

KOÇ HOLDİNG A.Ş.

Non-current Financial Asset Acquisition

Summary

Purchase of shares of joint venture, Koç Finansal Hizmetler A.Ş. and Yapı ve Kredi Bankası A.Ş.

Noncurrent Financial Asset Acquisition

Related Companies [AYGAZ, YKBNK]

Related Funds []

Noncurrent Financial Asset Acquisition	
Update Notification Flag	Hayır (No)
Correction Notification Flag	Hayır (No)
Date Of The Previous Notification About The Same Subject	25/11/2019
Postponed Notification Flag	Hayır (No)
Announcement Content	
Board Decision Date for Acquisition	29/11/2019
Were Majority of Independent Board Members' Approved the Board Decision for Acquisition	Yes
Title of Non-current Financial Asset Acquired	Koç Finansal Hizmetler A.Ş. (KFS) and Yapı ve Kredi Bankası A.Ş. (YKB)
Field of Activity of Non-current Financial Asset whose Shares were being Acquired	Banking
Capital of Noncurrent Financial Asset	YKB: 8.447.051.284 TL KFS: 6.400.600.000 TL
Acquirement Way	Satın Alma (Purchase)
Date on which the Transaction was/will be Completed	Transfer of shares is expected to be finalized within the first half of 2020. If closing shall not take place until 31.12.2020, parties will have the right to terminate the transaction.
Acquisition Conditions	Diğer (Other)
Detailed Conditions if it is a Timed Payment	Explained below.
Nominal Value of Shares Acquired	YKB: 762.197.343,00 TL KFS: 2.705.122.448,85 TL
Purchase Price Per Share	For shares of a nominal value of TL 1 YKB: 2,1220 TL KFS: 2,0061 TL
Total Purchasing Value	YKB: 1.617.382.762 TL KFS: 5.426.643.165 TL
Ratio of New Shares Acquired to Capital of Non-current Financial Asset (%)	YKB: 9,02% KFS: 42,26%
Total Ratio of Shares Owned in Capital of Non-current Financial Asset After Transaction (%)	YKB: 9,02% directly KFS: 84,53% directly
Total Voting Right Ratio Owned in Non-current Financial Asset After Transaction (%)	YKB: 9,02% directly KFS: 84,53% directly
Ratio of Non-current Financial Asset Acquired to Total Assets in Latest Disclosed Financial Statements of Company (%)	YKB: 1,1% KFS: 3,7%
Ratio of Transaction Value to Sales in Latest Annual Financial Statements of Company (%)	YKB: 1,1% KFS: 3,8%

Effects on Company Operations	YKB, currently a joint venture of Koç Holding and UniCredit, will become a subsidiary after the transaction and will be fully consolidated.
Did Takeover Bid Obligation Arised?	Hayır (No)
Will Exemption Application be Made, if Takeover Bid Obligation Arised?	Hayır (No)
Title/ Name-Surname of Counter Party	YKB shares will be purchased from KFS whereas KFS shares will be purchased from UniCredit.
Is Counter Party a Related Party According to CMB Regulations?	Evet (Yes)
Relation with Counter Party if any	The owner of YKB shares, KFS, is currently a joint venture of Koç Holding and UniCredit, and will become a subsidiary of Koç Holding after the purchase of UniCredit's KFS shares. UniCredit is not a related party.
Agreement Signing Date if Exists	30/11/2019
Value Determination Method of Non-current Financial Asset	Value determined based on the negotiations
Did Valuation Report be Prepared?	Düzenlenmedi (Not Prepared)
Reason for not Preparing Valuation Report if it was not Prepared	Valuation report has not been prepared as it is not required pursuant to the regulation.
Date and Number of Valuation Report	-
Title of Valuation Company Prepared Report	-
Value Determined in Valuation Report if Exists	-
Reasons if Transaction wasn't/will not be performed in Accordance with Valuation Report	-
Explanations	

Koç Holding Board of Directors, in relation to Koç Finansal Hizmetler A.Ş. (KFS) and Yapı ve Kredi Bankası A.Ş. (YKB) jointly controlled by our Company and UniCredit S.P.A. (UniCredit), resolved t

1. Sign the "YKB Share Sale and Purchase Agreement" to be executed between our Company, UniCredit and KFS, in relation to the purchase of YKB shares with a nominal value of 2.696.868.300 TL and representing 31,93 % of YKB's share capital by UniCredit in exchange for a consideration of 5.722.754.533 TL and the purchase of YKB shares with a nominal value of 762.197.343 TL and representing 9,02 % of YKB's share capital by our Company in exchange for a consideration of 1.617.382.762 TL.
2. Sign the "KFS Share Sale and Purchase Agreement" to be executed between our Company, UniCredit and other shareholders of KFS (including Koç Family members, Koç Holding Emekli ve Yardım Sandığı Vakfı, Aygaz A.Ş. and other Koç Group companies) in relation to the purchase of KFS shares with a total nominal value of 3.200.300.000 TL and representing 50% of KFS' share capital from UniCredit by our Company and other shareholders of KFS pro-rata their respective shareholdings for a total consideration of 6.420.000.000 TL (together with YKB Share Sale and Purchase Agreement, the "Share Purchase Agreements")
3. Sing the Termination Protocol to terminate the shareholders agreements relating to KFS executed among others between UniCredit and our Company in 2002.

