

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH,
SEE NOTE 2.1.4**

VOLKSWAGEN DOĐUŐ TŰKETİCİ FİNANSMANI A.Ő.

**PUBLICLY ANNOUNCED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2010**

**CONVENIENCE TRANSLATION OF
THE INDEPENDENT AUDITOR'S REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Volkswagen Doğuş Tüketici Finansmanı A.Ş.,

1. We have audited the accompanying balance sheet of Volkswagen Doğuş Tüketici Finansmanı A.Ş. ("the Company") at 31 December 2010 and the related statements of income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Disclosure for the responsibility of the Company's Board of Directors:

2. The Company's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for selecting and applying appropriate accounting policies in compliance with the "Communique Regarding the Format and Content of Publicly Announced Financial Statements and Uniform Chart of Accounts and its Interpretation to be applied by Financial Leasing, Factoring and Financing Companies" published on the Official Gazette No. 26525 dated 17 May 2007, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars and interpretations published by the Banking Regulation and Supervision Agency ("BRSA") on accounting and financial reporting principles.

Disclosure for the responsibility of the Authorized Audit Firm:

3. Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit has been implemented in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006 and International Auditing Standards. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.

Independent Auditor's Opinion:

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Volkswagen Dođuř Tüketici Finansmanı A.ř. at 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with regulations, communiqués, circulars and interpretations published by the BRSA on accounting and financial reporting principles.

Additional paragraph for convenience translation:

5. As explained also in Note 2.1.4 to the accompanying financial statements, the effects of differences between accounting principles and standards set out by regulations of the BRSA, accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bađımsız Denetim ve
Serbest Muhasebeci Mali Müřavirlik A.ř.
a member of
PricewaterhouseCoopers

Z. Alper Önder, SMMM

Istanbul, 14 April 2011

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

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VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

AUDITED BALANCE SHEETS AS OF 31 DECEMBER 2010 AND 31 DECEMBER 2009

(Amounts are expressed in Turkish Lira (TL).)

ASSETS	Note	CURRENT PERIOD 31 December 2010			PRIOR PERIOD 31 December 2009		
		TL	FC	Total	TL	FC	Total
I. CASH BALANCES		373	1.061	1.434	386	874	1.260
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)		-	-	-	-	-	-
2.1 Trading Financial Assets		-	-	-	-	-	-
2.2 Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-	-	-	-
2.3 Trading Derivative Financial Assets		-	-	-	-	-	-
III. BANKS	5	7.274.913	12.073.576	19.348.489	2.673.001	11.265.261	13.938.262
IV. RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)		-	-	-	-	-	-
VI. FACTORING RECEIVABLES		-	-	-	-	-	-
6.1 Discounted Factoring Receivables		-	-	-	-	-	-
6.1.1 Domestic		-	-	-	-	-	-
6.1.2 Foreign		-	-	-	-	-	-
6.1.3 Unearned Income (-)		-	-	-	-	-	-
6.2 Other Factoring Receivables		-	-	-	-	-	-
6.2.1 Domestic		-	-	-	-	-	-
6.2.2 Foreign		-	-	-	-	-	-
VI. LOANS	7	1.041.798.050	-	1.041.798.050	987.372.134	-	987.372.134
6.1 Consumer Loans		1.041.798.050	-	1.041.798.050	987.372.134	-	987.372.134
6.2 Credit Cards		-	-	-	-	-	-
6.3 Commercial Installment Loans		-	-	-	-	-	-
VI. LEASE RECEIVABLES		-	-	-	-	-	-
6.1 Lease Receivables		-	-	-	-	-	-
6.1.1 Financial Lease Receivables		-	-	-	-	-	-
6.1.2 Operating Lease Receivables		-	-	-	-	-	-
6.1.3 Other		-	-	-	-	-	-
6.1.4 Unearned Income (-)		-	-	-	-	-	-
6.2 Lease assets under construction		-	-	-	-	-	-
6.3 Advance Lease Payments		-	-	-	-	-	-
VII. RECEIVABLES UNDER FOLLOW-UP	7	42.072.222	-	42.072.222	97.895.082	-	97.895.082
7.1 Factoring Receivables Under Follow-up		-	-	-	-	-	-
7.1 Consumer Loans Under Follow-up		84.098.616	-	84.098.616	128.833.416	-	128.833.416
7.1 Leasing Receivables Under Follow-up		-	-	-	-	-	-
7.2 Specific Provisions (-)		(42.026.394)	-	(42.026.394)	(30.938.334)	-	(30.938.334)
VIII. HEDGING DERIVATIVE FINANCIAL ASSETS		-	-	-	-	-	-
8.1 Fair Value Hedge		-	-	-	-	-	-
8.2 Cash Flow Hedge		-	-	-	-	-	-
8.3 Foreign Net Investment Hedge		-	-	-	-	-	-
IX. HELD-TO-MATURITY SECURITIES (Net)		-	-	-	-	-	-
X. INVESTMENTS IN ASSOCIATES (Net)		-	-	-	-	-	-
XI. SUBSIDIARIES (Net)		-	-	-	-	-	-
XII. JOINT VENTURES (Net)		-	-	-	-	-	-
XIII. PROPERTY AND EQUIPMENT (Net)	8	1.485.269	-	1.485.269	1.269.605	-	1.269.605
XIV. INTANGIBLE ASSETS (Net)	9	1.442.429	-	1.442.429	1.404.475	-	1.404.475
14.1 Goodwill		-	-	-	-	-	-
14.2 Other		1.442.429	-	1.442.429	1.404.475	-	1.404.475
XV. DEFERRED TAX ASSET	26	2.007.749	-	2.007.749	2.040.846	-	2.040.846
XVI. ASSETS HELD FOR SALE PURPOSE AND RELATED DISCONTINUED OPERATIONS (Net)	10	2.017.906	-	2.017.906	1.852.888	-	1.852.888
16.1 Held for Sale Purpose		2.017.906	-	2.017.906	1.852.888	-	1.852.888
16.2 Discontinued Operations		-	-	-	-	-	-
XVII. OTHER ASSETS	11	8.822.307	53.500	8.875.807	6.565.180	385	6.565.565
TOTAL ASSETS		1.106.921.218	12.128.137	1.119.049.355	1.101.073.597	11.266.520	1.112.340.117

VOLKSWAGEN DOĞUŞ TÜKETİCİ FINANSMANI A.Ş.

AUDITED BALANCE SHEETS AS OF 31 DECEMBER 2010 AND 31 DECEMBER 2009

(Amounts are expressed in Turkish Lira (TL).)

LIABILITIES	Note	CURRENT PERIOD 31 December 2010			PRIOR PERIOD 31 December 2009		
		TL	FC	Total	TL	FC	Total
I. TRADING DERIVATIVE FINANCIAL LIABILITIES	6	5.080.581	-	5.080.581	5.518.581	-	5.518.581
II. BORROWINGS	12	818.996.619	166.754.388	985.751.007	629.156.795	369.724.244	998.881.039
III. FACTORING PAYABLES		-	-	-	-	-	-
III. FINANCIAL LEASE PAYABLES (Net)		-	-	-	-	-	-
3.1 Financial Lease Payables		-	-	-	-	-	-
3.2 Operational Lease Payables		-	-	-	-	-	-
3.3 Other		-	-	-	-	-	-
3.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
IV. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. MISCELLANEOUS LIABILITIES	14	7.715.102	818.147	8.533.249	7.408.307	1.268.871	8.677.178
VI. OTHER LIABILITIES	15	19.794.201	-	19.794.201	12.151.533	-	12.151.533
VII. HEDGING DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
7.1 Fair Value Hedge		-	-	-	-	-	-
7.2 Cash Flow Hedge		-	-	-	-	-	-
7.3 Foreign Net Investment Hedge		-	-	-	-	-	-
VIII. TAXES PAYABLE	16	6.796.540	-	6.796.540	2.418.081	-	2.418.081
IX. PROVISIONS		8.080.175	-	8.080.175	6.389.957	-	6.389.957
9.1 Restructuring Provisions		-	-	-	-	-	-
9.2 Provisions for Employee Rights	18	1.893.036	-	1.893.036	1.450.427	-	1.450.427
9.3 Other Provisions	17	6.187.139	-	6.187.139	4.939.530	-	4.939.530
X. DEFERRED TAX LIABILITY	26	-	-	-	-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE PURPOSE AND RELATED DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED LOANS	13	-	20.570.357	20.570.357	-	21.683.104	21.683.104
XIII. SHAREHOLDERS' EQUITY	19, 20	64.443.245	-	64.443.245	56.620.644	-	56.620.644
13.1 Paid-in Capital		30.000.000	-	30.000.000	7.000.000	-	7.000.000
13.2 Capital Reserves		-	-	-	22.717.908	-	22.717.908
13.2.1 Share Premium		-	-	-	-	-	-
13.2.2 Share Cancellation Profits		-	-	-	-	-	-
13.2.3 Marketable Securities Valuation Reserve		-	-	-	-	-	-
13.2.4 Property and Equipment and Intangible Assets Revaluation Reserve		-	-	-	-	-	-
13.2.5 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
13.2.6 Hedging reserves (Effective portion)		-	-	-	-	-	-
13.2.7 Value increase in assets held for sale and discontinued operations		-	-	-	-	-	-
13.2.8 Other capital reserves		-	-	-	22.717.908	-	22.717.908
13.3 Profit Reserves		1.400.000	-	1.400.000	1.400.000	-	1.400.000
13.3.1 Legal Reserves		1.400.000	-	1.400.000	1.400.000	-	1.400.000
13.3.2 Status Reserves		-	-	-	-	-	-
13.3.3 Extraordinary Reserves		-	-	-	-	-	-
13.3.4 Other Profit Reserves		-	-	-	-	-	-
13.4 Income or (Loss)		33.043.245	-	33.043.245	25.502.736	-	25.502.736
13.4.1 Prior Years' Income or (Loss)		25.220.644	-	25.220.644	18.182.142	-	18.182.142
13.4.2 Current Year Income or (Loss)		7.822.601	-	7.822.601	7.320.594	-	7.320.594
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		930.906.463	188.142.892	1.119.049.355	719.663.898	392.676.219	1.112.340.117

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

AUDITED OFF-BALANCE SHEET COMMITMENTS AT 31 DECEMBER 2010 AND 31 DECEMBER 2009

(Amounts are expressed in Turkish Lira (TL).)

