

**ICBC TURKEY YATIRIM MENKUL DEĞERLER A.Ş.**

**ACTIVITY REPORT**

**01 JANUARY 2023 – 30 SEPTEMBER 2023**

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## **1. HISTORICAL DEVELOPMENT, SHAREHOLDING STRUCTURE AND ASSIGNED BOARD OF DIRECTORS FOR THE PERIOD**

### **1.1 HISTORICAL DEVELOPMENT**

Founded in 1996, located in Istanbul, ICBC Turkey Securities is a subsidiary of ICBC Turkey Bank. The paid-up capital is 76.000.000-TL and it has been increased to 76.000.000-TL from 25.000.000-TL at the Extraordinary General Assembly held on 08.09.2017 regarding the capital increase and it was registered by the Istanbul Trade Registry Directorate on 09.10.2017.

ICBC Turkey Securities provides investment banking and brokerage services to its corporate and retail clients through its 20 branches and the Head Office departments. ICBC Turkey Securities is the bridge between corporates from China and Turkey for their M&A needs meanwhile targeting to become a leading financial advisor in Turkey for project finance and structured finance solutions for top corporates. The company provides its clients investment alternatives via different mutual funds and asset management alternatives with different risk and return values. Through public offering activities, ICBC Turkey Securities provides a meeting point for both investors and corporates; meanwhile, creating financial solutions via bonds and commercial paper issue for corporate customers. Providing daily, weekly reports and equity analysis services to its clients with its experienced research team, ICBC Turkey Securities assist to its domestic and international clients to invest in Turkish market.

ICBC Turkey Securities applies its dynamic service principle on its experienced and well-informed human resource and the company has become broadly authorized intermediary institution with the authorization certificate of Capital Markets Board dated 09.02.2016 with number G-050 (388) as of 01.01.2016. As per legal framework, ICBC Turkey Asset Management Company has been established on 21.04.2015.

Capital Market activities are subject to Capital Markets Board of Turkey's (CMB) permission and inspection.

### **1.2 SHAREHOLDING STRUCTURE**

<b>Shareholders</b>	<b>Share Amount (TL)</b>	<b>%</b>
ICBC Turkey Bank A.Ş.	75.998.480,00	99,998
Other	1.520,00	0,002
<b>Total</b>	<b>76.000.000,00</b>	<b>100,00</b>

### **1.3 ASSIGNED BOARD MEMBERS AND INDEPENDENT AUDITOR FOR THE PERIOD**

Board Members that elected for a period of 3 years at the Ordinary General Assembly of ICBC Turkey Yatırım Menkul Değerler A.Ş. dated March 25, 2021 are listed below;

<b>Name-Surname</b>	<b>Position</b>	<b>Start Date</b>	<b>Ending Date</b>
Gao Xiangyang (*)	Board Member / Chairman	10.01.2022	25.03.2024
Liu Peiguo	Board Member	25.03.2021	25.03.2024
Oraj Özel	Board Member / CEO	25.03.2021	25.03.2024
Chuanling Zhang	Board Member	25.03.2021	25.03.2024
Liu Long (**)	Board Member	30.03.2023	25.03.2024

(\*) Gao Xiangyang was appointed with the Board Decision no.886 dated 10.01.2022 to replace Xie Shaoxiong who resigned as of 10.01.2022 from the position of Member of the Board of Directors.

(\*\*) Liu Long was appointed with the General Assembly Decision dated 30.03.2023 to replace Zhang Ke who resigned as of 30.03.2023 from the position of Member of the Board of Directors.

