



Annual Report 2016

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**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

**To the Board of Directors of
Bank of Tokyo-Mitsubishi UFJ Turkey A.Ş.**

**Report on the Audit of Management's Annual Report in accordance with Independent Auditing
Standards**

We have audited the annual report of Bank of Tokyo-Mitsubishi UFJ Turkey A.Ş. ("the Bank") for the period ended 31 December 2016.

Management's Responsibility for the Annual Report

The Bank Management is responsible for the preparation and fair presentation of the annual report which is consistent with the financial statements prepared in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standards for the matters not legislated by the aforementioned regulations ("the financial statements") in accordance with the Article 514 of the Turkish Commercial Code No. 6102 ("TCC") and the regulation on "Preparing and Publishing the Annual Report by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333, and for such internal control as management determines relevant to the preparation and fair presentation of such annual report.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's annual report based on our audit conducted in accordance with the provisions of the Article 397 of the TCC and the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314. Our audit involves whether the financial information provided in the annual report are fairly presented and consistent with the financial statements, based on our audit report dated 3 March 2017.

We conducted our audit in accordance with Independent Auditing Standards, which is a part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information provided in the annual report are fairly presented and consistent with the financial statements and are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's judgment.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information provided in the Management's annual report, in all material respects, are fairly presented and consistent with the audited financial statements.

Other Legal and Regulatory Requirements

In accordance with paragraph three of the Article 402 of the TCC, nothing significant has come to our attention that may cause us to believe that the Bank may not continue its activities for the foreseeable future in accordance with Independent Auditing Standard 570 "Going Concern".

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**





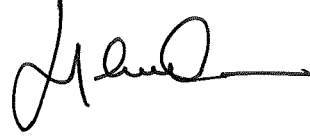
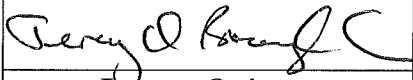
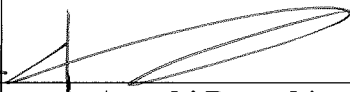
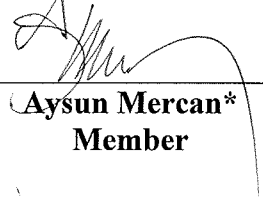
Hasan Kılıç
Partner

İstanbul, 13 March 2017

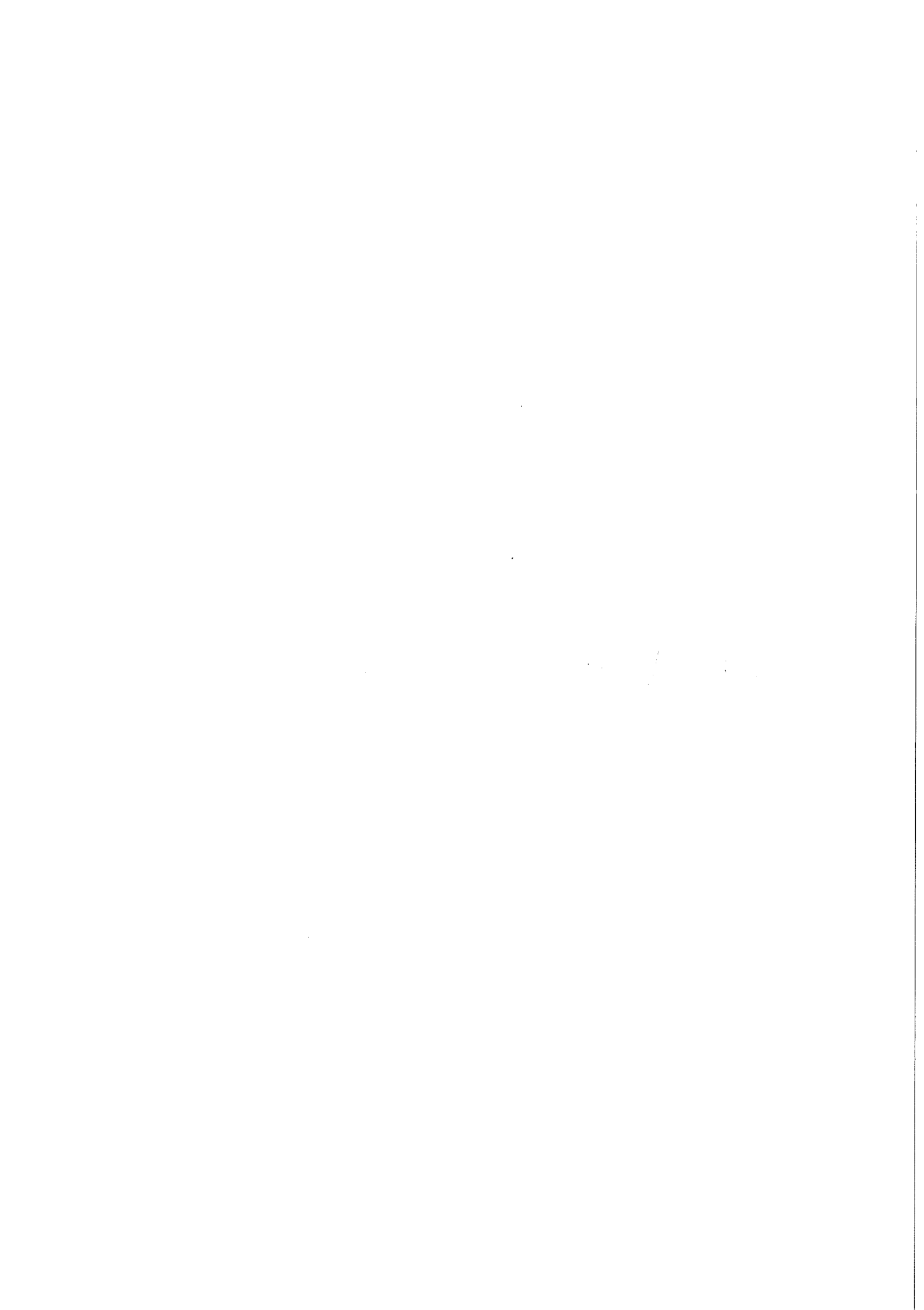
2016 FISCAL YEAR ANNUAL ACTIVITY REPORT

The attached annual activity report, covering our Bank's activities for the fiscal year 2016, has been prepared in line with Article 40 of the Banking Law and the Regulation on the Regulation on the Principles and Procedures Concerning the Preparation of the Annual Report by Banks, to present to the approval of the General Assembly.

BANK OF TOKYO-MITSUBISHI UFJ TURKEY A.Ş. BOARD OF DIRECTORS

		
Ali Vefa Çelik* Chairman	Masakazu Osawa Vice Chairman	Çetin Özbek* Member / Audit Committee Chairman
		
Jeremy Quinton Broughton Member / Audit Committee Member	Atsushi Deguchi Member / President	Aysun Mercan* Member

**İşbu 2016 Hesap Dönemi Yıllık Faaliyet Raporu Türkçe olarak da sunulmuş olup, raporu anladım ve hiçbir itirazım olmadan tümüyle mutabık kaldım.*



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Agenda of the Ordinary General Assembly

AGENDA

1. Opening and appointment of the Meeting Board,
2. Authorization of the Meeting Board to sign the minutes of the Ordinary General Assembly meeting,
3. Discussion and approval of the Annual Activity Report of the Board of Directors for the financial year 2016,
4. Discussion on the independent auditor's report for the financial year 2016,
5. Discussion and approval of the financial statements of the financial year 2016,
6. Release of the members of the Board of Directors for the year 2016,
7. Appointment of Mr. Neil George Campbell as the new member of the Board of Directors;
8. Discussion on use of profit and determination of dividend distribution,
9. Discussion on the remuneration payment to Board of Directors members,
10. Appointment of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the independent auditor for financial year 2017,
11. Discussion on the permission to Board of Directors members in line with articles 395 and 396 of TCC regarding to conduct business within the field of Bank's activity area or conduct such business on behalf of a third party,
12. Wishes and Closing

“A Financial Bridge”

between

Turkey and Japan



1

WHO WE ARE...

