

Corporate Governance Principles Compliance Report

Part I. Statement of Compliance with Corporate Governance Principles

a) As detailed below, Finansbank has complied with the imperative principles of the Corporate Governance Principles in set out in of the Corporate Governance Communiqué no. II - 17.1, published by the Capital Markets Board (CMB), throughout the financial reporting year of 01.01.2013-31.12.2013.

b) Finansbank does not implement principles no. 1.5.2 - 1.7.1 - 2.1.2 - 2.1.3 - 2.2.2 (Most of the information herein is stated in the annual report.) - 3.1 - 3.2 - 4.3.9 - 4.5.5. Nevertheless, Finansbank has set up a Corporate Governance Committee responsible for monitoring whether the Corporate Governance Principles are complied with, describing the problems that may arise due to noncompliance and offering corrective actions to the Board of Directors. The Committee consists of Prof. Dr. Mustafa Aydın Aysan (Chairman), Mustafa Hamdi Gürtin, Christos Alexis Komninos and Ali Teoman Kerman. In meeting held in the year 2014, work was done for improvement of the corporate governance practices in Finansbank. The Corporate Governance Committee shall consider the said principles in its activities in 2015 and work towards the improvement of corporate governance practices. The Committee also coordinates the operations of the Investor Relations Division.

PART II - SHAREHOLDERS

2.1. Investor Relations Unit

Finansbank established an Investor Relations Division, for the purposes of protecting the rights of shareholders and ensuring effective communication between the Board of Directors and shareholders, in line with Article 1.1.2 of Part I of the Corporate Governance Principles published by the Capital Markets Board in July 2003. The Investor Relations Division, reporting to the Corporate Governance Committee, is managed by Mr. Fikret Şehsuvar Aladağ. He holds a CMB Advanced Level Certificate and Corporate Governance Rating Certificate.

The contact details for the Investor Relations Division are as follows:
investor.relations@finansbank.com.tr
Telephone: +90 212 318 52 07

Investor Relations Department received 291 inquiries and attended 64 meetings during the financial reporting year concerned.

2.2. Shareholders' Right to Access Information

Within the scope of the Informational Policy of Finansbank as approved at the General Assembly on March 27, 2014, all information in relation to shareholders' rights, such as capital increases, are sent to Borsa İstanbul (İstanbul Stock Exchange) and published in print and on the Public Disclosure Platform (www.kap.gov.tr) in Material Event

Disclosure format. Shareholders are informed through emails, meetings and telephone calls, and through the Bank's website, regarding material financial and/or operational information that may affect the exercise of the rights of shareholders.

Appointment of a special auditor is not regulated by the Articles of Association of the Bank. The Bank is audited both by the auditors appointed by the Bank's General Assembly and by the Banking Regulation and Supervision Agency ("BRSA") in accordance with the Banking Act.

At the Ordinary General Assembly commenced on 27.03.2014, no requests regarding the appointment of a special auditor was made.

2.3. General Assemblies

The Annual General Assembly was held on 27.03.2014 with a meeting quorum of 95%. Shareholders were duly provided with the date, agenda and information form regarding the agenda of the Meeting through the website of the Bank, the Public Disclosure Platform as well as the electronic General Assembly System.

The Board of Directors invitation for the Assembly, the agenda and a sample power of attorney letter were published in the Turkish Trade Registry Gazette and two daily newspapers.

Shareholders were requested to receive their admission cards, which were issued according to the amount of registered

shares in the share registry, from the Bank's Head Office at least one week before the date of the Meeting.

Shareholders are entitled to ask questions and receive answers during the General Assembly. Finansbank shareholder Ms. Sevda Alkan posed, prior to the 2014 General Assembly, the following question: "As per CMB Corporate Governance Principles, will you set a target for female board members? What is the minimum number you are targeting? I request information regarding non-appointment of a female Board member." In response, President of the Board of Directors, Mr. Ömer A. Aras stated that a female member had been appointed to the Board in 2013 and he had a wish to that effect. The said question and response are included in the General Assembly minutes.

