluation of business unit risks. In our organization, risk categories are classified as Compliance Risk, Credit and Liquidity Risk, Investment and Custody Risk, Operational Risk, General Business Risk in accordance with the Principles for Financial Market Infrastructures (CPMI-IOSCO). Our strategies to prevent possible impacts and risks on the basis of risk categories are as follows:

| Risk Categories   | Possible Risks and Potential Impacts  | Prevention Strategies  |
|---|---|--|
| <b>Compliance Risk</b><br>Legal sanctions that may be encountered as a result of non-compliance with the law and related sub-regulations by MKK and the possible risk of damage   | <ul style="list-style-type: none"> <li>· Misinterpretation of the provisions of the law and related sub-regulations</li> <li>· Failure to comply with the law and related sub-regulations in a timely manner</li> <li>· Encountering criminal and legal sanctions for reasons such as damage to members or persons using MKK services due to practices contrary to the law and related sub-regulations or contracts</li> <li>· Failure to be informed of the Law and related sub-regulations in a timely manner due to the ineffective follow-up of the Official Gazette.</li> </ul>  | <p>Our organization is in close contact with regulatory and supervisory institutions, especially the CMB, CBRT, MASAK, the Ministry of Trade and the Ministry of Treasury and Finance, and plays an active role in the implementation of regulations for the development, improvement and deepening of the markets.</p> <p>Accessible, transparent and fair regulations and surveillance systems are established in order to ensure that the investor data stored in our organization is protected stably and safely.</p> <p>Our employees possess the highest levels of awareness regarding all legal activities, and in this context, MKK has dedicated internal units in place to carry out governance activities.</p>  |
| <b>Credit and Liquidity Risk</b><br>Credit risk is the risk that a counterparty with a financial obligation to MKK will not be able to fulfill these financial obligations at any time in the future or when they become due. This risk may arise from the bankruptcy or default of the counterparty. Liquidity risk, on the other hand, refers to the risk that a counterparty with a financial obligation to MKK does not have sufficient funds to meet its financial obligations at maturity, even if they are able to meet their obligations in the future. | <ul style="list-style-type: none"> <li>· Inability to pay for services as a result of bankruptcy or default of members or persons or organizations using the services</li> <li>· Financial loss due to reasons such as the failure to recover advances offered to suppliers</li> <li>· Inability of members, individuals or organizations benefiting from services to pay their service fees on time due to a temporary liquidity crunch, despite their power</li> <li>· In the event of an interruption to services received from suppliers, the company suffers a loss due to reasons such as the advance to be made by MKK cannot be paid immediately due to a temporary liquidity shortage, but is in a condition that can be paid in the near future.</li> </ul> | <p>As part of the management of the financial risks that our organization may be exposed to, counterparty risk is assessed and stress scenarios for possible risks are prepared. We have a Recovery Plan that will provide actions to protect MKK from the negative effects of credit and liquidity risk which may arise from any third-party person or entity. Within the scope of the plan, our financials are managed effectively by balancing the assets and liabilities which are sensitive to risks and taking the necessary measures in respect to risks which the organization may be exposed to, within the limits determined.</p> <p>Default and collateralization mechanisms are in place within the scope of current Borsa İstanbul and Takasbank regulations, in the event that our members default in the clearing processes due to financial situations which they may experience.</p> <p>In addition, where the obligation to deliver capital market instruments held at MKK to investors cannot be fulfilled for reasons arising from investment institutions, a payment of up to the amount of compensation determined by the Capital Market Board is made by the Investor Compensation Center.</p> <p>In addition, care is taken to ensure that the paid-in capital and equity structure of MKK remains at a level which keeps the impact of credit and liquidity risks that may arise from its activities to a minimum, and to allocate the maximum level of technical reserves.</p> |

## RISK MANAGEMENT

| Risk Categories  | Possible Risks and Potential Impacts  | Prevention Strategies   |
|--|---|---|
| <p><b>Investment and Custody Risk</b></p> <p>Investment risk refers to the risk of financial loss which may be encountered when converting MKK's cash assets into investments. If cash assets are directed to investment using various investment instruments, they may be exposed to market and credit risks. Custody risk, on the other hand, refers to the risk of loss that may arise due to ineffective process management of MKK assets (such as cash or securities) held in the custodian, causing misconduct, incorrect records, operational errors or inability to retrieve assets as a result of bankruptcy.</p> | <ul style="list-style-type: none"> <li>· Decrease in the market value of capital market instruments or securities</li> <li>· Failure of issuers of capital market instruments or securities to pay their debts on time</li> <li>· In case the said instrument or securities are to be converted into cash before maturity, loss of investment carried out due to reasons such as a lack of buyers in the market, a shallow market or a low market price</li> <li>· Bankruptcy of banks in which MKK cash assets are kept as deposits</li> <li>· Bank employees committing misconduct in connection to MKK deposits</li> <li>· Failure to recover MKK deposits in a timely manner due to the operational errors, negligence or incorrect records at the bank.</li> <li>· Bankruptcy of banks or custodians where capital market instruments or securities owned by MKK are held</li> </ul> | <p>Within the framework of the Recovery Plan of our organization, four main measures are in force to ensure the sound functioning of its core functions and to ensure that any problems arising from the members do not affect the system or the financial situation of MKK to cover losses in case of any adverse situation. These measures are the collateral mechanism related to capital market transactions, the Investor Compensation Center, the acquisition of professional liability and criminal policies with the allocation of extraordinary reserves as part of the strengthening of MKK's capital, and these are considered in the context of stress scenarios.</p> <p>By establishing similar measures in respect to our credit and liquidity risks, care is taken to ensure that the paid-in capital and equity structure of MKK is at a level which keeps the impact of investment and custody risks that may arise from its activities to a minimum, and to allocate the maximum level of technical reserves.</p> |
| <p><b>General Business Risk</b></p> <p>This is the risk of a deterioration in the financial situation of MKK due to the inability to maintain a balance between income and expenses, and a loss of operations. General Business Risk refers to the financial risks arising from the activities of MKK as a business.</p>   | <ul style="list-style-type: none"> <li>· Risks arising from errors in the business strategy</li> <li>· Inability of cash inflows to meet the cash outflows as a result of disruptions in cash flow</li> <li>· Operational losses arising from extraordinary reasons (such as natural disasters, epidemics or cyber-attacks),</li> <li>· Loss in company activity and harm to the financials due to reasons such as a lack of process recovery plans or ineffective management</li> </ul>  | <p>Steps are taken to ensure that the short-term or long-term assets and liabilities contained in our statement of financial position are managed in such a way to prevent an open position from arising in terms of interest or maturity. Our organization has a Business Continuity Management System in place which is effectively managed and certified. Within the framework of our Business Continuity policies, our process recovery plans are activated in case of any negative situations, ensuring that our organization is not affected by any harm which may arise from such situations. The recovery resources within the scope of the Recovery Plan are activated and any risks that may arise are eliminated.</p>  |

| Risk Categories   | Possible Risks and Potential Impacts  | Prevention Strategies   |
|---|---|---|
| <b>Operational Risks</b><br>Such risks include information system vulnerabilities, threats to human resources or business continuity, ineffective processes, external interruption risks, epidemics, disruption or interruptions to MKK's services. | <ul style="list-style-type: none"> <li>Compromises to the confidentiality, integrity and accessibility of information, loss of image, reputation and income or violation of legislation arising from information technology-based risks,</li> </ul> | As one of the main actors in the capital markets, with its mission to carry out central depository trade repository and reporting, public disclosure and corporate governance and investor services in a reliable, effective and transparent manner, and to offer data and technology products and services to national and international markets with its innovative approach, MKK is an institution which is highly dependent on technology. In this regard, systems are constantly monitored within the performance criteria, since any service interruption will lead to a loss of reputation and income. Control and warning mechanisms have been established for systemic risks, and information channels have been established to monitor the functioning of the system. The data center and backup mechanisms are designed to be active and always running. |
|   | <ul style="list-style-type: none"> <li>Services offered by the organization being inaccessible as a result of business continuity risks, loss of image, reputation or income, or violation of legislation</li> </ul>                                | With the vision of being an effective central securities depository that provides services to the capital markets on a global scale and to high standards, in line with the objectives of the Istanbul International Financial Center, operational continuity is a key factor for our organization. Our organization effectively manages business continuity risks by ensuring the continuity of operations with effective business continuity strategies and plans. Our business continuity policy, which focuses on human health and safety, is committed to restarting critical operations and maintaining them at acceptable service levels.  |
|   | <ul style="list-style-type: none"> <li>Information security and cyber risks, violation of confidentiality, integrity and accessibility of information, loss of image, reputation and income, violation of legislation</li> </ul>                    | Cyber security measures are implemented effectively in our organization and actions are set out to prevent unauthorized persons and parties from accessing confidential and sensitive data within the framework of periodic penetration tests, vulnerability scans and other independent security checks.   |
|   | <ul style="list-style-type: none"> <li>Failure to ensure the sustainability of services as a result of human resource/ factor risks</li> </ul>  | Our organization already has an Information Security Management System which is effectively managed and successfully certified. While the employees of our organization demonstrate a high level of awareness concerning the risks associated with information security, various methodologies are applied to measure and maintain this awareness.  |
|   | <ul style="list-style-type: none"> <li>Failure to ensure the continuity of services due to pandemic and epidemic related risks</li> </ul>   | Our organization possesses human resources which are able to respond quickly to market expectations and offer a high level of competence. Human resources strategies are aimed at retaining employees and bringing competent employees to the organization. The expected level of continuity of our services is ensured thanks to our business continuity policies which focus on people.   |

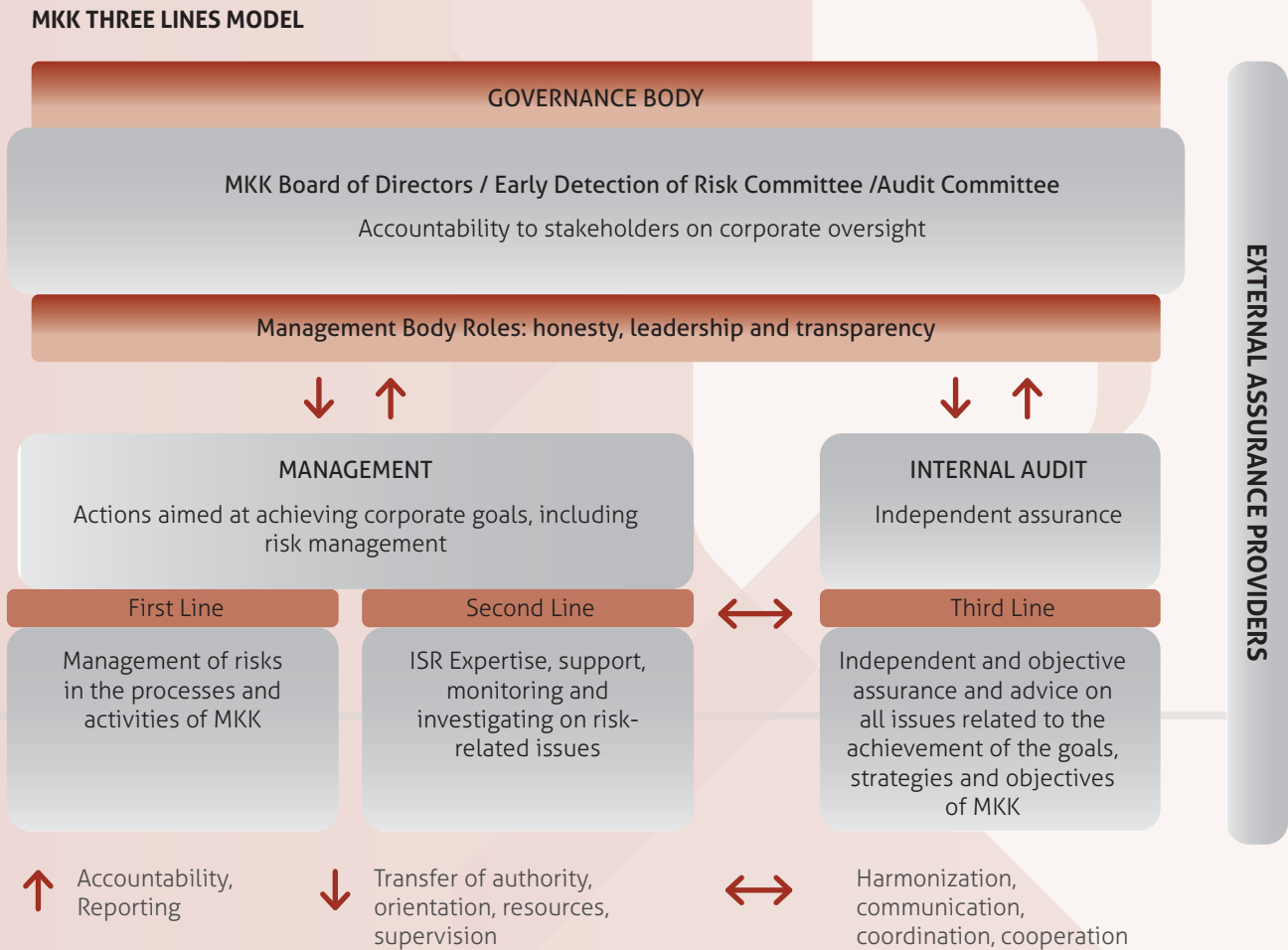
## RISK MANAGEMENT

### Internal Control System and Compliance Management

The internal control system activities of our organization are based on the relevant laws and regulations, the Three Lines Model of the Institute of Internal Auditors (IIA) and the COSO internal control system standard, COBIT Control Objectives for Information and Related Technology and the ISO 27001 ISMS, ISO 22301 ISMS, ISO 20000 Information Technologies Service Management System standards. The duties, powers and responsibilities of all units working in the three lines model, as well as the regulation and reporting mechanisms have been determined on the basis of the line in which they are located.

Within the scope of internal control system monitoring activities performed in our organization, control monitoring

activities are carried out periodically in order to measure and evaluate the operability and effectiveness of controls from a risk-based perspective and to reveal control vulnerabilities. The control monitoring activities are aimed at identifying and eliminating control gaps with the results obtained, as well as operating a more effective risk management and internal control system throughout the organization. As of 2021, out of the 1,131 controls implemented by the first line, 202 control monitoring activities had been determined and 92 control monitoring activities were performed. Actions related to the issues found not be in compliance were activated as a matter of urgency. The results, including the monitoring activities, were reported to our Senior Management on 1 April and 9 November 2021.



The main control activities commissioned in our organization are as follows:

- The external stakeholders of our organization are periodically informed of the possible risks that they may face within the scope of Information Security and the measures that need to be taken through the corporate website, e-mail or the e-Investor application.
- It is essential to review user access permissions in our organization's applications and services. In this context, strong controls have been established and the effectiveness and operability of the controls are measured by Internal Control and the outputs are reported.
- Counterparty risks in our organization are comprehensively considered, technical competence and risk analysis is carried out before working with suppliers and the reliability and technical competence of suppliers is measured in the context of information security and business continuity. All data is included among supplier selection criteria and external cyber security threats are eliminated.
- Certificates have been obtained by our Internal Control employees by participating in Management Systems Chief Auditor training programs. Certification acquisition studies are continuing with the aim of increasing the competence of our employees within the scope of international standards.
- A total of 332 control monitoring activities have been determined within the scope of the internal control plan for 2022. Internal control monitoring activities to measure the effectiveness of the controls and to identify and improve control weaknesses will continue.

**Governance Body:** The Governance Body, which includes members such as the Board of Directors of MKK, Early Detection of Risk Committee, Audit Committee and the CEO, and which undertakes the mission of accountability to stakeholders in corporate oversight. It is a managerial level that provides action and assurance.

**Management:** The level formed by the First and Second Lines, which play an active role in the realization of corporate goals and strategies:

**First Line:** The IT and business units, which ensure that the services offered by our organization are brought to the beneficiaries, and which bear responsibility for the risks that may arise during the course of their activities, and implement the controls.

**Second Line:** The units which perform support, consultancy and reporting functions in order to ensure that information security, risk management, internal control, compliance, quality and process management activities are conducted effectively by the first line.

**Third Line (Internal Audit):** Coordination, cooperation and communication with the Head Office and other units in the organization regarding the effectiveness and efficiency of governance, internal control, compliance and risk management systems, including the activities of the first and second lines, as well as providing reasonable assurance and advice to the Audit Committee and the Board of Directors within the framework of the principles of impartiality and independence.

**External Assurance Providers:** The regulatory and supervisory public authorities and external audit firms, including the CMB, CBRT, MASAK, the Ministry of Trade and Trade and the Ministry of Treasury and Finance.

\*The CEO is a member of the Board of Directors.

# RISK MANAGEMENT

## Compliance Management

In accordance with Law No. 6493 on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions and related sub-regulations, our organization has been granted a system operator activity license. Within this framework, activities are carried out in accordance with the regulations published by the regulatory and supervisory authorities. On the other hand, our organization meets the requests for information in the surveys from various international regulatory agencies which our organization is a member of, foreign central securities depository institutions and global custody banks. Accordingly, during 2021, 20 questionnaires in the context of risk management, information security, internal control, compliance, insurance, cyber security, data protection, business continuity, and social and cultural policies, which were requested by institutions such as the CBRT, CMB, Clearstream, Bank of America, Thomas Murray, Associations of Global Custodians, Euroclear, JP Morgan, the International Organization of Securities Commissions (IOSCO) and the Committee on Payments and Market Infrastructures were responded. In 2022, efforts will be made to ensure that the reliability of our organization in the national and international sphere is maintained at the highest level by continuing to work in coordination with the relevant institutions.

There are no significant lawsuits filed against our company in 2021.

## Information Security Management

The Information Security Management System (ISMS) was established in our organization to secure the confidentiality, integrity and accessibility of information regarding the services it provides to its members, investors and to all stakeholders. The system has been audited by international audit firms since March 2009 and it was granted the ISO 27001 ISMS certification. Within the scope of compliance with the ISO 27001 ISMS, an ISMS renewal audit was carried out by an internationally accredited independent auditor on 15-17 March 2021 and the current certificate was validated until 19 April 2024.

Information security service;

The service determines the necessary security measures to secure the confidentiality, integrity and accessibility of critical information and data within our organization, and designs, defines, carries out and reports on the processes and activities to be performed to implement the specified measures.

The service conducts periodic scans with security vulnerability scanning tools to detect vulnerabilities of corporate applications, corporate network and system components in a timely manner, and identifies, conducts and reports on the policies and processes to be implemented.

The organization periodically conducts external and internal penetration tests to identify vulnerabilities and the attack surface of its systems and defines, conducts and reports on policies and processes to be applied for security checks.

It manages the Central Track Records Management System, where it defines, executes and reports the processes related to the collection, monitoring and protection of track records.

Where data is taken out of storage areas (e-mail, removable media and printouts, file uploads to be made over the internet, etc.), it is checked and recorded through the Data Leakage Prevention (DLP) system and the Data Leakage Prevention application, within the framework of the criteria determined on the basis of records, the disclosure of which can be considered a violation of privacy.

All data is classified and labeled according to the information classes determined based on the Confidentiality of Personal Data and the criticality of the data stored within our organization.

The Information Security Policy and the procedures of our organization are harmonized with the principles included in the Information and Communication Security Guide published by the Presidential Digital Transformation Office, and a project is carried out within the scope of their implementation in IT and business processes.

Although our employees possess a high level of information security awareness, a number of different tools are in place to maintain its continuity including a monthly information security bulletin, awareness training, phishing, e-mails, tests and banners.

The ISO 27701 Personal Information Management System standard ensures the compliance of our Organization's Information Security Management processes with the standard. In addition, efforts will be continued on their integrated management with the ISO 27001 Information Security Management System.