Bank of Tokyo-Mitsubishi UFJ Turkey A.Ş. (BTMU Turkey) AT A GLANCE;

Date of Operations	November 28, 2013
Main Shareholder	Bank of Tokyo-Mitsubishi UFJ Ltd.
Chairman of the Board	Ali Vefa ÇELİK
President	Atsushi DEGUCHI
Paid-in Capital	TRY 527,700 Th
Registered Capital	TRY 527,700 Th
Trade Registration No.	855649
Target Customer Base	Japanese companies active in Turkey, financial institutions, subsidiaries and companies of multinational companies active in Turkey and blue chip Turkish companies active in the public and private sectors in Turkey
Activities	Deposit, cash and non-cash credits, foreign trade transactions, supplier finance, payments, cheque collection, foreign currency and treasury transactions in corporate banking
No. of Employees	69 (as of the end of 2016)
No. of Customers	158
Total Assets	TRY 8.688 M (as of the end of 2016)

Bank of Tokyo-Mitsubishi UFJ Turkey A.Ş. (BTMU Turkey)

The roots of our Bank date back to the Bank of Tokyo, which embarked on its journey in Turkey through the establishment of a Representative Office in Istanbul in 1986.

Our shareholder, which later on merged with one of Japan's leading banks Mitsubishi Bank among other banks to form what is now called The Bank of Tokyo-Mitsubishi UFJ Ltd. (BTMU) is one of the oldest Japanese institutions established in Turkey.

In December 2012, BTMU obtained approval to establish a banking subsidiary in Turkey, a country of significant geostrategic importance serving as a bridge between Europe and Asia. Following the acquisition of an operation license in September 2013 with the resolution of the Banking Regulation and the Supervision Board, Bank of Tokyo-Mitsubishi UFJ Turkey A.Ş. ("BTMU Turkey") opened its doors for business on November 28, 2013.

Dedicated to meeting the high standards of value-added products, excellent quality services and customer oriented business concept by fully utilising BTMU's global network, BTMU Turkey continues to take firms steps towards carrying its achievements of stable growth since its establishment into the future.



Our Mission

To contribute to the growth of Turkey by utilizing BTMU's global channel and financial strength

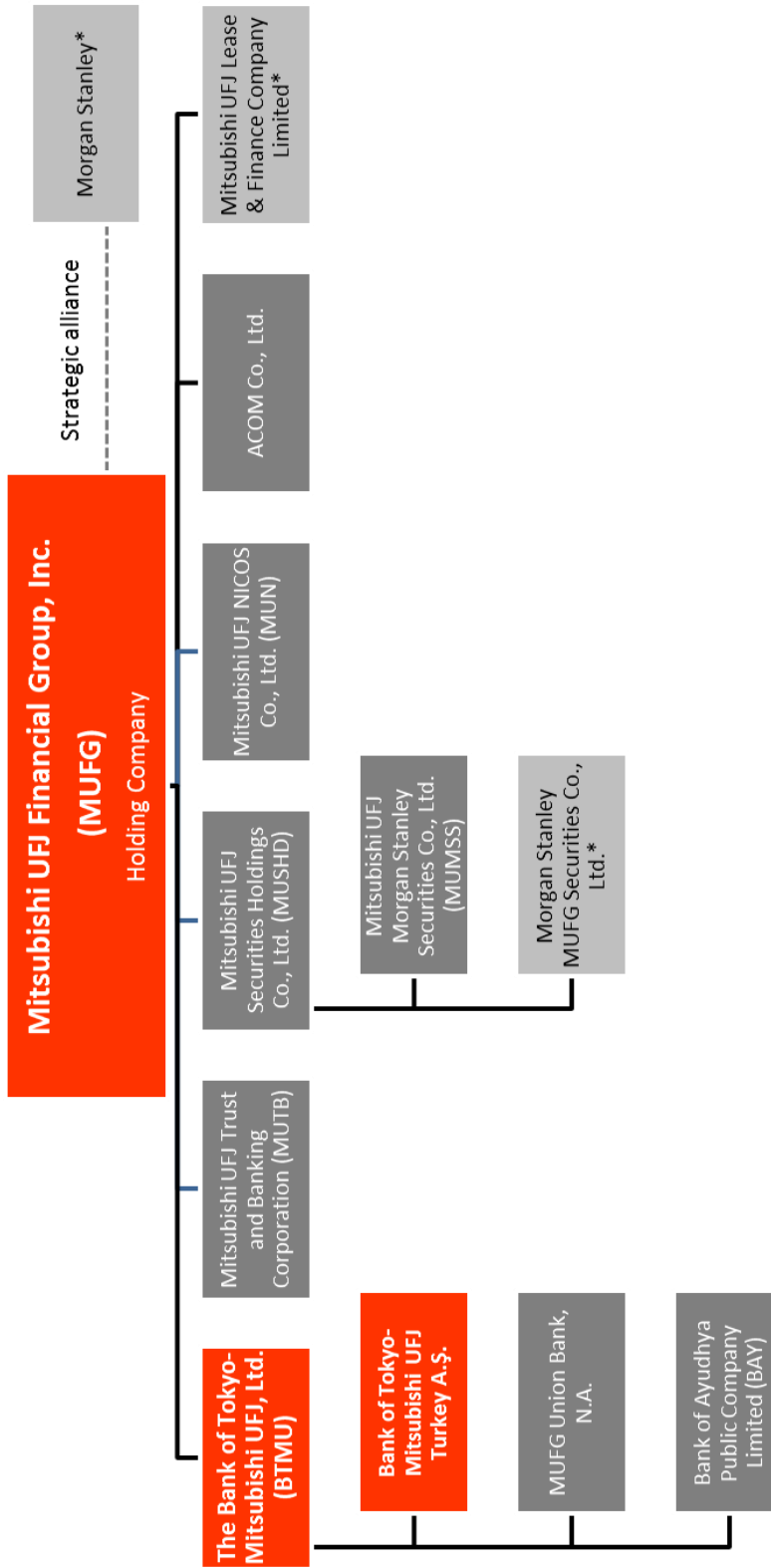
Our Vision

- Be the most trusted financial institution for our customers, stakeholders and communities.
- Be the Financial Bridge between Turkey and Japan, and between Turkey and the World
- Support our customers locally and globally

Our Values

- Integrity and Responsibility
- Professionalism and Teamwork
- Challenge Ourselves to Grow

MUFG Group Structure and BTMU Turkey



*Mitsubishi UFJ Lease & Finance Company Limited, Morgan Stanley and Morgan Stanley MUFG Securities Co., Ltd. are equity method investees

Mitsubishi UFJ Financial Group (MUFG)

Our group, MUFG, is one of the world's leading financial groups in terms of total assets and service variety.

Among Japanese financial institutions, MUFG has the largest global network. In addition to its premier commercial banking arm The Bank of Tokyo-Mitsubishi UFJ Ltd. (BTMU), MUFG harbours MUFG Union Bank, a retail bank in the United States, Thailand's largest bank Bank of Ayudhya and various securities companies under the Mitsubishi UFJ Security Holdings (MUS), including Mitsubishi UFJ Morgan Stanley Securities under its umbrella and is one of the world's top 10 financial groups in many categories.

As of April 2016, MUFG's total assets are USD 2.6 trillion (BTMU's share: 60%) and its market capitalization share is USD 64.6 billion. With over 140.000 employees in 450 locations in over 40 countries worldwide, MUFG provides comprehensive and flexible solutions to its customers' wide range of financial needs.

Capital Structure, Changes within the Year, Qualified & Executive Shares

Shareholders	TRY	(%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd	527,699,996.00	%99,99 (Group A)
Takeshi Fujii	1.00	% 0 (Group B)
Shin Takada	1.00	% 0 (Group B)
Tatsuhiko Yanagisawa	1.00	% 0 (Group B)
Shinya Unno	1.00	% 0 (Group B)
Total	527,700,000.00	%100

There have not been any changes in the capital structure of our Bank in 2016.

We do not have any qualified shareholders in our Bank, and our Chairman of the Board of Directors, Vice Chairman and Members as well as our President do not own shares. Our Deputy President Takeshi Fujii owns a share of 0% (Group B).

Modifications in Articles of Association within the Year

No changes have been made in the Articles of Association in 2016.

Extraordinary General Assembly Meetings within the Year

We did not hold any Extraordinary General Meetings in 2016.

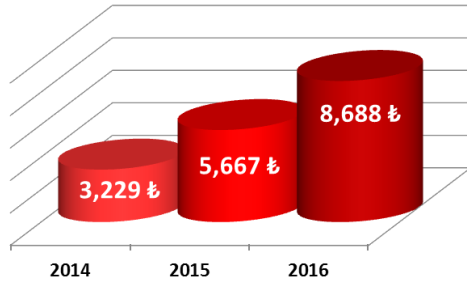
Subsidiaries

We do not have any subsidiaries.