An Extraordinary General Assembly Meeting was held on 04.12.2014 regarding the removal from the current possessor, National Bank of Greece and destruction of 100 jouissance shares issued as per Finansbank Articles of Association Art. 10; amendment to that effect of Finansbank Articles of Association Articles 10 and 26; increasing the upper limit of registered capital of the Bank from TL 6.000.000.000 to TL 12.000.000.000 by addition of TL 6.000.000.000; and amendment to that effect of per Finansbank Articles of Association Art. 7. The Board of Directors invitation for the Assembly was published in the Turkish Trade Registry Gazette, and two daily newspapers, namely, Güneş and Hürses. Shareholders were provided

with the date and the agenda of the Meeting through the website of the Bank, the Public Disclosure Platform as well as the electronic General Assembly System. There was a meeting quorum of 99.8%, and the question posed by shareholder Mr. Mintaz Derdiyok during the meeting was reviewed by the Investor Relations Department and Legal Consultancy department and responded to following the meeting.

Minutes of the of the Meeting are available to our shareholders on the website of the Bank, the electronic General Assembly System and on the e-Company information portal which, as per the relevant provisions of the Turkish Commercial Code, is allocated to information society services and can be accessed via our website, and the infrastructure of which is provided by the Central Registry Agency.

In the 2014 General Assembly no transactions requiring the affirmative votes of the majority of the independent members of the Board for a Board resolution, were on the agenda.

In the 2014 General Assembly, there was a distinct agenda item regarding contributions. Within the scope of this item, shareholders were provided information regarding the total amount of contributions in 2013. Moreover, shareholders' approval was requested on the amount of upper limit of contributions to be made in 2014. In addition, pursuant to Art. 1.3.6 of the

Corporate Governance Communiqué no. II - 17.1, information was provided regarding transactions conducted in 2013. The General Assembly was informed that other than transactions conducted in 2013 within the limits allowed by the Banking Law and relevant legislation, no significant transactions of the nature to cause a conflict of interest with the Bank or its affiliated companies were carried out by shareholders in charge of management, members of the Board, members of upper management, and their spouses and kin of second degree by blood and marriage; that they did not conduct, in their own account or on behalf of third parties, any transactions of the type falling under the field of operation of the Bank or its affiliated companies; and that they did not join as a partner with unlimited liability another company carrying out similar commercial transactions.

The invitation and relevant information of the Annual General Assembly to be held in 2015 will be published in the Turkish Trade Registry Gazette, two daily newspapers, on the Bank's website and other media as required by the relevant legislation. The minutes of the General Assembly Meeting, list of attendees, agenda and related announcements will be made available to shareholders on the Bank's corporate website following the Assembly.

2.4. Voting Rights and Minority Rights

No voting privilege is granted and no cumulative voting procedure is adopted by the Bank's Articles of Association.

2.5. Dividend Distribution Policy and Dividend Distribution Period

Dividend distribution policy of the Bank is approved in the General Assembly dated 27.03.2014. The dividend is calculated under the provisions of the applicable regulations and provisions of the Bank's Articles of Association. Accordingly, after deducting the legal and financial liabilities of the Bank, 5% of remaining profit is allocated to the statutory reserve fund and an amount corresponding to 5% of paid in capital is allocated, regardless of the date of equity payment as first dividend to shareholders. After allocation of these amounts, 10% of the remaining profit may be allocated to founding shareholders. After deducting the amounts stated in the provisions above, a maximum of 5% of the remaining amount may be allocated by the General Assembly to the Board Members and Managing Directors, including the ordinary member General Manager. Out of the annual profit remaining after the amounts set aside and allocated as described in the foregoing provisions, an amount designated by the General Assembly, may be set aside for the shareholders as Second Dividend, regardless of the payment dates of the capital. One tenth of the Dividends decided to be distributed as per paragraphs "c", and "d" of this article shall be added to general legal reserve funds pursuant to the Turkish Commercial Code. General Assembly is entitled to transfer to the subsequent year or set aside as extraordinary reserve funds, all or a part of the net profit remaining