### Business Continuity Management

In order to protect the health of our employees, which is the most vital component of our business continuity policy, ensure business continuity and minimize the negative effects of the pandemic on the financial system, Borsa İstanbul Group companies continued to implement many institutional and operational measures to tackle the Covid-19 pandemic, which continued to affect the whole world and our country in 2021. In this context, with the periodic meetings organized by the Pandemic Business Continuity Committee, formed with the participation of Borsa İstanbul Group companies, our organization maintained the highest level of sensitivity towards taking corrective and preventive actions and the group continues to pursue a synergy-based roadmap.

Within the scope of our organization's Business Continuity strategy and solutions, Pandemic Action Plans were drafted in coordination of Borsa İstanbul Group companies, and remote and rotational work plans were put in place in line with our business continuity policies which put people at the focus, with the utmost consideration of employee health.

In this process, the increasing risks of cyber-attacks and threats that may cause business interruptions were minimized within the scope of the measures and action plans taken.

While establishing the MKK Business Continuity Policy, the importance of MKK in Türkiye's financial infrastructure, its duties and responsibilities as set out by law, the ISO 22301 BCMS standard and the requirements of the Information Systems Communiqués published by the Capital Markets Board and the Central Bank of the Republic of Türkiye are taken into account, and integrated into all internal practices and business processes of the organization.

Process recovery plans prepared for the implementation of business continuity strategies and solutions undergo testing with exercises performed every year. The Business Continuity Exercise, which was held in 2021 with the participation of members and stakeholders, was successfully carried out on 11 September, 2021, and the necessary improvement activities continue to be carried out in a planned manner according to the results of the exercise.

Within the scope of compliance with the ISO 22301 Business Continuity Management Systems standard and continuous improvement of our organization's business continuity practices, renewal and follow-up audits are carried out at

regular intervals. The last independent external audit, was performed on 4-6 October 2021 successfully, and the BCMS certification of our organization was extended until November 2022.

### Information Technology Service Management

Our organization established an Information Technologies Service Management System, taking the ISO 20000-1:2018 Information Technologies Service Management System standard as a reference, in order to provide the information technology services it provides for the needs of its internal and external customers at the determined level and quality and to ensure the compliance of its activities with the relevant legislation. Our organization aims to maintain the highest level of customer satisfaction by constantly improving the services provided.

In this context, the independent external audit was successfully performed between 27-29 September, 2021, and the ISO 20000-1:2018 Information Technologies Service Management System certificate was granted to our organization. Within the scope of compliance with the relevant standard and the goal of continuous improvement of our organization's information technology service management practices, regular renewal and follow-up audits will be carried out, and corrective and preventive actions will continue to be taken.

Within the scope of Information Technologies Service Management System, a service catalog was created including information technology services that will meet customer expectations and requirements and create added value for customers. Management processes have been designed for all stages of the Service Lifecycle, and process ownership and performance indicators have been defined. Performance measurement and reporting are carried out in periods determined for the purpose of continuous improvement. The necessary financial investment for the development of these resources is provided by the management, and the skills and competencies of the staff involved in the provision of the service are utilized in the most appropriate way. Capacity planning is undertaken by constantly analyzing the resource needs and costs of the services provided.

An Information Security Management System and a Business Continuity Management System are in place in order to ensure the continuity and security of the Information Technologies Service Infrastructure. Action plans are put in place and tested periodically to maintain the continuity of information

## RISK MANAGEMENT

technology systems in extraordinary situations. Problems experienced in the systems are handled in accordance with the SLA (Service Level Agreements) limits and necessary plans are drawn up in order to provide an uninterrupted service. Root causes of recurring events are identified within the framework of Problem Management and permanent solutions are offered. Changes to the system and software are planned and implemented by performing impact analysis.

Risk assessment regarding services is carried out and necessary risk management strategies are implemented. Service levels agreed with members are reported and reviewed regularly. The services provided by suppliers are set by contracts. They are measured and monitored to ensure compliance with service levels agreed with members. By evaluating members' feedbacks, their level of satisfaction is increased, and continuous improvement is established through corrective actions.

### Quality and Process Management

In order to continuously improve the products and services provided to the Turkish Capital Markets, MKK has adopted a management approach which maintains member satisfaction and employee loyalty. The quality improvement activities with the participation of all employees are aimed at establishing a quality-oriented corporate view and structure.

In order to ensure that MKK systems are carried out and improved with a focus on quality, all quality systems and the quality policy of our Institution have been determined, and authority, responsibility, relationship and system applications have been defined. In addition to the application and service, assessments are made on the way employees work, the execution of systems and policies, performance evaluations of applications and software and service levels.

Concerning the review of all processes within the body of MKK, activities including defining the processes carried out by each of our services, identifying their owners, determining critical points by drawing the flows, determining control areas, monitoring process performance with necessary measurements and continuous improvement are implemented.

MKK Quality and Process Management activities are based on the following; ISO 27001 Information Security Management System certificate, the ISO 22301 Business Continuity Management System certificate held by our organization, the ISO 20000 Information Technology Service Management

System certificate obtained in 2021, Control Objectives for Information and Related Technology (COBIT), Project Management Institute Standards, and The Open Group Architecture Framework (TOGAF).

In addition, in order to increase the maturity of our organization's information and technology governance and management, the COBIT Compliance Project, which is also carried out in accordance with the company's goals to reduce our risks and use the company's resources more effectively, is ongoing and is aimed to be completed in the 1<sup>st</sup> quarter of 2022.

### Internal Audit

In order to carry out the service and operations of our organization in a regular, efficient and effective manner in accordance with the relevant legislation, an internal audit of all units has been performed based on a risk-based approach. In this process, the effectiveness of risk management, internal control and governance processes was evaluated. The internal audit reports were submitted to the Audit Committee and the Board of Directors in 2021. By following the findings determined as a result of internal audits, internal audits of management systems and independent audits, it was ensured that the necessary actions were taken by the relevant departments. The audit results and the reports prepared on the follow-up of the findings were presented at the Audit Committee meetings.

In accordance with ISO 27001 ISMS and ISO 22301 BCMS Standards, internal audits have been performed and reported to the relevant departments. Coordination support was also provided to the independent external audits conducted in our organization. Within this framework, the independent audit of our organization's information systems for the year 2021 was completed by Güney Bağımsız Denetim ve SMMM A.Ş. (EY) and a positive opinion was expressed by the Independent Auditor.

In addition, coordination support was provided to the independent external audits carried out for our e-ŞİRKET and e-YKS applications in 2021.

## STAKEHOLDER RELATIONS

As one of the most important financial infrastructure institutions in the Capital Markets, MKK has a close relationship with the markets it serves, its members and customers, and the entire society. In this context, understanding the expectations and demands of our stakeholders and creating value for ourselves and our stakeholders by meeting their expectations is one of the most important goals for our organization. Information and brief data about our main stakeholders are presented below, along with an outline of their expectations from our institution and the actions we take in this regard.

### Our Employees

| Employee and Work Data                             | 2021 | 2020 |
|--|------|------|
| Number of Employees                                | 216  | 219  |
| Female Employee Ratio                              | 31%  | 30%  |
| Number of R&D projects employees (monthly average) | 21.9 | 20.7 |
| Average total working time of employees            | 14.3 | 13.6 |
| MKK average working period                         | 8.1  | 7.5  |
| Employee Churn                                     | 8.9  | 7.7  |

#### What We Do and Our Goals

We measure employee and IT service satisfaction and take action to maintain thereof at high levels.

We organize training on personal development and professional expertise and encourage employees to partake in academic studies.

We are working with the aim of raising the brand value and public awareness of MKK.

### Regulatory and Supervisory Bodies and the Stock Exchange Group

Ministry of the Treasury and Finance, Ministry of Trade Ministry of Agriculture and Forestry, Ministry of Industry and Technology, the Capital Markets Board (CMB), Central Bank of the Republic of Türkiye (CBRT), Borsa İstanbul and Takasbank,

#### What We Do and Our Goals

The legal infrastructure of all our new products and activities is being established with necessary permissions being obtained from the CMB and the CBRT.

We are carrying out the improvements requested by the CBRT and the CMB on a routine basis.

Our tariffs are submitted to the CMB for approval.

Intelligent reporting services on market data are provided to regulatory and supervisory authorities.

Within the scope of stock exchange synergy, the necessary contributions are made to the activation of in-group processes and compliance is demonstrated.

### Our Members

Issuers (issuers of securities such as shares, debt instruments, etc.), Investment Institutions (Banks, Intermediary Institutions, Participation Banks and Foreign Central Securities Depositories), Licensed Warehouses and Authorized Classifiers, Crowdfunding Platforms, Joint Stock Companies that issue bearer shares, organizations reporting transactions in derivatives and debt instruments, data distribution companies, KAP Member Companies and Funds, Companies that receive Central Database Services, Electronic Board Meeting System users, Electronic General Meeting System users.

#### What We Do and Our Goals

We follow customer demands and measure levels of satisfaction by conducting customer interviews and satisfaction surveys. The rate of Customer Satisfaction in 2021 was 84%.

We evaluate requests from customers and incorporate them in our plans and in our goals. In 2021, 36 of the 48 requests opened in response to the 2020 customer satisfaction survey were met and improvements were carried out as of January 2022.

We centralize and strengthen customer communication by implementing and developing the MKK Communication Center.

In the coming period, we aim to diversify and expand the training we provide to our customers and members.

### Society

Current or potential investors, Academics, Non-Governmental Organizations,

#### What We Do and Our Goals

- We diversify and improve the data and indices offered through KAP and VAP,
- We are developing and expanding the services offered via e-YATIRIMCI,
- We support academic studies and financial literacy,
- We cooperate with NGOs in activities supporting the markets.

## ABOUT MKK

As the Central Securities Depository of the Turkish capital markets, Merkezi Kayıt Kuruluşu A.Ş. (MKK) provides its members with depository, trade repository and reporting, corporate governance and investor services. MKK also offers in-house developed data and technology systems and platforms to local and foreign capital and financial markets as part of its role as an R&D center.

### What is a Central Securities Depository?

Central Securities Depositories are among the most important post-trade institutions in the capital markets. A Central Securities Depository (CSD) is an institution conducting at least one of the following activities; operating a Security Settlement System (SSS), performing first registry of securities (issue) (notary service) and holding securities accounts centrally at the highest level (central maintenance service). A Securities Settlement System is defined as a system in which securities transfer instructions are executed in accordance with the EU Settlement Finality Directive numbered 98/26; article 2, section "i", subsection 2. The core component of central depository function is to operate a central system, in which securities are issued, held in accounts either at participant or beneficial owner basis, traded, and their respective rights are installed.

MKK is a central body that undertakes this task by law, where capital market instruments are issued in dematerialized form, capital market instruments are registered in accounts opened on a beneficial owner basis, their rights are monitored and the legal consequences are attached to their records. In other words, it is a central system in which securities are issued, held in beneficial owner accounts, transferred and their respective rights are installed. Therefore, MKK, with its current structure is the Central Securities Depository of Türkiye.

### History of Central Securities Depositories in Türkiye

The ISE Settlement and Custody, Inc., which was established by the ISE in 1992, was the authorized central settlement and depository institution conducting settlement of transactions in cash and securities on the ISE markets. In Türkiye, the ISE Settlement and Custody, Inc. physically kept publicly traded shares of companies listed on the stock exchange in its vaults, on a participant based immobilized system until 1995. After the financial crisis in 1994, as a result of the bankruptcy of

some financial intermediaries, ISE Settlement and Custody, Inc. was entrusted with the task of establishing an investor-based immobilized system for publicly traded shares of companies listed on the stock exchange by the decree of the CMB dated 15 December 1994. ISE Settlement and Custody Inc. changed its name to the ISE Settlement and Custody Bank Inc. (Takasbank) having received an investment banking license in 1997. During this period, stock certificates continued to be physically issued and new certificates were printed for capital increases. However, publicly traded shares of ISE-listed companies were immobilized at Takasbank first on a participant then on an investor basis. Therefore, the traditional valuable papers law and the physical system still existed legally for shares and Takasbank continued its duties accordingly until 28 November 2005.

### Transition to the Dematerialization and the Dematerialized System Law

The first step of the dematerialization reform for capital markets was taken with the addition of the Article 10/A to the Capital Market Law. Article 10/A of the Capital Market Law brought about a significant change by annulling the former valuable papers law that was based on the physical certificates and introducing the legal framework for the dematerialized system in which MKK holds capital markets instruments and investor rights affixed on them in an electronic book keeping environment. As the main element of this reform, MKK, which is tasked with monitoring the dematerialization of capital market instruments and related rights in electronic form, was established in 2001. The dematerialization process was started with mutual funds on 24 April 2005, and on 28 November 2005 all publicly traded shares on the ISE were fully dematerialized. After this stage, the issuance of new capital market instruments has become fully dematerialized.

MKK currently operates as a central depository for equities, mutual funds, private sector debt instruments, lease certificates (sukuks), asset/mortgage-backed securities, real estate certificates, exchange traded funds and warrants.

**Shareholder Structure**

| Shareholder                                    | Share Group | Rate (%)   | Shares Held (Units) | Value (TL)         |
|--|-------------|------------|---------------------|--------------------|
| Takasbank                                      | A           | 64.9       | 64,900,000          | 64,900,000         |
| Borsa İstanbul                                 | A           | 30.1       | 30,100,000          | 30,100,000         |
| The Turkish Capital Markets Association (TCMA) | B           | 5.0        | 5,000,000           | 5,000,000          |
| <b>Total</b>                                   |             | <b>100</b> | <b>100,000,000</b>  | <b>100,000,000</b> |

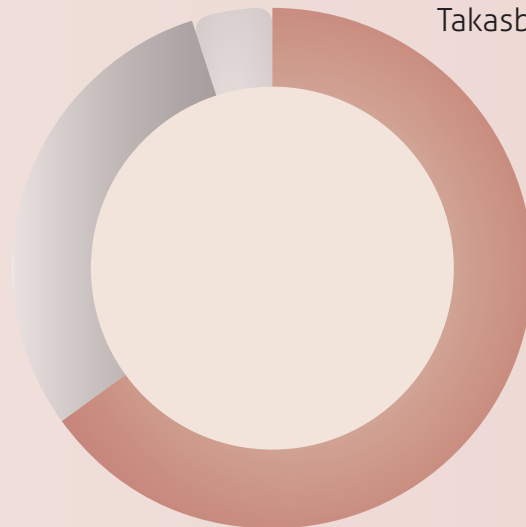
**Subsidiaries**

| Subsidiary  | Share Percentage |
|---|------------------|
| MKK Real Estate Information Center                      | 100%             |
| Capital Markets Licensing, Registry and Training Agency | 10.5%            |
| Sarajevo Stock Exchange (SASE)                          | 5.0089%          |
| Commodities Exchange of Türkiye                         | 5%               |

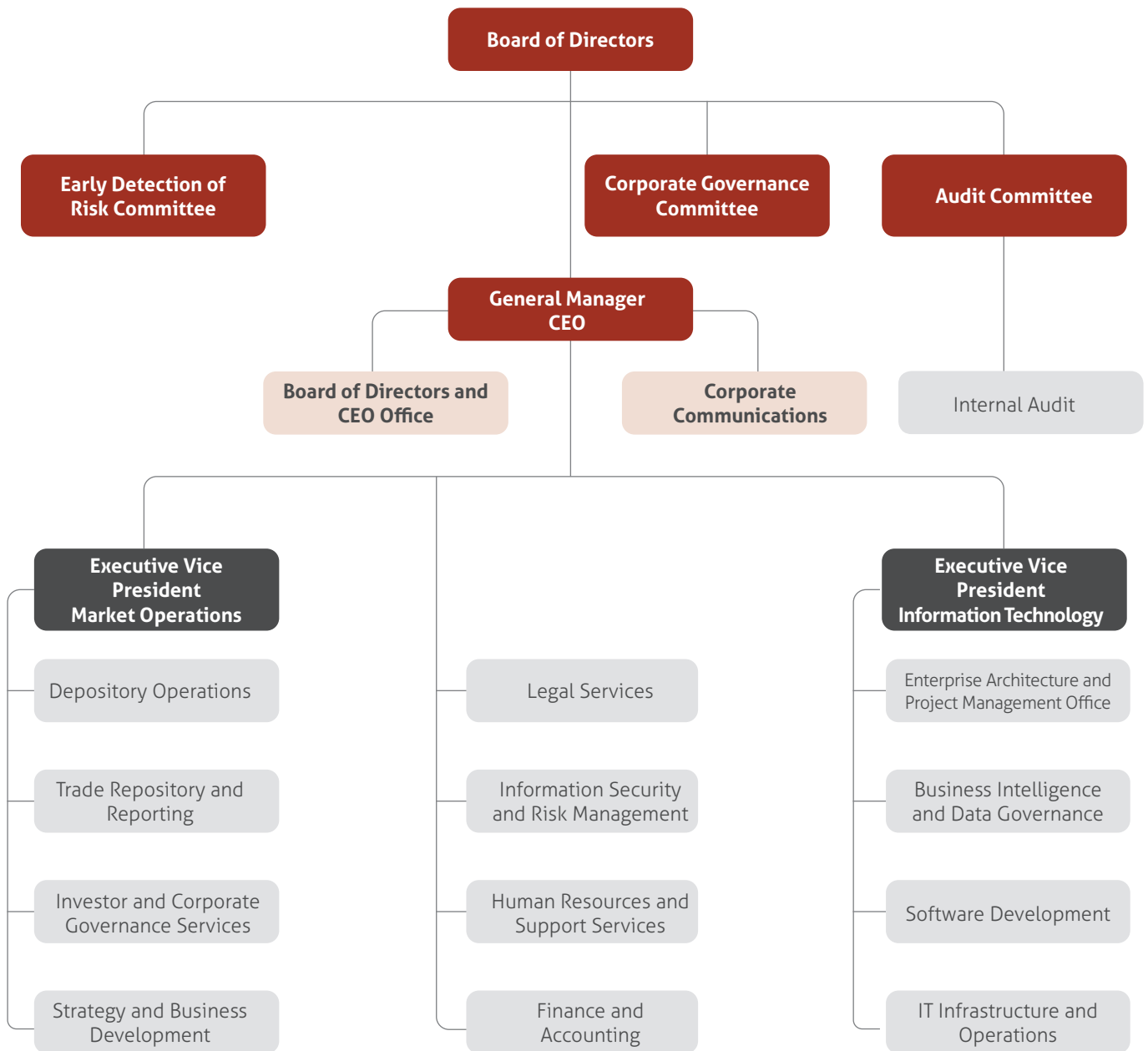
The Turkish Capital Markets Association  
(TCMA) 5.0%

Borsa İstanbul 30.1%

Takasbank 64.9%



## ORGANIZATIONAL STRUCTURE



## BOARD OF DIRECTORS



**Ali İhsan GÜNGÖR**  
Chairman of the Board

Ali İhsan Güngör started his career in 1998 at the inspection board of a private bank and worked at the Capital Market Board (CMB) as a specialist since 1999. In addition to his duties at the CMB, he also worked in activities to establish Merkezi Kayıt Kuruluşu and the registry system. He also led the activities for the establishment of Türkiye's first derivative exchange market (VOB) on the regulatory side. Between 2006 and 2009, he worked as the Assistant Director of Market Oversight and Regulation Department. After completing his graduate studies in the USA, he joined the CMB Intermediary Operations Department in 2011. Between 2014 and 2021, he assumed the role of the Chairman of the Department and in addition to his responsibilities of regulation, oversight and audit of investment institutions, he conducted regulatory activities for operations of financial market infrastructure institutions such as Borsa İstanbul, Takasbank and Merkezi Kayıt Kuruluşu. Currently, he is the Assistant Chairman of the Board.

