

**TURKLAND BANK
ANONİM ŐİRKETİ**

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
JUNE 30, 2008**

To the Board of Directors of
Turkland Bank A.Ş.
İstanbul

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed balance sheet of Turkland Bank A.Ş. as of June 30, 2008 and the related condensed statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

DRT BAĞIMSIZ DENETİM VE SERBEST MÜHÜR A.Ş.

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

İstanbul, August 29, 2008

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TURKLAND BANK ANONİM ŞİRKETİ**BALANCE SHEET AS AT JUNE 30, 2008**

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

	Notes	June 30, 2008	December 31, 2007
ASSETS			
Cash and cash equivalents		130,061	25,488
Balances with central banks		60,552	39,314
Financial assets at fair value through profit and loss		787	127,137
Derivative financial instruments		193	-
Loans and advances		642,685	416,388
Investment securities:		103,572	79
- Available-for-sale		76,023	79
- Held-to-maturity		27,549	-
Premises and equipment		14,721	6,169
Intangible assets		1,752	820
Deferred tax asset		2,736	1,596
Other assets		23,487	17,574
Total assets		980,546	634,565
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from other banks		1,064	1,446
Customers' deposits		500,538	330,025
Obligations under repurchase agreements		48,555	22,032
Derivative financial instruments		424	399
Funds borrowed		184,749	146,005
Other liabilities and provisions		36,091	28,174
Income tax payable		2,638	-
Total liabilities		774,059	528,081
EQUITY			
Share capital issued		318,164	218,164
Legal reserves		5,207	5,207
Cumulative change in fair value of investments		(1,423)	-
Accumulated losses		(116,887)	(117,442)
Profit / (loss) for the period		1,426	555
Equity attributable to equity holders of the parent		206,487	106,484
Total equity		206,487	106,484
Total liabilities and equity		980,546	634,565

The accompanying policies and explanatory notes are integral parts of these financial statements.

TURKLAND BANK ANONİM ŞİRKETİ**INCOME STATEMENT FOR THE PERIOD FROM
JANUARY 1 TO JUNE 30, 2008**

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

	Notes	June 30, 2008	June 30, 2007
Interest income			
Interest on loans and advances		39,312	23,222
Interest on securities		8,418	11,184
Interest on deposits with banks and other financial institutions		714	1,202
Interest on financial leases		-	132
Interest on factoring		-	2,125
Other interest income		1,248	1,311
Total interest income		49,692	39,176
Interest expense			
Interest on customer deposits		(22,758)	(20,209)
Interest on funds borrowed		(4,142)	(4,013)
Other interest expense		(1,873)	(1,210)
Total interest expense		(28,773)	(25,432)
Net interest income		20,919	13,744
Fees and commissions and other operating income			
Fees and commissions income		4,547	3,495
Fees and commissions expenses		(278)	(429)
Foreign exchange gain/(loss)		4,777	314
Gains less losses on securities		(4,504)	611
Other income		655	2,844
Net banking income		26,116	20,579
Operating expenses			
Salaries and employee benefits		(16,885)	(8,374)
Other expenses		(8,417)	(5,637)
Depreciation and amortization		(1,550)	(632)
Gross operating income		(736)	5,916
(Provisions for) / recoveries from impairment of loan receivables		(2,237)	(667)
Net operating income		(2,973)	5,249
Income from associates		6	5
Gain/(loss) on sale of investments	8	-	69
Profit from operating activities before income tax		(2,967)	5,323
Tax reimbursement	3	3,611	-
Income tax – current		-	(121)
Income tax – deferred		782	(747)
Net profit for the period		1,426	4,455
Attributable to :			
Equity holders of the parent		1,426	4,455
Minority interest		-	-
Net profit		1,426	4,455

The accompanying policies and explanatory notes are integral parts of these financial statements.

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED JUNE 30, 2008

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

Notes	Attributable to equity holders of the parent						Minority Interest	Total Equity
	Share Capital	Adjustment to share capital	Legal reserves	Cumulative change in fair value of investments	Accumulated losses	Total		
At January 1, 2007	35,000	148,164	5,847	-	(118,082)	70,929	3,295	74,224
Net profit for the period	-	-	-	-	4,455	4,455	-	4,455
Total income / expense for the period	-	-	-	-	4,455	4,455	-	4,455
Transfer to legal reserves	-	-	(640)	-	640	-	(3,295)	(3,295)
At June 30, 2007	35,000	148,164	5,207	-	(112,987)	75,384	-	75,384
At January 1, 2008	70,000	148,164	5,207	-	(116,887)	106,484	-	106,484
Marketable securities valuation differences	-	-	-	(1,423)	-	(1,423)	-	(1,423)
Total income and expense for the period recognized directly in equity	-	-	-	(1,423)	-	(1,423)	-	(1,423)
Net profit for the period	-	-	-	-	1,426	1,426	-	1,426
Total income / expense for the period	-	-	-	(1,423)	1,426	3	-	3
Capital increase	100,000	-	-	-	-	100,000	-	100,000
At June 30, 2008	170,000	148,164	5,207	(1,423)	(115,461)	206,487	-	206,487

The accompanying policies and explanatory notes are integral parts of these financial statements.