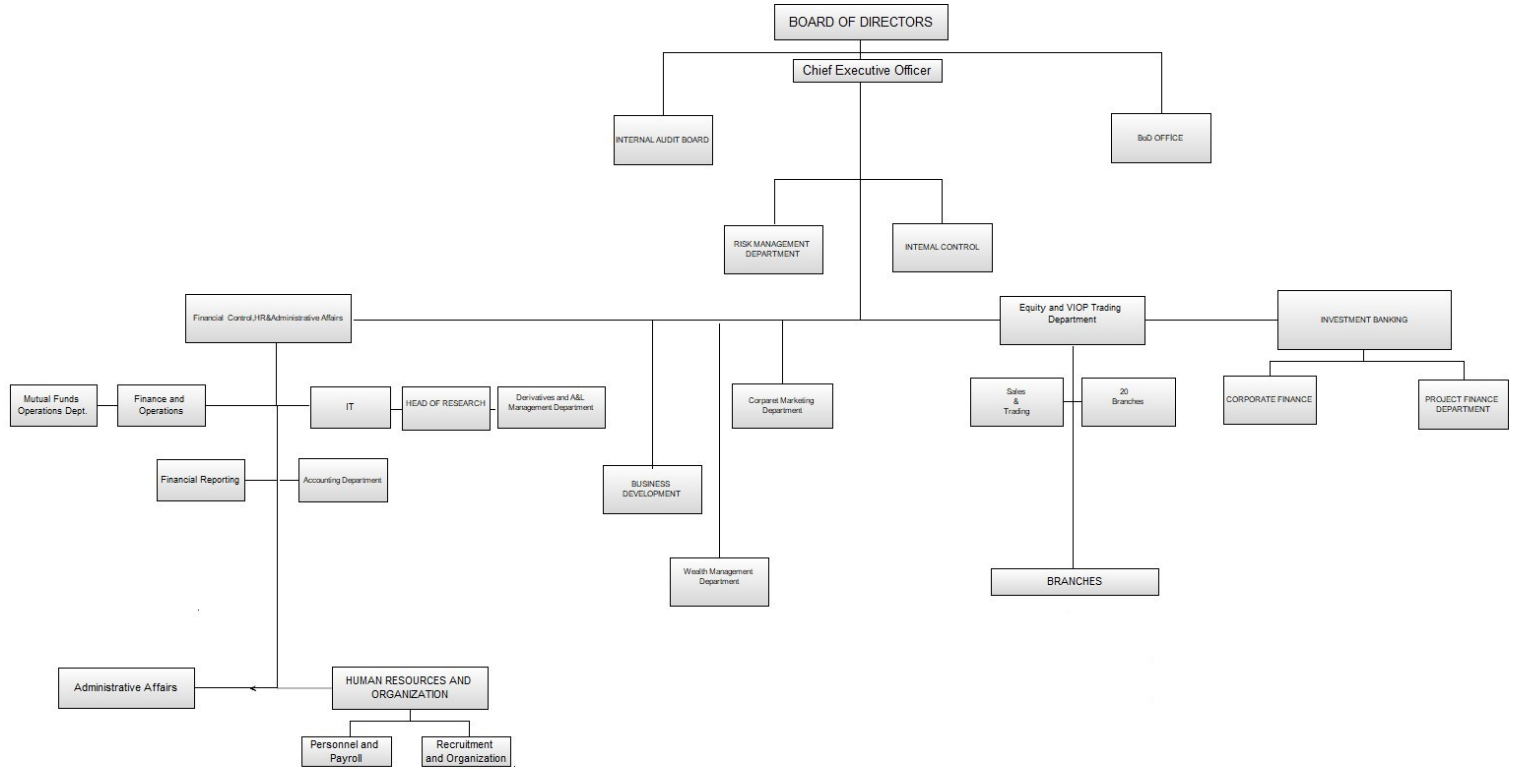
In accordance with the article 399 of the Turkish Commercial Code and Capital Markets Law No. 6362, DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. selected as the independent audit firm to audit the Company for the fiscal year 2023 with the decision of the Company's Genral Assembly dated 30.03.2023.