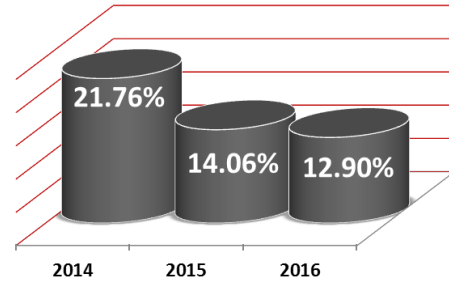
Financial Indicators

TRY Mln

TOTAL ASSETS

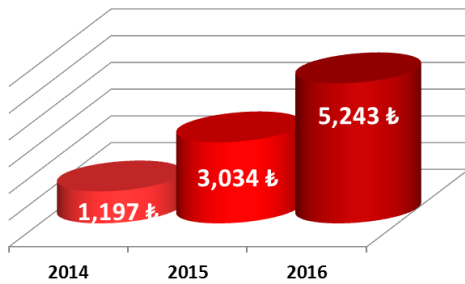


CAPITAL ADEQUACY RATIO



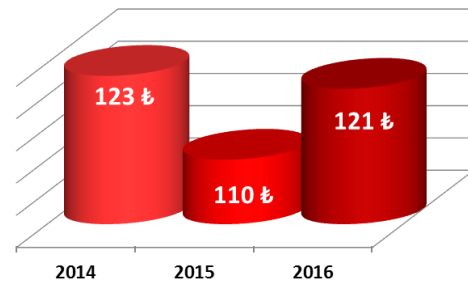
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CREDIT VOLUME



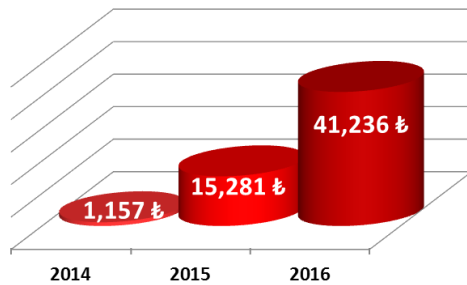
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DEPOSIT VOLUME



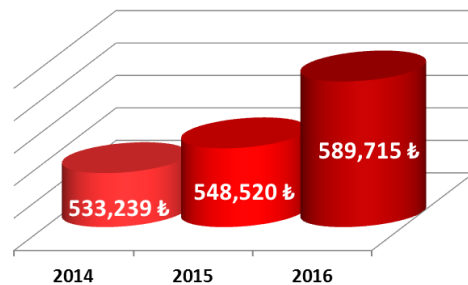
TRY Th

NET PROFIT



TRY Th

EQUITY GROWTH



Evaluation of our Bank's Position in the Sector

BTMU Turkey operates as a single entity with the mission of acting as a boutique bank, mainly addressing the Japanese customers domiciled in Turkey, as well as top-tier Turkish corporates, local and foreign financial institutions and multinational corporates active in Turkey. The business model is entirely based on the concept of tending to the corporate banking and financing needs of the above specified customer base, with no services designed for individuals and no utilization of effective cash.

The main establishment purpose of BTMU Turkey is to support both the development process of Turkey as well as Turkish-Japanese relations by catering to the needs of Japanese companies active or seeking to expand their businesses in Turkey, in addition to local, foreign and multinational companies which serve the potential for development in Turkey. Its close proximity to European and Middle Eastern markets, potential for economic growth, strong sovereign and corporate structure makes Turkey a strategically important market and a valuable investment point for MUFG.

BTMU Turkey's competitive edge derives mainly from its strong financial structure, capacity to fully meet the financial needs of both local and multinational large firms through a variety of international financing services and products, its expertise and experience in corporate banking as well as its ability to build long-standing relations with customers. Owing to MUFG's worldwide customer portfolio, carefully cultivated over the years to sustain long-term customer relations, firms working with MUFG companies abroad, tend to also opt for doing business with BTMU Turkey in the local markets. In addition to the advantages brought forward by BTMU Turkey's financial and technical knowledge and experience in banking, this reputational attention creates an added edge for our Bank among its peers.

Although our customer base consists mainly of Japanese companies, our business with global and leading Turkish firms has been increasing more and more since our establishment. MUFG's expertise in international banking and commitment to customers rooted in its vision to "Be the world's most trusted financial group" are the main reasons local and international companies alike choose to work with BTMU Turkey.

Another crucial strength of BTMU Turkey is the wide variety of transactions it offers in a wide span of foreign currencies (particularly those with Asian origin), by leveraging the extensive global network and expertise of MUFG. Finally, the relatively low foreign currency funding cost of BTMU Turkey stands out as a significant competitive advantage, when compared to peers and the sector as a whole.

Research and Development Activities

The product portfolio of BTMU Turkey covers the basic commercial banking products including all types of cash and non-cash lending, cash management and trade finance on corporate banking, while spots, forwards and options are offered to customers on the treasury side. However in order to meet the needs of our expanding customer base and to strengthen the liquidity risk management for Turkish Lira, our Treasury team has been working on setting the infrastructure to widen the product range to include fixed-income securities and access to alternative funding sources. The activities in this area have reached the final stage and these services are planned to be launched in 2017. On the other hand infrastructure activities to add new treasury products including interest rate and cross currency swaps are on-going.

Credit Evaluation System

Rating and Assessment Models

The Bank utilizes rating and assessment models that comply with Basel II standards for all its customers. The credit allocation is performed on a debtor and a debtor group basis within the limits and updated on a defined frequency based on market developments. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Bank.

In accordance with the Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

The Bank uses three main factors for internal credit rating system. These are financial data, non-financial data and specialist decisions. Financial data consists of safety, profitability, growth, asset size and cash generation ratios and turnover volume. Non-financial data consist of industry, management, funding availability and legal risks as well as business model, location and intercompany relation analysis. The Bank also measures the credit rating of companies by making comparisons with the external ratings. In the existing rating system, the collateral assigned to loans are not taken into account in the rating.

Assessment of Financial Status, Profitability and Discharging Capacity

Bank of Tokyo Mitsubishi UFJ, Ltd. (BTMU) was granted the permit to establish a deposit bank in Turkey through the Banking Regulation and Supervision Agency's 5108 numbered and 20 December, 2012 dated resolution. Bank of Tokyo Mitsubishi UFJ Turkey A.Ş. ("BTMU Turkey" or the "Bank") received its operational permit through the Banking Regulation and Supervision Agency's 5520 numbered and 19 September, 2013 dated resolution, issued in the 28775 numbered and 24 September, 2013 dated Official Gazette and launched its operations on 28 November, 2013, as a foreign capital bank established in Turkey.

As of 31 December, 2016, the Bank's total assets stood at TRY 8.688 million, total loans at TRY 5.243 million and customer deposits at TRY 121 million. Based on its specific needs, the Bank receives short, medium and long term funding from international markets.

In its third year of operations, the Bank's net profit stood at TRY 41.2 million. As of 31 December 2016, the Bank's equity has been reported as TRY 589.7 million, while its capital adequacy ratio stood at 12.90 percent.

Message from the Chairman and President



Ali Vefa Çelik
Chairman of the Board of Directors



Atsushi Deguchi
President

Dear Stakeholders,

We would like to start our message by extending our deepest gratitude to you for your dedicated support to our Bank.

With this Annual Report, we present to you the results of the activities and financial statements of our Bank for the year 2016.

We are proud to have successfully completed three years of operations since the opening of our Bank in November 2013. While our first few years were a period of strengthening the roots of our foundation and further developing our products and customer services, over the course of 2016 we focused on expanding our customer base of Japanese, Turkish and multinational companies and fortifying our structure in line with our long-term strategies. 2016 has been a year steered towards increasing our asset size and activity areas despite hectic market situations where we continued to support our customers with dedication. We continued to see serious progress in areas such as loans and treasury activities, in parallel to our targets. We expect to carry this trend forward in 2017.

2016 has been a challenging year for both global and domestic economies. Global markets started the year negatively with concerns over Chinese economy, which were eased by accommodative monetary policies by FED and other major central banks. Although the surprising outcome of the Brexit referendum in the UK had minimal impact on local

markets, the desired economic momentum could not be achieved in European markets due to increased volatility.

Turkish financial markets also suffered in 2016, weighed mainly by internal factors such as the coup attempt in July and the state of emergency which followed it, cuts in country's investment grade rating by Standard&Poors and Moody's and rising geopolitical risks in the region. However, owing to the timely and appropriate measures taken by the Central Bank and the Banking Regulation and Supervision Agency, the banking sector was able to remain solid and resilient amid such developments.

