

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

**ACTIVITY REPORT**

**01 JANUARY 2017 – 30 SEPTEMBER 2017**

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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**

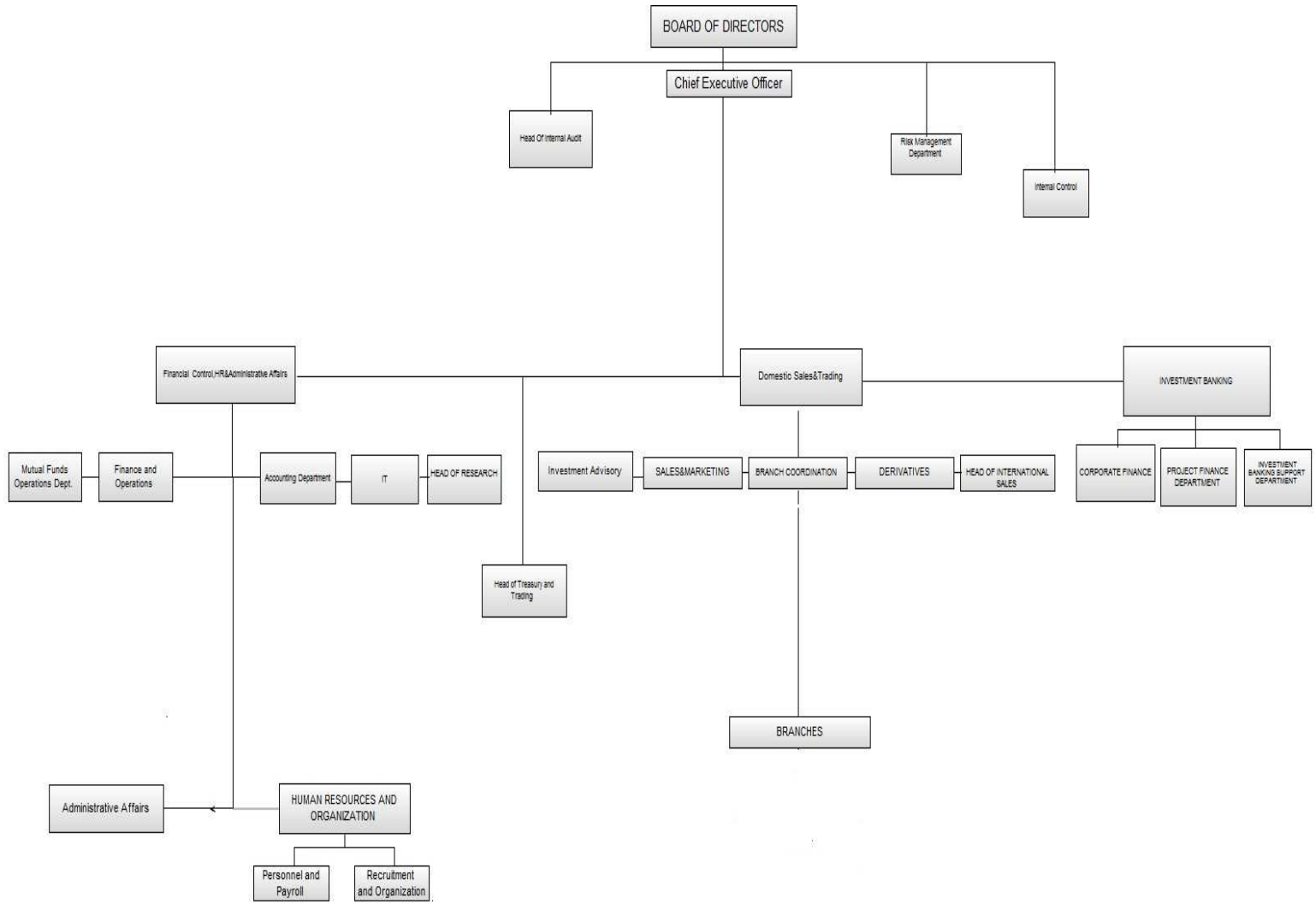
<b>SHAREHOLDERS</b>	<b>SHARE AMOUNT</b>	<b>%</b>
ICBC Turkey Bank A.Ş.	75.998.480,00	99,998
Ragıp Akın	760,00	0,001
Nuri Akın	760,00	0,001
<b>Total</b>	<b>76.000.000,00</b>	<b>100,00</b>