after setting aside and distributing the reserve funds in paragraph "a" and dividends in paragraph "b" of this article. If it deems necessary, Board of Directors may make suggestions to the General Assembly to such extent. The manner of distributing the dividend allocated to the Board Members and Executive Directors, including the ordinary member General Manager, as per paragraph "c" of this article, to the relevant parties shall be determined by the Board of Directors. Dividends shall only be paid out of annual profit. No dividend can be distributed unless the reserve funds mentioned in paragraph "a" of this article are set aside. Unless and until reserve funds, which should be set aside as per law and dividends specified for the shareholders under the Articles of Association, are not set aside, no resolution in regard to setting aside other reserve funds, transferring profit to the subsequent year and distributing dividends to jouissance shareholders, members of Board of Directors and employees of the Bank shall be adopted. Besides, no dividends shall be distributed to such persons unless and until specified amount is set aside. The General Assembly shall determine the payment date of the dividends to be distributed as per the provisions of this article. Provisions of paragraphs "d" and "e" hereof shall also apply to dividends that have been resolved by a General Assembly Resolution to be distributed to the shareholders out of extraordinary reserve funds. The profit distributed in accordance with the provisions of these Articles of Association cannot be taken

back. Relevant provisions of the Turkish Commercial Code are without prejudice.

Moreover, at the General Assembly dated 27.03.2014, shareholders were informed that following the General Assembly, the Board of Directors was to resolve to increase capital, by issuing bonus shares within the limits of registered capital and taking into account the mandatory distribution of 5% profits as a first dividend to the shareholders by the Articles of Association, and information to this regard was provided.

2.6. Transfer of Shares

Finansbank's Articles of Association do not restrict shareholders from transferring their shares. However, share transfer is subject to BRSA approval pursuant to the Banking Law.

PART III - DISCLOSURE AND TRANSPARENCY

3.1. Corporate Web Site and Its Content

Finansbank's corporate web page, www.finansbank.com.tr, contains information both in Turkish and English, on the Bank's current shareholder and management structure; Articles of Association; annual reports; periodical financial statements and reports; material events regarding the Bank; agendas, minutes and list of attendees of General Assembly Meetings; a sample power of attorney letter; and inquiries and answers provided under the FAQ section.

3.2. Annual Report

The Bank's Annual Report, prepared in accordance with relevant regulations, includes issues on corporate governance principles. The details are given in the "Corporate Governance Principles Compliance Report" section of the Annual Report.

PART IV STAKEHOLDERS

4.1. Informing Stakeholders

Bank employees are informed about the Bank's operations when deemed necessary via internal communication tools. In addition, managers at the Headquarters and branches are informed about developments via regularly held meetings.

4.2. Participation of Stakeholders in Management

The Bank does not have a model to ensure stakeholders' involvement in management.

4.3. Human Resources Policy

Finansbank recognizes that the most valuable capital is its human resources. With this in mind, the Bank's Human Resources Policy, directed towards increasing the Bank's performance, is based on attracting, developing and retaining new talent, and hence realizing sustainable development of the Bank's human resources.

The Bank's Human Resources Policy has four components:

- Human Resources Planning and Recruitment: Attracting talented employees to the Bank and placing them in the most suitable positions in line with Bank's staffing requirements.

- Performance Management: Managing staff performance by harmonizing goals of employees with the goals of the Bank.

- Talent and Development Management: Developing the technical and managerial skills of employees, retaining promising employees in the Bank and focusing on their development.

- Loyalty and Rewards: Developing policies for increasing employee loyalty to the Bank and increasing their involvement in Bank's growth.

Finansbank's number of personnel reached 12,830 by the end of 2014.

Performance management in Finansbank encourages career development with a continuous feedback culture and establishes long-term talent strategies in order to support employee potential.

Performance evaluation is made biannually. Through the evaluation,

- Probable potential with a differential performance influencing the performance of the Bank and contributing and/or will contribute to the Bank reaching its targets, is determined;

- Points of improvement are defined and actions are determined and a road map is defined for monitoring.

Results are shared with the employees transparently. Performance evaluation process aims to foster loyalty through a fair and transparent system, which assesses the performance of the personnel on concrete and measurable criteria.

The purpose of remuneration management in Finansbank is to attract new talents and increase employee loyalty, satisfaction, motivation and synergy. Accordingly, a fair and transparent pricing methodology that complies with the bank's ethical values and internal regulations is implemented. Moreover, incentive programs that are focused on individual and institutional targets without taking excessive risk are created and are encouraged. In 2014, The Bank's personnel received a cash bonus of around 2 salaries per employee as part of the premium and bonus schemes. Various benefits that improve living standards and increase productivity of the employees, such as health insurance, annual leave, transportation, food, telecommunication aid and other employee support services are provided with consideration of market conditions.

