

Company name **Turkiye Vakiflar Ban**
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Turkiye Vakiflar Bankasi T. A. O.
28 December 2017

Company Announcement
For immediate release
Türkiye Vakıflar Bankası T.A.O.

Sultan Selim Mahallesi Eski Büyükdere Caddesi, No: 59
Kağıthane, İstanbul, 34415
Turkey (the "Bank")

28 December 2017

Re: Regarding the Amendments on VakıfBank Law Numbered 6219 with the Statutory Decree Numbered 696 published on the Official Gazette on December 24th, 2017

The Articles 6-12 of the Statutory Decree numbered 696 that was published on the Official Gazette on December 24th, 2017 incorporate below mentioned amendments on VakıfBank Law numbered 6219.

The Article 6 of the Statutory Decree regulates the amendments regarding the Bank's ownership structure and the Articles 7-12 regulate the other provisions of VakıfBank Law numbered 6219.

The Clause 2, Article 6 of the Statutory Decree refers to the below mentioned statements regarding 43.00% shares and 15.51% shares of General Directorate of Foundations representing Group A and Group B, respectively (58.51% in total);

"Those shares within Group (A) and (B), except for "other appendant foundations", which are owned and administered by General Directorate of Foundations (GDF), are transferred to Turkish Treasury by the per share price set by Turkish Cabinet in accordance with the average price of 3 different values determined in the conclusion part of valuation reports conducted by 3 independent third parties. The registration process of those shares to the Bank's share registration book, on behalf of Turkish Treasury will be completed in a week time following the Cabinet decision become effective. Turkish Treasury will be issuing 5 equal amount of lease certificate maturing in different tenors to GDF of which total sum is equal to total transfer amount of shares. The first lease certificate will be maturing at the end of two months period while the remaining 4 will be maturing in the first, second, third and fourth year end respectively following the first redemption date. "

The Clause 3, Article 6 of the Statutory Decree refers to the below mentioned statements regarding 16.10% shares of VakıfBank Pension Fund representing Group

(C);

"VakifBank Pension Fund, one of the shareholders from Group (C), will have the option to ask for transfer of their shares to Turkish Treasury within 120 days time-table starting from the Cabinet decision become effective onwards. VakifBank Pension Fund must apply to the Bank for such request. The Minister to whom Secretary of Turkish Treasury reports, will decide to buy the shares of VakifBank Pension Fund shares by per share price for Pension Fund set by Turkish Cabinet. The transfer amount will be paid via Treasury bonds."

The Clause 4, Article 6 of the Statutory Decree refers to the below mentioned statements regarding 0.11% shares of appendant foundations representing Group (B) and 0.06% shares of other real persons and legal entities representing Group (C);

The remaining appendant foundations within Group (B) and other real persons and legal entities within Group (C) shares, will have the option to ask for transfer of their shares to Turkish Treasury within 120 days time-table starting from the Cabinet decision become effective onwards. Those shareholders must apply to the Bank for such request. The Minister to whom Secretary of Turkish Treasury reports, will decide to buy these shares by per share price for Pension Fund set by Turkish Cabinet. Those foundations, real persons and legal entities will be paid by the Bank and Bank will receive the payment amount by cash from Turkish Treasury upon notification.

The shareholders within non-listed Group A, B and C shares are subject to the amendment and there is no any amendment regarding the shareholders within Group D shares that are listed on Borsa Istanbul with the aforementioned articles of the Statutory Decree. Therefore, 25.22% shares representing Group D will not be subject to any amendments.

As it is mentioned in Clause 5, Article 6 of the Statutory Decree, those shares which will be transferred to Turkish Treasury, will be represented and managed by the Minister to whom Secretary of Turkish Treasury reports.

Pursuant to the Clause 6, Article 6 of the Statutory Decree, all transactions and operations related to transfer of shares will be exempted from following regulations and laws; Capital Markets Law dated December 6th, 2012 and numbered 6362, The law for the Protection of Competition dated December 7th, 1994 and numbered 4054, Banking Law numbered 5411. In addition, all transactions and papers related to transfer of shares will be exempted from duties, charges and stamp tax.

Pursuant to the Clause 9, Article 6 of the Statutory Decree, should there is any dispute or hesitation for the implementation of this article, Finance Minister or the Minister to whom Secretary of Turkish Treasury reports, will be having the authority to rule on.

The Article 7 of the Statutory Decree incorporates below mentioned amendments on the Article 15 of VakifBank Law numbered 6219 regarding the Board of Directors;

"Board Of Directors"

Board members are elected by General Assembly. Board assigns one member as CEO, who is fulfilling the requirements specified in the Banking Law numbered 5411. The number, term of office, authority and responsibilities of Board members are shown in the VakifBank's Articles of Incorporation. Fees paid to the Board Members will be determined by General Assembly.

The Articles 8, 9 and 10 incorporate the technical amendments in order to comply with the existing legislation.

The below mentioned Provisional Article 5 was included into the VakıfBank Law numbered 6219 with the Article 11 of the Statutory Decree;

"Provisional Article 5: The Articles of 2, 23 and 29 of Law of Charges dated 2.7.1964, numbered 492 and the Article 1 of Law Regarding Charges Against the Construction of Prisons and Court Houses and the Food Costs Charged to Convicts dated 30.6.1934, numbered 2548 are not applied on the claims and proceedings for the purpose of collection of loan receivables until the state ownership falls below 50% threshold. The applications for provisional injunctions and provisional attachments of the Bank are not required any collateral."

As part of the amendments made with the Article 12 of the Statutory Decree, it is stated that the Subclause E/Clause 1/Article 2, Subclause 2/Clause 1/Article 12, Article 14, Statement 2/Clause 1/Article 16, Clause 3/Article 16, Statement 1/Clause 4, Article 20 and Additional Article 2 of VakıfBank Law dated 11.1.1954, numbered 6219 are abolished.

The shares which are owned and administered by General Directorate of Foundations (GDF) will be transferred to Turkish Treasury with the aforementioned Statutory Decree following the decision of Turkish Cabinet.

There will be no change on the state bank status, strategy and business model of VakıfBank with the aforementioned Statutory Decree. VakıfBank will continue to be the "strength by Turkey" hereafter as it has been since its establishment and carry on its support to the national economy. Carrying its rooted foundation culture from past to the future, VakıfBank will continue to provide prompt and efficient banking services to its customers with the vision of "Leading Bank of Strong Turkey". VakıfBank will be stick to the policies in accordance with the main targets of the country. Being one of the leading Bank of Turkey with its strong capital structure, technological infrastructure, qualified banking services and professional human sources, VakıfBank will continue to increase the efficiency in the markets with its operations in order to provide social benefit. Additionally, VakıfBank will carry on to support the all parts of the society and finance the value-added projects that increase the social welfare, provide employment, support export and production along with its strategic projects.

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