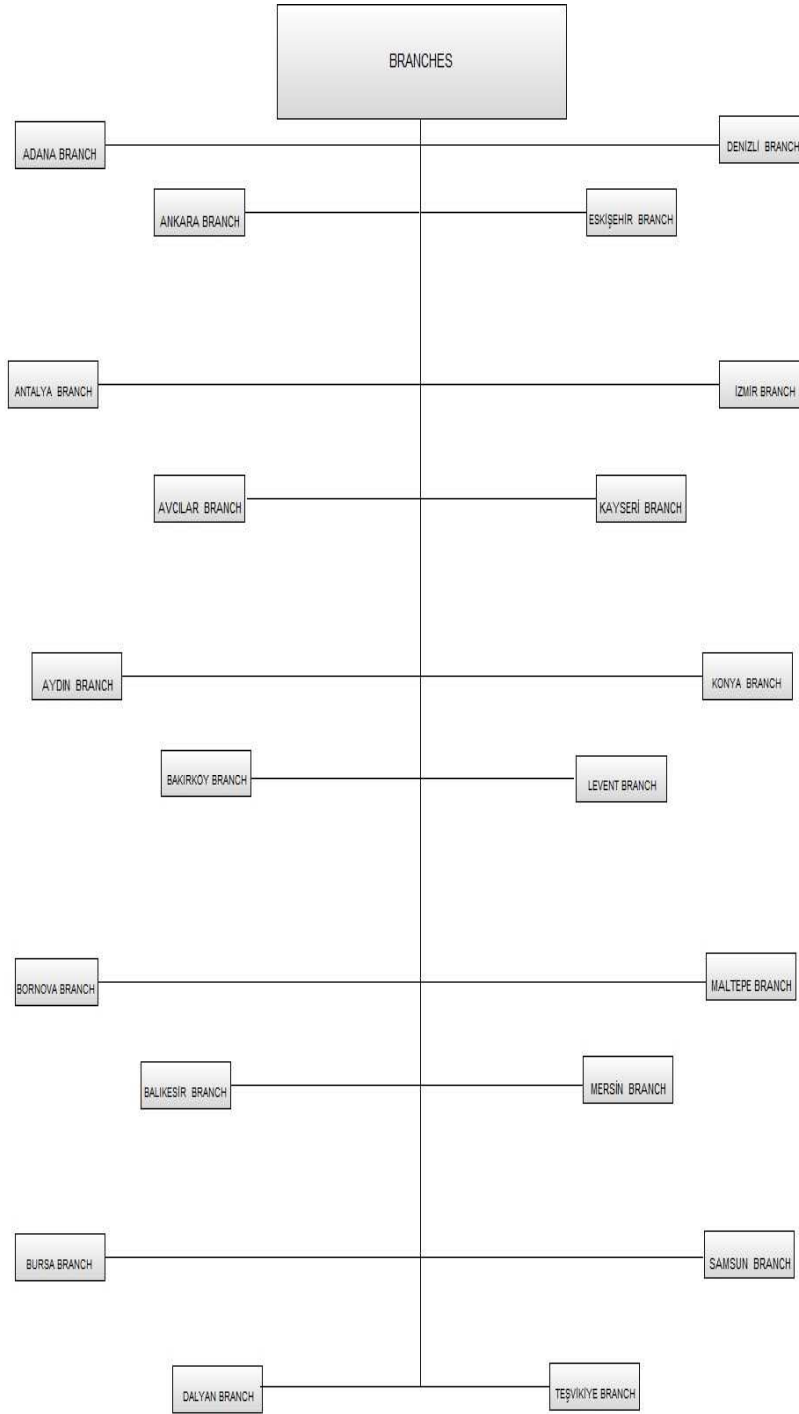
### **1.3 ASSIGNED BOARD OF DIRECTORS FOR THE PERIOD**

Gao Xiangyang	Chairman
Chen Yubao	Member
Oraj Özel	Member / CEO
Liu Peiguo	Member
Chuanling Zhang	Member