OFF-BALANCE SHEET		Note	CURRENT PERIOD 31 December 2010			PRIOR PERIOD 31 December 2009		
			TL	FC	Total	TL	FC	Total
I.	FACTORING TRANSACTIONS (RISK UNDERTAKEN)		-	-	-	-	-	-
II.	FACTORING TRANSACTIONS (NO RISK UNDERTAKEN)		-	-	-	-	-	-
III.	GUARANTEES AND WARRANTIES OBTAINED	7	34.844	127.044	161.888	34.844	133.939	168.783
IV.	GUARANTEES AND WARRANTIES GIVEN		303.579	-	303.579	281.624	-	281.624
V.	COMMITMENTS		-	-	-	-	-	-
5.1	Irrevocable Commitments		-	-	-	-	-	-
5.2	Revocable Commitments		-	-	-	-	-	-
5.2.1	Lease Commitments		-	-	-	-	-	-
5.2.1.1	Financial Lease Commitments		-	-	-	-	-	-
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL INSTRUMENTS	6	35.197.342	33.013.595	68.210.937	125.081.241	127.471.418	252.552.659
6.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
6.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
6.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
6.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
6.2	Trading Derivative Financial Instruments		35.197.342	33.013.595	68.210.937	125.081.241	127.471.418	252.552.659
6.2.1	Forward Buy/Sell Transactions		-	-	-	-	-	-
6.2.2	Swap Buy/Sell Transactions		35.197.342	33.013.595	68.210.937	125.081.241	127.471.418	252.552.659
6.2.3	Option Buy/Sell Transactions		-	-	-	-	-	-
6.2.4	Futures Buy/Sell Transactions		-	-	-	-	-	-
6.2.5	Other		-	-	-	-	-	-
VII.	ITEMS HELD IN CUSTODY		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS			35.535.765	33.140.639	68.676.404	125.397.709	127.605.357	253.003.066

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

AUDITED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2009

(Amounts are expressed in Turkish Lira (TL).)

INCOME AND EXPENSE ITEMS		Note	CURRENT PERIOD	PRIOR PERIOD
			1 January - 31 December 2010	1 January - 31 December 2009
I.	OPERATING INCOME		154.244.159	194.954.129
	FACTORING INCOME			
1.1	Interest Income From Factoring Receivables		-	-
1.1.1	Discounted		-	-
1.1.2	Other		-	-
1.2	Fee and Commissions From Factoring Receivables		-	-
1.2.1	Discounted		-	-
1.2.2	Other		-	-
	INCOME FROM CONSUMER LOANS		154.244.159	194.954.129
1.1	Interest on Consumer Loans	22	138.787.606	178.963.882
1.2	Fee and Commissions From Consumer Loans	22	15.456.553	15.990.247
	LEASE INCOME			
1.1	Income From Financial Lease		-	-
1.2	Income From Operating Lease		-	-
1.3	Fee and Commissions From Leasing Transactions		-	-
II.	OPERATING EXPENSES (-)		(29.941.030)	(22.963.123)
2.1	Personnel Expenses		(6.616.920)	(6.547.650)
2.2	Provision Expense For Employee Termination Benefits	18	(28.239)	(149.225)
2.3	Research and Development Expense		(361)	(3.540)
2.4	General Administrative Expenses	23	(22.459.146)	(15.647.606)
2.5	Other Operating Expenses	24	(836.364)	(615.102)
III.	OTHER OPERATING INCOME		156.601.517	308.680.834
3.1	Interest Received From Banks		6.684.285	2.378.337
3.2	Interest Received From Reverse Repo Agreements		-	-
3.3	Interest Received from Marketable Securities		-	-
3.3.1	Trading Financial Assets		-	-
3.3.2	Financial Assets at Fair Value through Profit or Loss		-	-
3.3.3	Available-for-sale Financial Assets		-	-
3.3.4	Held-to-maturity Investments		-	-
3.4	Dividend Income		-	-
3.5	Income From Capital Market Transactions	25	438.000	-
3.5.1	Income From Derivative Transactions		438.000	-
3.5.2	Other		-	-
3.6	Foreign Exchange Gains	25	144.973.134	294.348.554
3.7	Other Operating Income	24	4.506.098	11.953.943
IV.	FINANCING EXPENSES (-)		(117.009.489)	(149.700.472)
4.1	Interest Expense on Funds Borrowed		(111.095.866)	(143.682.630)
4.2	Interest Expense on Factoring Payables		-	-
4.3	Financial Lease Expense		-	-
4.4	Interest Expense on Securities Issued		-	-
4.5	Other Interest Expense		-	-
4.6	Fees and Commissions Paid		(5.913.623)	(6.017.842)
V.	SPECIFIC PROVISION FOR RECEIVABLES UNDER FOLLOW-UP (-)		(11.362.052)	(17.081.209)
VI.	OTHER OPERATING EXPENSE (-)		(142.370.295)	(305.894.051)
6.1	Fair Value Losses on Marketable Securities		-	-
6.1.1	Financial Assets at Fair Value through Profit or Loss		-	-
6.1.2	Available-for-sale Financial Assets		-	-
6.1.3	Held-to-maturity Investments		-	-
6.2	Impairment Losses on Non-Current Assets		-	-
6.2.1	Property and Equipment		-	-
6.2.2	Non-Current Assets Held for Sale and Discontinued Operations		-	-
6.2.3	Goodwill		-	-
6.2.4	Other Intangible Assets		-	-
6.2.5	Associates, Subsidiaries and Joint Ventures		-	-
6.3	Derivative Financial Instruments	25	-	(9.638.816)
6.4	Foreign Exchange Losses	25	(142.370.295)	(296.255.235)
6.5	Other Operating Expense		-	-
VII.	NET OPERATING INCOME / (LOSS) (I+...+VI)		10.162.810	7.996.108
VIII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER			
IX.	INCOME/(LOSS) ON NET MONETARY POSITION			
X.	INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (VII+VIII+IX)		10.162.810	7.996.108
XI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	26	(2.340.209)	(675.514)
11.1	Current Tax Provision		(2.307.112)	-
11.2	Deferred Tax Income (+)		(33.097)	(3.469.680)
11.3	Deferred Tax Loss (-)		-	2.794.166
XII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (X±XI)		7.822.601	7.320.594
XIII.	INCOME FROM DISCONTINUED OPERATIONS			
13.1	Income from Non-Current Assets Held for Sale Purpose		-	-
13.2	Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
13.3	Other Income from Discontinued Operations		-	-
XIV.	EXPENSES FROM DISCONTINUED OPERATIONS (-)			
14.1	Expense from Non-Current Assets Held for Sale Purpose		-	-
14.2	Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
14.3	Other Expenses from Discontinued Operations		-	-
XV.	INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XIII-XIV)			
XVI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)			
16.1	Current Tax Provision		-	-
16.2	Deferred Tax Income (+)		-	-
16.3	Deferred Tax Loss (-)		-	-
XVII.	NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XV±XVI)			
XVIII.	NET INCOME/(LOSS) (XII+XVII)		7.822.601	7.320.594
	Earnings/(Loss) per share	27	0,260753	0,244020

The accompanying notes form an integral part of these financial statements.

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.**AUDITED STATEMENTS OF INCOME AND EXPENSES ACCOUNTED UNDER EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2009**

(Amounts are expressed in Turkish Lira (TL).)

INCOME AND EXPENSE ITEMS ACCOUNTED UNDER EQUITY		Note	CURRENT PERIOD 31 December 2010	PRIOR PERIOD 31 December 2009
I.	ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS		-	-
1.1	Net Change In The Fair Value Of The Available For Sale Financial Assets		-	-
1.2	Net Change In The Fair Value Of The Available For Sale Financial Assets (Transfer to Profit-Loss)		-	-
II.	REVALUATION DIFFERENCES OF TANGIBLE ASSETS		-	-
III.	REVALUATION DIFFERENCES OF INTANGIBLE ASSETS		-	-
IV.	FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS		-	-
V.	INCOME/(LOSS) ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)		-	-
5.1	Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement		-	-
5.2	Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)		-	-
VI.	PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)		-	-
6.1	Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement		-	-
6.2	Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)		-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS		-	-
VIII.	OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS		-	-
IX.	DEFERRED TAX ON VALUATION DIFFERENCES		-	-
X.	NET INCOME/(LOSS) ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)		-	-
XI.	CURRENT PERIOD INCOME/LOSS		7.822.601	7.320.594
XII.	TOTAL INCOME/(LOSS) RELATED TO THE CURRENT PERIOD (X±XI)		7.822.601	7.320.594

The accompanying notes form an integral part of these financial statements.

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

AUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2009

(Amounts are expressed in Turkish Lira (TL))

CHANGES IN EQUITY	Note	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income / (Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
PRIOR PERIOD																	
31 December 2009																	
I. Period Opening Balance		7.000.000	22.717.908	-	-	30.617	-	-	-	(431.301)	19.982.826	-	-	-	-	-	49.300.050
II. Changes in Accounting Policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		7.000.000	22.717.908	-	-	30.617	-	-	-	(431.301)	19.982.826	-	-	-	-	-	49.300.050
Changes in the Period																	
IV. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Marketable Securities Valuation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation Reserve of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Marketable Securities Valuation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Shares issued		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Current Year Income or Loss		-	-	-	-	-	-	-	-	7.320.594	-	-	-	-	-	-	7.320.594
XIX. Profit Distribution		-	-	-	-	1.369.383	-	-	-	431.301	(1.800.684)	-	-	-	-	-	-
19.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19.2 Transfers to Reserves		-	-	-	-	1.369.383	-	-	-	431.301	(1.800.684)	-	-	-	-	-	-
19.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (II+IV+.....+XVII+XVIII+XIX)	19, 20	7.000.000	22.717.908	-	-	1.400.000	-	-	-	7.320.594	18.182.142	-	-	-	-	-	56.620.644
CURRENT PERIOD																	
31 December 2010																	
I. Prior Period End Balance		7.000.000	22.717.908	-	-	1.400.000	-	-	-	7.320.594	18.182.142	-	-	-	-	-	56.620.644
Changes in the Period																	
II. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Foreign Investment for Purpose of Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Marketable Securities Valuation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Reserve of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Marketable Securities Valuation Reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Shares issued		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Current Year Income or Loss		-	-	-	-	-	-	-	-	7.822.601	-	-	-	-	-	-	7.822.601
XVII. Profit Distribution		23.000.000	(22.717.908)	-	-	-	-	-	-	(7.320.594)	7.038.502	-	-	-	-	-	-
17.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17.2 Transfers to Reserves		23.000.000	(22.717.908)	-	-	-	-	-	-	(7.320.594)	7.038.502	-	-	-	-	-	-
17.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+XV+XVI+XVII)	19, 20	30.000.000	-	-	-	1.400.000	-	-	-	7.822.601	25.220.644	-	-	-	-	-	64.443.245

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

AUDITED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2009

(Amounts are expressed in Turkish Lira (TL).)