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED JUNE 30, 2008

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

	Notes	June 30 ,2008	June 30 ,2007
Cash flow from operating activities			
Net profit/loss for the period		1,426	4,455
Adjustments for:			
Depreciation and amortization		1,568	632
Provision for losses on loans and advances		1,757	667
Provision for employment termination benefits		403	125
Other provision expenses		331	127
(Gains) /losses on sale of subsidiaries	8	-	(69)
Accrued interest, net		1,469	(5,151)
Operating profits before changes in operating assets/liabilities		6,954	786
Changes in operating assets and liabilities:			
Net (increase)/decrease in reserve deposit at Central Bank		(13,717)	1,224
Net (increase) / decrease in marketable securities		11,508	(11,401)
Net increase from loans and advances		(220,304)	3,987
Net (increase)/decrease in other assets		(7,245)	(2,027)
Net increase in deposits		196,539	(30,411)
Net increase/(decrease) in other creditors, taxes & liabilities		8,764	28,560
Employment termination paid		(58)	-
Net cash provided by/(used in) operating activities		(17,559)	(9,282)
Cash flows from investing activities			
(Additions) to premises and equipment (net)		(8,266)	4,312
(Additions) to intangible assets (net)		(1,237)	(80)
Proceeds from disposal of subsidiaries	8	-	9,876
Net cash provided by/(used in) investing activities		(9,503)	14,108
Cash flows from financing activities			
Increase in capital		100,000	-
Proceeds from borrowed funds, net		39,157	3,763
Net cash provided by / (used in) financing activities		139,157	3,763
Net (decrease)/increase in cash & cash equivalents		112,095	8,589
Cash & cash equivalents at the beginning of the period		36,658	79,008
Cash & cash equivalents at the end of the period		148,753	87,597

The accompanying policies and explanatory notes are integral parts of these financial statements.

TURKLAND BANK ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2008

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

1. CORPORATE INFORMATION

General

Turklandbank Anonim Şirketi ("the Bank") was established in 1991 in İstanbul under the name of "Bahreyn ve Kuveyt Bankası Anonim Şirketi" (BB&K). Its name was changed as "Tasarruf ve Kredi Bankası Anonim Şirketi" with its acquisition by Doğu Group in 1992. After the change in the name of the bank as "Garanti Yatırım ve Ticaret Bankası Anonim Şirketi" in 1994, Mehmet Nazif Gnal (the main shareholder of MNG Group Companies) has acquired the Bank in 1997 and the name of the Bank has been changed as "MNG Bank Anonim Şirketi".

An agreement has been made with Arab Bank and BankMed upon the sale of 91% of MNG Banks shares in mid of 2006 and this agreement was approved by Banking Regulation and Supervision Agency (BRSA) on December 29, 2006. In this regard, while Arab Bank and BankMed purchasing 50% and 41% of MNG bank shares respectively, Mehmet Nazif Gnal retained 9% of the shares. Transfer of the Bank was done at January 29, 2007. The title of the Bank has been changed as "Turkland Bank Anonim Şirketi" with the amendment to the Articles of Association by the decision of the Extraordinary General Assembly at the meeting at March 22, 2007.

On April 3, 2007, "MNG BANK Anonim Şirketi" title of the bank was registered as "TURKLAND BANK Anonim Şirketi".

As of June 30, 2008, the Bank has 23 branches in Turkey and its head office is at 19 Mayıs Mah. 19 Mayıs Cad. Şişli Plaza A Blok No: 7 Şişli-İstanbul.

The financial statements of the Bank were authorized for issue by the management on August 29, 2008. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

Nature of Activities of the Bank

As of June 30, 2008, the Bank does not hold any direct or indirect equity investments with significant influence or controlling power.

2. BASIS OF PREPARATION

The interim financial statements as of June 30, 2008 have been prepared in accordance with IAS 34 (Interim Financial Reporting).

The interim financial statements have been prepared on a basis consistent with the accounting policies set out in the financial statements of the Bank for the year ended December 31, 2007.

TURKLAND BANK ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2008

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

3. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

Based on the decision at the meeting of the Extraordinary General Assembly on February, 12 2008, the Bank decided to increase the paid-in capital of the Bank from TRY 70,000 Thousand to TRY 170,000 Thousand by TRY 100,000 Thousand. The Bank's capital increase amounting to TRY 100,000 Thousand was registered with Istanbul Trade Registry Office on February 22, 2008. The capital increase procedures were completed.

It is decided that 2 /3 (two thirds) of the Bank's capital increase will be paid in three months at the latest from the registry and 1/3 the remaining part will be paid in nine months at the latest from the registry.