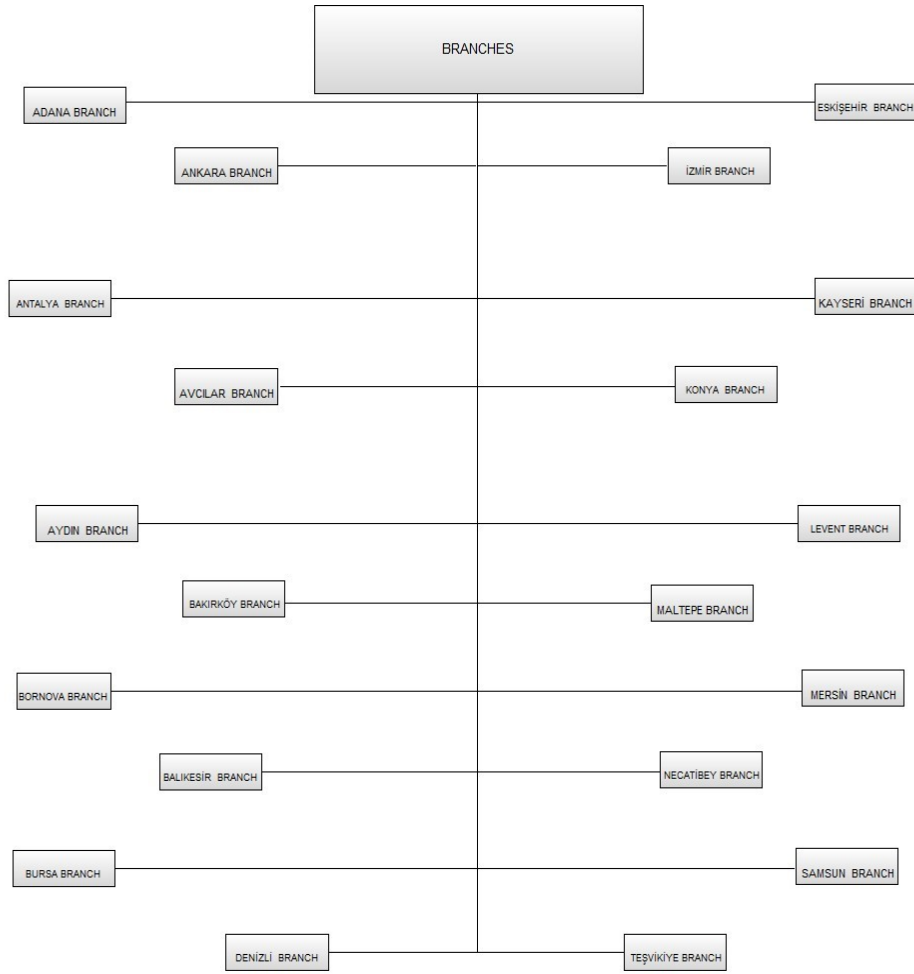
### **1.4 SENIOR MANAGEMENT**

<b>Name-Surname</b>	<b>Position</b>	<b>Responsibility Field</b>
Oraj Özel	CEO	--
Nesrin Ekşi	Executive Vice President	Financial Affirs, Administrative Affairs, Human Resources, Treasury, Research
Hakan Bozyiğit	Managing Director	Investment Banking / Corporate Finance
Ahmet Can Yakar	Managing Director	Investment Banking / Project Finance

## 2. ORGANIZATION CHART

### 2.1 HEAD OFFICE



**2.2 BRANCHES**

**3. FINANCIAL RIGHTS PROVIDED TO THE MEMBER OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES**

The total amount of salaries and benefits provided to the Board Chairman, Board Members, and Senior Executives in the current period is 15.406.853-TL as of 30.09.2023.

**4. GLOBAL EVALUATION**

Local factors continued to set the direction. A return to conventional economics with sustained market-friendly implementations have continued to lead the field, with also expectations, encouraging investor appetite.

Credit agencies' outlook upgrade on Turkey to "stable" from "negative" have encouraged investment sentiment. The economy team's meeting agenda was busy. Along with Treasury and Finance Minister Şimşek, the CBRT Governor Erkan held several meetings with global investment houses.