	Note	CURRENT PERIOD 31 December 2010	PRIOR PERIOD 31 December 2009
A. CASH FLOWS FROM MAIN OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		9.387.863	(10.432.020)
1.1.1 Interest received		-	-
1.1.2 Interest paid		138.786.931	202.110.695
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received	22	-	-
1.1.5 Other income	24	15.456.553	15.990.247
1.1.6 Collections from previously written-off loans and other receivables	24	4.506.098	6.353.368
1.1.7 Payments to personnel and service suppliers		-	5.600.575
1.1.8 Taxes paid		(6.616.920)	(6.547.650)
1.1.9 Other		(2.307.112)	-
		(140.437.687)	(233.939.255)
1.2 Changes in operating assets and liabilities		(2.191.680)	(2.169.019)
1.2.1 Net (increase)/decrease in Factoring Receivables		-	-
1.2.1 Net (increase)/decrease in Loans		1.396.944	239.304.751
1.2.1 Net (increase)/decrease in Leasing Receivables		-	-
1.2.2 Net (increase)/decrease in other assets		(2.475.261)	(256.656)
1.2.3 Net (increase)/decrease in Factoring Payables		-	-
1.2.3 Net (increase)/decrease in Leasing Payables		-	-
1.2.4 Net increase/(decrease) in Funds Borrowed		(14.242.779)	(240.775.015)
1.2.5 Net increase/(decrease) in Due Liabilities		-	-
1.2.6 Net increase/(decrease) in Other Liabilities		13.129.416	(442.099)
I. Net Cash Provided From Main Operations		7.196.183	(12.601.039)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Purchases of property and equipment		(1.232.133)	(753.478)
2.4 Disposals of property and equipment		290.599	217.642
2.5 Cash paid for purchase of investments available-for-sale		-	-
2.6 Cash obtained from sale of investments available-for-sale		-	-
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Other		-	-
II. Net Cash Flows From Investing Activities		(941.534)	(535.836)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
III. Net Cash Flows From Financing Activities		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		(844.923)	88.118
V. Net (decrease)/increase in cash and cash equivalents		5.409.726	(13.048.757)
VI. Cash and cash equivalents at beginning of the period	4	13.939.023	26.987.780
VII. Cash and cash equivalents at end of the period	4	19.348.749	13.939.023

The accompanying notes form an integral part of these financial statements.

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

**AUDITED PROFIT APPROPRIATION STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2009**
(Amounts are expressed in Turkish Lira (TL).)

	Note	CURRENT PERIOD 31 December 2010	PRIOR PERIOD 31 December 2009
I. DISTRIBUTION OF CURRENT YEAR INCOME			
1.1 CURRENT YEAR INCOME		10.162.810	7.996.108
1.2 TAXES AND DUTIES PAYABLE (-)	26	(2.340.209)	(675.514)
1.2.1 Corporate Tax (Income tax)		(2.307.112)	-
1.2.2 Income withholding tax		-	-
1.2.3 Other taxes and duties		(33.097)	(675.514)
A. NET INCOME FOR THE YEAR (1.1-1.2)		7.822.601	7.320.594
1.3 NET INCOME FOR THE YEAR (1.1-1.2)		-	-
1.4 FIRST LEGAL RESERVES (-)		-	-
1.5 OTHER STATUTORY RESERVES (-)		-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)+(1.3+1.4+1.5)]		7.822.601	7.320.594
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1 To Owners of Ordinary Shares		-	-
1.6.2 To Owners of Privileged Shares		-	-
1.6.3 To Owners of Preferred Shares		-	-
1.6.4 To Profit Sharing Bonds		-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.7 DIVIDENDS TO PERSONNEL (-)		-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.9.1 To Owners of Ordinary Shares		-	-
1.9.2 To Owners of Privileged Shares		-	-
1.9.3 To Owners of Preferred Shares		-	-
1.9.4 To Profit Sharing Bonds		-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.10 SECOND LEGAL RESERVES (-)		-	-
1.11 STATUTORY RESERVES (-)		-	-
1.12 EXTRAORDINARY RESERVES		-	-
1.13 OTHER RESERVES		-	-
1.14 SPECIAL FUNDS		-	-
II. DISTRIBUTION OF RESERVES			
2.1 APPROPRIATED RESERVES		-	-
2.2 SECOND LEGAL RESERVES (-)		-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1 To owners of ordinary shares		-	-
2.3.2 To owners of privileged shares		-	-
2.3.3 To owners of preferred shares		-	-
2.3.4 To profit sharing bonds		-	-
2.3.5 To holders of profit and loss sharing certificates		-	-
2.4 DIVIDENDS TO PERSONNEL (-)		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. EARNINGS PER SHARE		0,260753	0,244020
3.1 TO OWNERS OF ORDINARY SHARES		-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
3.3 TO OWNERS OF PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1 TO OWNERS OF ORDINARY SHARES		-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3 TO OWNERS OF PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-

NOTE: Authorised body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet. The accompanying notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1.4**

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2010

(All amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

**NOTE 1 - THE ORGANIZATION STRUCTURE AND MAIN BUSINESS ACTIVITY OF THE
COMPANY**

Volkswagen Doğuş Tüketici Finansmanı A.Ş. (the “Company”) was established as a joint venture of Volkswagen Financial Services A.G. and Doğuş Otomotiv Servis ve Ticaret A.Ş. on 30 December 1999 in Istanbul, Turkey.

The main business activity of the Company is to finance the purchase of automobiles by customers in accordance with the Money Lending Decree Law and Legislation on Establishment and Operations on Consumer Finance Companies. The Company operates in accordance with the Communiqué on Establishment and Operations of Financial Leasing, Factoring and Financing Companies published by Banking Regulation and Supervision Agency (“BRSA”) on the Official Gazette No. 26315 dated 10 October 2006.

The Company is incorporated and domiciled in Turkey. Substantially, all of the Company’s operations are carried out in one geographical segment (Turkey) and in one business segment (consumer finance).

The Company has 83 employees as of 31 December 2010 (2009: 77). As of date of issuance of the financial statements, the registered address of the Company’s head office is as below:

Maslak-Polaris Plaza
Ahi Evran Caddesi No:1 Kat:13
80670 Maslak-İstanbul-Türkiye

The financial statements as of and for the year ended 31 December 2010 have been approved for issue by the Board of Directors on 14 April 2011 and signed on its behalf by Kemal Ören, the General Manager, and Mikolaj Marian Wozniak, the Deputy General Manager of the Company. General Assembly has the authority to change the approved financial statements.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial reporting standards

These financial statements of the Company have been presented in TL, within the framework of the Communiqué Regarding the Format and Content of Publicly Announced Financial Statements and Uniform Chart of Accounts and its Interpretation to be applied by Financial Leasing, Factoring and Financing Companies (“Communiqué on Financial Statements”) published by BRSA on the Official Gazette No. 26525 dated 17 May 2007 and in accordance with Turkish Accounting/Financial Reporting Standards (“TAS/TFRS”), related regulations and interpretations issued by the Turkish Accounting Standards Board (“TASB”), and the Communiqué on the Procedures and Regulations on the Provisions for Receivables of the Financial Leasing, Factoring and Consumer Finance Companies published by BRSA on the Official Gazette No. 26588 dated 20 July 2007.

2.1.2 Explanations on offsetting financial assets

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1.4**

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2010

(All amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.1.3 Preparation of financial statements in TL

In accordance with the Article 1 of the Law numbered 5083 concerning the “Currency of the Republic of Turkey” and according to the Decision of The Council of Ministers dated April 4, 2007 and No: 2007/11963, the prefix “New” used in the “New Turkish Lira” and the “New Kuruş” will be removed as of January 1, 2009. When the prior currency, New Turkish lira (“YTL”), values are converted into TL and Kr, one YTL (YTL1) and one YKr (YKr1) shall be equivalent to one TL (TL1) and one Kr (Kr1).

All references made to New Turkish Lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to TL at the conversion rate indicated above. Consequently, effective from 1 January 2009, the TL replaces the YTL as a unit of account in keeping and presenting of books, accounts and financial statements.

2.1.4 Additional paragraph for convenience translation into English

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which these financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these financial statements. Accordingly, these financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

2.2 Changes in accounting policies

2.2.1 Comparative information and the reclassification to the financial statements of the prior period

The Company has prepared its financial statements in accordance with the “Communique on Financial Statements” explained in Note 2.1.1 starting from 1 January 2008. Therefore, according to the regulations, communiqués, circulars and interpretations published by BRSA, the Company ceased to recognise deferred tax asset on general loan loss provision and applied this policy change retrospectively in its prior year financial statements. Comparative financial statements are adjusted according to the aforementioned format.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1.4**

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2010

(All amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

In order to determine the financial status and performance trends, the financial statements of the Company have been prepared comparatively with the prior period. The Company prepared its balance sheet as of 31 December 2010 in comparison with the balance sheet prepared as of 31 December 2009; prepared the statement of income, statement of changes in equity and cash flow statement pertaining to period between 1 January - 31 December 2010 in comparison with the period between 1 January - 31 December 2009. For the presentation and compliance of the financial statements dated 31 December 2010, the comparative figures can be reclassified and where necessary and the significant differences are to be explained.

2.2.2 Changes and interpretations to standards

Adoption of new or revised standards and interpretations

2.2.2.1 Adoption of new or revised standards and interpretations effective from 2010:

- IFRS 3 (Amendment), “Business Combinations”, (is effective for annual reporting periods beginning on or after 1 July 2009),
- IAS 27 (Amendment), “Consolidated and Separate Financial Statements”, (is effective for annual reporting periods beginning on or after 1 July 2009),
- IAS 28 (Amendment), “Related Party Investments”, (is effective for annual reporting periods beginning on or after 1 July 2009),
- IAS 31 (Amendment), “Joint Venture Shares”, (is effective for annual reporting periods beginning on or after 1 July 2009),
- IFRIC 17 (Amendment), “Distributions of non-cash assets to owners” (is effective for annual reporting periods beginning on or after 1 July 2009). The Standard includes the arrangements on how non-cash assets should be distributed to shareholders.
- IFRIC 18 (Amendment), “Customer Asset Transfers”, (is effective for annual reporting periods beginning on or after 1 July 2009),
- IFRIC 9 (Amendment), “Revaluation of Embedded Derivatives” (is effective for annual reporting periods beginning on or after 1 July 2009),
- IAS 39 (Amendment), “Financial Instruments: Recognition and Measurement”, (is effective for annual reporting periods beginning on or after 1 July 2009),
- IFRIC 16 (Amendment), “Hedges of a Net Investment in a Foreign Operation” (is effective for annual reporting periods beginning on or after 1 July 2009),
- IAS 38 (Amendment), “Intangible Assets”, (is effective for annual reporting periods beginning on or after 1 January 2010),
- IAS 1 (Amendment), “Presentation of Financial Statements”, (is effective for annual reporting periods beginning on or after 1 January 2010),

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1.4**

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2010

(All amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

- IAS 36 (Amendment), “Impairment of Assets”, (is effective for annual reporting periods beginning on or after 1 January 2010).The alteration expresses that with the aim of test of impairment of assets the greatest cash generating unit which goodwill will be distributed is an operation segment.
- IFRS 2 (Amendment), “Share-based Payment”, (is effective for annual reporting periods beginning on or after 1 January 2010)
- IFRS 5 (Amendment), “Non-current Assets Held for Sale and Discontinued Operations” (is effective for annual reporting periods beginning on or after 1 January 2010), the alteration includes explanations whether non-current assets are classified as held for sale or discontinued operations. The alteration also expresses that the general requirements of IAS 1 is continued to be implemented.

2.2.2.2 Standards, amendments and interpretations to existing standards that are no currently effective and not early adopted by the Company:

- IFRS 9 (Amendment) “Financial Instruments”, (is effective for annual reporting periods beginning on or after 1 January 2013). This Standard is the first step to change IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 provides requirements for measurement and recognition of financial instruments and will affect the accounting of financial assets of groups.
- IAS 24 (Amendment), “Related Party Disclosures”, (is effective for annual reporting periods beginning on or after 1 January 2010); the Standard simplifies and clarifies the definition of related party. With the implementation of new Standard, group and parent company should disclose whole transactions made with subsidiaries.
- IAS 32 (Amendment), “Classification of Issue of Stock”, (is effective for annual reporting periods beginning on or after 1 February 2010), the Standard is used in accounting of stocks issued in a currency other than issuer’s functional currency.
- IFRIC 19 (Amendment), “Extinguishing Financial Liabilities with Equity Instruments ”, (is effective for annual reporting periods beginning on or after 1 July 2010),
- IFRIC 14 (Amendment), “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”, (is effective for annual reporting periods beginning on or after 1 January 2011).

