

**THE REPORT ON USE OF PROCEEDS FROM THE
CAPITAL INCREASE OF YAPI VE KREDİ BANKASI A.Ş.
PREPARED IN THE SCOPE OF ARTICLE 33 OF THE SHARES COMMUNIQUE (VII-128.1)**

This report has been prepared in according to article 33 in section seven titled “Common Provisions Regarding Shares”, of the Shares Communiqué no.VII-128.1, issued by the Capital Markets Board and contains evaluations of whether the funds obtained from the capital increase are used as specified.

Financial Statements and Independent Audit Reports published on 31.07.2018 in the Public Disclosure Platform (KAP) and covering the period 01.01.2018-30.06.2018 constituted the basis for the preparation of this report.

Yapı Kredi Bankası A.Ş. prospectus regarding the issued share capital increase of TL 4,100,000,000 paid in cash from TL 4,347,051,284 to TL 8,447,051,284 is approved by the Capital Markets Board meeting dated 31.05.2018 and numbered 24/685.

The procedures for granting new share acquisition rights regarding the shares with a nominal value of TL 4,100,000,000 subject to capital increase were realized between 06.06.2018 and 20.06.2018. The shares with a nominal value of TL 9,791,806.98, which are not used during the period of use of new share acquisition rights, were offered to the public in the Primary Market in Borsa İstanbul A.Ş. on 22.06.2018 and 25.06.2018 for 2 business days and all sold on 22.06.2018.

Regarding the capital increase; a total amount of TL 4,113,056,106.31 fund has been provided with TL 4,090,208,193.02 within the period of using the new share acquisition rights and TL 22,847,913.29 after the sale of the shares remaining after the exercise of the new share acquisition rights on the Stock Exchange.

Result:

It has been noted that, as accepted by the resolution of the Board of Directors dated 26.04.2018 and no.75/45, funds in the amount of 4,113,056,106.31 TL obtained as a result of said capital increase, have been used in to strengthen capital adequacy ratios and strengthening the balance sheet as specified below. Furthermore, it has been understood that actions have been started to be taken within the scope of the plan to use obtained funds, for improvement of the Bank’s client portfolio in small sized credits segment, for meeting increasing demand for digital banking activities and improvement of new digital banking products.

Consolidated (Thousand TL)	30.06.2018	31.03.2018	31.12.2017
Total Assets	365,066,154	328,686,920	320,066,118
Equity	37,805,238	31,599,471	30,101,826
Capital Adequacy Ratio	15.1%	14.0%	14.5%

Best Regards,
Yapı ve Kredi Bankası A.Ş.
Audit Committee

Wolfgang Schilk
Chairman

Giovanna Villa
Member

Adil G. Öztoprak
Member