## 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 1.787.681-TL as of 30.09.2017.

### **4. GLOBAL EVALUATION**

BIST100 leaned towards the level of 110.530. The index was 100.440 by the end of June. Meanwhile, the benchmark interest rate tested the level of 11.80%, the TRY decreased to 3.3888 TRL.

Foreign investors made 260 mn\$ buy in June, 206 mn\$ buy in July, 280 mn\$ buy in August, 321 mn\$ sell in September.

Marginal funding rate has been kept at 9.25 percent and borrowing rate has been kept at 7.25 percent. One-week repo rate has been kept at 8 percent. Late liquidity window interest rates (between 4:00 p.m. – 5:00 p.m.): Borrowing rate has been kept at 0 percent, while lending rate has been kept at 12.25 percent. Recently released data indicate that the recovery in the economic activity has gained strength. Domestic demand conditions keep improving and demand from the European Union economies continues to contribute positively to exports.

A rise in general index was realized in CPI (2003=100) on the previous month by 0.65%, on December of the previous year by 7.29%, on same month of the previous year by 11.20% and on the twelve months moving averages basis by 9.98% in September 2017.

Inflation is likely to be 8.7% (previous 8.5%) at end-2017, and stabilize around 5% in the medium term after falling to 6.4% (previous 6.4%) in 2018.

The economic activity is expected to further accelerate due to the supportive measures and incentives provided recently.

Gross Domestic Product (GDP) increased by 2.9% in 2016. The gross domestic product per capita in 2016 was 32676 TRY and 10807 US Dollars at current prices.

Gross domestic product increased by 3.5% compared to the same quarter of previous year in the fourth quarter of 2016.

Gross domestic product increased by 5% compared with the same quarter of the previous year in the first quarter of 2017.

Gross domestic product increased by 5.1% compared with the same quarter of the previous year in the second quarter of 2017. Gross domestic product increased by 16.3% and reached 734 billion 211 million TRY at current prices.

The current account deficit recorded USD 5,121 million indicating an increase of USD 2,686 million compared to July of the previous year, bringing the 12-month rolling deficit to USD 37,112 million.

Moody's raised TR's 2017 GDP growth estimate to 2.6% from 2.2%.

Fitch expects Turkey's 2017 CPI 9.5%. The rating agency expects Turkey's GDP to grow 5.5% in 2017 followed by 4.1% in both 2018 and 2019. CAD is estimated to be at 4.4% of GDP this year, followed by 4.5% in 2018 and 4.7% in 2019.

Rapid loan growth at Turkish banks in 1H17 highlights the significant impact of a government initiative to stimulate lending, Fitch Ratings says. Fitch expects growth could reach 20% for 2017, giving banks a profit boost even though funding costs have risen due to tighter Turkish lira liquidity and higher costs for central bank funding and foreign-currency swaps. Reported non-performing loan ratios are still low (end-1H17 sector ratio: 3.1%).

Federal Reserve officials maintained their forecasts for one more interest-rate increase this year and three additional hikes in 2018, while leaving the policy rate unchanged. The Fed said it will begin its balance sheet reduction in October, and indicated recent hurricanes may not have a long-term impact on the economy.

## **5. ACTIVITIES OF THE 2017 3Q**

ICBC Turkey Securities aimed to increase its client number and portfolio size by making regular client visits following a cautious approach in 2017 3Q just like in the past. As a result of these activities, the number of clients with active account has been increased. Related to the activities of 2017 3Q;

Equity Trading Volume	11,40 Milyar TL
Share of Transactions Over Internet in Commission Incomes of the Company	32,19%
Average Shareholders' Equity	43 Milyon TL
Net Interest Income From Margin Trading	5,33 Milyon TL
Commission Income From Equity Trading	6,16 Milyon TL
Commission Income From Derivatives Trading	1,43 Milyon 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.