The Company Management does not expect a significant effect on the Company’s financial statements in the future periods due to the application of the above new standards and interpretations.

2.2.2.3 Early adoption of standarts

The Company did not early-adopt new or amended standards in 2010.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies

Significant accounting policies adopted in the preparation of the financial statements are summarised below:

2.3.1 Consolidation principles

The Company has no investment that is consolidated in its financial statements.

2.3.2 Cash and cash equivalents

Cash and cash equivalents are presented in the financial statements with their initial costs. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less (Note 4).

2.3.3 Loans and advances given to the customers and provisions for impairment

Loans and advances given to the customers by the Company are recorded with discounted initial cost amount less the impairment provisions.

An allowance for loan impairment is established for the loans that are assessed as individually impaired if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision for the individually impaired loans is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate of loans.

When loans and advances given to customers are categorized as doubtful based on Management's assessments and estimated and/or for non-performing loans and advances, the Company records general and specific loan loss provisions in accordance with the Communique on the Procedures and Regulations on the Provisions for Receivables of the Financial Leasing, Factoring and Consumer Finance Companies ("Provisioning Communique") published by BRSA on the Official Gazette No. 26588 dated 20 July 2007. According to the communique, specific provision amounting to a minimum of 20% net of collateral for loans and advances overdue for 90-180 days from instalment date, a minimum of 50% net of collateral for loans and advances overdue for 180-360 days from instalment date and 100% net of collateral for loans and advances overdue for more than 1 year from instalment date is recognised.

The provision made during the period is charged against the income for the period. Loans that cannot be recovered are written off after all legal proceeding are finalized. Recoveries of amounts previously provided for are treated as a reduction from provision for loan losses for the period (Note 7).

2.3.4 Related parties

For the purpose of these financial statements the shareholders of the Company, key management personnel and Board members, the Doğuş Group of companies, the Volkswagen Group of companies, and the companies controlled by or associated with them are considered and referred to as related parties. A number of transactions was entered into with related parties in the normal course of business (Note 28).

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.3.5 Property and equipment

Property and equipment are stated at cost less depreciation and depreciated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life which is 5 years.

Land, which is held as investment property, is classified under the property and equipment and stated at cost. Land is not subject to depreciation.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and related provision amount for impairment is carried into expense accounts.

Gain or losses on disposals of property and equipment with respect to their carrying amounts are included in the related income and expense accounts, as appropriate.

2.3.6 Intangible assets

Intangible assets are mainly comprised of license and software and are stated at cost less amortisation. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets, which is not more than 5 years. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and related provision amount for impairment is carried into expense accounts.

2.3.7 Funds borrowed

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. The financial expense occurred in a period due to the borrowings are booked to that related period’s income statement.

2.3.8 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. All derivative financial instruments are classified as trading derivative financial instruments. Although all derivative transactions provide an effective hedge for the Company, since hedge accounting requirements of TAS 39, “Financial Instruments” standard are not met, they are accounted as derivative financial instruments designated at fair value in the financial statements (Note 6). Differences between the carrying value and fair value of the derivatives after the subsequent measurements are recognized in the income statement.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.3.9 Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences while deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Providing that they are subject to same country's taxation regulations and there is no legal regulation forces to do otherwise, the deferred tax assets and liabilities could be off set with each other (Note 26).

2.3.10 Recognition of income and expenses

a) Interest income and expense

Interest income and expense are recognised in the income statement according to accrual basis.

b) Commission and campaign income

The Company receives campaign income from dealers and distributors in order to partially compensate the loss incurred by applying relatively lower interest rates on loans granted during the campaigns. Moreover, the Company receives fees from customers for every loan agreement. Such commissions received are considered as an integral part of interest income on consumer loans, therefore, they are deferred and recognised over the life of the related loans based on the internal rate of return method.

c) Commission expense

The Company pays commission to delaers based on the intermediated automotive loans. Such commissions are considered as an integral part of the sales cost and in the financial statements these commissions are distributed over the life the related loans based on the internal rate of return method.

d) Other income

Excess payment to matured loans are recognized as other income after being recognized as a liability in the financial statements for one year, unless they are returned.

2.3.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.3.12 Provision for employment termination benefits

Provision for employment termination benefits, as required by the Turkish Labor Law, are recognised in these financial statements as they are earned. The total provision represents the present value of the future probable obligation of the Company arising from severance of the personnel, who has at least one year of service in the Company, because of the retirement, death or required military service (Note 18).

2.3.13 Equity

In the adjustment to the equity, inflation adjustments within the equity such as statutory revaluation funds are not considered as shareholders’ contribution. Reserve funds and retained earnings added to equity are considered as shareholders contribution.

In the inflation adjustment of equity items, registration date of capital increase or collection date of payments regarding the capital increase are considered.

Ordinary shares are classified as equity. Dividends distributed on ordinary shares are deducted from the retained earnings in the period they are pronounced (Note 19).

2.3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions. The foreign currency denominated monetary assets and liabilities are translated with the buy exchange rates declared by the Central Bank of the Republic of Turkey. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.3.15 Earnings per share

Earnings per share is calculated by dividing the net income for the period with the weighted average quantity of the issued shares for the related period (Note 27).

In Turkey companies can increase their capital and distribute their retained earnings by distributing common stocks (“Bonus share”) to the existing stockholders in proportion to the amount of shares they hold. In calculation of the earnings per share, these bonus shares are considered as issued stocks. Therefore the weighted average common stock number is obtained by considering the bonus shares are distributed for the whole period.

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NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.3.16 Contingent assets and contingent liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in the financial statements and treated as contingent assets or liabilities (Note 17).

2.4 Accounting estimate changes and errors

The general principle in TAS 8 is that an entity must correct all material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by restating the comparative amounts for the prior periods presented in which the error occurred.

The Company has revised its provisioning calculations for its realised or expected losses from receivables as of 31 December 2008 in order to be able to apply the required Communique on the Procedures and Regulations on the Provisions for Receivables of the Financial Leasing, Factoring and Consumer Finance Companies published by BRSA on the Official Gazette No. 26588 dated 20 July 2007. Accordingly, the aforementioned change in provisioning calculations is considered within the scope of TAS 8, “Changes in accounting estimates”. Therefore its effect is applied to previous year financial statements.

2.5 Use of accounting estimates

The Company has prepared its financial statements under the going concern assumption.

Preparation of financial statements requires the use of estimates and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period. Although the estimates and assumptions are based on the best estimates of the management’s existing incidents and operations, they may differ from the actual results. Those estimates and assumptions are periodically reviewed, if any, necessary corrections are made and recognized in the related period’s income statement.

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NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company aims to increase its interest rate margins by obtaining above the average margins net of provisions through providing loans to credible customers.

The Company’s risk management committee establishes the policies, procedures, parameters and rules for risk management of the Company and develops risk management strategies. The committee also sets critical risk limits and parameters for liquidity risk, credit risk, foreign exchange risk and interest rate risk and; through close monitoring of the markets and overall economy, such limits are changed when necessary. These limits and implementation of policies are broken down to various levels of authorities in order to enhance control effectiveness.

The objective of the Company’s asset and liability management and the use of financial instruments is to limit the Company’s exposure to liquidity risk, interest rate risk and foreign exchange risk, while ensuring that the Company sufficiently utilizes its capital to optimize net operating income.

(a) Credit risk

Financial instruments contain an element of risk that the counterparts may be unable to meet the terms of the agreements. The Company’s exposure to credit risk is concentrated in Turkey, where the majority of the activities are carried out. This risk is monitored by reference to credit risk ratings and managed by limiting the various risks. The Company has in place effective credit evaluation, disbursement and monitoring procedures, and those control procedures are supported by the Management Board. The credit risk is diversified due to the large number of customers.

TL47.237.244 (2009: TL35.875.192) amount of provisions were booked against doubtful receivables, which is comprised of TL42.026.394 specific provision (2009: TL30.938.334) and TL5.210.850 general provision (2009: TL4.936.858) (Note 7 and 17).

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed by obtaining collaterals as well as corporate and personal guarantees.

The rules and applications to obtain a strong, high quality, productive and sustainably growing credit portfolio forms the Company’s credit policies.

Local Risk Management is in charge of defining credit policies, monitoring portfolio development and informing the Risk Committee regarding risk trends and indications, which will have impact on the performance of the credit quality. Based on the decision of the Risk Committee, the responsibility to implement necessary policies and actions belongs to the related departments in line with the segregation of duties principles.

The function of the Risk Committee is to review all credit risk factors of the Company. The aim is to involve all related parties and make it possible to consider all current market and business risk factors as a base for the risk decisions.

Risk Management Department prepares suggestions for policies regarding to the identified risks, proposes the risk strategy, monitors impact of strategy implementation and reports to the Risk Committee for final approval.

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**NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

The Company’s corporate rating tool concentration by risk classes as of 31 December 2010 and 2009 are as follows:

2010					
Rating class	Retail (%)	SME-Retail (%)	Total Retail (%)	Rating class	Corporate (%)
1	1,28	0,03	1,31	3	0,03
2	5,66	0,38	6,04	4	0,15
3	11,48	1,38	12,86	5	0,24
4	21,96	3,70	25,66	6	0,03
5	17,40	6,96	24,36	7	0,07
6	11,24	5,44	16,68	8	0,24
7	4,95	2,04	6,99	9	0,17
8	0,86	1,08	1,94	10	0,07
Unrated	-	2,23	2,23	11	-
				12	0,06
				Unrated	0,87
	74,83	23,24	98,07		1,93

2009					
Rating class	Retail (%)	SME-Retail (%)	Total Retail (%)	Rating class	Corporate (%)
1	6,56	0,01	6,57	3	0,01
2	8,38	0,48	8,86	4	0,11
3	8,61	1,67	10,28	5	0,07
4	20,23	4,20	24,43	6	0,07
5	13,87	6,67	20,54	7	0,14
6	9,41	4,01	13,42	8	0,09
7	4,34	1,34	5,68	9	0,51
8	0,54	0,52	1,06	10	0,13
Unrated	0,01	6,90	6,91	Unrated	1,12
	71,95	25,80	97,75		2,25

All customers are classified in risk categories by using advanced assessment tools and in-house rating practices.

A bespoke score card have been implemented under outsourced consultancy. All the individual customers and Small and Medium Enterprises (“SME”) are assessed by the use of these score cards. The periodic validation of the score cards is done by utilizing internal and external expertise. The score distribution and scoring performance test are prepared by local risk management department and presented and approved in the Risk Committee.

The internal rating tool is established by Volkswagen Financial Services A.G. (“VWFS AG”) to evaluate/assess the credit worthiness and expected loss of borrowers. The customers which are subject to credit committee approval are assessed by the use of this rating tool.