First call payment of TRY 66,667 Thousand was realised on February 28, 2008 and was approved by BRSA's March 25, 2008 dated and 4334 numbered correspondence.

Second call payment of TRY 33,333 Thousand was realised on June 2, 2008 and was approved by BRSA's June 23, 2008 dated and 8487 numbered correspondence.

As of June 30, 2008 the nominal value of the Bank's paid-in-capital amounting to TRY 170,000 Thousand consists of 1,700 million shares.

The Bank has waived from the lawsuit opened against the Ministry of Finance of the Turkish Republic ("Ministry") based on the requirement about the deduction from the tax base of the Bank based on the Temporary Article 4 with the Banking Law No: 4389 by using the statutory and other reserves as an expense within the framework set out in Paragraph 7 of Article 14 of the annulled Corporate Tax Law No: 5422, and has settled with the Ministry based on Article 3 of Law No: 5736 "Collection of Some Government Receivables by Compromise Procedures" published in the Official Gazette No: 26800 on February 27, 2008 and reflected its receivable amounting to TRY 3,611 Thousand in its financial statements which became collectible with the notification to the Bank.

4. SEGMENT INFORMATION

Business segments

Income and expenses are not segmented by corporate and retail transactions in the current IT system. However, management believes that such segmentation and the omission of the respective disclosure would not have a material effect on readers' conclusion with respect to the accompanying financial statements since the bank mainly operates in corporate banking.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2008

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

5. RELATED PARTY DISCLOSURES

The accompanying financial statements include the following balances due from or due to related parties:

June 30, 2008:

Related party	Cash loans	Non-cash loans	Deposits taken	Deposit with banks (assets)	Borrowings	Deposit with banks (liability)	Other Receivables	Other Liabilities	Interest income	Interest expense	Net operating Income/ (expense)
Direct/indirect shareholders	1,482	8,664	43,892	6	11,542	663	157	-	167	(697)	75
Others	-	-	-	-	-	-	-	-	-	-	-

December 31, 2007:

Related party	Cash loans	Non-cash loans	Deposits taken	Deposit with banks	Borrowings	Deposit with banks (liability)	Other Receivables	Other Liabilities	Interest income(*)	Interest Expense(*)	Net operating Income/ (expense)(*)
Direct/indirect shareholders	494	12,142	24,652	6	-	-	149	1,743	416	(400)	108
Others	-	-	-	-	-	-	-	-	-	-	-

(*) As of June 30, 2007.

No provisions have been recognized in respect of loans given to related parties (2007 - nil).

Compensation of Key Management Personnel of the Group

The executive and non-executive members of Board of Directors and management received remuneration and fees totaling approximately TRY 2,505 Thousand as of June 30, 2008. (June 30, 2007 - TRY 2,860 Thousand) comprising mainly salaries and other short-term benefit.

TURKLAND BANK ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2008

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

6. COMMITMENTS AND CONTINGENCIES

In the normal course of business activities, the Bank undertakes various commitments and incurs certain contingent liabilities that are not presented in the financial statements including:

	June 30, 2008	December 31, 2007
Letters of guarantee issued	366,370	284,273
Letters of credit	123,210	72,984
Acceptance credits	16,761	10,303
Other	16,051	10,766
Total non-cash loans	522,392	378,326
Other commitments	34,078	30,770
Credit card limit commitments	2,043	1,463
Total	558,513	410,559

Letters of Guarantee Given to Istanbul Stock Exchange (ISE)

As of June 30, 2008, according to general requirements of the ISE, letters of guarantee amounting to TRY 1 Thousand and USD 1 million had been obtained from various local banks and were provided to ISE for bond and stock market transactions.

Litigation

In the normal course of its operations, the Bank can be constantly faced with legal disputes, claims and complaints. The provision of TRY 362 Thousand for those cases was provided based on management estimates and professional advice.

7. SUBSEQUENT EVENTS

None noted.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2008

Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.

8. DISPOSAL OF SUBSIDIARIES

	June 30, 2008	June 30, 2007
Liquid assets	-	4
Balances with banks	-	1,434
Interbank money market placements	-	2,385
Factoring receivables	-	118,175
Lease receivables	-	12,398
Other assets	-	2,267
Provision on assets held for sale	-	(2,106)
Borrowings	-	(83,380)
Factoring obligations	-	(32,523)
Provisions	-	(460)
Tax liabilities	-	(419)
Other liabilities	-	(3,235)
Intercompany balances	-	2,739
Net assets disposed of	-	17,279
Minority interest	-	(3,295)
Intercompany balances	-	(2,739)
Gain / (loss) on disposal	-	-
Consideration paid in cash and cash equivalents	-	11,245
Consideration paid in cash and cash equivalents	-	11,245
The Bank's share on profit/ (loss) of equity investments	-	69
Less cash and cash equivalent balances	-	(1,438)
Net cash inflow on disposal	-	9,876