Remuneration Management has continued to function within the scope of the Remuneration Committee, established in 2013, in compliance with the regulation of the Banking Regulation and Supervision Agency on Corporate Management Principles of Banks.

No discrimination complaints from the Bank's employees were received.

4.4. Social Responsibility and Code of Ethics

Finansbank believes in the importance of securing the future of a healthy and sound environment. The concept of sustainable banking is applied in every environmental, economic and social policy/process of the Bank. The Bank's business strategy and decision-making mechanism supports its goal to leave a livable world for future generations. With every transaction and funding decision, the Bank strives to promote a sustainable development mindset.

To this end, the Bank has set up a Social Responsibility Committee. In parallel with the research and studies of this Committee, the Internal Audit and Compliance Department carries out activities in terms of compliance with national and international legislation. The Bank has also established a Social and Environmental Management System (SEMS) policy.

The Bank conducted investment projects and funding operations in line with Environment, Occupational Health and Safety Guidelines of the Bank's former shareholder, the International Finance Corporation (IFC) (pursuant to the put option agreement National Bank of Greece S.A. ("NBG"), the majority shareholder of Finansbank A.Ş., signed a with IFC on March 29, 2007, NBG bought 1,417,499,43.73 shares representing 5% of the equity, from IFC on September 26, 2014). Lenders were required to submit

an Environmental Impact Evaluation (EIE) Report along with other required permissions and documents. Finansbank will resolutely continue its sensitive approach to the environment within its Social and Environmental Management System policy, following the above stated share purchase.

The Bank has issued an EIE Report for nine investment projects in 2014 within this context and provided comments and assessments for one project without the need for an EIE Report.

Social responsibility is and always will be of particular concern to Finansbank. This is reflected in the Bank's sponsorship of several foundations and organizations, especially in the field of education and health care. In 2014, the Bank donated a total amount of TL 673,303.32 to various foundations, associations and educational institutions.

Finansbank has adopted a code of ethics as specified under the Banking Law. The Finansbank Employee Code of Conduct and Finansbank Code of Ethics for Financial Professionals have been approved by Board of Directors and communicated to Bank staff as a booklet and online.

PART V- BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

As of 31.12.2014, the structure of Finansbank's Board of Directors is as follows:

Dr. Ömer A. Aras, Chairman

Sinan Şahinbaş, Vice Chairman

Prof. Dr. Mustafa A. Aysan, Board Member and Head of Corporate Governance Committee

Temel Güzeloğlu, Board Member and General Manager

Ioannis Vagionitis, Board Member and Member of Audit Committee

Georgios Koutsoudakis, Board Member

Ali Teoman Kerman, Board Member and Chairman of Audit Committee

Stefanos Pantzopoulos, Board Member

Dr. Paul Mylonas, Board Member and Member of Audit Committee

Christos Alexis Komninos, Board Member

Mustafa Hamdi Gürtin, Board Member

Paula Hadjisotiriou, Board Member

The biographies of Board members are provided in the Annual Report.

In the General Assembly Meeting on 27.03.2014, it was decided that Mustafa Hamdi Gürtin shall be appointed as the independent member of the Board, and the members of the Audit Committee shall also be designated as the independent Board Members in compliance with the relevant provisions of Corporate Governance Communique (II - 17.1) published by the Capital Markets Board on .

It is acknowledged that, within the restrictions stated in the Banking Law, the members of the Board may also hold professional positions outside the Bank provided that no such position prevents them from fulfilling their respective responsibilities in the Bank and does not cause any conflict of interest.

5.2. Principles Related to the Activities of the Board of Directors

27 Board of Directors Meetings were held in 2014, in compliance with relevant laws and the Bank's Articles of Association, with the attendance of all members except when prevented due to reasonable excuses.

Finansbank's Board of Directors holds regular meetings on a monthly basis, a minimum of 12 times a year. The Board also holds extraordinary meetings if needed. Board Members are provided with documents that include the agenda for each meeting, prior to the meeting. No dissenting opinion was voiced during the Board meetings.