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**NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

The benchmarks of the rating system are evaluated/revised by VWFS AG Central Risk Management department taking into account financial data of companies operating in the Turkish market.

The Company monitors the performance of loan customers on continuous basis using advanced risk analysis tools such as vintage curves, aging and roll rates analysis, realised loss calculations. Loans past due are followed up by the Collection Department and outsourced professional lawyers. According to the decision of Company management, the responsibilities of the former Law Department had been fully outsourced within the 2nd half of the year 2009. However, in order to maintain necessary controls and coordination, it was also decided to recruit a lawyer to the existing department.

Collection Unit (Collection Department)

Customers with instalments overdue up to 45 days are followed in this unit.

Pre-legal Unit (Collection Department)

Customers with instalments overdue between 45 days and 120 days are followed in this unit. Pre-legal process commences by sending a notarised letter to customers.

Legal Proceedings

Customers with instalments overdue above 120 days are followed and judicial executions are initiated and implemented by the professional lawyers acting on behalf of the Company. All the legal actions and relevant proceedings are implemented under the close control and coordination of the Company.

The Company has also expected and unexpected risk definitions and responsibilities that describe the main risk points according to business lines for monitoring purposes.

The Company classifies its loans and receivables whose instalment payment dates are overdue above 90 days as impaired loans.

The Company classifies its loans as below:

	2010	2009
Loans neither past due nor impaired	898.793.508	786.197.464
Loans past due but not impaired	143.004.542	201.174.670
Impaired loans	84.098.616	128.833.416
Gross loans	1.125.896.666	1.116.205.550
Less: allowance for impairment	(42.026.394)	(30.938.334)
Net loans	1.083.870.272	1.085.267.216

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**NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

The details of the loans past due but not impaired which are classified under the performing loans as of 31 December 2010 and 2009 are as follows:

2010	Corporate	Retail	Total
Past due up to 30 days	25.103.597	62.801.737	87.905.334
Past due 30 - 60 days	13.342.827	27.801.142	41.143.969
Past due 60 - 90 days	3.771.200	10.184.039	13.955.239
Total	42.217.624	100.786.918	143.004.542
Fair value of collateral	28.221.918	107.068.215	135.290.134
2009	Corporate	Retail	Total
Past due up to 30 days	25.754.958	80.503.193	106.258.151
Past due 30 - 60 days	14.465.070	49.993.561	64.458.631
Past due 60 - 90 days	6.800.953	23.656.935	30.457.888
Total	47.020.981	154.153.689	201.174.670
Fair value of collateral	43.080.933	144.395.109	187.476.062

Bad debt restructuring is not common during the collection and pre legal process. The payment plan can be rescheduled during legal follow up considering the customer payment ability, under authority of Company's lawyer.

Impairment and Provisioning Policies

Impairment provision amounting to TL47.237.244 (2009: TL35.875.192) consists of specific provision of TL42.026.394 (2009: TL30.938.334) and general provision of TL5.210.850 (2009: TL4.936.858) (Note 7 and 17). Specific provision is classified under "Receivables under follow-up", general provision is classified under "Provisions" account in the balance sheet.

The details of the loans impaired which are classified under the non - performing loans are as follows:

	2010	2009
Individually impaired loans (Note 7)	84.098.616	128.833.416
Fair value of collateral	55.453.541	97.895.082

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**NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Repossessed collateral

During 2010, the Company obtained assets by taking possession of collateral held as security. Carrying amount of those assets is as follows:

Nature of assets	2010 Carrying amount	2009 Carrying amount
Cars under custody	16.926.918	28.745.282

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed collaterals of written-off loans are classified in the balance sheet under assets held for sale.

Maximum exposure to credit risk

The table below represents a worst case scenario of credit risk exposure.

	2010	2009
Cash	1.434	1.260
Due from banks	19.348.489	13.938.262
Loans and advances to customers	1.083.870.272	1.085.267.216
Other assets	8.875.807	6.565.565
Total	1.112.096.002	1.105.772.303

Industry sectors

The Company's business heavily focuses on automobile loans granted to individuals. Only small portion of the loan portfolio relates to the automobile loans granted to SME and corporate sector clients.

	Financial institutions	Other industries	Retail customers	Total
Cash	1.434	-	-	1.434
Due from banks	19.348.489	-	-	19.348.489
Loans and advances to customers	-	315.933.639	767.936.633	1.083.870.272
Other assets	-	8.875.807	-	8.875.807
31 December 2010	19.349.923	324.809.446	767.936.633	1.112.096.002
Cash	1.260	-	-	1.260
Due from banks	13.938.262	-	-	13.938.262
Loans and advances to customers	-	305.205.190	780.062.026	1.085.267.216
Other assets	-	6.565.565	-	6.565.565
31 December 2009	13.939.522	311.770.755	780.062.026	1.105.772.303

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**NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Geographical sectors

All of the assets of the Company are concentrated in Turkey.

(b) Market risk

The Company considers currency risk and interest rate risk as the most important constituents of market risk. The limit structure for these risks is designed by considering the capital structure of the Company. Currency and interest rate risks are analysed both on portfolio and product basis.

Foreign exchange risk

Foreign exchange exposure is the result of the mismatch of foreign currency denominated assets and liabilities (including foreign currency indexed ones) together with exposures resulting from off-balance sheet foreign exchange derivative instruments. The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The assets and liabilities of the Company in foreign currencies and TL as of 31 December 2010 and 2009 is as follows:

2010	US\$	EUR	Total
Cash	522	539	1.061
Due from banks	564	12.073.012	12.073.576
Loans and advances to customers (*)	3.583.539	129.411.944	132.995.483
Other assets	9.161	44.339	53.500
Total assets	3.593.786	141.529.834	145.123.620
Funds borrowed	3.347.891	163.406.497	166.754.388
Subordinated loans	-	20.570.357	20.570.357
Miscellaneous liabilities	52.657	765.490	818.147
Total liabilities	3.400.548	184.742.344	188.142.892
Net balance sheet position	193.238	(43.212.510)	(43.019.272)
Off-balance sheet position	-	33.013.595	33.013.595

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**NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

2009	US\$	EUR	Total
Cash	-	874	874
Due from banks	503.962	10.761.299	11.265.261
Loans and advances to customers (*)	8.312.267	236.885.356	245.197.623
Other assets	-	385	385
Total assets	8.816.229	247.647.914	256.464.143
Funds borrowed	8.919.358	360.804.886	369.724.244
Subordinated loans	-	21.683.104	21.683.104
Miscellaneous liabilities	84.343	1.184.528	1.268.871
Total liabilities	9.003.701	383.672.518	392.676.219
Net balance sheet position	(187.472)	(136.024.604)	(136.212.076)
Off-balance sheet position	-	127.471.418	127.471.418

(*) Foreign currency indexed loans are classified as TL in the balance sheet and amount to TL132.995.483 as of 31 December 2010 (2009: TL245.197.623).

At 31 December 2010, assets and liabilities denominated in foreign currency were translated into Turkish Lira using foreign exchange rates of TL1,5460 = US\$1 (2009: TL1,5057 = US\$1) and TL2,0491 = EUR1 (2009: TL2,1603 = EUR1).

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Because of the volatility of the interest rates in Turkey, interest rate risk is an important part of the management of the Company's assets and liabilities. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Expected repricing and maturity dates do not differ from the contract dates, therefore no additional table is included which summarises the Company's assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates.

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**NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

The table below summarises weighted average interest rates for financial instruments at 31 December 2010 and 2009:

	2010 (%)			2009 (%)		
	US\$	EUR	TL	US\$	EUR	TL
Assets						
Due from banks	-	1,00	5,59	0,50	1,06	6,46
Loans and advances to customers	8,40	7,94	13,08	9,37	8,67	17,38
Liabilities						
Funds borrowed	4,69	4,28	10,63	4,14	5,54	15,04
Subordinated loans	-	3,54	-	-	3,22	-

Sensitivity analysis

The technics of the measurement and control of the market risk has been summarized below.

The measurement techniques describe potential losses due to disadvantageous changes in market prices or the parameters affecting prices.

Treasury and Risk Management departments mutually work on Asset-Liability Management (“ALM”) while Treasury is responsible for taking the necessary action for optimal ALM Policy and Risk Management Committee is in charge of taking necessary actions. ALM is computed for each currency on balance sheet where the Company steers via “set of indicators” (“SOI”). SOI comprises interest rate risk, pursued on nominal differences of future receivables and liabilities, and duration (modified) gap where future receivables and liabilities are discounted with current interest rates in respective maturities. Interest rate risk and duration (modified) gap are quoted in terms of percentage and number of days respectively. Treasury’s task is to comply with risk levels under certain interest rate levels which are approved by Supervisory Board. Additional control mechanisms are currently prepared as part of the implementation of the requirements arising from Basel II.

The major measurement techniques used to measure and control market risk are outlined below:

Interest Rate Risk (Nominal Value mismatch) to the forward
Duration and Modified Duration Gap
Scenario Analysis (x bps effect on cash flow)
ALM report

The Company refrains from holding open position for foreign currency in order to avert from the exchange rate risk. The low volumed short/long position sensitivity of the company in the period is calculated monthly by VaR analysis. Apart from that also various senerio analysis are performed.

In order to assess the sensivity of the foreign exchange losses/gains to the volatility of the exchange rates, the net foreign currency position values are recalculated under the assumption of 10% depreciation of the TL against all foreign currencies. Under this assumption position the net foreign currency position of the Company and value decrease in the market value of net foreign currency position as of 31 December 2010 and 2009 has been presented under the table below.

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**NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

The sensitivity of the net foreign currency position;

2010	US\$	EUR	Total
Total Assets	3.593.786	141.529.834	145.123.620
Total Liabilities	3.400.548	184.742.344	188.142.892
Net balance sheet position	193.238	(43.212.510)	(43.019.272)
Off-balance sheet position	-	33.013.595	33.013.595
Net position	193.238	(10.198.915)	(10.005.677)
The scenario of the depreciation of TL by 10 %	19.324	(1.019.892)	(1.000.568)
2009	US\$	EUR	Total
Total Assets	8.816.229	247.647.914	256.464.143
Total Liabilities	9.003.701	383.672.518	392.676.219
Net balance sheet position	(187.472)	(136.024.604)	(136.212.076)
Off-balance sheet position	-	127.471.418	127.471.418
Net position	(187.472)	(8.553.186)	(8.740.658)
The scenario of the depreciation of TL by 10 %	(18.747)	(855.319)	(874.066)

The Company is exposed to interest rate risk primarily with respect to TL, EUR and US\$.

Exposure to interest rate risk analysis for the Company is as follows:

As of 31 December 2010, if interest rates on TL, EUR and US\$ had increased/decreased by 1% with all other variables held constant, fair value of interest rate sensitive assets and liabilities would have been TL2.775.212 lower/TL2.952.431 higher.

Liquidity risk

One of the major objectives of the Company’s asset and liability management is to ensure that sufficient liquidity is available to meet the Company’s commitments to creditors and to satisfy the Company’s own liquidity needs.