Despite these challenging circumstances, BTMU Turkey displayed a sound performance and in line with its targets and strategies increased its asset size by half over to the previous year.

Our Bank's Total Asset volume reached TL 8,687.8 million as of the end of 2016, from the Total Asset volume of TL 5,666.8 million as of the end of 2015 and the increased percentage in asset financials was realized as 53 percent on a yearly basis.

As the major component of our Bank assets, the loan volume reached TL 5,243 million and it was increased by TL 2,208 million from the end of 2015. Regarding the breakdown of our loan portfolio on a currency basis, 39 percent of our portfolio belongs to TL loans and 61 percent belongs to foreign currencies. As the other major component of our Bank Assets, receivables from Banks reached TL 1,119 million.

On the liabilities side the Funds Borrowed by our Bank reached TL 4,944 million, Demand and Time Deposits from clients reached TL 121 million. As of the end of 2016, the Equity of our Bank was realized as TL 589.7 million while the equity calculated for the Capital Adequacy ratio was realized as TL 576.3 million TL and the Capital Adequacy Ratio was recorded as 12.90 percent.

Considering the results of our income statement as of the end of 2016, Net Interest Income of the Bank reached TL 197.3 million. Profit before taxes was realized as TL 52.1.6 million and the Net Profit for 2016 was recorded as TL 41.2 million.

As a member of Mitsubishi UFJ Financial Group (MUFG), we at BTMU Turkey share and are committed to MUFG's vision to "Be the world's most trusted financial group". To that end, we work together with all members of our worldwide network, to exceed the expectations of our customers, provide reliable and constant support for them as we expand and strengthen our global presence.

As the only operating Japanese Bank with a Turkish banking license, we continually seek to contribute to the blossoming relations between Turkey and Japan and act as a "financial

bridge” between the two countries. With a strong sense of devotion and commitment to our customers and the Turkish market, we are determined to continue to develop our business activities in 2017.

Taking this opportunity, we would like to express our sincere gratitude to our valuable customers, strategic and business partners and our employees for their continued support to our Bank.

Ali Vefa Çelik

Chairman of the Board of Directors

Atsushi Deguchi

President

2

MANAGEMENT & CORPORATE GOVERNANCE

Board of Directors

ALİ VEFA ÇELİK Board Chairman

Ali Vefa Çelik graduated from the Business Management Department of the Administrative Sciences Faculty of Middle East Technical University, Turkey. He began his banking career at the Central Bank of the Republic of Turkey (CBRT) in 1978 after receiving his Master's degree from Meiji University, Tokyo. He worked at CBRT between 1978-2006 in various high level posts as the General Manager of Banking, General Manager of Accounting, General Manager for Credits and as the Representative of CBRT in Tokyo. He also served as Second Chairman of the Banking Regulation and Supervision Agency of Turkey and the Savings Deposit and Insurance Fund in 2001 and as a Member of the Board of Directors of the Central Bank of the Turkish Republic of Northern Cyprus between 2002 and 2003. As a member of the Board of Directors of the BTMU Turkey since June 2013, Çelik undertook the role of Chairman of the Audit Committee between 2013 and 2016. He was assigned the role of Vice Chairman in July 2015 and Chairman of the Board of Directors in February 2016.

MASAKAZU OSAWA Board Vice Chairman

Masakazu Osawa graduated from the Faculty of Law of the University of Tokyo and has a Master of Laws from the University of Chicago Law School. He joined The Mitsubishi Bank in 1991 and worked across corporate and investment banking for The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi Securities Inc, before taking charge of strategic investments and alliances with Morgan Stanley and Merrill Lynch. More recently, he established the governance framework over Bank of Ayudhya (Krungsri) in Thailand, and its integration with BTMU Bangkok branch. Since 2015 he has held a dual role as Chief Operating Officer for EMEA, Planning Division and Head of MUFG Group Strategy for EMEA ,MUFG Global. In August 2015, he was appointed as a member and in February 2016 as the Vice Chairman of the Board of Directors of BTMU Turkey.

ATSUSHI DEGUCHI

Board Member

President

Atsushi Deguchi has a B.A. in Economics from Sophia University of Japan. He started his banking career in 1991 at the Bank of Tokyo Ltd. in Japan and assumed various high level roles in the Tokyo and New York offices of financial institutions within MUFG Group, such as the Bank of Tokyo-Mitsubishi UFJ Ltd. and Mitsubishi Securities USA, Inc. He was appointed as the President of BTMU Turkey in August 2016.

ÇETİN ÖZBEK

Board Member

Chairman of the Audit Committee

Çetin Özbek graduated from the Economic and Administrative Sciences Department of Hacettepe University and the MBA programme of the Fox Business School of Temple University. He started his career in 1987 at a private bank. He served as an internal auditor as well as the Deputy Chief Audit Executive at the same bank until he was appointed as the Chief Audit Executive at the Central Bank of the Republic of Turkey (CBRT). Besides his post as a Chief Audit Executive, he served at various posts at CBRT including as the Representative of CBRT in Tokyo and Advisor until 2016. He was appointed as Board Member in January 2016, and as the Chairman of the Audit Committee in February 2016.

JEREMY QUINTON BROUGHTON

Board Member

Jeremy Quinton Broughton graduated from the University of Wales and the University of Cambridge (UK) with Bachelors and PhD degrees respectively. He also has an MBA Degree from Yale University, USA. After a successful academic career in Physics, he transitioned to Finance, working initially as an Executive Director and the Head of Structured Credit Risk Management at JP Morgan Chase and JP Morgan Securities Inc. (US) between 2000-2008 and then later as a Managing Director and Deputy Global Head of GBM Market Risk at the Royal Bank of Scotland (London). He assumed his current duty of Chief Risk Officer and General Manager of Risk Management for EMEA at The Bank of Tokyo-Mitsubishi UFJ, Ltd., in 2013. He was appointed as a member of the Board of Directors of BTMU Turkey in March 2014.

AYSUN MERCAN

Board Member

Aysun Mercan graduated from the Faculty of Administrative Sciences of the Middle East Technical University (BS) and the Executive MBA programme of the University of Wales-Manchester Business School. She started her banking career in 1982 and undertook high level roles related to Corporate Banking, Credits, Foreign Transactions, Project Financing, and Corporate Governance in various local and foreign banks. She has led and managed many projects related to the collection of common debts via rehabilitation, management, sale and liquidation of the banks and companies affiliated under organizations taken over by the Banking Regulation and supervision Agency and the Savings Deposit Insurance Fund during the 2001 financial crisis in Turkey. She was appointed as a member of the Board of Directors of BTMU Turkey in January 2016.

Board Member Changes

- **Masato Miyachi**, who had been Chairman of the Board since 27.10.2014 resigned from his duties on 16.02.2016.
- **Yuta Uchiyama**, who had been a Member of the Board since 27.10.2014 resigned from his duties on 11.01.2016.
- **Yasuo Asada**, who had been a Member of the Board and President of our Bank since 06. 03.2015 resigned from his duties on 05.08.2016.

Atsushi Deguchi

President

Atsushi Deguchi has a B.A. in Economics from Sophia University of Japan. He started his banking career in 1991 at the Bank of Tokyo Ltd. in Japan and assumed various high level roles in the Tokyo and New York offices of financial institutions within MUFG Group, such as the Bank of Tokyo-Mitsubishi UFJ Ltd. and Mitsubishi Securities USA, Inc. He was appointed as the President of BTMU Turkey in August 2016.

Takeshi Fujii

Deputy President – Planning and Finance

Takeshi Fujii graduated from Boston University, School of Management. He started his banking career in 1993 and served in various posts in Tokyo, Amsterdam and Warsaw in the Tokai Bank Ltd., UFJ Bank Ltd. and The Bank of Tokyo-Mitsubishi UFJ Ltd. He was appointed as the Deputy President responsible for Planning and Finance Departments at BTMU Turkey in November 2015.

Hülya Erođlu

Deputy President – Operations and Support Services

Hülya Erođlu graduated from the Faculty of Administrative Sciences of the Middle East Technical University, Turkey and started her career in 1987. 19 years of her 29 year career in the finance sector has been in banking, and 10 years in intermediary institutions, investment firms and independent audit companies. She started working at BTMU Turkey in 2013 and was assigned as the Deputy President responsible for Information Systems, Operations, Human Resources and General Affairs in April 2016.