The agenda of each Board meeting is determined based on input and recommendations from Board Members and the General Directorate. Discussions on risk and monthly reports, assessment and approval/rejection of applications for loans, and loan amounts that exceed the authority limits of the Credit Committee and therefore require the approval of the Board, are included in the agendas of all Board meetings. The Board of Directors has a secretariat in charge of informing and communicating with Board members

and ensuring compliance of meetings and resolutions with applicable laws and regulations.

No Board member has preferential voting rights.

5.3. Number, Structure and Independence of Committees under the Board of Directors

There are five committees under the authority of the Board of Directors, which are Corporate Governance Committee, Audit Committee, Risk Management Committee, Credit Committee and Remuneration Committee.

As of 31.12.2014;

The members of the Corporate Governance Committee are Prof. Dr. Mustafa A. Aysan (Chairman), Christos Alexis Komninos, Mustafa Hamdi Gürtin, Ali Teoman Kerman, Sinan Şahinbaş and Fikret Şehsuvar Aladağ.

The members of the Audit Committee are Ali Teoman Kerman (Chairman) Ioannis Vagionitis and Paul Mylonas.

The members of the Risk Management Committee are Dr. Ömer A. Aras, Sinan Şahinbaş, Antonios Grammatikopoulos and Paul Mylonas.

The members of the Credit Committee are Dr. Ömer A. Aras, Sinan Şahinbaş, Temel Güzeloğlu, Ioannis Vagionitis, Mustafa Aysan (Reserve Member) and Stefanos Pantzopoulos

The members of the Remuneration Committee are Sinan Şahinbaş and Paul Mylonas.

The Credit Committee meets weekly, the Risk Management Committee meets monthly, the Audit Committee and Corporate Governance Committee meet on a quarterly basis at least four times a year, and the Remuneration Committee meets at least three times a year.

5.4. Risk Management and Internal Control

In accordance with the Regulation on Internal Control Systems in Banks, the Bank's Board of Directors set up an Audit Committee, the current members of which are Ali Teoman Kerman (Chairman), Ioannis Vagionitis and Paul Mylonas. Internal Audit and Compliance Department and the Internal Control Directorate report to the Audit Committee.

Risk Management Department was set up at the end of 2001 as an entity independent from all other executive departments. The Risk Management Department is responsible for measuring possible banking risks, formulating risk management policies, and ensuring that the Bank is run in a manner so that the risks taken remain within the limits of the risks the Bank may wish to take in line with its strategic goals. The Bank aims to reconcile its Risk Management operations to Basel III standards and applicable legal requirements in force in Turkey. The Risk Management Department reports to the Risk Management Committee, which was established in 2007. Dr. Ömer A. Aras, Sinan Şahinbaş, Ioannis Vagionitis and Paul Mylonas are members of the Committee.

5.5. Strategic Goals

Our Vision:

To help build individual and commercial financial plans, that will catalyze Turkey's success.

Our Mission:

To forge a lifelong partnership with all our stakeholders, by understanding their needs, finding the right solutions and aiming for maximum customer satisfaction

Finansbank's vision and mission are disclosed publicly on the Bank's corporate website.

The Bank prepares five-year business plans that are to be discussed by the Board of Directors. In addition to the business plans, the Bank's detailed

annual budget is decided in consort with the Board of Directors. After the approval of the business plan and the budget, the Board of Directors monitors and discusses the Bank's rate of attainment of the objectives, activities and performance at its monthly meetings.

Upper management approves the strategic goals set by management and monitors the Bank's progress, operations and performance toward these goals.

5.6. Remuneration

During the General Assembly Meeting held on 27.03.2014, it was decided that each member of the Board of Directors should be paid a net honorarium amount of TL 3,500 per month. In 2014, a gross total of TL 515,261 was paid to Board members as honorarium.

In addition, a gross amount of TL 33,239,819 was paid to the personnel, who hold a position of manager and above, as part of the existing performance based premium and bonus structure.

Loans extended to Board members and managers are limited in Article 50 of the Banking Law. No loans are granted to Board members and managers above these limits.

At the Annual General Assembly Meeting held on 27.03.2014, Board members were given permission for conducting transactions pursuant to Art. 395 ("Transactions with the Company, Ban on Debt to the Company") and Art. 396 ("Noncompetition").

The honorariums to be paid to the Board members are determined by the General Assembly.