## **6. COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES**

In the company, balance sheet evaluations of publicly traded companies in BIST are made through the Research Department.

## **7. 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 not been formed yet.

**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.

**8. HUMAN RESOURCE AND REMUNERATION POLICIES**

The employee number of our Company is 89 as of 30.09.2017. The social rights of our employees are provided on regular and periodic basis. Transportation services are provided to our employees located in the Headquarters.

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.

**9. MATTERS REGARDING DIVIDEND DISTRIBUTION POLICY**

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

**10. AID AND DONATIONS**

There is 40.-TL donation made by the Company in the third quarter of 2017.

**11. 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.



## 12. 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	7388 7857 6173 4756

### 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 80 45	0312 440 6217
3	Antalya Br.	Şirinyalı Mah. İsmet Gökşen Cad. Hüseyin Akçor 2 Apt. No:40-A/B/C 07160 Muratpaşa ANTALYA	0242 316 4548	0242 316 4322
4	Avcılar Br.	Merkez Mah. E-5 Yanyol (Londra Asfaltı) No: 159/A 34310 Avcılar / İSTANBUL	0212 509 1885	0212 593 4269
5	Aydın Br.	Zafer Mah. Doğugazi Bulvarı No:55/C 09100 Efeler / AYDIN	0256 215 2569	0256 214 2984
6	Bakırköy Br.	İstanbul Cad. 36/A No:1 34142 Bakırköy / İSTANBUL	0212 543 2230	0212 543 8512
7	Balıkesir Br.	Eski Kuyumcular Mah. Bankalar Sok. No:5 Karesi BALIKESİR	0266 239 1572	0266 239 4239
8	Bornova Br.	Sakarya Cad. Manavkuyu Mah. No:72 Bayraklı / 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	Dalyan Br.	Fenerbahçe Mah. Doktor Faruk Ayanoglu Cad. Çağdaş Apt. No:15/B 34726 Kadıköy / İSTANBUL	0216 359 9471	0216 411 1489
11	Denizli Br.	Saraylar Mah. Gazi Mustafa Kemal Bulvarı No:50/A Merkezefendi DENİZLİ	0258 241 4399	0258 242 1193
12	Eskişehir Br.	Hacı Ali Bey Mah. Sakarya 1.Cadde No: 22/A 26100 Tepebaşı ESKİŞEHİR	0222 220 4396	0222 220 4300
13	İzmir Br.	Akdeniz Mah. Cumhuriyet Bulv. No:116 35210 Konak / İZMİR	0232 446 3350	0232 489 4403
14	Kayseri Br.	Cumhuriyet Mah. Millet Cad. No:33/D 38040 Melikgazi KAYSERİ	0352 221 1261	0352 221 1258
15	Konya Br.	Büyük Sinan Mah. Ankara Cad. No:124 42050 Karatay KONYA	0332 238 5723	0332 238 5726
16	Levent Br.	Levent Mah. Levent Cad. No:4 34330 Beşiktaş / İSTANBUL	0212 284 5227	0212 283 9286
17	Maltepe Br.	Bağlarbaşı Mah. 2. İlkokul Cad. Bal-Ek İş Merkezi Kat:1 No:6 Maltepe / İSTANBUL	0216 399 3985	0216 459 4047
18	Mersin Br.	Çankaya Mah. İsmet İnönü Bulvarı No:112/B Canatan İş Merkezi 33070 Akdeniz MERSİN	0324 237 4471	0324 237 7655
19	Samsun Br.	Kale Mah. İstiklal Cad. No:21/19 İlkadım SAMSUN	0362 432 6114	0362 435 5103
20	Teşvikiye Br.	Hüsrev Gerede Cad. No:92/A 34365 Şişli / İSTANBUL	0212 236 1836	0212 259 1389