Ayşe Zadiil

Managing Director – Global Corporates and Financial Institutions

Ayşe Zadiil graduated from the Department of Management of Bosphorus University, Turkey and holds an MBA from Cornell University. 20 years of her 21 year work experience has been in the field of corporate banking. She joined BTMU Turkey in April 2016.

Önder Gökalp

Executive Director – Finance

Önder Gökalp is a university graduate and he has a master's degree in International Business Management. 18 years of his 21 year work experience has been in the banking industry. He has been working at BTMU Turkey since May 2013.

Shin Takada

Executive Director – Corporate Banking

Shin Takada is a university graduate and has 24 years of experience in the banking industry. He has been working at BTMU Turkey since July 2015.

Berna Canbulat

Director – Operations

Berna Canbulat is a university graduate and has 24 years of experience in the banking industry. She has been working at BTMU Turkey since March 2013.

Cenk Ertunç Ulak

Director – Credit

Ertunç Ulak is a university graduate and holds an MBA. He has 18 years of banking experience and has been working at BTMU Turkey since November 2016.

Mehmet Ersoylu

Director – Information Technology

Mehmet Ersoylu is a university graduate. 15 years of his 21 year work experience has been in the field of Information Technologies in the banking industry. He has been working at BTMU Turkey since June 2013.

Muhittin Zayas

Director – Human Resources and General Affairs

Muhittin Zayas, is a university graduate and he holds a master's degree. He has 16 years of experience in the banking industry and has been working at BTMU Turkey since May 2015.

Murat Tong

Director – Transaction Banking

Murat Tong is a university graduate and has 18 years of experience in the banking industry. He has been working at BTMU Turkey since September 2016.

Nil Güven

Director – Planning

Nil Güven is a university graduate and has 29 years of experience in the banking industry. She has been working at BTMU Turkey since May 2013.

Onur İlgen

Director – Treasury

Onur İlgen is a university graduate and holds a master's degree in Financial Engineering. He has 9 years of experience in the banking industry and has been working at BTMU Turkey since May 2013.

Sinan Tan

Director – Finansal Kurumlar

Sinan Tan is a university graduate and holds an MBA. 15 years of his 18 year work experience has been in the banking industry. He has been working at BTMU Turkey since October 2016.

Management of Internal Systems

Fatma Burcu Seki Özdemir

Manager – Internal Audit

Fatma Burcu Seki Özdemir is a university graduate and has 12 years of experience in the banking industry. She holds CISA (Certified Information Systems Auditor), CEH (Certified Ethical Hacker) and ITIL (Information Technology Infrastructure Library) Foundation certificates. She joined BTMU Turkey in 2013 and was appointed as the Manager for Internal Audit in June 2016.

Oğuzhan Öner

Director – Risk Management

Oğuzhan Öner is a university graduate and holds a master's degree. He has 16 years of experience in banking industry and has been working at BTMU Turkey since October 2015.

Onur Üre

Director – Compliance and Internal Control

Onur Üre is a university graduate and has 17 years of experience in the banking industry. He has been working at BTMU Turkey since July 2016.

Corporate Governance Committee

Ali Vefa Çelik – Chairman, **Atsushi Deguchi** – Member

The members of the Corporate Governance Committee are selected from among the members from the Board of Directors to monitor compliance to Corporate Governance principles, execute improvement studies and present recommendations to the Board of Directors. The Committee is made up of at least 2 members and convenes at least once a year. The Chairman of Board is also the Chairman of the Corporate Governance Committee. The committee held 1 meeting in 2016.

The main objective of the Corporate Governance Committee is to establish structures within the organization to ensure our Bank's corporate and ethic culture is based on solid foundations and compliance with the corporate governance principles are maintained at the utmost level.

In 2016, with the aims of strengthening the Bank's corporate structure and function, enhancing harmony with the local banking practices and incorporating local expertise into the Bank, the structure of the Board of Directors was re-organized to ensure that the majority of the members were located in Turkey. Through this re-organization, faster and more effective corporate decision-making processes were implemented, the foundations for lasting corporate memory laid and in addition to the Bank's global guidelines and principles, compliance with local practices and regulations were further strengthened.

Audit Committee

Çetin Özbek – Chairman, **Jeremy Q. Broughton** – Member

Created further to Article 24 of the Banking Law 5411, the Audit Committee is responsible for monitoring and ensuring the effectiveness, eligibility and compliance of the Bank's internal systems to laws, regulations and internal policies of the Bank; assess whether the required methods, tools and application procedures are available for identifying, measuring, monitoring and controlling the risks of the Bank; supervise the operation of the accounting and reporting systems and the integrity of the data produced, perform the required preliminary assessments in the selection of the independent audit organizations and grading, assessment and outsourcing organizations by the Board of Directors; and regularly monitor the activities of these organizations chosen by the Board of Directors and with whom contracts are signed. The Chairman of the Audit Committee is also a member of the Board of Directors responsible for Internal Systems. The Audit Committee convened 9 times in 2016.

Remuneration Committee

Ali Vefa Çelik – Chairman, **Masakazu Osawa** – Member

The purpose of the Remuneration Committee is to monitor, audit and evaluate the Remuneration policies and procedures, on behalf of the Board of Directors. In this scope, the Committee works on the review of the trends related to human resources management, compare the Bank's remuneration to those in the market and take the necessary measures to continue to recruit and retain the most talented employees for the Bank. The committee meets, at least once a year, additionally when necessary, and reports its activities to the Board of Directors annually. The Remuneration Committee held 1 meeting in 2016.

Risk Committee

Çetin Özbek – Chairman, **Oğuzhan Öner** – Member, **Onur Üre** – Member

The Board of Directors is responsible for instituting the Bank's risk appetite, review and approval of the risk framework and policies, analyzing periodic risk reports and activities related to the alignment of risk management policies and procedures. The Risk Committee's purpose is to provide information and present reports to the Board of Directors so that they may fulfill their risk management responsibilities. The Risk Committee meets once a month and it is chaired by the Member of the Board responsible for Internal Systems. Committee convened 12 times in 2016.

Asset-Liability Committee

Atsushi Deguchi – Chairman

Members: **Hülya Eroğlu**, **Takeshi Fujii**, **Shin Takada**, **Ayşe Zadiç**, **Önder Gökcalp**, **Ertunç Ulak**, **Nil Güven**, **Onur İlgen**, **Oğuzhan Öner**

The Assets & Liability Committee is in charge of carrying out the management of the assets and liabilities of the Bank in order to maximize revenues within the scope of the risk appetite and tolerance identified by the Board of Directors; assessing the interest, exchange rate, liquidity and market risks under the light of the strategy and competition conditions of the Bank, taking the decisions to be executed by the related Departments to manage the Bank's balance sheet. The Committee is chaired by the President at its meetings. The Committee convened 22 times in 2016.

Other Committees

In addition to the above, the below mentioned committees are also working to ensure the efficient implementation of corporate governance principles and our bank strategies.

Disciplinary Committee

Outsourcing and Procurement Committee

Compliance Committee

Operational Control Committee

New Product Committee

Business Continuity and Crises Management Committee

IT Strategy and Steering Committee

Participation of Board Members to Committees and Meetings

As a rule, meetings of the Board of Directors are held minimum 4 times a year at BTMU Turkey. Additional meetings are held at required extents and frequencies.

The meeting agendas are prepared by consideration of the proposals received from the departments of our Bank.

The agenda and related files are distributed to the members by a certain period before the meeting, and the meetings are held further to article 390/4 of the Turkish Code of Commerce unless the members request a physical meeting.