Amid the absence of alternative TRL-based investments and the negative real interest environment, inflation expectations have kept the stock market the lead investment alternative. Ultimately, with local factors outweighing, the BIST100 gained 44.7% qoq. The average daily trading volume in 3Q23 more than doubled qoq, indicative of high investor appetite. The Benchmark BIST100 traded between a high of 8,338 and a low of 6,004 points in the quarter.

Bonds were all sold in 3Q23 qoq, where the 10-year issue was sold to the highest of the 3Q23 at 27.88%, the 2-year benchmark bond was sold to the highest of the 3Q23 at 29.74%, and the 5-year issue was sold to the highest of the 3Q23 at 27.05%. The TRL was sold against hard currencies. Following a total of TRL354.8bn redemption to the market in 3Q23, the Treasury plans a total of TRL183.4bn redemption to the market in 4Q23.

The CBRT increased the policy rate by a total of 1,500bp in the quarter to 30%. In total, there had been four consecutive tightening since the appointment of the new CBRT Governor: 650bp in June, 250bp in July, 750bp in August, and 500bp in September. The CBRT said that monetary tightening will be gradually strengthened when and to the extent necessary until a significant improvement in the inflation outlook is achieved.

September CPI rose 4.75% mom, and 61.53% yoy. The 9-month inflation was 49.87%. PPI rose 3.40% mom, and 47.44% yoy. Core inflation rose by 5.28% mom, and 68.93% yoy.

The August C/A balance printed a deficit at US\$0.62bn, significantly narrowed from US\$5.52 deficit of the previous month, and from a deficit of the US\$2.75bn in the same month of previous year. The C/A balance produced a deficit at US\$43.13bn in 8M23, widening yoy. The last 12-month C/A deficit printed at US\$56.96bn.

The August seasonally adjusted unemployment rate came in at 9.2%, down by 60bp yoy, and by 20bp mom. The participation rate became 53.3%, down by 10bp mom. Youth unemployment rate declined by 70bp mom to 17.2%.

Budget printed a deficit at TRL129.21bn in September 2023, expanding from a deficit at TRL78.62bn in the same month of the previous year. The primary balance printed a deficit at TRL58.45bn in September 2023, expanding from TRL45.51bn deficit in the same month of previous year.

The seasonally adjusted August CUR declined by 120bp mom, and by 90bp oy, printing at 75.7%.

The September preliminary foreign trade balance printed a deficit at US\$4.99bn; narrowing 48.1% yoy, and 42.4% mom. The 9M23 foreign trade deficit became US\$87.29bn, narrowing 5.0% yoy. Exports rose by 0.3% yoy, and by 4.9% mom to US\$ 22.67bn in September. Imports were down 14.1% yoy, and 8.6% mom to US\$27.65bn in September. The exports/imports ratio printed at 82.0%, up from 70.2% in the same month of previous year, and from the previous month's 71.4%.

The August IP rose 3.1% yoy, while declined 0.8% mom.

## 5. **ACTIVITIES OF 2023 3Q**

ICBC Turkey Securities has followed a cautious approach in 2023 3Q just like in the past. Customer number increased %8 compared to same period of last year. Related to the activities of 2023 3Q;

Equity Trading Volume	154,66 Billion TL
Share of Transactions Over Internet in Commission Incomes	64,92%
Average Shareholders' Equity	384,66 Million TL
Net Interest Income From Margin Trading	230,85 Million TL
Commission Income From Equity Trading	43,61 Million TL
Commission Income From Derivatives Trading	1,38 Million TL

Financial Structure and Capital Adequacy Tables of the Company are inspected and audited twice a year as a half yearly reports and the year end reports by the Independent Audit Company. There are no capital market instruments issued by our company.