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(Continued)**

Liquidity risk exists in so far as the Company may not be able to meet its payment obligations on time or to the full amount. This also includes the risk terms of size and time frame, a company's cash flow may not be sufficient to ensure liquidity. Two instrumental risks are to be evaluated in estimating liquidity risk. The first occurs when borrowings are unexpectedly utilized. The second risk to be assessed is the refinancing risk. This is defined as the risk that required subsequent financing cannot be carried out (or only under worse conditions).

Liquidity risk is managed by the Company's Treasury and monitored by the Risk Committee. The first of the liquidity risks is not applicable to the Company due to spot borrowing and relevant provision on credit facilities signed with the lenders. There are sufficient bank lines to satisfy liquidity needs of the Company's operations. Risks arising from operations are duly reported to VWFS AG. ALM report is prepared in order to review the cash flow of the Company. To ensure professional cash flow management, the Company's Treasury department regularly prepares cash flow statements and carries out cash flow forecasts.

The table below analyses assets and liabilities of the Company into relevant maturity groupings at 31 December 2010 and 2009 based on the remaining period at balance sheet date to the maturity dates.

2010	Demand and up to 3 months	3 to 12 months	Over 1 year	No maturity	Total
Cash	1.434	-	-	-	1.434
Due from banks	19.348.489	-	-	-	19.348.489
Consumer loans	166.215.454	370.317.423	547.337.395	-	1.083.870.272
Property and equipment	-	-	-	1.485.269	1.485.269
Intangible assets	-	-	-	1.442.429	1.442.429
Assets held for sale purpose	2.017.906	-	-	-	2.017.906
Deferred tax asset	-	-	2.007.749	-	2.007.749
Other assets	3.314.777	2.258.742	3.302.288	-	8.875.807
Total assets	190.898.060	372.576.165	552.647.432	2.927.698	1.119.049.355
Funds borrowed	245.467.241	350.917.322	389.366.444	-	985.751.007
Subordinated loans	-	-	20.570.357	-	20.570.357
Derivative financial liabilities	5.080.581	-	-	-	5.080.581
Miscellaneous liabilities	8.533.249	-	-	-	8.533.249
Other liabilities	3.439.665	8.326.125	8.028.411	-	19.794.201
Taxes payable	6.796.540	-	-	-	6.796.540
Employee benefits	1.450.000	340.584	-	102.452	1.893.036
Other provisions	250.887	725.402	-	5.210.850	6.187.139
Total liabilities	271.018.163	360.309.433	417.965.212	5.313.302	1.054.606.110
Net liquidity gap	(80.120.103)	12.266.732	134.682.220	(2.385.604)	64.443.245

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**NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

2009	Demand and up to 3 months	3 to 12 months	Over 1 year	No maturity	Total
Cash	1.260	-	-	-	1.260
Due from banks	13.938.262	-	-	-	13.938.262
Consumer loans	212.531.861	389.084.704	483.650.651	-	1.085.267.216
Property and equipment	-	-	-	1.269.605	1.269.605
Intangible assets	-	-	-	1.404.475	1.404.475
Assets held for sale purpose	1.852.888	-	-	-	1.852.888
Deferred tax asset	-	-	2.040.846	-	2.040.846
Other assets	1.712.352	3.405.268	1.447.945	-	6.565.565
Total assets	230.036.623	392.489.972	487.139.442	2.674.080	1.112.340.117
Funds borrowed	200.021.694	491.152.981	307.706.364	-	998.881.039
Subordinated loans	-	-	21.683.104	-	21.683.104
Derivative financial liabilities	(3.628.688)	9.851.865	(704.596)	-	5.518.581
Miscellaneous liabilities	8.677.178	-	-	-	8.677.178
Other liabilities	2.744.911	5.310.150	4.096.472	-	12.151.533
Taxes payable	2.418.081	-	-	-	2.418.081
Employee benefits	1.106.015	260.484	-	83.928	1.450.427
Other provisions	2.673	-	-	4.936.857	4.939.530
Total liabilities	211.341.864	506.575.480	332.781.344	5.020.785	1.055.719.473
Net liquidity gap	18.694.759	(114.085.508)	154.358.098	(2.346.705)	56.620.644

The following table below presents the cash flows payable by the Company under non-derivative liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages inherent liquidity risk based on expected undiscounted cash inflows.

2010	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Funds borrowed	101.252.442	146.739.422	374.051.622	446.479.021	-	1.068.522.507
Subordinated loans	-	-	-	21.591.473	-	21.591.473
Miscellaneous liabilities	8.533.249	-	-	-	-	8.533.249
Other liabilities	1.190.390	2.249.275	8.326.125	8.028.411	-	19.794.201
Taxes payable	6.796.540	-	-	-	-	6.796.540
Employee benefits	-	1.450.000	340.584	-	1.052.263	2.842.847
Other provisions	250.887	-	725.402	-	5.210.850	6.187.139
Total liabilities (Contractual maturity dates)	118.023.508	150.438.697	383.443.733	476.098.905	6.263.113	1.134.267.956

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**NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

2009	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Funds borrowed	79.359.719	123.983.994	522.123.444	353.883.357	-	1.079.350.514
Subordinated loans	-	-	-	23.369.352	-	23.369.352
Miscellaneous liabilities	8.677.178	-	-	-	-	8.677.178
Other liabilities	979.674	1.765.237	5.310.150	4.096.472	-	12.151.533
Taxes payable	2.418.081	-	-	-	-	2.418.081
Employee benefits	-	1.106.015	260.484	-	835.065	2.201.564
Other provisions	-	2.673	-	-	4.936.857	4.939.530

Total liabilities

(Contractual maturity dates)	91.434.652	126.857.919	527.694.078	381.349.181	5.771.922	1.133.107.752
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The Company's derivatives that will be settled on a gross basis include foreign exchange derivatives, which are composed of currency forward and currency swaps.

The table below analyses the Company's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2010	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
<u>Foreign exchange derivatives</u>					
Outflow	285.342	-	-	-	285.342
Inflow	227.995	-	-	-	227.995
<u>Interest rate derivatives</u>					
Outflow	39.071.804	-	-	-	39.071.804
Inflow	34.024.166	-	-	-	34.024.166
Net inflow/(outflow)	(5.104.985)	-	-	-	(5.104.985)

2009	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
<u>Foreign exchange derivatives</u>					
Outflow	-	-	11.615.299	285.342	11.900.641
Inflow	-	-	10.574.850	240.368	10.815.218
<u>Interest rate derivatives</u>					
Outflow	-	23.560.057	75.258.045	39.071.804	137.889.906
Inflow	691.332	26.018.528	60.955.587	35.870.580	123.536.027
Net inflow/(outflow)	691.332	2.458.471	(15.342.907)	(3.246.198)	(15.439.302)

(c) Operational risk

The most comprehensive meaning of operational risk is considered to be any risk which is not classified as market and credit risk. In managing operational risk, improving the skills of the staff, developing the operations technology and job definitions, establishing the necessary internal controls and various insurances are employed as main methods. Operational risks at the Company are defined as the threat of losses that occur as a result of inadequate or inoperative internal processes (process risks), personnel (personnel risks), technology (infrastructure and IT risks) or as a result of external events (external risks). The definitions of these four risk categories include the respective legal and compliance risks. Strategic risks and reputation risks are not considered under operational risks.

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**NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

The Company's operational risk management system consists of operational risk framework which is detailed in the Company's operational risk handbook. The framework is also supported by the business units regarding the legal and compliance issues.

Technically, management of operational risks is supported by the main shareholder company VWFS AG. Loss data collection is one of the main areas in the risk management process. The implementation of this procedure to meet the requirements of the Basel II took place starting from 1 January 2008. Basel II prescribes certain minimum requirements for the management of operational risks, which have been implemented in a collective risk process, including the following process steps:

- (i) Risk identification and analysis
- (ii) Risk quantification and assessment
- (iii) Risk management
- (iv) Risk reporting and monitoring

(d) Capital management

As a capital management policy, the Company does not distribute its profits and prefers to strengthen its capital structure through retained earnings. In addition, the Company utilises subordinated loans which are also accepted as statutory capital by the applicable regulations.

According to 23rd article of “Regulation on the Establishment and Operations of Factoring, Leasing and Consumer Finance Companies” which was published in the Official Gazette dated 10 October 2006, total volume of loans granted by consumer financing companies cannot exceed 30 times of the regulatory equity.

As of 31 December 2010, total volume of loans granted by the Company in its statutory records is 15,82 times of statutory regulatory equity (2009: 14,34).

Thousand TL	2010	2009
Loans and advances to customers (A)	1.070.157	1.054.139
Statutory share capital	29.718	29.718
Reserves	1.400	927
Statutory profit	6.925	15.536
Retained earnings	25.503	18.655
Subordinated loans	4.114	8.673
Total statutory regulatory equity (B)	67.660	73.509
Loan/capital ratio (A/B)	15,82	14,34

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**NOTE 3 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

(e) Explanations on the presentation of assets and liabilities at their fair values

i. Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

	2010		2009	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Due from banks	19.348.489	19.348.489	13.938.262	13.938.262
Consumer loans	1.083.870.272	1.089.623.598	1.085.267.216	1.092.341.021
Financial liabilities				
Funds borrowed	985.751.007	1.002.911.474	998.881.039	1.012.670.734
Subordinated loans	20.570.357	21.135.477	21.683.104	22.748.136

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets

The foreign currency balances are translated into Turkish Lira with the prevailing exchange rates at the end of the period. It is assumed that this balance is close to the carrying amount. Financial assets including cash and cash equivalents are recognized with their initial cost and since they have short-terms it is assumed that their fair values are close to their carrying amounts.

The estimated fair value of loans and advances to customers represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates with similar credit risk, currency and remaining maturity to determine fair value (Note 7).

Financial liabilities

The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using money market interest rates prevailing at the balance sheet date with similar credit risk, currency and remaining maturity (Note 12 and 13).

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(Continued)**

ii. Fair value hierarchy

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- a) Quoted market prices (non-adjusted) (1st level of hierarchy).
- b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level of hierarchy (2nd level of hierarchy).
- c) Data not based on observable data regarding assets or liabilities (3rd level).

Fair value hierarchy of the financial assets and liabilities of the Company carried at fair value according to the foregoing principles is given in the table below:

2010	1st Level	2nd Level	3rd Level	Total
Trading Derivative Financial Liabilities	-	5.080.581	-	5.080.581
Total Liabilities	-	5.080.581	-	5.080.581

2009	1st Level	2nd Level	3rd Level	Total
Trading Derivative Financial Liabilities	-	5.518.581	-	5.518.581
Total Liabilities	-	5.518.581	-	5.518.581

NOTE 4 - CASH AND CASH EQUIVALENTS

As of 31 December 2010, 2009 and 2008 the cash and cash equivalent balances presented in the cash flow statement is as follows;

	2010	2009	2008
Cash and cash equivalents	19.348.749	13.939.023	26.987.780
	19.348.749	13.939.023	26.987.780

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NOTE 5 - DUE FROM BANKS

	2010	2009
Domestic banks		
- TL deposits	4.142.540	2.673.001
- FX deposits	6.390	46.741
Foreign banks		
- TL deposits	3.132.373	-
- FX deposits	12.067.186	11.218.520
	19.348.489	13.938.262

Time deposits have maturities up to one month (2009: maturities up to one month). The weighted average interest rates of time deposits are 5,59% for TL (2009: 6,46%), and 1,00% for EUR (2009: 1,06%).