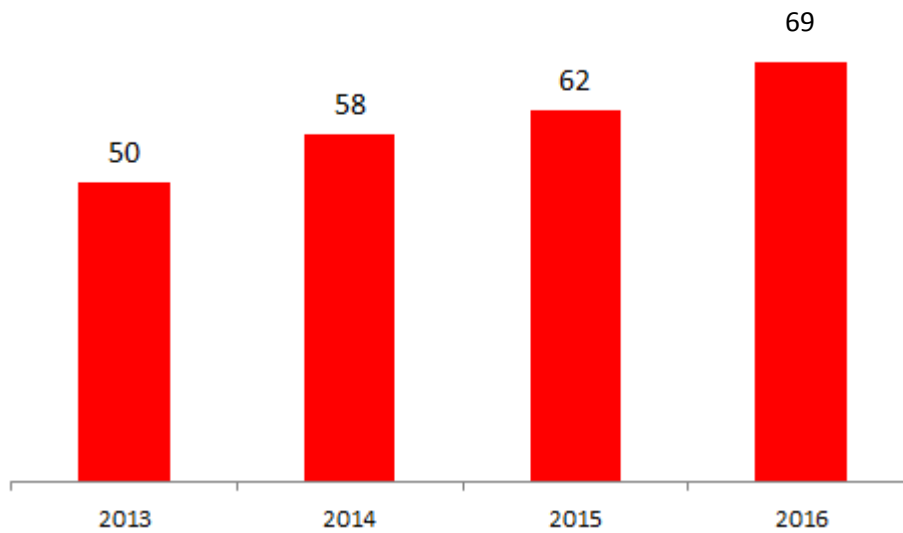
In 2016, the Board of Directors held 78 meetings, 4 of which were physical meetings, and the attendances were regular with respect to quorum.

Human Resources

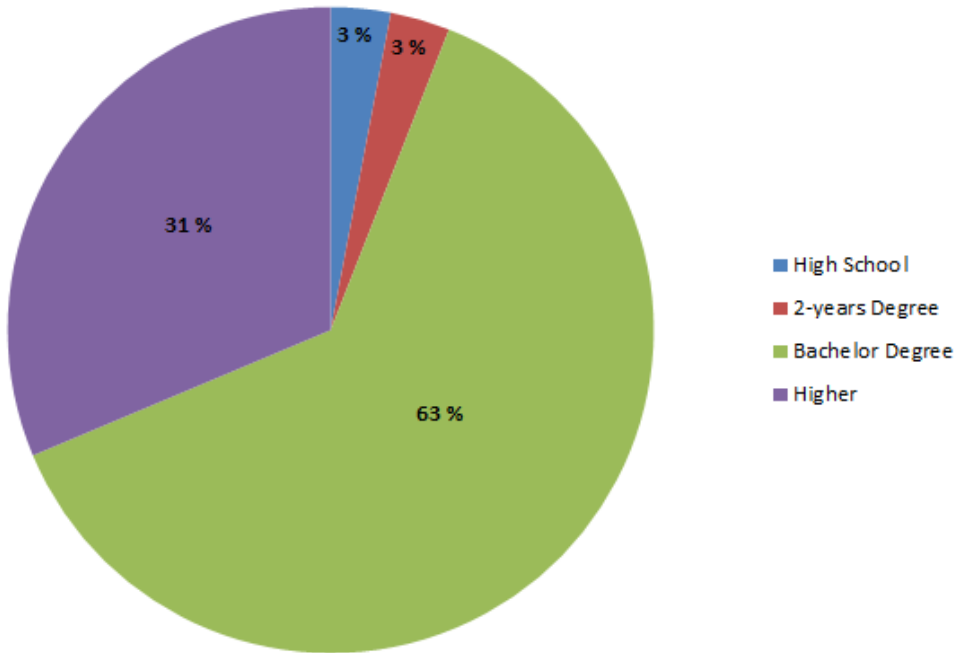
In line with our corporate vision “to be the world’s most trusted financial group”, we paid special attention to gather high calibre professionals committed to this vision.

Our team has grown from 62 at the end of 2015 to 69 members by the end of 2016.

The year-on-year breakdown of the number of our employees is below:

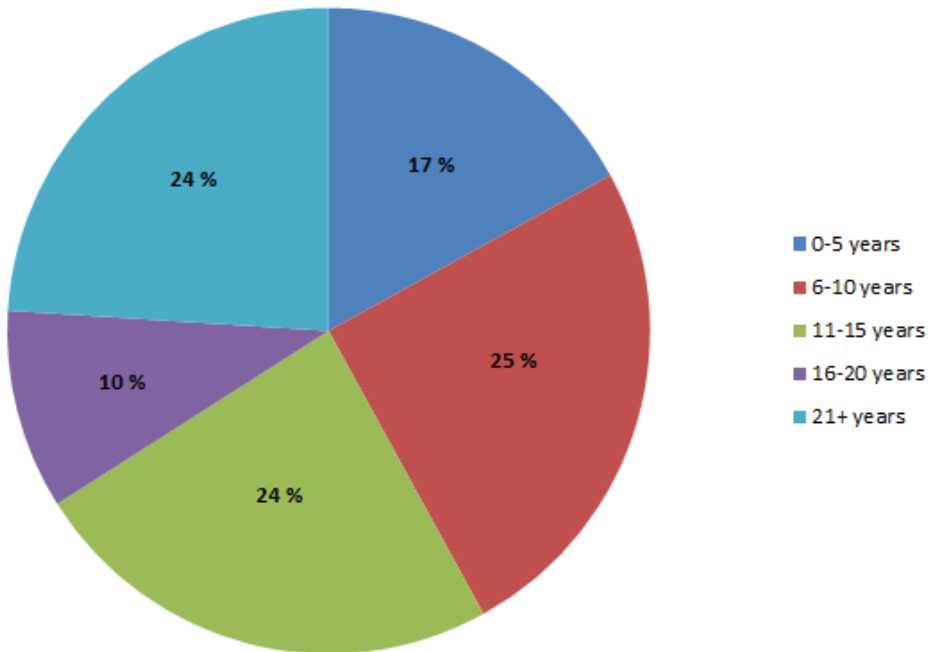


94% of our employees with an average age of 39 hold bachelor's degree or higher:



Bank of Tokyo-Mitsubishi Turkey AS is keen to onboard seasoned and qualified bankers to secure high standards of service provided.

Average seniority of our employees in the banking industry is 14 years:



A fair and objective remuneration policy applies to all employees at BTMU Turkey. To assure a transparent and methodical approach to remuneration, BTMU Turkey applies a standardized organizational grading structure with partnership of Willis Towers Watson Consultancy.

Employee performance and development is closely monitored both via online tools and informal one-to-one feedbacks by line managers.

In 2016, 61 members of staff received 1.713 hours of professional training, 919 hours of which were provided internally and 794 hours by third parties. Throughout the year, each BTMU employee received an average 28 hours of training.

Employees are provided with certain benefits to attract and retain our talent in a highly competitive market.

Throughout 2016, BTMU successfully accomplished three corporate social responsibility projects to enhance our global “BTMU gives back” perspective in our Bank: BTMU Turkey employees gathered to work for the benefit of children at an Istanbul Orphanage. Aiming to increase environmental awareness among colleagues, BTMU organized a recycling campaign in Kadikoy district. In autumn 2016, our employees volunteered to record audiobooks for visually impaired citizens in collaboration with Boğaziçi University.

Transactions of BTMU Turkey with the Related Risk Group

(TRY Th)

Risk Group of the Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	0	0	806	138,226	12,324	26,708
Balance at beginning of period	0	0	2,690	62,865	8,064	-
Balance at end of period	0	0	806	138,226	12,324	26,708
Interest and commission income	0	0	-	210	-	27

Risk Group of the Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at beginning of period	0	0	0	0	880,809	83,403
Balance at end of period	0	0	0	0	2,955,846	880,809
Deposit Interest Expense	0	0	0	0	3,938	2,139

Risk Group of the Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Credits Obtained						
Balance at beginning of period	0	0	0	0	4,012,675	2,470,881
Balance at end of period	0	0	0	0	4,944,138	4,012,675
Interest Expense	0	0	0	0	5,507	6,593

Risk Group of the Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Fair Value Difference through PL	0	0	0	0	0	0
Balance at beginning of period	0	0	-	-	3,900,651	1,530,646
Balance at end of period	0	0	10,065	-	7.293.362	3,900,651
Total Profit/Lost	0	0	45	-	111.469	14,006

Information on Outsourced Operations

Name of Outsourcing Company	Content of Services Received
KDDI Europe LTD	Procurement of information system products and services
Intertech Bilgi İşlem ve Pazarlama Tic. A.S.	Procurement of Core Banking System and consultancy services
Vega Bilgisayar Hiz. Ltd. Şti	Rapokon License utilization and maintenance services
Fineksus Bilişim Çözümleri Ticaret A.Ş.	Procurement of Paygate Suite systems (Inspector, Search, Maestro Lite) and support services
MARO Uluslararası Bilgi Teknolojileri Danışmanlık Geliştirme Destek Hizm. San. Tic. LTD ŞTİ	Banking Technologies and consultancy services
Teknotel Telekomünikasyon San. Ve Tic. A.Ş.	Data Centre hosting services
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Third level infrastructure support services
Manpower İnsan Kaynakları Danışmanlık Ltd. Şti.	Temporary and substitute staff support services

Audit and Assurance Services



3

INTERNAL SYSTEMS

Assessment of the Internal Control and Internal Audit Systems by the Audit Committee

The departments constituting internal systems have been structured under the responsibility of the Bank's Board of Directors, and composed of Internal Audit, Compliance and Internal Control and Risk Management departments. These departments constituting internal systems act in coordination as independent from the units with executive activities. The Bank's Audit Committee is authorized and responsible for supervising the effectiveness and eligibility of the Bank' s internal systems on behalf of the Board of Directors; seeking the operation of these systems and the accounting and reporting systems in accordance with the Banking Law and related regulations and the integrity of the information produced; conducting the required preliminary assessments for the selection of independent audit organizations and grading, appraisal and outsourcing services organizations by the Board of Directors; regularly monitoring the activities of these contracted organizations; continuing and ensuring the coordination of internal audit activities.