## 6. **PARTICIPATIONS**

<b>Company</b>	<b>Partnership %</b>
ICBC Turkey Portföy Yönetimi A.Ş.	100,0000
Borsa İstanbul A.Ş.	0,0377



**7. INFORMATION ON PUBLIC AUDIT**

In 2Q 2023 period of the Company, routine inspection activities were carried out by;

In accordance with the sixth paragraph of article 77 of the Capital Markets Law, Istanbul Takas ve Saklama Bankasi Anonim Şirketi

and Borsa İstanbul Anonim Şirketi.

**8. COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES**

The Company performs research and marketing activities for the purpose of generating new clients as well as improving existing customer profile. By analysing local and global economic and sectoral news flow and trends, the research department provides investment ideas for the Company's local and foreign customers. Research reports are prepared in Turkish and English.

**9. RISKS AND THE EVALUATION OF THE MANAGEMENT****a) Information Regarding Risk Management Policies To Be Applied on Foreseeable Risks, if any**

Our Managers aims for establishing a corporate risk aversion culture through the application of effective risk management and internal control structure throughout the Company.

**b) Information about the Activities and Reports of Risk Management Committee and Early Identification of Risks, if any**

A separate committee for early identification and management of risk has been formed and work organization is held.

**c) Future Risks Regarding Sales, Efficiency, Income Generation Capacity, Profitability, Debt/Equity Ratio, and Other Similar Subjects**

The company continues its activities based on the Business Plan targets approved by the Board of Directors.

**d) Information About Any Lawsuits Filed Against the Company and Their Possible Outcomes that may Affect the Financials and the Activities of the Company**

There are NOT any lawsuits filed against the company that may affect the financials and activities of the company.

**10. EVALUATION OF INTERNAL CONTROL SYSTEM AND AUDIT ACTIVITIES**

The Internal Audit System is the assurance of compliance with the legislation and corporate policies. Our Company's Internal Audit system adopts an approach in line with the three-lines of defense principle. In this scope, the front office is the first line

of defense in risk management. The first line of defense develops risk management functions and capabilities to operate risk identification, measurement, control and other risk control functions in the early stages. Risk Management and Internal Control Departments constitute the second line of defense. It provides support for the risk management and control of the first line of defense, oversees the effectiveness of the risk management carried out at the front office, monitors, assesses and reports the risk profile. The Internal Audit Board is the third line of defense. It is responsible for overseeing the performance of the first and second lines of defense in risk management and supervising, evaluating and reporting the effectiveness of risk management. The enhanced third line of defense strengthens the independent assessment capability, and effectively evaluates the risk management systems and mission performance results of the first and second lines of defense.

Under the responsibility of our Board of Directors, an Internal Audit System has been established in compliance with the scope and corporate structure of our Company's activities, with the quality, adequacy and efficiency to respond to changing conditions and continues its activities in this context.

#### **11. HUMAN RESOURCE AND REMUNERATION POLICIES**

The employee number of our Company is 105 as of 30.09.2023. The social rights of our employees are provided on regular and periodic basis. There is no collective agreement practice.

Furthermore, all our employees are provided with private health insurance. Fixed salary increases are made once in a year based on the Company's and individuals' performances with the approval of the Board of Directors.

Moreover, the Company encourages its employees to enhance their trainings and to fulfill their necessary certificates.

As per 6331 numbered Occupational Health and Safety Law of Ministry of Labor and Social Security, employer's and employees' duties and responsibilities have been identified and within this context, necessary trainings and exercises continue.

#### **12. MATTERS REGARDING DIVIDEND DISTRIBUTION POLICY**

Dividend distribution is made based on the provisions in the Articles of Association.

#### **13. AID AND DONATIONS**

As at the end of 2023 September, there is 500-TL donation amount.

#### **14. OTHER MATTERS**

There are not any arrangements made regarding shareholders' voting rights in difference with the provisions of Turkish Commercial Code (TCC). Each share gives one voting right.