Ali İhsan Güngör received his undergraduate degree from Hacettepe University Department of Economics (English) as the top of the class in 1998 and graduate degrees from Gazi University in Econometrics and from George Washington University in Finance. He is married and has one child.



**İbrahim Halil ÖZTOP**  
Deputy Chairman of the Board

İbrahim Halil Öztop was born in Şanlıurfa in 1969. He graduated from Middle East Technical University Faculty of Engineering, Department of Industrial Engineering in 1991. He received his graduate degree from Bilkent University in Business Administration.

He worked at executive positions in investment banking at Türkiye Sınai Kalkınma Bankası A.Ş., Körfezbank A.Ş. and Garanti Yatırım Menkul Kıymetler A.Ş.

In August 2018, Mr. Öztop was appointed as the CEO and Member of the Board of Directors at Kalkınma Yatırım Bankası. He is a Member of the Executive Committee of KOSGEB and a Member of the Board of Directors of TII – Turkish Investment Initiative. He was appointed as a Member of the Board of Directors of the Banks Association of Türkiye in June 2020 and the Chairman of the Board of Directors of the Turkish Capital Markets Association in October 2021. Mr. Öztop acts as the Deputy Chairman of the Board at Merkezi Kayıt Kuruluşu since February 2021.

## BOARD OF DIRECTORS



Mr. HAYKIR started his career at the CMB after completing his law internship in 2003. He worked at the CMB as Legal Specialist, Auditor and Markets Audit Group Head. In 2013, he started to work at PwC Istanbul office as the manager responsible for financial legal services. In 2016, he was appointed as the Assistant Chairman of the Privatization Administration.

Bekir Emre Haykır received his undergraduate degree from Ankara University Faculty of Law in 2001 and graduate degrees from King's College London in International Finance Law and Bahçeşehir University European Union Studies.

He was born in Ankara in 1980. He is married and has 2 children.

He currently acts as the Chairman of the Privatization Administration since February 2019.

Mr. Haykır was appointed as a member of the Board of Directors at Merkezi Kayıt Kuruluşu A.Ş. on 31 March 2021.



He graduated from Ankara University Law School in 1988 and was appointed a Candidate Administrative Justice of Ankara in 1989. Following his roles as an Administrative Justice of Ankara and a Judge-Rapporteur at the Council of State, he resigned from public service and commenced working as a self-employed attorney-at-law in 1997. In the same period, he also acted as a contracted attorney of TÜBİTAK and Türk Telekom. In 2006, he returned to public service when he was appointed as the Head of Legal Affairs at the Banking Regulation and Supervision Agency.

In 2007, he was appointed as the Head of Laws, Decisions and Legal Affairs at the Presidency of the Republic of Türkiye; he served in this position until 2012 when he was appointed as a Member of the Public Procurement Authority by the Council of Ministers Decision on 16 April 2012. Subsequently, he was appointed as the President of the Public Procurement Authority by the Council of Ministers Decision on 18 April 2016. Mr. Güleç was elected to the Board of MKK on 18 September 2017.



**Mahmut KAZAN**  
Board Member

Mr. Kazan received his bachelor's degree from the Faculty of Political Sciences Public Administration Department of Istanbul University in 1990 and received his master's degree in Economics from University of Illinois (USA) in 2000.

He started his career as the Accounting Controller of the Ministry of Finance in 1991, served as Ankara Deputy Provincial Treasurer and Acting Provincial Treasurer between 2004 and 2007, and served as Head of Department at the same Ministry between 2007 and 2014. During his tenure, he managed administrative affairs, public finance regulations, public accounting, support services; data warehouse and decision support systems. Between 2014 and 2018, he served as the Head of the Administrative and Financial Affairs of the Presidency of the Republic of Türkiye. Currently, he serves as the Head of the Administrative Affairs and General Directorate of Support and Financial Services, a position for which he was appointed in August 2018. Mr. Kazan was elected as board member of Merkezi Kayıt Kuruluşu A.Ş. on 22 April 2020.



**Mehmet Ali BERBER**  
Board Member

Mehmet Ali Berber earned his bachelor's degree in Sociology from Koç University in 2010, and his master's degree in Public Administration from Hacettepe University Graduate School of Social Sciences in 2014. Between 2010 and 2016, Mr. Berber was a reporter and news director at Sabah newspaper. He worked as Press and Public Relations Counsellor at the Ministry of Energy and Natural Resources between January 2016 and July 2018 and as Press and Public Relations Counsellor at the Ministry of Treasury and Finance between July 2018 and November 2020. He was appointed as a Board Member at Merkezi Kayıt Kuruluşu A.Ş. on 27 September 2018.

## BOARD OF DIRECTORS



**Mustafa TUZCU**  
Board Member

Mustafa Tuzcu acts as Deputy Minister of Trade since 8 May 2021. He was born in Gebze in 1979 and graduated from Ankara University Faculty of Political Sciences. He received his graduate degrees from Boğaziçi University Department of Political Science and International Relations and Fletcher School of Law and Diplomacy in Boston, USA in "International Organizations and Foreign Trade Law". He then started his doctorate studies at Middle East Technical University on Regional Studies.

Between 2018 and 2021, he acted as Principal Consultant of Trade at World Trade Organization (WTO) and Chairman of WTO Committee on Safeguards, thus represented Türkiye at WTO. Prior to that, he lead various preferential trade arrangement negotiations of Türkiye with different countries and joint economic commissions. He conducted many multilateral negotiations on behalf of Türkiye at WTO, UNCTAD and OECD. He was the Co-chairman of Türkiye-Arab League Economic and Investment Committee. He represented Türkiye in the negotiations for the establishment of the OECD Istanbul Competitiveness Center and he worked as the chairman of the trade and investment working group during Türkiye's G20 Presidency.

Mr. Tuzcu worked as the Baghdad Commercial Counselor and as the Deputy Director General for International Agreements in the Ministry of Trade. He worked as a sector expert in trade relations with the Middle East and Gulf countries, multilateral and regional commercial agreements, foreign contracting and in the Exporters Association.

Mustafa Tuzcu is married with three children. He is advanced in English, intermediate in Arabic and French.

Mr. Tuzcu was appointed as Board Member of Merkezi Kayıt Kuruluşu A.Ş. on 20 May 2021.



**Mücahit ÖZDEMİR**  
Board Member

He was born on 1 August 1975 in Sivas.

Mr. Özdemir received his Bachelor's degree in Study of Politics and International Relations from Boğaziçi University in 1997 and his MA degree in International Political Economy from Leeds University in 1998.

Mr. Özdemir started his career as a "Deputy Inspector" at Türkiye İş Bankası A.Ş., Inspection Board Department in 1999 and until 2007 he served as an Inspector at the same company. Following his tenure at the Inspection Board Department, he worked in the Head Office, Credit and Finance Departments until 2011.

Between 2011 and 2016, Mr. Özdemir worked as the Deputy General Manager at the Petroleum International Company (TPIC), which was established to develop international energy projects, is a sub-company of Türkiye Petroleum Corporation (TPAO). In 2016, he was assigned to the Deputy General Manager position at TPAO. Since June 2018, Mr. Özdemir has served as the Acting General Manager of TPIC, and later became the Deputy Minister Advisor at the Ministry of Energy and Natural Resources. During his duty at the Ministry, he managed national and international scale procurement transactions.

As of 12 February 2019, Mr. Özdemir was appointed as the Acting General Manager and Chairman of the Board at the Directorate General of State Supply Office. He was elected to the board of Merkezi Kayıt Kuruluşu A.Ş. on 1 March 2020.

He speaks English, French and German. He is married and has 3 children.



**Ekrem ARIKAN**  
CEO and Board Member

He completed his bachelor's degree in Computer Engineering at Boğaziçi University and his MBA at Yeditepe University. Currently he is working on his PhD thesis at Istanbul Commerce University. He speaks English, German, and beginner-level Arabic.

He worked at Microsoft as a Support Engineer in 1998, a Program Specialist in 1999, and a Program Manager in Windows International Product Development Group since 2000.

He started to work in Ziraat Teknoloji (Fintek Finansal Teknoloji Hizmetleri A.Ş.) as IT Architecture Manager in 2007, Project Management Office Manager in 2009, IT Security Manager in 2011, and was appointed as Corporate Development Director in 2013.

In 2014, he worked at Ziraat Hayat ve Emeklilik A.Ş. as IT and Corporate Development Group Manager responsible for Information Technologies, Customer Services and Call Center, HR and Support Services.

In 2015, he started to work at the recently founded EPIAŞ (Energy Exchange - Enerji Piyasaları İşletme A.Ş.) firstly as a Consultant to Chairman and then appointed to the role Strategy Development Director.

In 2016, he started to work in Borsa İstanbul Group at Takasbank as the Executive Vice President for Information Technology.

Since April 2019, he has been working as CEO and Board Member at MKK, the Central Securities Depository of Türkiye.

## Supervisory Board



**Salih TANRIKULU**  
Supervisory Board  
Member

Salih Tanrikulu earned his bachelor's degree in Public Administration from Ankara University Faculty of Political Sciences, and his master's degree in Economics from the University of Illinois at Urbana-Champaign. Mr. Tanrikulu began his professional career as an Assistant Specialist at the Prime Ministry General Directorate of Laws and Resolutions. He later served as Revenue Controller and Chief Controller at the Republic of Türkiye Ministry of Finance; the Head of Revenue Administration Group at the Revenue Administration; and the Deputy Chairman of the Tax Inspection Board at the Republic of Türkiye Ministry of Finance. He was a Financial Advisor to the Permanent Delegation of Türkiye to the European Union (Brussels) and a Member of the International Board of Auditors for NATO (IBAN) from 2013 to 2015. Following his appointment as a Member to the State Supervisory Council attached to the Presidency of the Republic of Türkiye in 2015, Mr. Tanrikulu was elected as a member to the supervisory board of Merkezi Kayıt Kuruluşu A.Ş. on 18 September 2017.



**Abdulkadir POLAT**  
Supervisory Board  
Member

He earned his bachelor's degree in Public Administration from Ankara University Faculty of Political Sciences and his MBA from the University of Turkish Aeronautical Association. Mr. Polat started his professional career in 1999 as an Assistant Accounting Specialist at the Republic of Türkiye Ministry of Finance. He later served as Auditor, Chief Auditor, and Secretary General on the Prime Ministry Supreme Auditing Board. Then, Mr. Polat served as a Member of the Supervisory Board of OYAK as a representative of the Prime Ministry Supreme Auditing Board during 2008-2012, as Senior Auditor at the Turkish Court of Accounts during 2010-2014, and Director of the Prime Ministry Public Administration Improvement Directorate during 2014-2015. Subsequently, Mr. Polat was appointed as a Member of the State Supervisory Council attached to the Presidency of the Republic of Türkiye in 2015 and elected as a member to the Supervisory Board of MKK on 18 September 2017.

## BOARD OF DIRECTORS

### Board of Directors

| Name                                       | Title                              | Took office on |
|--|------------------------------------|----------------|
| Ali İhsan GÜNGÖR                           | Chairman of the Board of Directors | 25.03.2021     |
| TCMA (Represented by: İbrahim Halil ÖZTOP) | Vice Chairman                      | 10.02.2021     |
| BEKİR EMRE HAYKIR                          | Member                             | 30.03.2021     |
| HAMDİ GÜLEÇ                                | Member                             | 18.09.2017     |
| MAHMUT KAZAN                               | Member                             | 22.04.2020     |
| Mehmet Ali BERBER                          | Member                             | 27.09.2018     |
| MUSTAFA TUZCU                              | Member                             | 20.05.2021     |
| MÜCAHİT ÖZDEMİR                            | Member                             | 01.03.2020     |
| Ekrem ARIKAN                               | Member                             | 03.05.2019     |

MKK Board of Directors held 15 meetings in 2021. The participation rate of the members in the meetings was 93%.

### Supervisory Board

| Name             | Title  | Took office on |
|------------------|--------|----------------|
| Salih TANRIKULU  | Member | 18.09.2017     |
| Abdulkadir POLAT | Member | 18.09.2017     |

### Board of Directors Committees

The "Corporate Governance," "Audit," and "Early Detection of Risk" Committees were established under the Board of Directors as per the "Communiqué on Corporate Governance" issued by the Capital Markets Board (CMS) of Türkiye and published in the Official Gazette No. 28871 dated 3 January 2014, and the Articles of Association of MKK. Two nonexecutive board members serve on each committee and no member serves on multiple committees. The committees operate in compliance with the Board-issued directives. The "Corporate Governance Committee" and the "Early Detection of Risk Committee" convene, at least, semiannually with, at least, six-month intervals, and the Audit Committee meets quarterly with, at least, three-month intervals.

### Corporate Governance Committee

Although not a public company, MKK aims to ensure maximum compliance with the Corporate Governance Principles stated in the appendix of the Corporate Governance Communiqué. The "Corporate Governance Committee" monitors and assesses the compliance of MKK with the Corporate Governance Principles. The committee held 2 meetings in 2021. The members whose terms have continued at the end of the reporting period are listed in the table below.

| Name              | Title    | Took office on |
|-------------------|----------|----------------|
| Hamdi GÜLEÇ       | Chairman | 03.05.2021     |
| BEKİR EMRE HAYKIR | Member   | 03.05.2021     |

**Audit Committee**

The "Audit Committee" is accountable for independent audits and internal audits. The Internal Audit Department operates under the audit committee and undertakes the internal auditing of all departments within our institution. The results of the audits are presented to the Board of Directors. Audit findings are traced and necessary precautions are implemented. The committee held 4 meetings in 2021. The members whose terms have continued at the end of the reporting period are listed in the table below.

| Name            | Title    | Took office on |
|-----------------|----------|----------------|
| MUSTAFA TUZCU   | Chairman | 28.05.2021     |
| MÜCAHİT ÖZDEMİR | Member   | 03.05.2021     |

**Early Detection of Risk Committee**

The "Early Detection of Risk Committee" functions to early detect the risks that could endanger the existence, development, and continuity of MKK; take necessary measures against and manage such risks; and advise the Board of Directors to instill a risk-awareness culture in the company and ensure that this culture is embraced by the employees and supported by the senior management. The results of annual assessments on the risk management process, including risk reviews, are periodically submitted by the relevant department to the "Early Detection of Risk Committee" and the Board of Directors. The committee held 4 meetings in 2021. The members whose terms have continued at the end of the reporting period are listed in the table below.

| Name                | Title    | Took office on |
|---------------------|----------|----------------|
| MAHMUT KAZAN        | Chairman | 03.05.2021     |
| İBRAHİM HALİL ÖZTOP | Member   | 03.05.2021     |

## EXECUTIVE MANAGEMENT



**Ekrem ARIKAN**  
CEO and  
Board  
Member

He completed his bachelor's degree in Computer Engineering at Boğaziçi University and his MBA at Yeditepe University. Currently he is working on his PhD thesis at Istanbul Commerce University. He speaks English, German, and beginner-level Arabic.

He worked at Microsoft as a Support Engineer in 1998, a Program Specialist in 1999, and a Program Manager in Windows International Product Development Group since 2000.

He started to work in Ziraat Teknoloji (Fintek Finansal Teknoloji Hizmetleri A.Ş.) as IT Architecture Manager in 2007, Project Management Office Manager in 2009, IT Security Manager in 2011, and was appointed as Corporate Development Director in 2013.

In 2014, he worked at Ziraat Hayat ve Emeklilik A.Ş. as IT and Corporate Development Group Manager responsible for Information Technologies, Customer Services and Call Center, HR and Support Services.

In 2015, he started to work at the recently founded EPIAŞ (Energy Exchange - Enerji Piyasaları İşletme A.Ş.) firstly as a Consultant to Chairman and then appointed to the role Strategy Development Director.

In 2016, he started to work in Borsa İstanbul Group at Takasbank as the Executive Vice President for Information Technology.

Since April 2019, he has been working as CEO and Board Member at MKK, the Central Securities Depository of Türkiye.



**Özkan İlkey KIZILTOPRAK**  
Executive Vice  
President,  
Market  
Operations

Özkan İlkey Kızıltoprak received his bachelor's degree from İstanbul University's International Relations Department at the Faculty of Economics. He started his career at Citibank in 1995 working in the treasury and securities operations then moved to AFinance Plc Dublin in Ireland as the country manager for three years. He re-joined Citibank in 2002 and managed securities services, treasury, cash services, import and export and brokerage operations as the group manager until 2018. During his tenure at Citibank he successfully led many local and international projects and took active roles in the Banks Association, Takasbank and MKK working groups.

The integration of SWIFT messaging between Takasbank, MKK and intermediary institution, establishing capital gain tax processes on securities transactions, implementation of securities dematerialization process, holding fixed income instruments at beneficial owner level at MKK and elimination of "three zeros" from securities nominals are some of the critical projects that he contributed to. Before joining MKK he worked at few of the major capital markets solution provider companies where he managed business and product development, operational excellence and project management units in addition to advisor and trainer roles.

He holds Capital Markets Level 3 and derivatives instruments licenses as well as business intelligence tools certificates.

Mr. Kızıltoprak was assigned as the Executive Vice President responsible for Market Operations at Merkezi Kayıt Kuruluşu A.Ş. on 07.10.2020..



**Hasan Hilmi HAKYEMEZ**  
Executive Vice  
President,  
Information  
Technologies

Mr. Hakyemez graduated from Marmara University Computer Engineering in 1996 and received his graduate degree in Business Administration. He knows English and Arabic.

He started his career in BIS Solutions Company in 1996 as a software specialist and developed software solutions in CRM, ERP and finance.

In 2001, he worked as software development specialist at CarrefourSA. He conducted projects for integration of ERP system with France, financial reporting and business intelligence.

In 2005, he worked as Software Architect and Service Manager at Türkiye Finans Katılım Bankası. He was appointed as Project Office Manager in 2009 and assumed the responsibility of establishing and conducting PMO organization and processes.

In 2014, he worked as Application Development Manager at Medipol Group.

He was appointed as Director of Information Technologies at Ziraat Katılım Bankası in 2015 and conducted the establishment activities of the Bank's Information Technologies organization, processes and infrastructure.

In 2018, he was appointed as Participation Banking Group Manager within Ziraat Technologies. He founded and conducted the software development organization for participation banking. As of July 2019, he continued as Information Technologies Department Director at Ziraat Katılım Bankası.

Mr. Hakyemez is Executive Vice President at Merkezi Kayıt Kuruluşu A.Ş. since October 2020.

## DIRECTORS



**Ali Sadık KUMLALI**  
IT Infrastructure and Operations  
Director



**Dr. Özgür UYSAL**  
Trade Repository and Reporting  
Director



**Gökçe İLİRİŞ**  
Investor and Corporate  
Governance Services Director



**Gül ÖZCAN**  
Depository Operations Director



**İbrahim Oral EMÜL**  
Business Intelligence and Data  
Governance Director



**İzzet Gökhan KAREL**  
Software Development Director



**Kağan ŞAR**  
Internal Audit Director



**Murat ÇELEBİ**  
Information Security and Risk  
Management Director



**Özgür BÜLBÜL**  
Legal Services Director



**Şafak DENİZCİ\***  
Strategy and Business  
Development Director



**Tolga ÖZTÜRK**  
Enterprise Architecture and  
Project Management Office  
Director

\* Şafak DENİZCİ was appointed as Executive Vice President responsible for Finance, Human Resources and Strategy on 28 February 2022.