The Audit Committee receives quarterly based reports from the departments constituting Internal Systems Departments in order to evaluate the adequacy of the methods for the identification, control and monitoring of risks that the Bank is exposed to, and to report its findings to the Board of Directors. Furthermore, the Audit Committee submits its opinions and recommendations on significant matters to the Board of Directors.

Internal Audit Department

The purpose of the Internal Audit is to provide assurance that the activities of the Bank are conducted in accordance with the Law and other applicable legislation and with the internal strategies, policies, principles and targets of the Bank and that the internal control and risk management systems are effective and adequate.

The Internal Audit Department is responsible to ensure that internal audit activities are in line with applicable laws, rules and regulations and the Bank's strategies, policies, principles and targets. The Internal Audit Department oversees the efficiency and adequacy of internal control and risk management systems, and audits the Bank operations with its risks.

The audit reports, that are a result of the audits performed in the departments in line with the risk focused annual audit plan, are submitted to the relevant divisions, top management and Audit Committee to ensure the taking of necessary actions.

Department, process and information systems audits are performed according to the annual audit plan within the scope of 2016 Internal Audit activities. In addition to the planned audit engagements, in 2016 the Department also carried out investigations and inquiries, participated in various projects and provided a range of consultancy services requested by the Bank's executive management, when deemed necessary. Operating with 2 staff, Bank of Tokyo-Mitsubishi UFJ, Turkey A.Ş.'s Internal Audit Department fulfills its responsibilities in an impartial and independent manner, and shared its activities' results with Audit Committee.

Compliance and Internal Control Department

Compliance and Internal Control Department aims to establish an effective internal control system, fulfil the internal control applications completely, establish a strong internal control culture and conform to legal regulations and the general practices of BTMU which does not constitute any inconsistencies. For this purpose, preventive control points are defined to identify and prevent proactively the discrepancies related with the legal regulations and internal regulations; system and function faults, human error or malicious conducts and related material damages or legal sanctions that the Bank might face; efforts are also spent to identify the already realized wrong practices within the scope of the controls and preventing the damages that may occur.

At Bank of Tokyo-Mitsubishi UFJ Turkey A.Ş., Internal Control activities are accepted as a business culture practiced throughout the Bank, beyond just being a function that is under the responsibility of the Internal Control Department. Therefore, control activities at different levels have been added to all regulations and application procedures issued by the Bank, and the above mentioned control culture has been adapted as a part of the daily activities of all employees from the lowest level to the highest. Compliance and Internal Control Department carries out Internal Control activities independent from other departments, and it also functions as a supervisor to design and ensure the sound operation of such control activities within the departments.

The Compliance and Internal Control Department executes periodic controls that are required on the business processes in accordance with the objectives specified above, and identifies the control defects with an integral approach towards critical activities of the Bank's departments, identifies the control defects as soon as possible, and ensures taking the necessary actions. The mentioned control activities may be 2nd level controls that are implemented by the Compliance and Internal Control Department directly in certain circumstances, and they may also include the control of the effectiveness of internal 1st level controls of a department under certain circumstances.

With regard to preventive control function of the Compliance and Internal Control Department, the Compliance and Internal Control Department's opinion is taken and controlled to ensure compliance with legal and internal regulations both before new products and services are applied, and for all actions and decisions which are considered to have a potential of creating a material or legal risk, including all procurements and payments to 3rd parties. As the continuity of these activities by the departments of the Bank without any flaws is also made a subject of inspection during the internal control activities realized, it is also secured by the internal regulations approved by the Bank's Board of Directors.

In addition, different systematic infrastructures have been created at the Bank to prevent Anti-Money Laundering and the Financing of Terrorism, and to maintain compliance with the generally accepted international rules and principles in this regard. In this scope, in order to ensure the inspection of all account openings in accordance with legal regulations and the principles of the Bank, in addition to the approval of compliance from the Compliance and Internal Control Department, the payments made at the Bank are held subject to electronic filters, and the transactions retained at the filters are inspected by the Compliance and Internal Control Department before they are finalized. Besides, as an effective post-control method and in accordance with the regulations of the Financial Crimes Investigation Board, the transactions made at the bank are held subject to comparative analyses with suspected transaction typologies by means of special computer software, and the results are automatically reported to the Compliance and Internal

Control Department to ensure the implementation of additional control activities. In addition, internet banking services are also given by Bank of Tokyo-Mitsubishi UFJ Turkey A.Ş., there are system applications providing early warning mechanisms in Internet Banking.

The Bank considers that effective control of the complicated banking systems and transactions is only possible with effective internal control personnel. Therefore, Compliance and Internal Control employees are both held subject to hands-on training in the department, and the international training means of the BTMU family are utilized and the required training and information activities to increase the knowledge and skills of the employees are organized.

Risk Management Department

The Risk Management Department aims to measure, monitor and keep under control the risks the bank may exposed to with reference to methodologies complying with international standards and complying with local regulations.

Credit risk, operational risk, market risk, liquidity risk and business continuity management are executed in Risk Management Department.

Risk Management policies consist of Credit Risk, Market Risk - Trading Accounts, Market Risk-Banking Accounts, Liquidity Risk and Operational Risk, as well as Business Continuity Management policies. The functions and authorities of the departments and committees included in the risk and control processes are stated in the risk policies.

The design and application of the risk management system, preparation of the risk management policies and procedures, their revision and update at least once a year, capital adequacy calculations and reporting, submission of the risk measurement and risk monitoring results to the Board of Directors, Audit Committee and senior management through regular reporting; ensuring the retention of quantifiable risks within the determined limits and monitoring the use of these limits; execution of stress test activities are carried out by the Risk Management Department.

Within the scope of the business continuity plans, the employees are informed via necessary trainings on business continuity management, crisis management and disaster recovery. The organization of business continuity and crisis management tests are organized by Risk Management Department on the dates determined by Risk Management Department.

a) Credit Risk

The Bank monitors and manages credit risks after lending, until the loan is completely reimbursed, cancelled or deleted. According to related regulation, bank assigns credit

worthiness to credit customers and uses credit rating system. Besides, legal lending limits and industry based concentrations are closely monitored.

b) Market Risk

Considering the limits defined in the Market Risk Trading Account and the Market Risk Banking Account policies, risk measurements and daily limit checks are realized and market risk reports are prepared and reported to legal bodies. Besides, stress tests and scenario analyses are regularly made in accordance with the regulations.

c) Operational Risk

With regard to operational risk management Bank's operational risk identified, measured, assessed and risk mitigation actions taken. With this regard, operational risk losses and key risk indicators are monitored. The Bank's operational risks are assessed on a quarterly basis by Risk Management Department. The activities about operational risk area are shared with Risk Committee on a monthly basis.

d) Liquidity Risk

The liquidity risk is managed in order to ensure taking the required measures in a timely and correct manner against the liquidity tightness which may arise from the Bank's balance sheet structure and the market conditions within the framework of the risk management policies approved by the Board of Directors. The liquidity risk is monitored in a corporate framework taking into account the risk levels mentioned in the risk policy and the stress scenarios related with the Bank's cash flows. The reports related with liquidity risk are shared with the senior management and Risk Committee.

e) Business Continuity Management

The Bank's business continuity management policy aims to minimize the risks which may endanger the continuity of the Bank's activities, and make the critical products and services functional within acceptable time periods in the cases of potential disruption. The required applications regarding business continuity management are made and the employees are trained. The business continuity management policy approved by the Board of Directors is regularly reviewed.