The consideration for YKB and KFS shares have been determined based on the negotiations between the parties. In determining the consideration for KFS shares, along with the base value of YKB shares in the transaction, taxes arising from the sale of YKB shares and the illiquid nature of KFS shares have also been taken into account. If the market capitalisation of YKB at Closing is less than 65% or more of the market capitalisation of YKB at signing, then the purchase price per YKB share in the YKB Share Sale and Purchase Agreement (2,1220 TL) will be applied as 1,5390 TL and the purchase price per KFS share in the KFS Share Sale and Purchase Agreement (2,0061 TL) will be applied as 1,5142 TL.

Upon Completion, 100% of the shares representing KFS share capital will be transferred to Koç Holding, Koç Family, Koç companies and related foundations (all together referred to as Koç Group) pro-rata their current shareholdings in KFS; and the shares of Koç Holding will increase from 42.26% to 84.53% and the shares of Aygaz A.Ş. in KFS will increase from 1.97% to 3.93%, both of which are publicly traded companies within Koç Group that hold shares in KFS.

Koç Holding, which currently does not hold any direct shares in YKB share capital, will directly have 9,02% of YKB share capital whereas UniCredit will directly have 31,93% thereof . As a result, Koç Group's current direct and indirect stake in YKB currently amounting to 40,97% will increase by 9,02%.

As the total direct and indirect stake of Koç Group in YKB will not reach the threshold defined in CMB's Communique on Tender Offers, mandatory tender offer obligation for shareholders of YKB will not be triggered and a tender offer will not occur.

The main terms of the Agreements are as follows:

- Completion is subject to fulfilment of conditions defined in the Agreements, including but not limited to obtaining necessary approvals from regulatory authorities such as BRSA, CMB, Competition Board, European Central Bank and others.
- For the purpose of paying Unicredit's debts to KFS arising from the YKB share purchase with the Unicredit's receivables from Koç Group arising from the KFS share sale under the agreements; UniCredit's receivables from Koç Group will be transferred to KFS without recourse. The balance of approximately 0,7 billion TL will be paid in to UniCredit by Koç Group at the Completion. The aggregate debt of Koç Group to KFS, which approximately amounts to 7,3 billion TL, has a maturity period of 9 months and approximately 6,4 billion TL of this amount may be paid through a set-off, in case KFS resolves an upstream dividend payment until the end of the term.
- At Completion, the shareholders agreement relating to KFS executed between Koç Group and UniCredit effective since 2002 will be terminated and UniCredit's right to appoint board members or senior executives of YKB will be removed.

- Given that the successful business partnership carried on between the parties is being terminated due to Unicredits's strategic objectives, UniCredit will pay a termination fee of an aggregate amount of 570 million TL to Koç Holding and other shareholders of KFS pro-rata their respective shareholdings in KFS. Parties also agreed that UniCredit will cover expenses subject to certain agreed caps and legal liabilities related to these transactions which were not foreseen at the time of the execution of the agreements.

- As publicly disclosed on September 7, 2005, in case that any payment is made within the scope of the YKB Share Sale and Purchase Agreement regarding the transfer of Yapı Kredi Bankası A.Ş. Mensupları Yardım ve Emekli Sandığı Vakfı (Pension Fund) to the Social Security Institution ("SSI"), UniCredit will pay to Koç Group the amount corresponding to 50% of this payment. Besides, in case of a transfer to the SSI, if the payment to be made by YKB as a result of the transfer is more than 468 million TL, UniCredit will pay 9,02% of the difference in-between to Koç Holding A.Ş, provided that the difference shall not exceed 150 million Euro.

- UniCredit undertakes not to sell its YKB shares after the transaction without the written approval of Koç Holding until the earlier of November 15, 2021 or the disclosure of 9-month financials of 2021, except for a first market offering by accelerated book-building ("ABB") and certain other exceptional circumstances. (Lock-up)

- Koç Holding will have a right of first refusal for the sales of YKB shares by UniCredit under any circumstances for 8 years following this period, and after 8 years, for the period during which UniCredit shareholding percentage is above 5%. (Right of First Refusal)

- In case of the sales through ABB method, from the closing until the end of the term of the Right of First Refusal, the transfer of shares exceeding 5% of the share capital of YKB to a single buyer; and in block sales after the Lock-up period, of shares exceeding 10%, to a single buyer by UniCredit will be subject to the approval of Koç Holding A.Ş.

- UniCredit will be subject to a non-compete obligation in Turkey in terms of acquiring an interest in a bank or opening a branch in Turkey for a period of 2,5 years after the completion.

Material developments regarding the transaction will be disclosed to our investors.

This statement has been translated into English for informational purposes. In case of a discrepancy between the Turkish and the English versions of this disclosure statement, the Turkish version shall prevail.

We proclaim that our above disclosure is in conformity with the principles set down in “Material Events Communiqué” of Capital Markets Board, and it fully reflects all information coming to our knowledge on the subject matter thereof, and it is in conformity with our books, records and documents, and all reasonable efforts have been shown by our Company in order to obtain all information fully and accurately about the subject matter thereof, and we’re personally liable for the disclosures.