## BOARD OF DIRECTORS

### Remuneration Policy

Remuneration principles for the Board of Directors and senior management have been determined by the Articles of Association of Merkezi Kayıt Kuruluşu A.Ş. and other internal regulations. As such, the rights and authorities of the Board of Directors are subject to the TCC provisions. Remuneration of the members of the Supervisory Board and the financial benefits, such as per diem, bonuses, in-cash or in-kind payments, annual profit share and other rights of the Chairman, are determined by the General Assembly. The wages of all employees, including those of Assistant General Managers and Directors, are determined based on the education level, experience within and outside the institution, the nature of the task and the degree of responsibility.

### Dividend Distribution Policy

MKK distributes profit in accordance to the pertinent provisions of the Turkish Commercial Code (TCC), Capital Markets Law, Tax Law, and other legal arrangements, as well as relevant clauses set forth in its Articles of Association. In determining the distribution of profit, MKK aims to attain the distribution of at least 50 percent of the distributable profit of the period as calculated in accordance with the TCC, capital market regulations and the Articles of Association, taking into account factors such as performance, economic conditions, finalized projects, long-term strategy, investment and funding policies, profitability and cash position. MKK's main strategy is to follow a balanced policy which considers the interests of shareholders and the Company based on the criteria set by the relevant legislation. In accordance with Article 21 of MKK's Articles of Association, a) Five percent of the annual balance sheet net profit is set aside as legal reserves until the total reserve reaches 5 percent of the paid-in capital; b) The general assembly is authorized to distribute the remaining balance, in part or as a whole, as a dividend to shareholders, board members and employees or set it aside as extraordinary reserves. If deemed necessary, the Board may submit further recommendations to the general assembly. Unless the primary dividend is paid to shareholders, no dividend may be distributed to members of the Board of Directors. c) In the event that the distribution of net profit is carried out in accordance with paragraph (b) of this Article, one-tenth of the portion of the profit share allocated for distribution, which exceeds 5 percent of the paid-in capital, will be set aside as legal reserves, in accordance with the TCC. The general assembly resolves the date and manner of dividend distribution upon recommendation of the Board of Directors.

### Donation and Contribution Policy

MKK makes all its donations and charitable contributions with the purposes of fulfilling its social responsibility, instilling a sense of corporate responsibility in its shareholders, employees and business partners, and benefiting the public by meeting their social needs. With the approval of Article 3 of its Articles of Association, MKK can grant donations and contributions to tax-exempt foundations (status granted by the Council of Ministers), philanthropic associations, private and public scientific R&D institutions, universities, educational institutions, and similar institutions. The total amount of the donations and contributions must not exceed 2 percent of the previous year's net profit. Any donation made by MKK is subject to a board resolution. The Board of Directors may delegate this authority to the CEO up to a certain limit.



# Consolidated Financial Statements as at and for the Year Ended 31 December 2021 with Independent Auditors' Report

(Convenience Translation of Consolidated Financial Statements and  
Related Disclosures and Footnotes Originally Issued in Turkish)

## Independent Auditor's Report

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

### INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Merkezi Kayıt Kuruluşu Anonim Şirketi

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

##### 1) Opinion

We have audited the consolidated financial statements of Merkezi Kayıt Kuruluşu Anonim Şirketi

(the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

##### 2) Basis for Opinion

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

##### 3) Key Audit Matters

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

| Key audit matter   | How our audit addressed the key audit matter   |
|--|--|
| <b>Revenue Recognition</b>   |  |
| The Group's main revenue consists of Depository Operations Services Revenues, Corporate Governance Service Revenues (KAP, e-Şirket, e-Genel Kurul, e-Yönetim Kurulu) and Data Custody and Reporting Service Revenues.  | Our procedures for testing the revenue recognition included below:   |
| 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. | <ul style="list-style-type: none"> <li>We evaluated the compliance of the accounting policies with the TFRS.</li> <li>We evaluated the design and implementation and operational effectiveness of internal controls on revenue recognition accounting process.</li> <li>Revenues were aggregated on the basis of the related income type and expectation analysis was performed considering the previous period amounts and the results were evaluated.</li> <li>We tested the evaluation of accounting in accordance with TFRS for the selected samples from the transactions within the accounting period and compared the details of the transactions with supporting documents received on a transaction basis.</li> </ul> |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**

In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period

1 January - 31 December 2021 and financial statements are not in compliance with law and provisions of the Company's articles of association in relation to financial reporting.

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 Fatih Polat.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited

Fatih Polat, SMMM

Partner

2 March 2022

İstanbul, Türkiye

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MERKEZİ KAYIT KURULUŞU A.Ş.

## Consolidated Statement of Financial Position (Balance Sheet)

As at 31 December 2021

(Amounts expressed in Turkish lira ("TL"))

(Convenience translation of consolidated financial statements)

|  |       | Audited            | Audited            |
|--|-------|--------------------|--------------------|
|  | Notes | 31 December 2021   | 31 December 2020   |
| <b>ASSETS</b>                                |       |                    |                    |
| <b>CURRENT ASSETS</b>                        |       |                    |                    |
| Cash and cash equivalents                    | 5     | 202.244.989        | 133.189.891        |
| Financial investments                        | 6     | 35.631.751         | 10.858.660         |
| Trade receivables                            | 7     | 25.373.427         | 18.187.884         |
| - Trade receivables due from related parties | 7     | 3.008.315          | 1.210.903          |
| - Trade receivables due from other parties   | 7     | 22.365.112         | 16.976.981         |
| Other receivables                            | 8     | 208.447            | 19.094             |
| - Other receivables due from other parties   |       | 208.447            | 19.094             |
| Prepaid expenses                             | 15    | 6.424.624          | 3.159.441          |
| - Prepaid expenses due to other parties      |       | 6.424.624          | 3.159.441          |
| Other current assets                         | 16    | 296.452            | 20.423             |
| - Other current assets due to other parties  | 16    | 296.452            | 20.423             |
| <b>TOTAL CURRENT ASSETS</b>                  |       | <b>270.179.690</b> | <b>165.435.393</b> |
| <b>NON-CURRENT ASSETS</b>                    |       |                    |                    |
| Financial investments                        | 6     | 2.873.082          | 3.373.082          |
| Tangible assets                              | 9     | 17.435.074         | 15.939.708         |
| - Construction in progress                   |       | 8.312.810          | 5.279.758          |
| - Furniture and fixture                      |       | 2.442.358          | 2.250.057          |
| - Leasehold improvements                     |       | 160.994            | 238.149            |
| - Machinery and equipment                    |       | 5.038.603          | 7.290.462          |
| - Vehicles                                   |       | -                  | 20.234             |
| - Right-of-use assets                        |       | 1.480.309          | 861.048            |
| Intangible assets                            | 10    | 12.549.308         | 15.203.987         |
| - Capitalized development costs              |       | 8.649.040          | 12.674.370         |
| - Other rights                               |       | 3.900.268          | 2.529.617          |
| Deferred tax assets                          | 25    | 8.970.675          | 5.828.441          |
| Prepaid expenses                             |       | 2.285.522          | 341.027            |
| - Prepaid expenses due to other parties      | 15    | 2.285.522          | 341.027            |
| <b>TOTAL NON-CURRENT ASSETS</b>              |       | <b>44.113.661</b>  | <b>40.686.245</b>  |
| <b>TOTAL ASSETS</b>                          |       | <b>314.293.351</b> | <b>206.121.638</b> |

The accompanying explanations and notes form an integral part of these consolidated financial statements.

MERKEZİ KAYIT KURULUŞU A.Ş.

## Consolidated Statement of Financial Position (Balance Sheet)

As at 31 December 2021

(Amounts expressed in Turkish lira ("TL"))

(Convenience translation of consolidated financial statements)

|   | Notes | Audited<br>31 December 2021 | Audited<br>31 December 2020 |
|---|-------|-----------------------------|-----------------------------|
| <b>LIABILITIES</b>  |       |                             |                             |
| <b>CURRENT LIABILITIES</b>  |       |                             |                             |
| Trade payables  |       | 31.553.097                  | 6.275.734                   |
| - Trade payables due to related parties                                 | 7,27  | 781.779                     | 973.848                     |
| - Trade payables due to other parties                                   | 7     | 30.771.318                  | 5.301.886                   |
| Other payables  | 8     | 17.696.705                  | 20.777.038                  |
| - Other trade payables due to related parties                           | 8,27  | 1.086.029                   | 10.858.660                  |
| - Other trade payables due to other parties                             | 8     | 16.610.676                  | 9.918.378                   |
| Deferred income   | 17    | 1.976.908                   | 1.394.430                   |
| - Deferred income from other parties                                    |       | 1.976.908                   | 1.394.430                   |
| Lease liabilities   | 18    | 1.134.820                   | 582.097                     |
| Short term provisions   |       | 41.342.533                  | 28.438.402                  |
| - Short-term provisions for employee benefits                           | 14    | 3.734.408                   | 2.092.645                   |
| - Other short-term provisions   | 12    | 37.608.125                  | 26.345.757                  |
| Current tax payable   | 25    | 6.164.155                   | 3.170.559                   |
| <b>TOTAL CURRENT LIABILITIES</b>  |       | <b>99.868.218</b>           | <b>60.638.260</b>           |
| <b>NON-CURRENT LIABILITIES</b>  |       |                             |                             |
| Long term provisions  |       | 8.304.569                   | 6.428.687                   |
| - Long-term provisions for employee benefits                            | 14    | 8.304.569                   | 6.428.687                   |
| Lease liabilities   | 18    | 454.361                     | 370.679                     |
| Deferred income   | 17    | 783.125                     | 441.167                     |
| - Deferred income from other parties                                    |       | 783.125                     | 441.167                     |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                    |       | <b>9.542.055</b>            | <b>7.240.533</b>            |
| <b>TOTAL LIABILITIES</b>  |       | <b>109.410.273</b>          | <b>67.878.793</b>           |
| <b>EQUITY</b>   |       |                             |                             |
| <b>Equity</b>   |       |                             |                             |
| Paid-in capital   | 19    | 100.000.000                 | 36.000.000                  |
| Other comprehensive expense<br>not to be reclassified to profit or loss |       | (2.444.083)                 | (1.984.279)                 |
| - Remeasurements of employment termination benefits, net of tax         | 19    | (2.444.083)                 | (1.984.279)                 |
| Restricted reserves from profit   | 19    | 19.179.005                  | 23.714.604                  |
| Other reserves  | 19    | -                           | 45.526.858                  |
| Accumulated profit/(losses)   | 19    | 48.119                      | (6.663.748)                 |
| Net profit for the period   |       | 88.100.037                  | 41.649.410                  |
| <b>TOTAL EQUITY</b>   |       | <b>204.883.078</b>          | <b>138.242.845</b>          |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                     |       | <b>314.293.351</b>          | <b>206.121.638</b>          |

The accompanying explanations and notes form an integral part of these consolidated financial statements.

MERKEZİ KAYIT KURULUŞU A.Ş.

## Consolidated Statement of Changes in Shareholders' Equity For the Year Ended 31 December 2021

(Amounts expressed in Turkish lira ("TL"))

(Convenience translation of consolidated financial statements)

|  |           |                    | Other Accumulated<br>Comprehensive<br>Income That Will Not<br>Be Reclassified In<br>Profit Or Loss |
|--|-----------|--------------------|--|
|  | Note      | Paid-in<br>Capital | Gains/(Losses) on<br>Remeasurements of<br>Defined Benefit Plans                                    |
| <b>PRIOR PERIOD</b>                              |           |                    |  |
| <b>1 January 2020</b>                            |           | <b>36.000.000</b>  | <b>(2.093.305)</b>   |
| Adjustments related to accounting policy changes |           | -                  | -  |
| Adjustments related to errors                    |           | -                  | -  |
| Transfers  |           | -                  | -  |
| Total comprehensive income                       |           | -                  | 109.026  |
| Capital increase                                 |           | -                  | -  |
| Dividends  |           | -                  | -  |
| <b>31 December 2020</b>                          | <b>19</b> | <b>36.000.000</b>  | <b>(1.984.279)</b>   |
| <b>CURRENT PERIOD</b>                            |           |                    |  |
| <b>1 January 2021</b>                            | <b>19</b> | <b>36.000.000</b>  | <b>(1.984.279)</b>   |
| Adjustments related to accounting policy changes |           | -                  | -  |
| Adjustments related to errors                    |           | -                  | -  |
| Transfers  | 19        | -                  | -  |
| Total comprehensive income                       |           | -                  | (459.804)  |
| Capital increase                                 | 19        | 64.000.000         | -  |
| Dividends  | 19        | -                  | -  |
| <b>31 December 2021</b>                          | <b>19</b> | <b>100.000.000</b> | <b>(2.444.083)</b>   |

The accompanying explanations and notes form an integral part of these consolidated financial statements.

| Restricted Reserves |                   | Retained Earnings  |                                  |                    |
|---------------------|-------------------|--------------------|----------------------------------|--------------------|
| Legal Reserves      | Other Reserves    | Net Profit or Loss | Prior Years' Profits or (losses) | Total Equity       |
| <b>22.294.604</b>   | <b>30.946.892</b> | <b>31.999.966</b>  | <b>(6.663.748)</b>               | <b>112.484.409</b> |
| -                   | -                 | -                  | -                                | -                  |
| -                   | -                 | -                  | -                                | -                  |
| 1.420.000           | 14.579.966        | (31.999.966)       | 16.000.000                       | -                  |
| -                   | -                 | 41.649.410         | -                                | 41.758.436         |
| -                   | -                 | -                  | -                                | -                  |
| -                   | -                 | -                  | (16.000.000)                     | (16.000.000)       |
| <b>23.714.604</b>   | <b>45.526.858</b> | <b>41.649.410</b>  | <b>(6.663.748)</b>               | <b>138.242.845</b> |
| <b>23.714.604</b>   | <b>45.526.858</b> | <b>41.649.410</b>  | <b>(6.663.748)</b>               | <b>138.242.845</b> |
| -                   | -                 | -                  | -                                | -                  |
| -                   | -                 | -                  | -                                | -                  |
| 1.920.000           | 12.017.543        | (41.649.410)       | 27.711.867                       | -                  |
| -                   | -                 | 88.100.037         | -                                | 87.640.233         |
| (6.455.599)         | (57.544.401)      | -                  | -                                | -                  |
| -                   | -                 | -                  | (21.000.000)                     | (21.000.000)       |
| <b>19.179.005</b>   | <b>-</b>          | <b>88.100.037</b>  | <b>48.119</b>                    | <b>204.883.078</b> |

MERKEZİ KAYIT KURULUŞU A.Ş.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2021

(Amounts expressed in Turkish lira ("TL"))

(Convenience translation of consolidated financial statements)

|   |             | <b>Audited</b>                          | <b>Audited</b>                          |
|---|-------------|---|---|
|   | <b>Note</b> | <b>1 January -<br/>31 December 2021</b> | <b>1 January -<br/>31 December 2020</b> |
| Revenue   | 20          | 238.243.391                             | 168.111.833                             |
| <b>Gross profit</b>   |             | <b>238.243.391</b>                      | <b>168.111.833</b>                      |
| General administrative expenses   | 21          | (136.816.085)                           | (111.327.657)                           |
| Other operating income  | 22          | 740.098                                 | 1.734.780                               |
| Other operating expense   | 22          | (25.534.498)                            | (17.220.944)                            |
| <b>Gross operating profit</b>   |             | <b>76.632.906</b>                       | <b>41.298.012</b>                       |
| Investment income   | 4           | 2.825.411                               | -                                       |
| <b>Operating profit before financing expense</b>                                  |             | <b>79.458.317</b>                       | <b>41.298.012</b>                       |
| Finance income  | 23          | 35.949.492                              | 11.737.099                              |
| Finance expense   | 24          | (1.161.639)                             | (471.517)                               |
| <b>Profit before taxation from continued operations</b>                           |             | <b>114.246.170</b>                      | <b>52.563.594</b>                       |
| <b>Taxation expense from continued operations</b>                                 |             |   |   |
| - Current year tax expense  | 25          | (29.173.416)                            | (10.243.456)                            |
| - Deferred tax income (expense)   | 25          | 3.027.283                               | (670.728)                               |
| <b>Net profit from continued operations</b>                                       |             | <b>88.100.037</b>                       | <b>41.649.410</b>                       |
| <b>Net profit/(loss) from continued operations</b>                                |             | <b>(459.804)</b>                        | <b>109.026</b>                          |
| Other comprehensive income/expense items not to be reclassified to profit or loss |             | (459.804)                               | 109.026                                 |
| - Remeasurements of employment termination benefits                               | 14          | (574.755)                               | 136.283                                 |
| - Deferred tax income/(expense)   | 25          | 114.951                                 | (27.257)                                |
| <b>TOTAL COMPREHENSIVE INCOME</b>   |             | <b>87.640.233</b>                       | <b>41.758.436</b>                       |

The accompanying explanations and notes form an integral part of these consolidated financial statements.

MERKEZİ KAYIT KURULUŞU A.Ş.

## Consolidated Statement of Cash Flows For the Year Ended 31 December 2021

(Amounts expressed in Turkish lira ("TL"))

(Convenience translation of consolidated financial statements)

|   |          | Audited<br>1 January 2021-<br>31 December 2021 | Audited<br>1 January 2020-<br>31 December 2020 |
|---|----------|--|--|
|   | Notes    |  |  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |          |  |  |
| <b>Net profit/(losses) for the period</b>   |          | <b>88.100.037</b>                              | <b>41.649.410</b>                              |
| <b>Adjustments to reconcile net period to net cash provided by operating activities</b> |          | <b>30.258.618</b>                              | <b>28.790.503</b>                              |
| Adjustments for depreciation and amortization charges                                   | 9,10,21  | 13.200.305                                     | 12.680.801                                     |
| Provision for employee termination benefits   | 14       | 1.877.553                                      | 1.355.972                                      |
| Gains on sale of tangible assets  |          | -  | -  |
| Adjustments for unused vacation pay   | 14       | 1.866.747                                      | (403.913)                                      |
| Provision to CMB share accrual  | 12       | 22.079.178                                     | 13.975.490                                     |
| Adjustments for interest income accrual   | 23,24    | (34.682.233)                                   | (11.488.970)                                   |
| Adjustments for tax provision   | 25       | 26.146.133                                     | 10.914.184                                     |
| Adjustments for legal cases provision expense   | 12       | 3.221.617                                      | 3.205.062                                      |
| Reversal of provisions of legal cases   | 12       | (62.937)                                       | (1.498.855)                                    |
| Provision for doubtful receivables from trade receivables                               |          | (16.612)                                       | 50.732   |
| Adjustments for profit or loss due to change in fair value                              | 6        | (545.722)                                      | -  |
| Adjustments for bargain purchase gains  | 4        | (2.825.411)                                    | -  |
| <b>Changes in working capital</b>   |          | <b>118.358.655</b>                             | <b>70.439.913</b>                              |
| Increase in trade receivables   |          | 3.909.049                                      | (5.971.402)                                    |
| Increase/(decrease) in other receivables  |          | (122.173)                                      | (56)   |
| Increase in net change in other current assets  |          | (3.386.451)                                    | (819.698)                                      |
| Decrease/(increase) in other non-current assets   |          | (1.944.495)                                    | (148.781)                                      |
| Increase in trade payables  |          | 3.441.706                                      | 2.216.828                                      |
| Increase/(decrease) in other liabilities  |          | (3.432.272)                                    | 17.500.850                                     |
| Unused vacation paid  | 14       | (11.226.563)                                   | (5.856.143)                                    |
| CMB share accrual paid  |          | (13.975.490)                                   | (11.658.386)                                   |
| Employee termination benefits paid  | 14       | (576.426)                                      | (275.509)                                      |
| Tax paid  | 25       | (26.146.133)                                   | (8.944.198)                                    |
| Decrease in deferred income   |          | 907.712  | 388.461  |
| <b>Cash provided by the operating activities</b>  |          | <b>65.807.119</b>                              | <b>56.871.879</b>                              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |          |  |  |
| Purchases of tangible and intangible assets   | 9,10     | (11.591.529)                                   | (11.199.301)                                   |
| Cash received from sales of property, plant, and equipment                              | 9        | 357.099  | -  |
| Acquisitions of financial investments   |          | (37.093.013)                                   | (1.750.000)                                    |
| Cash generated from the sale of financial investments                                   |          | 16.000.000                                     | 62.477.280                                     |
| Cash outflow related to lease agreements  |          | (1.304.642)                                    | (744.814)                                      |
| Interest received   |          | 27.507.688                                     | 11.353.519                                     |
| Dividend from financial investments   | 23       | 790.310  | -  |
| Cash received from subsidiary acquisition   | 4        | 22.602.633                                     | -  |
| <b>Cash used in investing activities</b>  |          | <b>17.268.546</b>                              | <b>60.136.684</b>                              |
| Dividends paid  | 19       | (21.000.000)                                   | (16.000.000)                                   |
| <b>Net cash flow from financing activities</b>  |          | <b>(21.000.000)</b>                            | <b>(16.000.000)</b>                            |
| <b>Net changes in cash and cash equivalents</b>   |          | <b>62.075.665</b>                              | <b>101.008.563</b>                             |
| <b>Cash and cash equivalents at the beginning of the period</b>                         | <b>5</b> | <b>132.434.768</b>                             | <b>31.426.205</b>                              |
| <b>Cash and cash equivalents at the end of the period</b>                               | <b>5</b> | <b>194.510.433</b>                             | <b>132.434.768</b>                             |

The accompanying explanations and notes form an integral part of these consolidated financial statements.