There are no blocked accounts as of 31 December 2010 (2009: None).

NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS

	2010		2009	
	Contract amount	Fair value	Contract amount	Fair value
<u>Derivative financial assets</u>				
Currency swaps and forwards				
- EUR	227.995	-	10.815.218	-
Interest rate swaps				
- EUR	32.785.600	-	116.656.200	-
	33.013.595	-	127.471.418	-
<u>Derivative financial liabilities</u>				
Currency swaps and forwards				
- TL	285.342	(57.243)	11.900.641	(828.305)
Interest rate swaps				
- TL	34.912.000	(5.023.338)	113.180.600	(4.690.276)
	35.197.342	(5.080.581)	125.081.241	(5.518.581)
	68.210.937	(5.080.581)	252.552.659	(5.518.581)

As of 31 December 2010 derivative financial instruments consist of EUR16.000.000 interest rate swap purchases (2009: EUR54.000.000) and TL34.912.000 interest rate swap sales (2009: TL113.180.600) and EUR111.266 (2009: EUR\$5.006.350) currency swaps purchases, TL285.342 (2009: TL11.900.641) currency swaps sales. There are no forward transactions as of 31 December 2010 (2009: None).

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NOTE 7 - LOANS AND ADVANCES TO CUSTOMERS

	2010			2009		
	Up to 1 year	1 year and more	Total	Up to 1 year	1 year and more	Total
TL	438.778.884	479.304.424	918.083.308	411.569.276	348.357.021	759.926.297
EUR	74.238.782	46.062.060	120.300.842	123.400.483	96.401.637	219.802.120
US\$	2.255.504	1.158.396	3.413.900	4.488.269	3.155.448	7.643.717
	515.273.170	526.524.880	1.041.798.050	539.458.028	447.914.106	987.372.134
Consumer loans under follow-up	54.750.817	29.347.799	84.098.616	75.951.531	52.881.885	128.833.416
Less: allowance for impairment	(33.491.110)	(8.535.284)	(42.026.394)	(13.792.994)	(17.145.340)	(30.938.334)
Consumer loans under follow-up, net	21.259.707	20.812.515	42.072.222	62.158.537	35.736.545	97.895.082
Total loans and advances to customers	536.532.877	547.337.395	1.083.870.272	601.616.565	483.650.651	1.085.267.216

	2010	2009
TL denominated loans and advances	985.255.711	862.320.800
Foreign currency denominated loans and advances	140.640.955	253.884.750
Gross loans and advances	1.125.896.666	1.116.205.550
Less: allowance for impairment	(42.026.394)	(30.938.334)
Net loans and advances to customers	1.083.870.272	1.085.267.216

The movement of the loan loss provision is presented below:

	2010	2009
1 January	30.938.334	13.857.077
Provisions for the impaired loans in the period, net	11.088.060	17.081.257
31 December	42.026.394	30.938.334

The weighted average monthly interest rates of loans are 1,09% for TL (2009: 1,45%), 0,66% for EUR (2009: 0,72%) and 0,70% for US\$ denominated loans (2009: 0,78%).

As of 31 December 2010 and 2009 the distribution of the collaterals against the loans provided is as follows: (The automobiles are taken as collaterals for all the loans provided. The table below shows the distribution of the collaterals except the cars).

	2010	2009
The deposit pledge	161.888	168.783
	161.888	168.783

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NOTE 8 - TANGIBLE ASSETS

The movement of tangible assets and related accumulated depreciation balances as of 31 December 2010 is as below:

	1 January 2010	Additions	Disposal	31 December 2010
Cost				
Land	549.250	-	-	549.250
Office equipment	1.895.816	252.151	(11.026)	2.136.941
Furnitures and fixtures	418.113	-	-	418.113
Motor vehicles	330.569	359.589	(279.573)	410.585
Special costs	1.052.968	-	-	1.052.968
Other	60.957	24.671	-	85.628
	4.307.673	636.411	(290.599)	4.653.485
Accumulated depreciation				
Office equipment	1.465.743	177.598	(7.329)	1.636.012
Furnitures and fixtures	407.077	8.896	-	415.973
Motor vehicles	148.756	22.455	(125.808)	45.403
Special costs	965.932	45.671	-	1.011.603
Other	50.560	8.665	-	59.225
	3.038.068	263.285	(133.137)	3.168.216
Net book value	1.269.605			1.485.269

The movement of tangible assets and related accumulated depreciation balances as of 31 December 2009 is as below:

	1 January 2009	Additions	Disposal	31 December 2009
Cost				
Land	549.250	-	-	549.250
Office equipment	1.748.022	244.924	(97.130)	1.895.816
Furnitures and fixtures	418.113	-	-	418.113
Motor vehicles	414.605	-	(84.036)	330.569
Special costs	1.034.474	18.494	-	1.052.968
Other	90.801	700	(30.544)	60.957
	4.255.265	264.118	(211.710)	4.307.673
Accumulated depreciation				
Office equipment	1.373.111	188.805	(96.173)	1.465.743
Furnitures and fixtures	387.807	19.270	-	407.077
Motor vehicles	102.949	66.113	(20.306)	148.756
Special costs	899.474	66.458	-	965.932
Other	73.604	6.576	(29.620)	50.560
	2.836.945	347.222	(146.099)	3.038.068
Net book value	1.418.320			1.269.605

As of 31 December 2010 and 2009 no financial lease asset is owned by the Company.

Land is held as investment property. The Company management has decided to hold the land for long term capital appreciation.

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NOTE 9 - INTANGIBLE ASSETS

The movement of intangible assets and related accumulated depreciation balances as of 31 December 2010 is as below:

	1 January 2010	Additions	Disposal	31 December 2010
Cost				
Rights	7.204.895	595.721	-	7.800.616
Accumulated depreciation				
Rights	5.800.420	557.767	-	6.358.187
Net book value	1.404.475			1.442.429

The movement of intangible assets and related accumulated depreciation balances as of 31 December 2009 is as below:

	1 January 2009	Additions	Disposal	31 December 2009
Cost				
Rights	6.721.467	489.360	(5.932)	7.204.895
Accumulated depreciation				
Rights	5.323.918	481.002	(4.500)	5.800.420
Net book value	1.397.549			1.404.475

NOTE 10 - ASSETS HELD FOR SALE

	2010	2009
Vehicles held for sale	2.017.906	1.852.888
	2.017.906	1.852.888

Movement in assets held for sale during the year is as follows:

	2010	2009
1 January	1.852.888	1.539.412
Addition	4.114.956	3.304.836
Disposal	(3.949.938)	(2.991.360)
31 December	2.017.906	1.852.888

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NOTE 10 - ASSETS HELD FOR SALE (Continued)

At 31 December 2010 and 2009, the ageing structure of assets held for sale according to their recognition dates was as follows:

	2010	2009
Up to 3 months	402.462	695.320
3 months to 6 months	576.900	250.798
6 months to 1 year	667.043	485.440
1 - 2 year	297.201	398.340
Over 2 years	74.300	22.990
	2.017.906	1.852.888

NOTE 11 - OTHER ASSETS

	2010	2009
Prepaid dealer commission expense (*)	6.692.655	4.559.860
Prepaid taxes	1.024.036	1.397.870
KKDF and BSMV receivables from customers	585.136	-
Receivables from distributors	449.685	549.744
Advances and deposits given	93.030	33.228
Prepaid other taxes	26.401	13.937
Prepaid insurance and commission expenses	4.774	6.717
Other	90	4.209
	8.875.807	6.565.565

(*) Portion of prepaid dealer commission expense amounting to TL3.302.288 has maturity of more than one year (2009: TL1.447.945).

NOTE 12 - FUNDS BORROWED

	2010	2009
Short-term funds borrowed		
Short-term funds borrowed	338.362.822	306.031.219
Short-term installments of the long-term funds borrowed	258.021.741	385.143.456
Total short-term funds borrowed	596.384.563	691.174.675
Long-term funds borrowed		
Long-term funds borrowed	389.366.444	307.706.364
Total funds borrowed	985.751.007	998.881.039

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NOTE 12 - FUNDS BORROWED (Continued)

The details of funds borrowed as of 31 December 2010 and 2009 is as follows:

	2010	2009
Funds borrowed from foreign banks and financial institutions	710.620.132	814.403.344
Funds borrowed from domestic banks and financial institutions	275.130.875	184.477.695
	985.751.007	998.881.039

All borrowings from domestic banks and financial institutions as at 31 December 2010 are TL denominated. Weighted average interest rates of funds borrowed from domestic banks and institutions is 10,28% (2009: 14,53%).

Weighted average interest rates of funds borrowed from foreign banks and institutions are 10,63% for TL (2009: 15,25%), 4,28% for EUR (2009: 5,54%) and 4,69% for US\$ denominated borrowings (2009: 4,14%).

The carrying amount and the fair value of the borrowings as of 31 December 2010 and 2009 are as below:

	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
TL borrowings	818.996.619	834.479.238	629.156.795	629.642.238
EUR borrowings	163.406.497	165.038.198	360.804.886	373.858.901
US\$ borrowings	3.347.891	3.394.038	8.919.358	9.169.595
	985.751.007	1.002.911.474	998.881.039	1.012.670.734

NOTE 13 - SUBORDINATED LOANS

	2010	2009
Subordinated loans	20.570.357	21.683.104
	20.570.357	21.683.104

On 20 November 2006, the Company obtained a subordinated loan amounting to EUR10 million, with 5 years maturity, whose maturity is modified as 5,5 years with an amendment agreement dated 5 February 2008. The interest rate is determined as Libor+2% designated every 12 months. The loan was obtained from Volkswagen International Finance N.V. With the written approvals of the BRSA dated 26 March 2007, the loan has been approved as subordinated loan and can be taken into consideration as supplementary capital within the limits of "Capital Adequacy Regulation".

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NOTE 14 - MISCELLANEOUS LIABILITIES

	2010	2009
Miscellaneous liabilities		
Advance collections regarding loans not due (*)	5.942.880	6.683.411
Miscellaneous payables to suppliers	2.475.924	1.704.135
Other	114.445	289.632
	8.533.249	8.677.178

(*) The Company classifies the advance collections from loans not due as short term Miscellaneous liabilities.

NOTE 15 - OTHER LIABILITIES

	2010	2009
Deferred contract fee income from loan customers (*)	8.094.251	4.462.278
Deferred campaign income (**)	11.699.950	7.689.255
	19.794.201	12.151.533

(*) Represents the deferred portion of contract fee income. Portion of deferred contract fee income from loan customers amounting to TL4.440.437 (2009: TL2.576.829), have maturities of more than one year.

(**) Represents the deferred portion of campaign income. Portion of campaign income amounting to TL3.587.974 (2009: TL1.519.643), have maturities of more than one year.