BANK OF TOKYO-MITSUBISHI UFJ TURKEY ANONİM ŐİRKETİ

2016 FISCAL PERIOD

AFFILIATE REPORT

MARCH 2017

1. INTRODUCTION

1.1. Reference

This Affiliate Report (hereinafter shall be referred as the “Report”) has been prepared in line with the liabilities of the board of directors of the controlled companies in accordance with the article 199/1 and 3 of TCC titled as “Reports of controlled and controlling company”. The referred article reads as follows;

“(1) The BoD of the dependent company shall prepare a report regarding the company’s relations with controlling and dependent companies within the first quarter of the activity year. All legal transactions which the company conducted in the previous activity year with the controlling company, with a company dependent on the controlling company, through the direction of the controlling company that serves to its advantage or the advantage of its dependent company and all other measures taken or refrained from being taken to the advantage of the controlling company or of its dependent company in the previous activity year shall be explained in the report. In legal proceedings, the performances and counterperformances and the measures used to assess them shall be specified, as well as their advantages and disadvantages to the company. Where there is a provision for compensation for disadvantages, the way the compensation was obtained within the activity year or the advantages gained by the company which provided a right to claim shall also be declared.

....

(3) At the end of the BoD report it shall be explained whether the company, in the circumstances and conditions known to the board at the time at which the company conducted the legal proceeding or took or refrained from taking the measure, obtained appropriate counterperformance in relation to each legal proceeding and whether the company incurred any loss due to taking or refraining from taking the measure. If the company incurred loss, the BoD shall specify whether the loss has been compensated for. This explanation shall be only made in the annual report.”

1.2. Principles of the Report

This Report has been prepared in line with the true and fairview accounting principle.

1.3. Period of the Report

This report includes the transactions which carried out by BANK OF TOKYO-MITSUBISHI UFJ TURKEY ANONİM ŞİRKETİ (“Company”) with the controlling company and the other controlled companies of the controlling company in 2016 fiscal period.

1.4. Subject Transactions of the Report

The legal transactions of our Company with the group companies realized in 2016 fiscal year is given below and are subject to detailed explanation with the aim to inform within the content of this Report.

Company	Transaction Detail	Amount (FCY)
The Bank of Tokyo-Mitsubishi UFJ Ltd., London Branch	Pledge fee due to pledged deposit agreement	88.899,93 EUR
The Bank of Tokyo-Mitsubishi UFJ Ltd., London Branch	Pledge fee due to pledged deposit agreement	2.353.879,92 USD
The Bank of Tokyo-Mitsubishi UFJ Ltd., London Branch	Payment for Active Directory project	45.218,09 GBP
The Bank of Tokyo-Mitsubishi UFJ Ltd., London Branch	Payment for the annual support service which is utilised for IT systems.	380.199,89 GBP
The Bank of Tokyo-Mitsubishi UFJ Ltd., Tokyo	Payment fee Factiva service fees	20.342,00 JPY
The Bank of Tokyo-Mitsubishi UFJ Ltd., Tokyo	Payment fee for global credit application and rating system	507.345,00 JPY
The Bank of Tokyo-Mitsubishi UFJ Ltd., Tokyo	Payment fee for e-learning license	48.205,00 JPY
The Bank of Tokyo-Mitsubishi UFJ Ltd., London Branch	Payment fee Workday Application related to HR services	5.597,00 USD
The Bank of Tokyo-Mitsubishi UFJ Ltd., Tokyo	Payment for 2 tombstones for a customer	40.000,00 JPY
The Bank of Tokyo-Mitsubishi UFJ Ltd., Dusseldorf Branch	Payment for factory tour of VW	28,00 EUR

2. GENERAL INFORMATION REGARDING THE COMPANY

2.1. Bank of Tokyo-Mitsubishi UFJ Anonim Şirketi

Our Company is registered to the İstanbul Trade Registry with the trade registry number of 855649 and located at the address of Fatih Sultan Mehmet Mahallesi, Poligon Caddesi, Buyaka 2 Sitesi No: 8B, K. 20-21 34771 Tepeüstü, Ümraniye, İstanbul with the activity and scope of engaging in all kinds of banking activities and performing all activities set forth in the relevant articles of Banking Law and other activities as permitted by relevant legislation and Articles of Association of the Company, to be carried out and performed by banks. The Company is registered to the Sarıgazi Tax Office with the tax number of 1400361237.

The contact details of the Company are given as follows:

Type	Number
Telephone	0216 600 3000
Fax	0216 290 6473

The Company has been established as a Joint Stock Company and operating as a bank in line with the operational license permission of Banking Regulation and Supervision Board announced at Official Gazette dated 24.09.2013 and numbered 28755. The Company is not subject to any public offer.

Web site of the Company is <http://www.tu.bk.mufg.jp/index-tr.html> .

2.2. Capital and Organization Structure of the Company

The capital of the Company amounting to TL 527.700.000,00 has been fully paid in cash prior to its' establishment in line with article 7/f of Banking Law numbered as 5411 and the title of the shareholders, share group, number of shares, share amount, and the ratios have been listed as follows.

Title of the Shareholder	Share Number	Share Amount (TL)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	527.699.996	527.699.996,00
Takeshi Fujii	1	1,00
Shin Takada	1	1,00
Tatsuhiko Yanagisawa	1	1,00
Shinya Unno	1	1,00
TOPLAM	527.700.000	527.700.000,00

3. CONTROLLING AND CONTROLLED COMPANIES

3.1. Information regarding the Controlling and Controlled Companies

The information of the controlling company and the controlled companies of the controlling company which the Company has engaged a legal transaction in 2016 fiscal period is summarized as below.

Title	Tax ID Number	Address	Status in the Group Companies
The Bank of Tokyo-Mitsubishi UFJ Ltd.	8430357946	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8388 Japan	Parent Company
The Bank of Tokyo Mitsubishi UFJ Ltd, London Branch	2689255625962	Ropemaker Place, 25 Ropemaker Street, London, EC2Y 9AN, United Kingdom	Branch of Parent Company
Mitsubishi UFJ Financial Group, INC	-		Ultimate Parent Company

4. LEGAL TRANSACTIONS REALIZED WITH THE GROUP COMPANIES

The details of the transactions with the group companies are provided in section 1.4. Apart from the fee payments related with pledged deposit agreement, major transactions with The Bank of Tokyo Mitsubishi UFJ LTD, Head Office are related with the license and service fees paid to Tokyo for the systems and applications with an amount of JPY 575.892.

5. PREVENTIONS

With respect to the above stated transactions of our Company with the controlling company and the controlled companies of the controlling company, there is no provided or avoided prevention which may result against our Company.


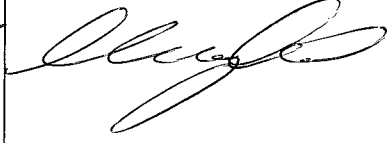
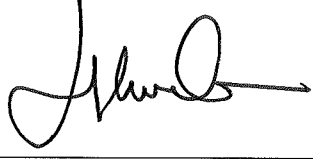
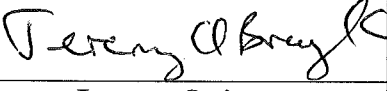


All legal transactions had been subjected to same procedure, principals and conditions as conducting with other parties outside the group companies by considering Transfer Pricing rules and intercompany SLA. No prevention had been taken as the result of a loss as per the interest or enterprise of the parent and affiliate companies.

6. BOARD OF DIRECTORS DECLARATION

All suitable counter acts has been provided for each legal transaction in line with the known circumstances and conditions on the dates of the realization of the legal transactions mentioned in this report. There is no provided or avoided prevention and within this framework our Company has no losses.

As a consequence of the evaluation, made in line with the article 199 of TCC, of the transactions of our company with the controlling company and the controlled companies of the controlling company; it is understood that all the transactions realized has been made in line with the market conditions and precedents/market values applicable at the date of the transaction as it is made with the third parties.

BANK OF TOKYO-MITSUBISHI UFJ TURKEY A.Ş.
BOARD OF DIRECTORS

		
Ali Vefa Çelik* Chairman	Masakazu Osawa Vice Chairman	Çetin Özbek* Member / Audit Committee Chairman
		
Jeremy Quinton Broughton Member / Audit Committee Member	Atsushi Deguchi Member / President	Aysun Mercan* Member

*İşbu Bağlılık Raporu Türkçe olarak da sunulmuş olup, raporu anladım ve hiçbir itirazım olmadan tümüyle mutabık kaldım.