MERKEZİ KAYIT KURULUŞU A.Ş.

## Explanatory Notes to the Consolidated Financial Statements For the Year Ended at 31 December 2021

(Amounts expressed in Turkish lira ("TL"))

(Convenience translation of consolidated financial statements)

### 1 ORGANIZATION AND OPERATIONS OF THE GROUP

Merkezi Kayıt Kuruluşu A.Ş. (the "Group" or "MKK"), was established as a joint-stock group in Istanbul, Turkey to carry out processes dematerializing capital markets instruments, follow up electronically on these dematerialized instruments and the rights related to the instruments belonging to members and rights holders, deposit the instruments centrally, and carry out other roles provided by the Capital Markets Board in capital markets legislation. The group started operating after its establishment was promulgated in Turkish Trade Registry Gazette No. 5390 dated 26 September 2001.

MKK continues to operate within the framework of the Regulation on Establishment, Activities, Work and Audit Principles of the group and the Communiqué on Procedures and Principles of Keeping Records for Dematerialized Capital Markets Instruments (II-13.1) promulgated in the Official Gazette dated 7 August 2014 by the Capital Markets Board ("CMB") with Articles 13, 80 and 81 of the Capital Market Law No. 6362.

Also, MKK applied to the Central Bank of the Republic of Turkey ("TCMB") for official authorization since the Group is considered a securities reconciliation system operator as per the Law on Payment and Security Settlement Systems, Payment Services, and Electronic Money Institutions and the relevant sub-regulations. TCMB decision No. 10160/19759 dated 12 June 2015 gave the Group official authorization to be the system operator. This decision was promulgated in Official Gazette No. 29391 dated 19 June 2015. The Group continues operating under the abovementioned laws, regulations, and communiqué, and other regulations issued by the TCMB based on relevant laws.

The Group's capital structure are as follows.

| Shareholders   | Ownership ratio (%)<br>31 December 2021 | Ownership ratio (%)<br>31 December 2020 |
|--|---|---|
| İstanbul Takas ve Saklama Bankası A.Ş. ("Takasbank") | 64,90                                   | 64,90                                   |
| Borsa İstanbul A.Ş. ("BİAŞ")                         | 30,10                                   | 30,10                                   |
| Türkiye Sermaye Piyasaları Birliği ("TSPB")          | 5,00                                    | 5,00                                    |

As at 31 December 2021, the Group employs 232 personnel (31 December 2020: 219 personnel).

### 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1 Basis of presentation

##### Basis of presentation and declaration of conformity with TAS

The accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards Accounting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") together with the provisions of accordance with to Capital Market Board of Turkey ("CMB")'s "Principles of Financial Reporting in Capital Market" dated 13 June 2013 and published in the Official Gazette numbered 28676 Series II. No.14.1. TFRS consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS interpretations and TFRS interpretations.

Consolidated Financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Consolidated Financial Statements and User Guide published by POA in the Official Gazette numbered 30794 on 7 June 2020.

Approval of Consolidated Financial Statements:

The consolidated financial statements were approved by Board of Directors on 2 March 2022. General Assembly and other authorized entities have a right to change the consolidated financial statements.

##### Basis of measurements

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

##### Functional currency

The accompanying consolidated financial statements are presented in TL, which is the functional currency of the Group.

MERKEZİ KAYIT KURULUŞU A.Ş.

## Explanatory Notes to the Consolidated Financial Statements For the Year Ended at 31 December 2021

(Amounts expressed in Turkish lira ("TL"))

(Convenience translation of consolidated financial statements)

### 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.1 Basis of presentation (continued)

##### Preparation of consolidated financial statements in hyperinflationary periods

As at 31 December 2004, the consolidated financial statements of companies operating in Turkey are expressed by TAS 29 - Financial Reporting in Hyperinflationary Economies, reflecting the adjustments made due to changes in the general purchasing power of TL. TAS 29 requires that consolidated financial statements prepared in the currencies of hyperinflationary economies are presented in the unit of measurement at the end of the reporting period, and balances for previous periods are also presented in the same unit.

T.R. According to the letter of the Ministry of Treasury and Finance, dated 4 April 2005, and numbered 19387, the Group has prepared its consolidated financial statements dated 31 December 2004, in the Capital Markets Board ("CMB"), published in the Official Gazette dated 15 January 2005, and numbered 25290. It has prepared the opening consolidated financial statements for 2005 by correcting the provisions in the section on "Adjustment of Financial Statements in High Inflation Periods" in the Communiqué on Accounting Standards in the Market ("Communiqué Serial: XI No: 25"). Also, T.C. according to the same letter of the Ministry of Treasury and Finance, the practice of adjusting consolidated financial statements according to inflation has been terminated since the beginning of 2005. Therefore, in the balance sheet prepared as of 31 December 2021, non-monetary assets and liabilities and equity items including capital are shown by adjusting the entries up to 31 December 2004 for inflation until 31 December 2004 and carrying the entries after this date from their nominal values.

In the statement made by the Public Oversight, Accounting and Auditing Standards Authority on 20 January 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (CPI) is 74.41%, TAS 29 Financial Inflationary Economies in 2021 consolidated financial statements. It has been stated that there is no need to make any adjustments within the scope of the Reporting Standard. In this respect, no inflation adjustment was made by TAS 29 while preparing the consolidated financial statements as of 31 December 2021.

##### Comparative information and restatement of prior period's consolidated financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous. Reclassifications are made and differences are explained on comparative figures to conform to changes in presentation of the consolidated financial statements if necessary.

As at 31 December 2020, the cash and cash equivalents balance of the Company, amounting to TL 10.858.660 was reclassified to the Restricted Bank Balances in the Financial Investments.

In accordance with TFRS, consolidated financial statements must be presented with prior period's comparative information. As at 31 December 2021, the Group prepared statement of consolidated financial position, statement of consolidated profit or loss and consolidated other comprehensive income, consolidated statement of changes in shareholders' equity and statement of consolidated cash flows comparatively.

##### Going concern

The Group prepared its consolidated financial statements considering the going concern principal.

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

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and results of operations in accordance with the accounting principles generally accepted in such countries.

#### 2.2 Changes in accounting estimates and errors

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. There have not been significant changes in the accounting estimates of the Group in the current period.

#### 2.3 Changes in accounting policies

The significant estimates and assumptions used in preparation of the consolidated financial statements as at 31 December 2021 are same with those used in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2020.

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## Explanatory Notes to the Consolidated Financial Statements For the Year Ended at 31 December 2021

(Amounts expressed in Turkish lira ("TL"))

(Convenience translation of consolidated financial statements)

### 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.4 The new standards, amendments and interpretations

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

#### i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows:

##### 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 because 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.

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

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.4 The new standards, amendments and interpretations (continued)

##### **Amendments to TFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021**

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In 7 April 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before 30 June 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted.

Overall, the Group expects no significant impact on its balance sheet and equity.

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

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

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

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

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

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

The Group is in the process of assessing the impact of the amendments on consolidated 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 consolidated financial position or performance of the Group.

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.4 The new standards, amendments and interpretations (continued)

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

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments 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 apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all 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 consolidated financial position or performance of the Group.

##### 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 consolidated financial position or performance of the Group.

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

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

The Group is in the process of assessing the impact of the amendments on consolidated financial position or performance of the Group.

##### Amendments to TAS 8 - Definition of Accounting Estimates

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

The Group is in the process of assessing the impact of the amendments on consolidated financial position or performance of the Group.

##### Amendments to TAS 1 - Disclosure of Accounting Policies

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

The Group is in the process of assessing the impact of the amendments on consolidated financial position or performance of the Group.

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.4 The new standards, amendments, and interpretations (continued)

##### Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

The Group is in the process of assessing the impact of the amendments on consolidated 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/improvements on consolidated financial position or performance of the Group.

#### 2.5 Summary of significant accounting policies

##### Revenue

The Group's main sources of income consist of custody fees, use of rights transactions, and account fees. In addition, the Group generates commission income from its members.

##### General model for revenue recognition

TFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

##### Step 1: Identifying the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved, and the parties are committed to their obligations.

If either contract were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.5 Summary of significant accounting policies (continued)

##### Revenue (continued)

##### General model for revenue recognition (continued)

##### *Step 2: Identifying the performance obligations*

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as:

(a) a performance obligation either a good or service that is distinct.

(b) or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

##### *Step 3: Determining the transaction price*

To determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

##### Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services is received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

##### Variable consideration

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

##### *Step 4: Allocating the transaction price to performance obligations*

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.5 Summary of significant accounting policies

##### Revenue (continued)

##### General model for revenue recognition (continued)

##### *Step 5: Recognition of revenue*

The Group recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The customer controls the asset as the entity creates or enhances it, or
- The Group's performance does not create an asset for which the entity has a use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably. The Group uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used.

If a performance obligation is not satisfied over time, then the Group recognizes revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognizes a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

##### Contract modifications

The Group recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below.

##### Commissions

Revenue generated from the transactions that the Group act as an intermediary party, is a commission income.

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.5 Summary of significant accounting policies (continued)

##### Finance income and finance expenses

Finance income comprises interest income on time deposits and foreign currency gains arising from financial assets and liabilities (excluding trade receivables and payables).

Finance expense comprises interest expense on borrowings, interest expense of long-term provisions and foreign currency losses arising from financial assets and liabilities (excluding trade receivables and payables). Borrowing costs that are not directly attributable to acquisition, construction or production of qualifying assets are recognized in profit or loss.

Foreign currency gains and losses arising from financial assets and liabilities (excluding trade receivables and payables) reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in net gain or loss position. Foreign currency gain on trade receivables and payables are recognized within operating income, foreign currency losses are recognized within other operating expenses.

Interest expense is recognized as it accrues in profit or loss, using the effective interest method.

##### Tangible assets

Property, plant, and equipment are carried at cost less accumulated depreciation and any impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Leasehold improvements are depreciated on straight-line method, over their lease periods or their expected useful lives, where shorter of the relevant lease.

The depreciation rates used approximate the rates of the useful life of the tangible assets are as follows:

|                                  | Useful life |
|----------------------------------|-------------|
| Plants, machinery, and equipment | 4-10 years  |
| Vehicles                         | 5 years     |
| Furniture and fixtures           | 2-50 years  |
| Leasehold improvements           | 5 years     |
| Leased tangible assets           | 1-10 years  |

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.5 Summary of significant accounting policies (continued)

##### Intangible assets

###### *Intangible assets acquired*

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

###### *Computer software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3 -5 years).

###### *Internally generated intangible assets - research and development expenditures*

Expenditures on research activities are recognized in profit and loss in the period they are incurred.

An internally generated intangible asset arising from development is recognized if, and only if, all the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The depreciation rates used approximate the rates of the useful life of the intangible assets are as follows:

|                                      | Useful life |
|--------------------------------------|-------------|
| Capitalized development expenditures | 5 years     |
| Rights                               | 3-10 years  |

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.5 Summary of significant accounting policies (continued)

##### Impairment of assets

Assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher than an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

##### Borrowing costs

All borrowing costs are recognized in profit or loss the period which they are incurred.

##### Financial instruments

##### i. Recognition and initial measurement

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

In the initial measurement of financial assets (other than trade receivables that do not have a significant financing component) and financial liabilities other than those whose fair value difference is reflected in profit or loss, transaction costs that can be directly associated with their acquisition or issuance are also measured by adding to the fair value. A trade receivable without a significant financing component is initially measured at the transaction price.

##### ii. Classification and subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.5 Summary of significant accounting policies (continued)

##### Financial instruments (continued)

##### ii. Classification and subsequent measurement (continued)

###### *Financial assets - Business model assessment:*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that are not eligible for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of its assets in its consolidated financial statements.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

###### *Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- (iii) contingent events that would change the amount or timing of cash flows;
  - (iv) terms that may adjust the contractual coupon rate, including variable-rate features;
  - (v) prepayment and extension features; and
  - (vi) terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).
- (vii) A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.5 Summary of significant accounting policies (continued)

##### Financial instruments (continued)

##### ii. Classification and subsequent measurement (continued)

Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

##### Financial assets - Subsequent measurement and gains and losses:

|   |  |
|---|--|
| <b>Financial assets at FVTPL</b>          | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.   |
| <b>Financial assets at amortized cost</b> | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.                             |
| <b>Debt investments at FVOCI</b>          | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| <b>Equity investments at FVOCI</b>        | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.   |

##### Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

##### iii. Derecognition

##### Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.5 Summary of significant accounting policies (continued)

##### Financial instruments (continued)

##### iii. Derecognition (continued)

###### *Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

##### (iv) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are less than 3 months from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value (Note 4).

##### Effect of exchange rate changes

The Group's consolidated financial position and results of operations are reported in TL which is the Group's functional currency and the presentation currency of consolidated financial statements.

In preparing the accompanying consolidated financial statements, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise.

##### 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.

##### Subsequent events

Subsequent events comprise any event between the balance sheet date and the date of authorization for the balance sheet's publication, even if the event occurred subsequent to the announcement of net profit for the period or specific consolidated financial information disclosed to public.

In case of any occurrences subsequent events that require adjustments, the Group restates the consolidated financial statements accordingly.

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## Explanatory Notes to the Consolidated Financial Statements For the Year Ended at 31 December 2021

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.5 Summary of significant accounting policies (continued)

##### Provisions, contingent liabilities, contingent assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### Government incentives and grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

##### Taxes calculated over corporate earning

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

##### *Deferred tax*

Deferred tax liability/asset is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases which is used in the computation of taxable profit and is accounted for using the balance sheet liability method and enacted tax rates. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.5 Summary of significant accounting policies (continued)

##### Taxes calculated over corporate earning (continued)

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

##### *Current and deferred tax for the period*

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

##### Termination and retirement benefits

The Group accounts liabilities related to severance pay, vacation rights and other benefits for employees according to the clause "Employee Benefits" ("TAS 19") and classifies them as "Provisions for Employee Benefits" on the balance sheet.

Employment termination benefits, as required by the Turkish Labor Law, are recognized in these consolidated financial statements as they are earned. The total provision represents the present value of the future probable obligation of the Group arising from the retirement of its employees regarding the actuarial projections.

According to the TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communiqué published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Group, the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations must be accounted in the "Statement of comprehensive income" and presented as "Other comprehensive income" which is effective for the annual periods beginning on or after 1 January 2013.

The Group recognizes actuarial gains and losses arising from the related reporting periods under the "Other comprehensive income/expense" account, and the related accumulated gains and losses are reported in the Statement of Financial Position under the Equity section as the standard permits the application to be retrospectively initiated under the heading "Transition and effective date" Actuarial gains/losses related to benefits provided to employees are shown under the account.

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### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2.5 Summary of significant accounting policies (continued)

##### Statement of cash flows

In statement of cash flows, cash flows being reported to be classified according to operating, investment and financing activities cash flows from operating activities reflect cash flows generated from services rendered by the Group.

Cash flows from investing activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to financing activities express sources of financial activities and re-payment schedules of the Group.

##### Capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

##### TFRS 16 Leases

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

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

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

#### 2.6 Significant accounting estimates and assumptions

Preparation of consolidated financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities as at the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

#### 2.7 Business Combination

Business combinations are accounted for by using the purchase method in the scope of TFRS 3 "Business combinations". Any excess of the cost of acquisition over the acquirer's interest in the (i) net fair value of the acquiree's identifiable assets and contingent liabilities as of the acquisition date, (ii) amount of any non-controlling interest in the acquired entity and (iii) fair value of any equity interest previously held by acquirer is accounted for as goodwill. If those amounts are less than fair value of the net identifiable assets of the business acquired, the difference is recognised directly in "Gains from investment activities" as a gain from bargain purchase.

Under this method, the cost of an acquisition is measured over the fair value of cash and other assets given as of the acquisition date, equity instruments issued or liabilities incurred. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after the acquisition date; in case the adjustment is measurable and more probable than not, than the cost of business combination at acquisition date is adjusted.

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### 3. SEGMENT REPORTING

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 consolidated financial performances are followed separately no reports have been made according to the operating segments.

### 4. BUSINESS COMBINATION

In accordance with the Official Gazette numbered 31227 dated 28 August 2020 by the numbered decision of 2908 of Presidency Of T.C., MKK Gayrimenkul Bilgi Merkezi A.Ş. (GABİM)'s all 500.000 shares have been taken by MKK for consideration of TL 500.000.

As at 31 December 2021, MKK Gayrimenkul Bilgi Merkezi A.Ş. (GABİM)'s, a subsidiary of the Group, financial statements are included in consolidation in 2021 as they are considered significant compared to the consolidated financial statements of the Group. Within the scope of the inclusion of GABİM to consolidation, the gain resulting from positive difference between the total amount of the acquisition and the net assets acquired has been recognized under income from investment activities as bargain purchase in accordance with the TFRS 3 "Business Combinations Standard" in the consolidated financial statements of the Group.