**15. CONTACT INFORMATION**
**Headquarters;**

Headquarters Address	Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer-İstanbul
Headquarters Phone	0212 276 2727
Headquarters Fax	0212 276 2900
Web Address	www.icbcyatirim.com.tr
E-mail	icbcyatirim@icbcyatirim.com.tr
Trade Registry No	357753 / İstanbul
Tax Office	Boğaziçi Kurumlar Vergi Dairesi
Tax No	8360070244
Central Registration System No	0836 0070 2440 0015

**Branches;**

No	Branch	Address	Tel.	Fax
1	Adana Br.	Cemalpaşa Mah. Atatürk Cad. Ceyhan Apt. No:72/A 01120 ADANA	0322 459 5876	0322 459 9740
2	Ankara Br.	Aziziye Mah. Cinnah Cad. No:100/A 06550 Çankaya / ANKARA	0312 439 8045	0312 440 6217
3	Antalya Br.	Şirinyalı Mah. İsmet Gökşen Cad. Elif Apt. No:14/A 07160 Muratpaşa ANTALYA	0242 316 4548	0242 316 4322
4	Avcılar Br.	Zuhuratbaba Mah. İncirli Cad. ABlok No:101B 34147 Bakırköy-İst	0212 543 2230	0212 543 8512
5	Aydın Br.	Zafer Mah. Doğugazi Bulvarı No:55/C 09100 Efeler / AYDIN	0256 215 2569	0256 214 2984
6	Bakırköy Br.	Zuhuratbaba Mah. İncirli Cad. No:101B 34147 Bakırköy-İst	0212 543 2230	0212 543 8512
7	Balıkesir Br.	Eski Kuyumcular Mah.Salih Tozan Cad.No:8/A Karesi BALIKESİR	0266 239 1572	0266 239 4239
8	Bornova Br.	Çınarlı Mahallesi Şehit Polis Fethi Sekin Caddesi Dış Kapı No:5 İç Kapı No: 5A Konak / İZMİR	0232 342 9291	0232 342 8915
9	Bursa Br.	Ahmet Paşa Mah. Fevzi Çakmak Cad. No:69/B 16050 Osmangazi BURSA	0224 256 0609	0224 253 1898
10	Denizli Br.	Saraylar Mah. Gazi Mustafa Kemal Bulvarı No:50/A Merkezefendi DENİZLİ	0258 241 4399	0258 242 1193
11	Eskişehir Br.	Hacı Ali Bey Mah. Sakarya 1.Cadde No: 22/A 26100 Tepebaşı ESKİŞEHİR	0222 220 4396	0222 220 4300
12	İzmir Br.	Akdeniz Mah. Cumhuriyet Bulv. No:116 35210 Konak / İZMİR	0232 446 3350	0232 489 4403
13	Kayseri Br.	Cumhuriyet Mah. Millet Cad. No:33/D 38040 Melikgazi KAYSERİ	0352 221 1261	0352 221 1258
14	Konya Br.	Büyük Sinan Mah. Ankara Cad. No:124 42050 Karatay KONYA	0332 238 5723	0332 238 5726
15	Levent Br.	Levent Mah. Gonca Sok. No:11 Levent Beşiktaş-İSTANBUL	0212 325 3215	0212 287 6389
16	Maltepe Br.	Bağlarbaşı Mah. 2. İlkokul Cad. Balek İş Merkezi Kat:1 No:6 Maltepe / İSTANBUL	0216 399 3985	0216 459 4047
17	Mersin Br.	Çankaya Mah. İsmet İnönü Bulvarı No:112/B Canatan İş Merkezi 33070 Akdeniz MERSİN	0324 237 4471	0324 237 7655
18	Necatibey Br.	Korkutreis Mah. Necatibey Cad. No:40/A Çankaya / ANKARA	0312 230 0217	0312 232 1767
19	Samsun Br.	Kale Mah. İstiklal Cad. No:21/19 İlkadım SAMSUN	0362 432 6114	0362 435 5103
20	Teşvikiye Br.	Levent Mah. Gonca Sok. No:11 Levent Beşiktaş-İSTANBUL	0212 325 3215	0212 287 6389