Information on the profit/loss calculation, the total amount of the acquisition and the net assets acquired as a result of the acquisition are as follows:

|  |                    |
|--|--------------------|
| Total acquisition amount   | 3.325.411          |
| Financial assets   | (500.000)          |
| <b>Income from bargain purchase</b>  | <b>(2.825.411)</b> |
| The fair values of the identifiable assets and liabilities arising from the acquisition within the scope of TFRS 3 are as follows: |                    |
| Cash and cash equivalents  | 22.602.633         |
| Financial investments  | 2.052.714          |
| Trade receivable   | 106.514            |
| Other current assets   | 150.501            |
| Tangible assets  | 656.456            |
| Intangible assets  | 150.106            |
| Trade payables   | (21.368.314)       |
| Other short-term liabilities   | (254.971)          |
| Provision for employee benefits  | (333.533)          |
| Lease liabilities  | (436.695)          |
| <b>Net assets acquired</b>   | <b>3.325.411</b>   |

### 5. CASH AND CASH EQUIVALENTS

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

|                               | 31 December 2021   | 31 December 2020   |
|-------------------------------|--------------------|--------------------|
| Cash at banks                 | 202.458.762        | 144.093.755        |
| Time deposits                 | 192.470.297        | 132.471.275        |
| Demand deposits               | 9.988.465          | 11.622.480         |
| Reverse repo receivables      | 58.456             | 31.912             |
| Short term bond and bill fund | -                  | -                  |
| Expected credit losses        | (272.229)          | (77.116)           |
| <b>Total</b>                  | <b>202.244.989</b> | <b>133.189.891</b> |

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### 5. CASH AND CASH EQUIVALENTS (continued)

Interest and maturity details of time deposits at banks as at 31 December 2021 and 2020 are as follows:

| Currency type | Interest rate (%) | Maturity date    | 31 December 2021   |
|---------------|-------------------|------------------|--------------------|
| TL            | 6,50              | 3 January 2022   | 76.185             |
| TL            | 17,40             | 15 February 2022 | 53.733.135         |
| TL            | 15,50             | 3 February 2022  | 122.678.231        |
| TL            | 16,10             | 10 February 2022 | 1.849.010          |
| TL            | 17,35             | 2 February 2022  | 800.000            |
| TL            | 15,25             | 3 January 2022   | 13.333.736         |
| <b>Total</b>  |                   |                  | <b>192.470.297</b> |
| Currency type | Interest rate (%) | Maturity date    | 31 December 2020   |
| TL            | 16,75             | 4 January 2021   | 7.642.532          |
| TL            | 18,00             | 12 January 2021  | 80.668.852         |
| TL            | 19,00             | 22 January 2021  | 44.159.891         |
| <b>Total</b>  |                   |                  | <b>132.471.275</b> |

As at 31 December 2021, the Group have amount to TL 58.456 receivables from reverse repurchase transactions (31 December 2020: TL 31.912).

As at 31 December 2021, TL 8.006.784 is recognized as interest accrual on time deposit (31 December 2020: TL 832.239). As at 31 December 2021 and 2020, interest accruals are disclosed as deduction from cash and cash equivalents.

|   | 31 December 2021   | 31 December 2020   |
|---|--------------------|--------------------|
| Cash at banks   | 202.458.761        | 133.235.095        |
| Receivables from reverse receivables                            | 58.456             | 31.912             |
| Short term bond and bill fund                                   | -                  | -                  |
| Time deposit and repo interest accruals (-)                     | (8.006.784)        | (832.239)          |
| <b>Cash and cash equivalents at the statement of cash flows</b> | <b>194.510.433</b> | <b>132.434.768</b> |

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### 6. FINANCIAL INVESTMENTS

As at 31 December 2021 and 2020, short term financial investments consisting of time deposits and lease certificates of the Group are as follows:

|                                      | 31 December 2021  | 31 December 2020  |
|--------------------------------------|-------------------|-------------------|
| Lease certificate                    | 32.497.395        | -                 |
| Precious metals                      | 2.052.714         | -                 |
| Restricted bank balance (Note 8, 27) | 1.086.029         | 10.858.660        |
| Expected loss provisions (-)         | (4.387)           | -                 |
| <b>Cash and cash equivalents</b>     | <b>35.631.751</b> | <b>10.858.660</b> |

As at 31 December 2021, details of lease certificates of the Group are as follows:

| ISIN Code    | Maturity   | Interest rate (%) | Nominal value     | Fair value <sup>(*)</sup> |
|--------------|------------|-------------------|-------------------|---------------------------|
| TRDHVKA22229 | 02/02/2022 | 16,70%            | 6.000.000         | 6.164.712                 |
| TRDHVKA2126  | 01/03/2022 | 16,30%            | 11.000.000        | 11.260.353                |
| TRDEMKA2317  | 22/12/2023 | 22,00%            | 15.000.000        | 15.072.330                |
| <b>Total</b> |            |                   | <b>32.000.000</b> | <b>32.497.395</b>         |

<sup>(\*)</sup> As at 31 December 2021, lease certificates are classified as financial assets at fair value through profit or loss.

As at 31 December 2021 and 2020, long term financial assets are as follows:

|  | Share ratio (%) | 31 December 2021 | Share ratio (%) | 31 December 2020 |
|--|-----------------|------------------|-----------------|------------------|
| Ürün İhtisas Borsası   | 5,00            | 2.500.000        | 5,00            | 2.500.000        |
| Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu AŞ                  | 10,50           | 210.000          | 10,50           | 210.000          |
| Saraybosna Menkul Kıymetler Borsası                                      | 5,01            | 163.082          | 5,00            | 163.082          |
| MKK Gayrimenkul Bilgi Merkezi A.Ş. (subsidiary) <sup>(*)</sup>           | -               | -                | 100,00          | 500.000          |
| <b>Financial assets at fair value through other comprehensive income</b> |                 | <b>2.873.082</b> |                 | <b>3.373.082</b> |

<sup>(\*)</sup> The consolidated financial statements of MKK Gayrimenkul Bilgi Merkezi A.Ş., which is the subsidiary of the Group are not considered important compared to the consolidated financial statements of Group, so non included in the consolidation.

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### 7. TRADE RECEIVABLES AND PAYABLES

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

|  | 31 December 2021  | 31 December 2020  |
|--|-------------------|-------------------|
| Trade receivables from domestic customers <sup>(1)</sup> | 22.379.991        | 17.008.472        |
| Trade receivables from related parties (Note 27)         | 3.008.315         | 1.210.903         |
| Doubtful trade receivables                               | 129.146           | 129.146           |
| Allowance for doubtful trade receivables                 | (129.146)         | (129.146)         |
| Expected credit losses                                   | (14.879)          | (31.491)          |
| <b>Short term trade receivables</b>                      | <b>25.373.427</b> | <b>18.187.884</b> |

<sup>(1)</sup> Related amount represents trade receivables from customers which occur through the operational services of the Group.

The movement of the allowance for doubtful receivables of the Group are as follows:

|                             | 1 January 2021 -<br>31 December 2021 | 1 January 2020 -<br>31 December 2020 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Opening balance - 1 January | (129.146)                            | (129.146)                            |
| Current year expense        | -                                    | -                                    |
| Allowance released          | -                                    | -                                    |
| <b>Total</b>                | <b>(129.146)</b>                     | <b>(129.146)</b>                     |

As at 31 December 2021, the Group's receivables that are neither past due nor impaired amount to TL 25.373.427 (31 December 2020: TL 18.187.884). As at 31 December 2021, there is no trade receivable which is past due but not impaired (31 December 2020: None).

As at 31 December 2021, the Group has no received any collateral in relation to its receivables (31 December 2020: None).

The risk types and levels of trade receivables are explained in Note 28.

As at 31 December 2021 and 2020, the details of Group's trade payables are as follows:

#### Short term trade payables

|   | 31 December 2021  | 31 December 2020 |
|---|-------------------|------------------|
| Suppliers                                   | 30.771.318        | 5.195.122        |
| Trade payables to related parties (Note 26) | 781.779           | 973.848          |
| Other trade payables                        | -                 | 106.764          |
| <b>Short term trade payables</b>            | <b>31.553.097</b> | <b>6.275.734</b> |

The Group does not have long-term trade payables as at 31 December 2021 and 2020.

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### 8. OTHER RECEIVABLES AND PAYABLES

As at 31 December 2021 and 2020 other receivables and payables of the Group are as follows:

|   | 31 December 2021        | 31 December 2020        |
|---|-------------------------|-------------------------|
| Receivables from personnel                            | 138.802                 | 15.094                  |
| Other miscellaneous receivables                       | 69.645                  | 4.000                   |
| <b>Other short term receivables</b>                   | <b>208.447</b>          | <b>19.094</b>           |
|   | <b>31 December 2021</b> | <b>31 December 2020</b> |
| Taxes and funds payable                               | 7.164.537               | 4.322.349               |
| Payables to personnel                                 | 7.277.492               | 4.038.252               |
| Social security premiums payable                      | 1.907.868               | 1.506.799               |
| Amounts held at Takasbank <sup>(1)</sup> (Note 6, 27) | 1.086.029               | 10.858.660              |
| Advances received                                     | 211.663                 | 23.520                  |
| Other short term payables                             | 49.116                  | 27.458                  |
| <b>Other short term payables</b>                      | <b>17.696.705</b>       | <b>20.777.038</b>       |

<sup>(1)</sup> It represents the amount which is regarding the dividend, priority, fund and redemption payment transactions made by intermediary institutions and other relevant institutions, the payment transactions made through the accounts opened at Takasbank have not yet been distributed.

### 9. TANGIBLE ASSETS

For the years ended 31 December 2021 and 2020, tangible assets of the Group are as follows:

|  | Machinery<br>and<br>equipment | Vehicles         | Furniture<br>and fixture | Leasehold<br>improvements | Right-of-<br>use assets | Construction<br>in progress <sup>(1)</sup> | Total               |
|--|-------------------------------|------------------|--------------------------|---------------------------|-------------------------|--|---------------------|
| <b>Cost</b>                                      |                               |                  |                          |                           |                         |  |                     |
| 1 January 2021                                   | 25.421.524                    | 244.682          | 5.121.907                | 647.449                   | 1.620.978               | 5.279.758                                  | 38.336.298          |
| Additions  | 1.190.560                     | -                | 791.740                  | -                         | 1.303.255               | 6.059.351                                  | 9.344.906           |
| Transfers  | -                             | -                | -                        | -                         | -                       | (2.669.200)                                | (2.669.200)         |
| Acquirement                                      | -                             | -                | 258.795                  | -                         | 397.661                 | -  | 656.456             |
| Disposals (-)                                    | -                             | -                | -                        | -                         | -                       | (357.099)                                  | (357.099)           |
| <b>31 December 2021</b>                          | <b>26.612.084</b>             | <b>244.682</b>   | <b>6.172.442</b>         | <b>647.449</b>            | <b>3.321.894</b>        | <b>8.312.810</b>                           | <b>45.311.361</b>   |
| <b>Accumulated<br/>depreciation</b>              |                               |                  |                          |                           |                         |  |                     |
| 1 January 2021                                   | (18.131.062)                  | (224.448)        | (2.871.850)              | (409.300)                 | (759.930)               | -  | (22.396.590)        |
| Charge for the<br>period (-)                     | (3.442.419)                   | (20.234)         | (858.234)                | (77.155)                  | (1.081.655)             | -  | (5.479.697)         |
| Transfers  | -                             | -                | -                        | -                         | -                       | -  | -                   |
| Disposals  | -                             | -                | -                        | -                         | -                       | -  | -                   |
| <b>31 December 2021</b>                          | <b>(21.573.481)</b>           | <b>(244.682)</b> | <b>(3.730.084)</b>       | <b>(486.455)</b>          | <b>(1.841.585)</b>      | <b>-</b>                                   | <b>(27.876.287)</b> |
| <b>Net book value as at<br/>31 December 2021</b> | <b>5.038.603</b>              | <b>-</b>         | <b>2.442.358</b>         | <b>160.994</b>            | <b>1.480.309</b>        | <b>8.312.810</b>                           | <b>17.435.074</b>   |

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### 9. TANGIBLE ASSETS (continued)

|                                     | Machinery<br>and<br>equipment | Vehicles         | Furniture<br>and fixture | Leasehold<br>improvements | Right-of-<br>use assets | Construction<br>in progress <sup>(1)</sup> | Total               |
|-------------------------------------|-------------------------------|------------------|--------------------------|---------------------------|-------------------------|--|---------------------|
| <b>Cost</b>                         |                               |                  |                          |                           |                         |  |                     |
| 1 January 2020                      | 24.343.427                    | 244.682          | 3.312.436                | 541.922                   | 1.620.978               | 7.156.147                                  | <b>37.219.592</b>   |
| Additions                           | 1.078.097                     | -                | 1.809.471                | 105.527                   | -                       | 5.706.633                                  | <b>8.699.728</b>    |
| Transfers                           | -                             | -                | -                        | -                         | -                       | (7.583.022)                                | <b>(7.583.022)</b>  |
| Disposals (-)                       | -                             | -                | -                        | -                         | -                       | -  | <b>-</b>            |
| <b>31 December 2020</b>             | <b>25.421.524</b>             | <b>244.682</b>   | <b>5.121.907</b>         | <b>647.449</b>            | <b>1.620.978</b>        | <b>5.279.758</b>                           | <b>38.336.298</b>   |
| <b>Accumulated<br/>depreciation</b> |                               |                  |                          |                           |                         |  |                     |
| 1 January 2020                      | (14.645.326)                  | (224.448)        | (2.214.551)              | (339.295)                 | (122.577)               | -  | <b>(17.546.197)</b> |
| Charge for the<br>period (-)        | (3.485.736)                   | -                | (657.299)                | (70.005)                  | (637.353)               | -  | <b>(4.850.393)</b>  |
| Transfers                           | -                             | -                | -                        | -                         | -                       | -  | <b>-</b>            |
| Disposals                           | -                             | -                | -                        | -                         | -                       | -  | <b>-</b>            |
| <b>31 December 2020</b>             | <b>(18.131.062)</b>           | <b>(224.448)</b> | <b>(2.871.850)</b>       | <b>(409.300)</b>          | <b>(759.930)</b>        | <b>-</b>                                   | <b>(22.396.590)</b> |
| <b>Net book value as at</b>         |                               |                  |                          |                           |                         |  |                     |
| <b>31 December 2020</b>             | <b>7.290.462</b>              | <b>20.234</b>    | <b>2.250.057</b>         | <b>238.149</b>            | <b>861.048</b>          | <b>5.279.758</b>                           | <b>15.939.708</b>   |

<sup>(1)</sup> The Group was registered as "Research and Development Center" ("R&D Center") within the R&D Center Law numbered 5746 by Republic of Turkey, Industry and Technology. In this context, expenses for the developed projects are capitalized and booked in construction in progress account. After completion of projects, these capitalized projects amounts are classified as intangible assets and their depreciation amounts regarding to the period is recognized understatement of profit or loss.

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### 10. INTANGIBLE ASSETS

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

|  | Capitalized<br>development costs <sup>(1)</sup> | Rights             | Total               |
|--|---|--------------------|---------------------|
| <b>Cost</b>                                  |   |                    |                     |
| <b>1 January 2021</b>                        | <b>59.996.708</b>                               | <b>2.617.495</b>   | <b>62.614.203</b>   |
| Additions                                    | -   | 2.246.623          | 2.246.623           |
| Transfers                                    | 2.669.200                                       | -                  | 2.669.200           |
| Acquirement                                  | -   | 150.106            | 150.106             |
| Disposals (-)                                | -   | -                  | -                   |
| <b>31 December 2021</b>                      | <b>62.665.908</b>                               | <b>5.014.224</b>   | <b>67.680.132</b>   |
| <b>Accumulated amortization</b>              |   |                    |                     |
| <b>1 January 2021</b>                        | <b>(47.322.338)</b>                             | <b>(87.878)</b>    | <b>(47.410.216)</b> |
| Charge for the period (-)                    | (6.694.530)                                     | (1.026.078)        | (7.720.608)         |
| Transfers                                    | -   | -                  | -                   |
| Disposals                                    | -   | -                  | -                   |
| <b>31 December 2021</b>                      | <b>(54.016.868)</b>                             | <b>(1.113.956)</b> | <b>(55.130.824)</b> |
| <b>Net book value as at 31 December 2021</b> | <b>8.649.040</b>                                | <b>3.900.268</b>   | <b>12.549.308</b>   |
|  |   |                    |                     |
|  | Capitalized<br>development costs <sup>(1)</sup> | Rights             | Total               |
| <b>Cost</b>                                  |   |                    |                     |
| <b>1 January 2020</b>                        | <b>52.413.686</b>                               | <b>117.922</b>     | <b>52.531.608</b>   |
| Additions                                    | -   | 2.499.573          | 2.499.573           |
| Transfers                                    | 7.583.022                                       | -                  | 7.583.022           |
| Disposals (-)                                | -   | -                  | -                   |
| <b>31 December 2020</b>                      | <b>59.996.708</b>                               | <b>2.617.495</b>   | <b>62.614.203</b>   |
| <b>Accumulated amortization</b>              |   |                    |                     |
| <b>1 January 2020</b>                        | <b>(39.577.062)</b>                             | <b>(2.747)</b>     | <b>(39.579.809)</b> |
| Charge for the period (-)                    | (7.745.276)                                     | (85.131)           | (7.830.407)         |
| Transfers                                    | -   | -                  | -                   |
| Disposals (-)                                | -   | -                  | -                   |
| <b>31 December 2020</b>                      | <b>(47.322.338)</b>                             | <b>(87.878)</b>    | <b>(47.410.216)</b> |
| <b>Net book value as at 31 December 2020</b> | <b>12.674.370</b>                               | <b>2.529.617</b>   | <b>15.203.987</b>   |

<sup>(1)</sup> The Group was registered as Research and Development Center ("R&D Center") within the R&D Center Law numbered 5746 by Republic of Turkey, Ministry of Industry and Technology. In this context, expenses for the developed projects are capitalized and booked in construction in progress account. After completion of projects, these capitalized projects amounts are classified as intangible assets and their depreciation amounts regarding to the period is recognized understatement of profit or loss.

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### 11. GOVERNMENT INCENTIVES AND GRANTS

Within the context of R&D Law numbered 5746, it was declared by Republic of Turkey, Ministry of Industry and Technology at 2 November 2020 to the Group that R&D Center status of the Group will be continued.

As at 31 December 2021, research and development tax deduction amounting to TL 6.388.498 is considered as deduction in corporate tax calculation (31 December 2020: TL 5.705.633) (Note 24).

### 12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2021 and 2020, Group's provisions, contingent assets, and liabilities as below:

|                                   | 31 December 2021  | 31 December 2020  |
|-----------------------------------|-------------------|-------------------|
| CMB share accrual <sup>(1)</sup>  | 22.079.178        | 13.975.490        |
| Lawsuit provisions <sup>(2)</sup> | 15.528.947        | 12.370.267        |
| <b>Total</b>                      | <b>37.608.125</b> | <b>26.345.757</b> |

<sup>(1)</sup> Related amount consists of CMB share accrual which will be paid to CMB by the Group in 2022 in accordance with related article of Capital Markets Boards Law.

<sup>(2)</sup> As at 31 December 2021, related amount consists of the provision for the reemployment lawsuits and other lawsuits.

Movement of provisions for case as below:

|                       | 1 January 2021 -<br>31 December 2021 | 1 January 2020 -<br>31 December 2020 |
|-----------------------|--------------------------------------|--------------------------------------|
| Opening balance       | 12.370.267                           | 10.664.060                           |
| Charge for the year   | 3.221.617                            | 3.205.062                            |
| Reversal of provision | (62.937)                             | (1.498.855)                          |
| <b>Total</b>          | <b>15.528.947</b>                    | <b>12.370.267</b>                    |

|                         | 31 December 2021 | 31 December 2020 |
|-------------------------|------------------|------------------|
| Letter of guarantee     | 20.000           | 10.000           |
| <b>Guarantees given</b> | <b>20.000</b>    | <b>10.000</b>    |

As at the balance sheet date, the Group has no guarantees, mortgages or pledges given to third parties to guarantee their payables.

### 13. COMMITMENTS AND OBLIGATIONS

None (31 December 2020: None).

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### 14. PROVISION FOR EMPLOYEE BENEFITS

#### Short term provisions for employee benefits

Short term provisions for employee benefits consist of the unused vacation accrual.

|                               | 31 December 2021 | 31 December 2020 |
|-------------------------------|------------------|------------------|
| Provision for unused vacation | 3.734.408        | 2.092.645        |
| <b>Total</b>                  | <b>3.734.408</b> | <b>2.092.645</b> |

The movement of the bonus provision for the year ended 31 December 2021 and 2020 is stated below:

|                                       | 1 January 2021 -<br>31 December 2021 | 1 January 2020 -<br>31 December 2020 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Opening balance                       | -                                    | 5.856.143                            |
| Current year charge                   | (11.226.563)                         | (5.856.143)                          |
| Paid within the period <sup>(*)</sup> | 11.226.563                           | -                                    |
| <b>Total</b>                          | <b>-</b>                             | <b>-</b>                             |

<sup>(\*)</sup> Since the bonus provision amounts calculated as at December 31, 2021 are transferred to the relevant legal records, there is no provision balance.

The movement of the unused vacation accrual for the year ended 31 December 2021 and 2020 is stated below:

|                           | 1 January 2021 -<br>31 December 2021 | 1 January 2020 -<br>31 December 2020 |
|---------------------------|--------------------------------------|--------------------------------------|
| Opening balance           | 2.092.645                            | 2.496.558                            |
| Paid within the period    | (224.984)                            | -                                    |
| Reverse within the period | 1.720.501                            | (403.913)                            |
| Acquirement               | 146.246                              | -                                    |
| <b>Total</b>              | <b>3.734.408</b>                     | <b>2.092.645</b>                     |

#### Long term employee benefits

|   | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| Employment termination benefits provision | 8.304.569        | 6.428.687        |
| <b>Total</b>                              | <b>8.304.569</b> | <b>6.428.687</b> |

The provision for employee severance pay is calculated within the framework of the following explanations:

Under Turkish Labor Law, the Group 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).

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### 14. PROVISION FOR EMPLOYEE BENEFITS (continued)

The amount payable consists of one month's salary per each service year limited to a maximum of TL 8.284,51 (31 December 2020: TL 7.117,17) Employee severance pay liability is not legally subject to any funding and there are no funding requirements.

The principal assumption is that the maximum liability for each year of service will increase in parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2021 and 2020 the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 17,40% and a interest rate of 22,00%, resulting in a real discount rate of approximately 3,92% (31 December 2020: The provisions have been calculated assuming an annual inflation rate of 9,50% and interest rate of 13,60%, resulting in a real discount rate of approximately 3,74%). The liability is not funded, as there is no funding requirement.

According to the TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communiqué published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Group, the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations must be accounted in the "Statement of comprehensive income" and presented as "Other comprehensive income" which is effective for the annual periods beginning on or after 1 January 2013.

|                                    | 1 January 2021-<br>31 December 2021 | 1 January 2020-<br>31 December 2020 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Opening balance                    | 6.428.687                           | 5.484.507                           |
| Service cost                       | 905.621                             | 684.726                             |
| Interest cost                      | 784.645                             | 671.246                             |
| Employee termination benefits paid | (576.426)                           | (275.509)                           |
| Actuarial gain/(loss)              | 574.755                             | (136.283)                           |
| Acquirement                        | 187.287                             | -                                   |
| <b>Total</b>                       | <b>8.304.569</b>                    | <b>6.428.687</b>                    |

### 15. PREPAID EXPENSES

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

|                                      | 31 December 2021 | 31 December 2020 |
|--------------------------------------|------------------|------------------|
| Program software support expenses    | 5.080.719        | 2.161.258        |
| Machine devices maintenance expenses | 600.049          | 202.446          |
| Insurance expenses                   | 707.191          | 780.284          |
| Other                                | 36.665           | 15.453           |
| <b>Short term prepaid expenses</b>   | <b>6.424.624</b> | <b>3.159.441</b> |
|                                      | 31 December 2021 | 31 December 2020 |
| Program software support expenses    | 2.281.455        | 339.559          |
| Other                                | 4.067            | 1.468            |
| <b>Long term prepaid expenses</b>    | <b>2.285.522</b> | <b>341.027</b>   |

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### 16. OTHER CURRENT ASSETS

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

|                             | 31 December 2021 | 31 December 2020 |
|-----------------------------|------------------|------------------|
| Advances given              | 161.354          | 16.423           |
| Other current assets        | 135.098          | 4.000            |
| <b>Other current assets</b> | <b>296.452</b>   | <b>20.423</b>    |

### 17 DEFERRED INCOME

As at 31 December 2021 and 2020, details of deferred income as follows:

|  | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| "E-Şirket" service income <sup>(1)</sup>         | 1.091.786        | 633.434          |
| "TÜBİTAK" incentive income <sup>(2)</sup>        | 76.760           | 383.583          |
| "E-Yönetim Kurulu" service income <sup>(3)</sup> | 808.362          | 377.413          |
| <b>Short term deferred income</b>                | <b>1.976.908</b> | <b>1.394.430</b> |

<sup>(1)</sup> It is an electronic media where the content is announced, pursuant to Article 1524 of the Turkish Commercial Code, the website is uploaded to companies' specific pages with a secure electronic signature and timestamp, the uploaded content is kept in a secure environment, the content is available for access and archived securely. As at 31 December 2021, the Group has determined TL 1.091.786 (31 December 2020: TL 633.434) of the total income amount the Group has earned in 2021 as a deferred income as at 31 December 2021 and will be recognized as an income in 2021 under statement of profit or loss.

<sup>(2)</sup> The Group has received research and development incentive from TÜBİTAK regarding to its research and development operations specifically for Public Disclosure Platform development ("KAP"), E-FTS, E-Vedo and Data Anonymization projects. Related income will be reflected to the profit and loss statement throughout periods in which related costs are recognized.

<sup>(3)</sup> The Group earns an Electronic Board of Directors system service income through an information system service where joint stock companies "board of directors meetings and other capital companies" board of directors meeting can be legally held electronically.

|                                   | 31 December 2021 | 31 December 2020 |
|-----------------------------------|------------------|------------------|
| "E-Şirket" service income         | 142.282          | -                |
| "E-Yönetim Kurulu" service income | 640.843          | 364.407          |
| TÜBİTAK incentive income          | -                | 76.760           |
| <b>Long term deferred income</b>  | <b>783.125</b>   | <b>441.167</b>   |

### 18. LEASE LIABILITIES

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

|              | 31 December 2021 | 31 December 2020 |
|--------------|------------------|------------------|
| Up to 1 year | 1.134.820        | 582.097          |
| 1-5 years    | 454.361          | 370.679          |
| <b>Total</b> | <b>1.589.181</b> | <b>952.776</b>   |

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### 19. SHAREHOLDER'S EQUITY

#### Paid in capital

The paid in capital structure of the Group as at 31 December 2021 and 2020 are as follows:

| Shareholders                           | Share Ratio (%)    | 31 December 2021 | Share Ratio (%) | 31 December 2020  |
|--|--------------------|------------------|-----------------|-------------------|
| İstanbul Takas ve Saklama Bankası A.Ş. | 64.900.000         | 64,9             | 64,9            | 23.364.000        |
| Borsa İstanbul A.Ş.                    | 30.100.000         | 30,1             | 30,1            | 10.836.000        |
| Türkiye Sermaye Piyasaları Birliği     | 5.000.000          | 5                | 5               | 1.800.000         |
| <b>Total</b>                           | <b>100.000.000</b> | <b>100,0</b>     | <b>100,0</b>    | <b>36.000.000</b> |

The Group has increased its fully paid-in capital from TL 36.000.000 to TL 100.000.000 by the Extraordinary General Assembly Decision dated 30 March 2021. The increased capital of TL 64.000.000, TL 6.455.599 was covered from legal reserves, TL 30.785.967 from statutory reserves, 26.758.543 TL from extraordinary reserves, free from all kinds of collusion.

As at 31 December 2021, the Group have 100 million shares comprises of 95 million group A and 5 million group B. The total value of shares TL 100.000.000 which each of the share is TL 1 (31 December 2020: 36 million shares comprise of 34.2 million group A and 1.8 million group B and TL 36.000.000).

Group A shares belong to BİAŞ and Takasbank and represented by 5 Board of Directors members, Group B shares belong to the Turkish Capital Markets Association and represented by 1 Board of Directors member.

#### Restricted reserves from profit

|                | 31 December 2021  | 31 December 2020  |
|----------------|-------------------|-------------------|
| Legal reserves | 19.179.005        | 23.714.604        |
|                | <b>19.179.005</b> | <b>23.714.604</b> |

In accordance with the TCC, legal reserves consist of the first and the second legal reserves. The first legal reserves appropriated out of historical statutory profit at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid in share capital. The second legal reserve is appropriated after the first legal reserves and dividends, at the rate of 10% per annum of all cash distributions.

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### 19. SHAREHOLDER'S EQUITY (continued)

#### Other reserves

|                        | 31 December 2021 | 31 December 2020  |
|------------------------|------------------|-------------------|
| Extraordinary reserves | -                | 45.526.858        |
|                        | -                | <b>45.526.858</b> |

With the decision of Ordinary General Assembly dated April 22, 2019, the section stated in Article 23 of the Articles of Association related to the allocation of 20% of the remaining profit after the legal reserves to be allocated over 5% of the net profit of the period determined according to the annual balance sheet as contingent liabilities provisions has been removed, and the related amounts that were previously accounted for in the reserves restricted as "statutory reserves" were classified into other reserves.

#### Other comprehensive income not to be reclassified to profit or loss

##### Gains/losses on remeasurements of defined benefit plans

As at 31 December 2021, in accordance with TAS 19, Group's arising from the severance pay liability, actuarial loss after deferred tax effect amounting to TL 2.444.083 (31 December 2020: TL 1.984.279). The related amount classified under equity, "Remeasurements of employment termination benefits net of tax".

#### Accumulated profit/(losses)

Accumulated profit/losses other than net profit for the period are shown in this item after being netted off. Accumulated profit/losses in the Group's consolidated financial statements are as follows:

|                              | 31 December 2021 | 31 December 2020   |
|------------------------------|------------------|--------------------|
| Accumulated gains/((losses)) | 48.119           | (6.663.748)        |
| <b>Total</b>                 | <b>48.119</b>    | <b>(6.663.748)</b> |

According to the Ordinary General Assembly dated 30 March 2021, the Group did not appropriate the first legal reserves as the total reserve balance reached the 20% of the Company's share capital. TL 1.920.000 was allocated as secondary legal reserve, TL 21.000.000 was decided to be distributed to the shareholders, TL 12.017.543 was left in the Group as extraordinary reserves and the remaining TL 6.663.748 was used to recover the Accumulated Profit/(Losses).

The Group distributed 21.000.000 TL to the shareholders on 27 April 2021 for the net profit of 2020 (2020: None).

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### 20. SALES

For the years ended 31 December 2021 and 2020, details of the Group's sales as follows:

|  | 1 January -<br>31 December 2021 | 1 January -<br>31 December 2020 |
|--|---------------------------------|---------------------------------|
| <b>Depository Operations Services Revenues</b>     | <b>213.732.279</b>              | <b>150.469.147</b>              |
| - Depository Service Revenues                      | 83.338.142                      | 65.575.156                      |
| - Account Transaction Revenues                     | 34.818.584                      | 21.485.063                      |
| - Transfer Transaction Revenues                    | 32.536.383                      | 20.385.206                      |
| - Cash Payment Transaction Revenues                | 22.189.979                      | 13.743.031                      |
| - Right of Use Revenues                            | 11.747.589                      | 11.327.344                      |
| - Exporter Establishment Transaction Revenues      | 16.026.675                      | 10.767.116                      |
| - Exportation Transaction Revenues                 | 6.217.550                       | 4.494.714                       |
| - Administrative and Law Transaction Revenues      | 1.413.951                       | 1.243.934                       |
| - Dues Revenues                                    | 5.034.106                       | 1.089.967                       |
| - Other Transaction Revenues                       | 409.320                         | 357.617                         |
| <b>Corporate Governance Service Revenues</b>       | <b>19.231.343</b>               | <b>15.076.211</b>               |
| - KAP Services Revenues                            | 9.871.200                       | 7.450.845                       |
| - E-General Assembly Services Revenues             | 5.521.309                       | 4.767.443                       |
| - E-Company Services Revenues                      | 2.982.931                       | 2.591.744                       |
| - E-Board of Management Services Revenues          | 855.903                         | 266.179                         |
| <b>Data Custody and Reporting Service Revenues</b> | <b>2.422.389</b>                | <b>1.112.110</b>                |
| - Data Broadcast Service                           | 1.671.362                       | 1.112.110                       |
| - E-vedo Service                                   | 751.027                         | -                               |
| <b>Other Revenues</b>                              | <b>3.270.847</b>                | <b>1.825.729</b>                |
| - Hosting Service Revenues                         | 2.250.054                       | 1.770.212                       |
| - BT Infrastructure Revenues                       | 580.695                         | -                               |
| - HPKS Revenues                                    | 361.800                         | -                               |
| - KFS Revenues                                     | 37.418                          | -                               |
| - Education Services Revenues                      | 40.880                          | 55.517                          |
| <b>Sales Return</b>                                | <b>(413.467)</b>                | <b>(371.365)</b>                |
| <b>Total</b>                                       | <b>238.243.391</b>              | <b>168.111.833</b>              |

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### 21. GENERAL ADMINISTRATIVE EXPENSES

For the years ended 31 December 2021 and 2020, details of Group's general administrative expenses as follows:

|                                      | 1 January -<br>31 December 2021 | 1 January -<br>31 December 2020 |
|--------------------------------------|---------------------------------|---------------------------------|
| Personnel Expenses                   | 92.734.919                      | 75.522.469                      |
| Amortization Expenses                | 13.200.305                      | 12.680.801                      |
| Maintenance Support Expenses         | 7.705.836                       | 4.654.570                       |
| Taxes and Fees                       | 5.624.444                       | 3.553.427                       |
| Social Expenses                      | 3.623.065                       | 2.950.066                       |
| Lease Expenses                       | 3.599.607                       | 3.408.753                       |
| Other Outsource Expenses             | 2.742.874                       | 2.502.284                       |
| Energy Expenses                      | 2.003.575                       | 1.751.177                       |
| Audit Consultancy Expenses           | 1.446.776                       | 645.223                         |
| Insurance Expenses                   | 918.931                         | 800.056                         |
| Communication Expenses               | 806.688                         | 793.967                         |
| Material Expenses                    | 738.415                         | 620.629                         |
| Education Expenses                   | 322.950                         | 245.190                         |
| Travel and Transportation Expenses   | 286.985                         | 314.147                         |
| Membership and Subscription Expenses | 168.307                         | 165.724                         |
| Other Expenses                       | 892.408                         | 719.174                         |
| <b>Total</b>                         | <b>136.816.085</b>              | <b>111.327.657</b>              |

### 22. OTHER OPERATING INCOME/EXPENSES

The details of other operating incomes for the periods ended 31 December 2021 and 2020 are stated below:

|                               | 1 January -<br>31 December 2021 | 1 January -<br>31 December 2020 |
|-------------------------------|---------------------------------|---------------------------------|
| Provisions no longer required | 40.837                          | 1.297.677                       |
| TÜBİTAK incentive income      | 383.583                         | 417.780                         |
| Gains on sale of fixed assets | 217.832                         | -                               |
| Other income                  | 97.846                          | 19.323                          |
| <b>Other operating income</b> | <b>740.098</b>                  | <b>1.734.780</b>                |

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### 22. OTHER OPERATING INCOME/EXPENSES (continued)

The details of other operating expenses for the periods ended 31 December 2021 and 2020 are stated below:

|                                   | 1 January -<br>31 December 2021 | 1 January -<br>31 December 2020 |
|-----------------------------------|---------------------------------|---------------------------------|
| CMB share accrual (Note 12)       | 22.079.178                      | 13.975.490                      |
| Lawsuit, court provision expenses | 3.221.617                       | 3.205.062                       |
| Other provision expenses          | 182.888                         | 39.326                          |
| Other expenses                    | 50.815                          | 1.066                           |
| <b>Other operating expenses</b>   | <b>25.534.498</b>               | <b>17.220.944</b>               |

### 23- FINANCE INCOME

The details of financial income for the years ended 31 December 2021 and 2020 are stated below:

|                                  | 1 January -<br>31 December 2021 | 1 January -<br>31 December 2020 |
|----------------------------------|---------------------------------|---------------------------------|
| Interest income on bank deposits | 34.682.233                      | 11.669.141                      |
| Foreign exchange gains           | 476.949                         | 67.958                          |
| Dividend income from affiliates  | 790.310                         | -                               |
| <b>Finance income</b>            | <b>35.949.492</b>               | <b>11.737.099</b>               |

### 24. FINANCE EXPENSES

The details of financial expenses for the years ended 31 December 2021 and 2020 are stated below:

|                         | 1 January -<br>31 December 2021 | 1 January -<br>31 December 2020 |
|-------------------------|---------------------------------|---------------------------------|
| Foreign exchange losses | 940.306                         | 291.346                         |
| Lease interest expense  | 221.333                         | 180.171                         |
| <b>Finance expenses</b> | <b>1.161.639</b>                | <b>471.517</b>                  |

### 25. TAX ASSETS AND LIABILITIES

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

|  | 31 December 2021   | 31 December 2020   |
|--|--------------------|--------------------|
| Provision for current period corporate taxes (-) | (29.173.416)       | (10.243.456)       |
| Prepaid taxes and deductions                     | 23.009.261         | 7.072.897          |
| <b>Current year tax liability/(asset)</b>        | <b>(6.164.155)</b> | <b>(3.170.559)</b> |

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### 25. TAX ASSETS AND LIABILITIES (continued)

#### Tax expense on income statement:

Tax (expense)/income comprises:

|                                   | 1 January -<br>31 December 2021 | 1 January -<br>31 December 2020 |
|-----------------------------------|---------------------------------|---------------------------------|
| Current period income tax expense | (29.173.416)                    | (10.243.456)                    |
| Deferred tax income/(expense)     | 3.027.283                       | (670.728)                       |
| <b>Current year tax expense</b>   | <b>(26.146.133)</b>             | <b>(10.914.184)</b>             |

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying consolidated statements for the estimated charge based on the Group's results for the years and periods.

Statutory income is subject to corporate tax at 20%. However, the corporate tax rate which is 20% pursuant to the temporary article 13 added to the Corporate Tax Law; It will be applied at the rate of 25% for corporate earnings in 2021 and 23% for corporate earnings in 2022. This rate is applied to as accounting income modified for certain exceptions (like dividend income) and deductions (like investment incentives) and additions for certain non-tax-deductible expenses and allowances for tax purposes. If there is no distribution planned, no further tax charges are made.

Dividend income (excluding profits from investment funds participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully tax payment is exempt from corporation tax. In addition, 50% of the profits arising from the sale of the immovable properties, which are included in the assets of the institutions with their participation in the assets for at least two full years for the same period of 75% of the profits arising from the sale of the property, goodwill, founder's notes, and usufruct shares, is no exception. In order to benefit exclusively, the earning must be kept in a fund account in liabilities and not to be withdrawn for 5 years. The sales price must be collected until the end of the second calendar year following the year in which the sale is carry out.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within five years of the tax year and tax accounts can be revised.

#### Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 - 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

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### 25. TAX ASSETS AND LIABILITIES (continued)

Deferred tax:

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between its consolidated financial statements as reported in accordance with TFRS and its statutory tax consolidated financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

As of 31 December 2021, a tax rate of 23% is used for temporary differences that are expected to be realized/closed in 2022, and 20% for temporary differences that are expected to be realized/closed after 2022 (31 December 2020: Since the corporate tax rate effective on 1 January 2021 is 20%, A tax rate of 20% is used for valid differences that are expected to be realized/closed in 2021 and later).

|   | 31 December 2021            |                                 | 31 December 2020                       |  |
|---|-----------------------------|---------------------------------|--|--|
|   | Total temporary differences | Deferred tax assets/liabilities | Total temporary differences            | Deferred tax assets/liabilities        |
| CMB share provision (Note 12)                           | 22.079.178                  | 5.078.211                       | 13.975.490                             | 2.795.098                              |
| Legal case, court provision                             | 15.528.947                  | 3.105.789                       | 12.370.267                             | 2.474.053                              |
| Employee termination benefits provision (Note 14)       | 8.304.569                   | 1.660.914                       | 6.428.687                              | 1.285.737                              |
| Provision for unused vacation                           | 3.734.408                   | 858.914                         | 2.092.645                              | 418.529                                |
| TFRS 16 effect  | 130.369                     | 31.692                          | 72.756                                 | 14.550                                 |
| TFRS 9 effect   | 291.495                     | 58.299                          | 39.336                                 | 7.867                                  |
| <b>Deferred tax assets</b>                              | <b>50.068.966</b>           | <b>10.793.819</b>               | <b>34.979.181</b>                      | <b>6.995.834</b>                       |
| Temporary differences on tangible and intangible assets | (4.376.942)                 | (875.388)                       | (5.836.964)                            | (1.167.393)                            |
| Financial asset valuation differences                   | (4.120.678)                 | (947.756)                       | -                                      | -                                      |
| <b>Deferred tax liabilities (-)</b>                     | <b>(8.497.620)</b>          | <b>(1.823.144)</b>              | <b>(5.836.964)</b>                     | <b>(1.167.393)</b>                     |
| <b>Deferred tax assets, (net)</b>                       | <b>41.571.346</b>           | <b>8.970.675</b>                | <b>29.142.217</b>                      | <b>5.828.441</b>                       |
|   |                             |                                 | <b>1 January-<br/>31 December 2021</b> | <b>1 January-<br/>31 December 2020</b> |
| Opening balance   |                             |                                 | 5.828.441                              | 6.526.426                              |
| Accounted under profit and loss statement               |                             |                                 | 3.027.283                              | (670.728)                              |
| Accounted under other comprehensive income              |                             |                                 | 114.951                                | (27.257)                               |
| <b>End of the year</b>                                  |                             |                                 | <b>8.970.675</b>                       | <b>5.828.441</b>                       |

Tax reconciliation for the year ended 31 December 2021 and 2020 are as follows:

|   | 1 January-<br>31 December 2021 | Ratio (%)     | 1 January-<br>31 December 2020 | Ratio (%)     |
|---|--------------------------------|---------------|--------------------------------|---------------|
| <b>Profit before tax</b>                            | <b>114.246.170</b>             |               | <b>52.563.594</b>              |               |
| Income tax using the Group's statutory tax rate (-) | (28.561.543)                   | -25,00        | (11.563.991)                   | -22,00        |
| Disallowable expenses (-)                           | (237.140)                      | -0,21         | (306.753)                      | -0,60         |
| Research and development investment allowance       | 1.784.625                      | 1,56          | 1.029.249                      | 2,00          |
| Impact of business combinations                     | 706.353                        | 0,62          | -                              | -             |
| Other   | 161.572                        | 0,14          | (72.689)                       | -0,10         |
| <b>Tax expenses</b>                                 | <b>(26.146.133)</b>            | <b>-22,89</b> | <b>(10.914.184)</b>            | <b>-20,74</b> |

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### 26. 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.

### 27. RELATED PARTY DISCLOSURES

Transactions between the Group and its related parties are explained below:

|  | 31 December 2021                | 31 December 2020                |
|--|---------------------------------|---------------------------------|
| Takasbank                                | 1.086.029                       | 10.858.660                      |
| <b>Cash and cash equivalents</b>         | <b>1.086.029</b>                | <b>10.858.660</b>               |
|  | 31 December 2021                | 31 December 2020                |
| Takasbank                                | 2.936.117                       | 1.207.018                       |
| Sermaye Piyasası Lisanslama A.Ş.         | 6.583                           | 3.366                           |
| Borsa İstanbul A.Ş.                      | 597                             | 519                             |
| <b>Trade receivables</b>                 | <b>2.943.297</b>                | <b>1.210.903</b>                |
|  | 31 December 2021                | 31 December 2020                |
| Borsa İstanbul A.Ş.                      | 779.893                         | 971.775                         |
| Takasbank                                | 1.886                           | 2.073                           |
| <b>Trade payables</b>                    | <b>781.779</b>                  | <b>973.848</b>                  |
|  | 31 December 2021                | 31 December 2020                |
| Takasbank                                | 1.086.029                       | 10.858.660                      |
| <b>Other payables</b>                    | <b>1.086.029</b>                | <b>10.858.660</b>               |
| <b>Transaction with related parties:</b> |                                 |                                 |
|  | 1 January -<br>31 December 2021 | 1 January -<br>31 December 2020 |
| Commission income                        | 19.243.966                      | 13.768.461                      |
| Service income                           | 11.470                          | 155.760                         |
| <b>Total</b>                             | <b>19.255.436</b>               | <b>13.924.221</b>               |

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### 27 RELATED PARTY DISCLOSURES (continued)

|  | 1 January -<br>31 December 2021 | 1 January -<br>31 December 2020 |
|--|---------------------------------|---------------------------------|
| Rent expense   | 4.722.249                       | 4.337.318                       |
| Electricity, water, natural gas and up keeping expense | 4.159.901                       | 3.875.738                       |
| Advertising and sponsoring expenses                    | 1.463.844                       | 1.820.252                       |
| Data line expense and data broadcast sharing           | 234.306                         | 18.668                          |
| EFT commission fee                                     | 39.857                          | -                               |
| Swift expense  | 22.135                          | 19.234                          |
| Other expenses   | 976.632                         | 134.901                         |
| <b>Total</b>   | <b>11.618.924</b>               | <b>10.206.111</b>               |

### Compensation of key management personnel:

Compensation of key management personnel in the current period are stated below:

|                                     | 1 January -<br>31 December 2021 | 1 January -<br>31 December 2020 |
|-------------------------------------|---------------------------------|---------------------------------|
| Wages and other short term benefits | 3.371.507                       | 2.117.892                       |
|                                     | <b>3.371.507</b>                | <b>2.117.892</b>                |

### 28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

#### Financial risk factors

Financial instruments carry the risk of the other party's failure to fulfill the contractual requirements.

#### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

#### Credit risk management

Financial instruments are under the risk that counterparties may default on contractual obligations. The Group did not have any important collection problem related to its receivables in the previous periods. As at the balance sheet date, the Group does not have any past due but not impaired receivable (31 December 2020: None).

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### 28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Credit risks per financial instrument categories:

|   | Trade receivables |                   | Other Receivables |                | Bank deposits <sup>(1)</sup> | Other <sup>(2)</sup> |
|---|-------------------|-------------------|-------------------|----------------|------------------------------|----------------------|
|   | Related party     | Other party       | Related party     | Other party    |                              |                      |
| <b>31 December 2021</b>   |                   |                   |                   |                |                              |                      |
| <b>Maximum credit risk as at reporting date (A+B+C+D+E)</b>   | <b>3.008.815</b>  | <b>22.365.112</b> |                   | <b>208.447</b> | <b>202.244.989</b>           | <b>35.631.751</b>    |
| Guaranteed portion of maximum credit risk   | -                 | -                 | -                 | -              | -                            | -                    |
| A. The carrying amount of financial assets neither past due nor impaired  | -                 | -                 | -                 | -              | -                            | -                    |
| B. The carrying amount of trade receivables that would otherwise be past due or impaired whose terms have been renegotiated | 3.001.815         | 22.379.991        | -                 | 208.447        | 202.517.218                  | 35.631.751           |
| C. The carrying value of financial assets past due but not impaired   |                   |                   |                   |                |                              |                      |
| D. The carrying value of impaired assets  | -                 | -                 | -                 | -              | -                            | -                    |
| - Past due (gross carrying amount)  | -                 | 129.146           | -                 | -              | -                            | -                    |
| - Impairment (-)  | -                 | (129.146)         | -                 | -              | -                            | -                    |
| - Guaranteed portion of the net carrying value  | -                 | -                 | -                 | -              | -                            | -                    |
| - Not past due (gross carrying amount)  | -                 | -                 | -                 | -              | -                            | -                    |
| - Impairment (-)  | -                 | -                 | -                 | -              | -                            | -                    |
| - Net carrying value secured with guarantee   | -                 | -                 | -                 | -              | -                            | -                    |
| - Expected credit losses  | -                 | (14.879)          | -                 | -              | (272.229)                    | -                    |

<sup>(1)</sup> Consists of bank deposits and investment funds.<sup>(2)</sup> Consists of bank deposits and lease certificates with a maturity of more than three months.

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### 28 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

| 31 December 2020  | Trade receivables |                   | Other Receivables |               | Bank deposits <sup>(1)</sup> | Other <sup>(2)</sup> |
|---|-------------------|-------------------|-------------------|---------------|------------------------------|----------------------|
|   | Related party     | Other party       | Related party     | Other party   |                              |                      |
| <b>Maximum credit risk as at reporting date (A+B+C+D+E)</b>   | <b>1.210.903</b>  | <b>16.976.981</b> | <b>-</b>          | <b>19.094</b> | <b>133.189.891</b>           | <b>-</b>             |
| Guaranteed portion of maximum credit risk   | -                 | -                 | -                 | -             | -                            | -                    |
| A. The carrying amount of financial assets neither past due nor impaired  | -                 | -                 | -                 | -             | -                            | -                    |
| B. The carrying amount of trade receivables that would otherwise be past due or impaired whose terms have been renegotiated | 1.210.903         | 17.008.472        | -                 | 19.094        | 133.267.007                  | -                    |
| C. The carrying value of financial assets past due but not impaired   | -                 | -                 | -                 | -             | -                            | -                    |
| D. The carrying value of impaired assets  | -                 | -                 | -                 | -             | -                            | -                    |
| - Past due (gross carrying amount)  | -                 | 129.146           | -                 | -             | -                            | -                    |
| - Impairment (-)  | -                 | (129.146)         | -                 | -             | -                            | -                    |
| - Guaranteed portion of the net carrying value  | -                 | -                 | -                 | -             | -                            | -                    |
| - Not past due (gross carrying amount)  | -                 | -                 | -                 | -             | -                            | -                    |
| - Impairment (-)  | -                 | -                 | -                 | -             | -                            | -                    |
| - Net carrying value secured with guarantee   | -                 | -                 | -                 | -             | -                            | -                    |
| - Expected credit losses  | -                 | (31.491)          | -                 | -             | (77.116)                     | -                    |

<sup>(1)</sup> Consists of bank deposits and investment funds.<sup>(2)</sup> Consists of bank deposits and lease certificates with a maturity of more than three months.

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### 28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

#### Liquidity risk

Liquidity risk is the possibility that the Group will be unable to fund its net funding requirements. The Group should maintain a balance of funding to continue its operations. The Group manages liquidity risk by the way of ensuring the continuation of adequate funds and reserves as a result of regularly following cash flows, matching maturity date of financial assets and liabilities.

The Group makes its payments according to contractual maturities; therefore, expected maturity statement is not presented.

#### Current period

| Contractual maturity                        | Carrying value    | Total contractual cash outflows<br>(=I+II+III+IV) | Less than 3 months (I) | 3-12 months (II) | 1-5 years (III) | More than 5 years (IV) |
|---|-------------------|---|------------------------|------------------|-----------------|------------------------|
| <b>Non-derivative financial liabilities</b> | <b>88.447.108</b> | <b>88.447.108</b>                                 | <b>86.857.927</b>      | <b>1.134.820</b> | <b>454.361</b>  | <b>-</b>               |
| Trade payables                              | 31.553.097        | 31.553.097  | 31.553.097             | -                | -               | -                      |
| Lease liabilities                           | 1.589.181         | 1.589.181   | -                      | 1.134.820        | 454.361         | -                      |
| Other payables                              | 17.696.705        | 17.696.705  | 17.696.705             | -                | -               | -                      |
| Other provisions                            | 37.608.125        | 37.608.125  | 37.608.125             | -                | -               | -                      |

#### Prior period

| Contractual maturity                        | Carrying value    | Total contractual cash outflows<br>(=I+II+III+IV) | Less than 3 months (I) | 3-12 months (II) | 1-5 years (III)   | More than 5 years (IV) |
|---|-------------------|---|------------------------|------------------|-------------------|------------------------|
| <b>Non-derivative financial liabilities</b> | <b>54.351.305</b> | <b>54.351.305</b>                                 | <b>41.028.262</b>      | <b>582.097</b>   | <b>12.740.946</b> | <b>-</b>               |
| Trade payables                              | 6.275.734         | 6.275.734   | 6.275.734              | -                | -                 | -                      |
| Lease liabilities                           | 952.776           | 952.776   | -                      | 582.097          | 370.679           | -                      |
| Other payables                              | 20.777.038        | 20.777.038  | 20.777.038             | -                | -                 | -                      |
| Other provisions                            | 26.345.757        | 26.345.757  | 13.975.490             | -                | 12.370.267        | -                      |

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### 28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

#### Foreign currency risk

|   | 31 December 2021      |                |            | 31 December 2020      |                |           |
|---|-----------------------|----------------|------------|-----------------------|----------------|-----------|
|   | TL equivalent         |                |            | TL equivalent         |                |           |
|   | (Functional currency) | USD            | EUR        | (Functional currency) | USD            | EUR       |
| <b>Current assets</b>   | <b>1.464.211</b>      | <b>111.867</b> | <b>848</b> | <b>742.595</b>        | <b>101.130</b> | <b>28</b> |
| Monetary financial assets   | 1.464.211             | 111.867        | 848        | 742.595               | 101.130        | 28        |
| <b>Non-current assets</b>   | -                     | -              | -          | -                     | -              | -         |
| Financial investment  | -                     | -              | -          | -                     | -              | -         |
| <b>Total assets</b>   | <b>1.464.211</b>      | <b>111.867</b> | <b>848</b> | <b>742.595</b>        | <b>101.130</b> | <b>28</b> |
| Total liabilities   | -                     | -              | -          | -                     | -              | -         |
| <b>Off-balance sheet derivative Instrument's net asset/(liability) position</b> | -                     | -              | -          | -                     | -              | -         |
| <b>Net foreign currency/(liabilities) position</b>                              | -                     | -              | -          | -                     | -              | -         |
| <b>Net foreign currency monetary items asset/(liability) position</b>           | <b>1.464.211</b>      | <b>111.867</b> | <b>848</b> | <b>742.595</b>        | <b>101.130</b> | <b>28</b> |

For the year ended 31 December 2021, if the Turkish Lira depreciates by 10% against other currencies, the profit before tax would be increased by TL 112.715 (31 December 2020: TL 101.158).

|   | 31 December 2021             |                              |                              |                              |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
|   | Profit/Loss                  |                              | Equity                       |                              |
|   | Increase in foreign currency | Decrease in foreign currency | Increase in foreign currency | Decrease in foreign currency |
| EUR net asset/liability                   | 1.246                        | (1.246)                      | -                            | -                            |
| Portion hedged against EUR risk (-)       | -                            | -                            | -                            | -                            |
| <b>EUR net effect</b>                     | <b>1.246</b>                 | <b>(1.246)</b>               | <b>-</b>                     | <b>-</b>                     |
| US Dollar net asset/liability             | 145.175                      | (145.175)                    | -                            | -                            |
| Portion hedged against US Dollar risk (-) | -                            | -                            | -                            | -                            |
| <b>US Dollar net effect</b>               | <b>145.175</b>               | <b>(145.175)</b>             | <b>-</b>                     | <b>-</b>                     |
| <b>Total</b>                              | <b>146.421</b>               | <b>(146.421)</b>             | <b>-</b>                     | <b>-</b>                     |

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## Explanatory Notes to the Consolidated Financial Statements For the Year Ended at 31 December 2021

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### 28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

|   | 31 December 2020                   |                                    |                                    |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | Profit/Loss                        |                                    | Equity                             |                                    |
|   | Increase<br>in foreign<br>currency | Decrease<br>in foreign<br>currency | Increase<br>in foreign<br>currency | Decrease<br>in foreign<br>currency |
| EUR net asset/liability                   | 25                                 | (25)                               | -                                  | -                                  |
| Portion hedged against EUR risk (-)       | -                                  | -                                  | -                                  | -                                  |
| <b>EUR net effect</b>                     | <b>25</b>                          | <b>(25)</b>                        | <b>-</b>                           | <b>-</b>                           |
| US Dollar net asset/liability             | 74.235                             | (74.235)                           | -                                  | -                                  |
| Portion hedged against US Dollar risk (-) | -                                  | -                                  | -                                  | -                                  |
| <b>US Dollar net effect</b>               | <b>74.235</b>                      | <b>(74.235)</b>                    | <b>-</b>                           | <b>-</b>                           |
| <b>Total</b>                              | <b>74.260</b>                      | <b>(74.260)</b>                    | <b>-</b>                           | <b>-</b>                           |

#### Interest rate sensitivity

For the year ended 31 December 2021 the Group is not exposed to any interest rate risk due to not having any asset or liabilities with variable interest (31 December 2020: None)

### 29. FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Quoted market price, if available, is the best indicator of the fair value of an instrument.

#### 1. Financial assets

The carrying values of cash and banks approximate their fair values due to their short-term nature. The carrying values of trade receivables approximate their fair values due to their short-term nature.

#### 2. Financial liabilities

The carrying values of trade payables approximate their fair values due to their short-term nature.

As at 31 December 2021 and 2020, fair value and carrying value of financial assets and liabilities are stated as follows:

|                                    | 31 December 2021 |             | 31 December 2020 |             |
|------------------------------------|------------------|-------------|------------------|-------------|
|                                    | Carrying value   | Fair value  | Carrying value   | Fair value  |
| <b>Financial assets</b>            |                  |             |                  |             |
| Cash and cash equivalents          | 202.244.989      | 202.244.989 | 133.189.891      | 133.189.891 |
| Trade receivables                  | 33.579.037       | 33.579.037  | 18.187.884       | 18.187.884  |
| Financial investments (short term) | 35.631.751       | 10.858.660  | -                | -           |
| Financial investments (long term)  | 2.873.082        | 2.873.082   | 3.373.082        | 3.373.082   |
| Other receivables                  | 212.708          | 212.708     | 19.094           | 19.094      |
| <b>Financial liabilities</b>       |                  |             |                  |             |
| Trade payables                     | 31.553.097       | 31.553.097  | 6.275.734        | 6.275.734   |
| Other payables                     | 17.696.705       | 17.696.705  | 20.777.038       | 20.077.038  |

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## Explanatory Notes to the Consolidated Financial Statements For the Year Ended at 31 December 2021

(Amounts expressed in Turkish lira ("TL"))

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### 29. FINANCIAL INSTRUMENTS (continued)

Fair values for financial assets and liabilities are determined as follows:

- First level: Values of financial assets and liabilities are valued with the price of similar assets and liabilities that are issued on active stock market.
- Second level: Financial assets and liabilities are not only determined with the price of related financial assets and liabilities that are on the stock market as mentioned in first level, but also determined with the inputs that are used to set observed price in direct or indirect market.
- Third level: Financial assets and liabilities are valued with inputs which are not related with inputs that are used for setting the observed fair values in market.

As at 31 December 2021, the fair value level of the lease certificates amounting to TL 6.000.000, TL 11.000.000 and TL 15.000.000, which are included in the financial investments of the Group, determined as Level 1

### 30. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/INDEPENDENT AUDIT FIRMS

|                              | 31 December 2021 | 31 December 2020 |
|------------------------------|------------------|------------------|
| Audit and assurance fee      | 176.904          | 168.480          |
| Other assurance services fee | 57.834           | 55.080           |
| <b>Total</b>                 | <b>234.738</b>   | <b>223.560</b>   |

### 31. SUBSEQUENT EVENTS

None.



MERKEZİ KAYIT  
İSTANBUL