NOTE 16 - TAXES PAYABLE

	2010	2009
Liability for tax disagreement (Note 26)	3.961.000	-
KKDF payable	1.572.761	1.091.413
BSMV payable	828.528	864.549
Other taxes	434.251	462.119
	6.796.540	2.418.081

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NOTE 17 - OTHER PROVISIONS

	2010	2009
General loan loss provision	5.210.850	4.936.858
Provision for default interest of tax disagreement (Note 26)	725.402	-
Other	250.887	2.672
	6.187.139	4.939.530

An allowance for loan impairment is established for the loans that are assessed as individually impaired if there is objective evidence that the Company will not be able to collect all amounts due. An allowance for loan impairment also comprise the loss amounts in the loan portfolio which have objective evidence as of reporting date. General loan loss provision is predicted based on Company's loan policy, the structure of the loan portfolio, financial status of the customers, non-financial data, economic environment and past experiences.

There are a number of legal proceedings outstanding against the Company at 31 December 2010. No provision has been made as professional advise indicates that it is unlikely that any significant loss will arise.

On the other hand, there are outstanding claims initiated by the Company in the ordinary course of business against the non-performing loan customers, for which specific provision has been recognised (Note 7). In addition, there is a legal proceeding to collect some other receivables amounting to TL198.995 which is classified under other assets in the financial statements. Full provision has been recognised for these receivables.

The letters of guarantees given to the third parties is as follows:

	2010	2009
The letters of guarantees given	303.579	281.624
	303.579	281.624

The distribution of the collaterals obtained against the loans given as of 31 December 2010 and 2009 has been disclosed in Note 7.

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NOTE 18 - PROVISION FOR EMPLOYEE RIGHTS

	2010	2009
Provision for employee rights		
Personnel bonus provision	1.450.000	1.106.015
Unused vacation provision	340.584	260.484
Employee termination benefit	102.452	83.928
	1.893.036	1.450.427

The employment termination benefit provision is calculated under the assumptions explained below:

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL2.517,01 (2009: TL2.365,16 in terms of the purchasing power at 31 December 2009) for each year of service.

The liability is not funded, and there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of its employees.

CMB Accounting Standards require actuarial valuation methods to be developed to estimate the Company's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	2010	2009
Discount rate (%)	4,66	5,92
Turnover rate to estimate the probability of retirement (%)	87	86

The principal assumption is that the maximum liability for each year service will increase in line with inflation. As the maximum liability is revised semi-annually the maximum amount of TL2.623,23 (1 January 2010: TL2.427,04) which is effective from 1 January 2011 has been taken into consideration in calculating the provision for employment termination benefits of the Company.

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NOTE 18 - PROVISIONS FOR EMPLOYEE RIGHTS (Continued)

Movement in reserve for employment termination benefits during the year is as follows:

	2010	2009
1 January	83.928	86.215
Paid during the year	(9.715)	(151.512)
Charge for the year	28.239	149.225
31 December	102.452	83.928

NOTE 19 - EQUITY

The total authorised number of ordinary shares is 30.000.000.000 shares (2009: 7.000.000.000 shares) with a par value of Kr0,1 per share (2009: Kr0,1). All shares are fully paid. The shareholder's of the Company and their shareholding rates as of 31 December 2010 and 2009 are as follows:

	2010	Share (%)	2009	Share (%)
Volkswagen Financial Services A.G.	15.300.000	51	3.570.000	51
Doğuş Otomotiv Servis ve Ticaret A.Ş.	14.399.998	48	3.359.998	48
Doğuş Holding A.Ş.	300.000	1	70.000	1
Doğuş Nakliyat ve Ticaret A.Ş.	1	-	1	-
Garanti Turizm Yatırım ve İşletme A.Ş.	1	-	-	-
Lasaş Lastik Sanayi ve Ticaret A.Ş.	-	-	1	-
Total	30.000.000	100	7.000.000	100
Adjustment to share capital	-		22.717.908	
Total paid-in share capital	30.000.000		29.717.908	

The Company is not under the registered capital system. Furthermore there is no privilege granted to the stocks represents the capital.

In 2010, the share capital increased by TL23.000.000 using retained earnings amounting TL282.092 and positive inflation adjustments amounting TL22.717.908. The change was issued at the Official Gazette numbered 7714, dated 23 December 2010.

NOTE 20 - RETAINED EARNINGS AND LEGAL RESERVES

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution. subject to the legal reserve requirement referred to below.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

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NOTE 20 - RETAINED EARNINGS AND LEGAL RESERVES (Continued)

Capital adjustment differences have no other use other than being transferred to share capital.

According to Capital Markets Board decision No: 4/138 dated 8 February 2008, effective from 1 January 2008, minimum payout ratio will be applied as 20% for publicly-traded corporations (2007: 20%). Therefore it has been decided that related to the decisions that companies take in their general assemblies, under the condition that cash or dividend will be added to capital, distribution of the issued shares as bonus to the shareholders or distribution of certain amount of cash or bonus share can be eventuated. In case of determined first dividend amount's being less than 5% of paid in/issued capital, keeping the amount of dividend in the partnership constitution has been enabled. Meanwhile trust companies, which did capital increase without dividend distribution in the previous period and allocated its shares as “new” and “old” because of this, are now obliged to distribute the first dividend as cash if they are going to calculate this dividend from the profit for the period as a result of their operations in 2007.

Also regarding CMB decision dated 25 February 2005, numbered 7/242; if the profit to be distributed calculated in accordance with the CMB regulation of minimum profit distribution obligation over the net distributable profit determined by CMB’s regulations is totally provided from statutory booked distributable profit; if not all of the amount booked as distributable profit in the statutory records is distributed. In the case that there is loss in financial statements in accordance with CMB or in statutory books, no profit distribution is performed.

According to Law No. 5228 “Amendment to Certain Tax Laws”, issued at the Official Gazette numbered 25539, dated 31 July 2004, the fiscal inflation adjustment differences arising at the initial application of fiscal inflation accounting which are recorded under “fiscal inflation adjustment differences (adjustment to share capital)” could be offset with accumulated losses or added to share capital and such offsetting would not be considered as dividend distribution.

Inflation adjustment differences recorded under “inflation adjustment differences (adjustment to share capital)” for all the equity items can only be added to share capital or could be offset with accumulated losses; while the carrying amount of extraordinary reserves can be added to share capital, distributed as cash dividend or could be offset with accumulated losses. Accordingly, equity is presented below:

	2010	2009
Paid-in capital (*)	30.000.000	7.000.000
Other capital reserves		
- Inflation adjustment to share capital	-	22.717.908
Legal reserves	1.400.000	1.400.000
Current period income	7.822.601	7.320.594
Prior period income	25.220.644	18.182.142
Total paid-in share capital	64.443.245	56.620.644

(*) In 2010, the share capital increased by TL23.000.000 using retained earnings amounting TL282.092 and positive inflation adjustments amounting TL22.717.908. The change was issued at the Official Gazette numbered 7714, dated 23 December 2010.

NOTE 21 - EVENTS AFTER BALANCE SHEET DATE

None.

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NOTE 22 - OPERATING INCOME

	2010	2009
Interest received from loans	138.787.606	178.963.882
Fee and commissions from consumer loans:		
- Campaign income from dealers and distributors	5.466.451	6.397.541
- Contract fee income from loan customers	9.964.124	9.451.495
- Other commissions received	25.978	141.211
	15.456.553	15.990.247
Operating income	154.244.159	194.954.129

NOTE 23 - OPERATING EXPENSES

The operating expenses related to 31 December 2010 and 2009 periods are shows as below:

	2010	2009
Court and lawsuit expenses	7.160.634	7.203.746
Sundry tax expenses	5.107.822	1.151.702
Sales and marketing expenses	2.349.363	740.399
Computer usage and maintenance expenses	1.409.461	1.123.491
Personnel bonus provision expenses	1.450.000	1.106.015
Vehicle expenses	801.496	908.470
Depreciation and amortisation expense (Note 8, 9)	821.052	828.224
Provision for default interest of tax disagreement (Note 26)	725.402	-
Rental expenses	610.163	605.385
Representation and entertainment expenses	546.436	195.311
Communication expenses	318.818	394.405
Travel expenses	215.807	185.989
Statutory disallowable expenses	184.967	627.732
Consultancy expenses	107.342	127.245
Stationery expenses	54.887	49.425
Other	595.496	400.067
	22.459.146	15.647.606

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NOTE 24 - OTHER OPERATING INCOME AND EXPENSE

Other operating income balances of the Company as of 31 December 2010 and 2009 is as below:

	2010	2009
Other operating income		
Collections from court and lawsuit resulted in favour the company	2.681.133	3.246.739
Collections from written-off loans	438.042	590.695
Accumulated excess payments (*)	273.131	252.885
Other commissions (**)	169.362	207.373
Other	944.430	622.918
Released general loan loss provisions	-	5.600.575
Collections from VDF Faktoring	-	1.432.758
	4.506.098	11.953.943
Other operating expense		
Audit and consultancy expenses	299.379	164.503
Technical outsource expenses	44.406	156.267
Other	492.579	294.332
	836.364	615.102

(*) Accumulated excess payments relate to excess payments for matured loans which have not been claimed for a period of more than one year.

(**) Other commissions include income from other loan transactions (restructuring, transfer, other transaction costs, etc.).

NOTE 25 - GAIN/(LOSS) ON DERIVATIVE FINANCIAL INSTRUMENTS AND FX TRANSACTIONS

	2010	2009
Gain on derivative financial instruments	438.000	-
Loss on derivative financial instruments	-	(9.638.816)
	438.000	(9.638.816)
Gain on FX transactions	144.973.134	294.348.554
Loss on FX transactions	(142.370.295)	(296.255.235)
	2.602.839	(1.906.681)
Total gain/(loss) on derivative financial instruments and FX transactions	3.040.839	(11.545.497)

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NOTE 26 - TAXATION

	2010	2009
Income taxes currently payable	2.307.112	-
Less: prepaid taxes	(3.331.148)	(1.397.870)
Prepaid taxes (Note 11)	(1.024.036)	(1.397.870)

Corporate Tax Law has been altered by Law No: 5520 on 13 June 2006. Although the new Corporate Tax Law No: 5520, has become effective on 21 June 2006, many of its articles have become effective retrospectively starting from 1 January 2006. Accordingly, the corporation tax rate of the fiscal year 2010 is 20% (31 December 2009: 20%). Corporation tax is payable on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital is not considered as a profit distribution.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax declaration is made by the 14th day of the following month and payable by the 17th day of the second month following each calendar quarter end by companies. Advance tax paid by corporations is credited against the annual corporation tax liability. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

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NOTE 26 - TAXATION (Continued)

There are numerous exemptions in Corporate Tax Law concerning corporations. Those related to the Company are as follows:

Dividend income from participation in shares of capital of another full fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

A 75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in equity and must not be withdrawn for a period of 5 years. The sales proceeds should be collected within 2 years after the date of sale.

The current tax charge of the Company may be reconciled as follows:

	2010	2009
Income for the period before taxation	10.129.713	32.533.650
Disallowable expenses	9.199.656	2.908.791
Deductions	(2.605.415)	(21.540.193)
	16.723.954	13.902.248
Previous year losses	(5.188.396)	(17.881.163)
Tax base	11.535.558	(3.978.915)
Expected income tax (20%)	(2.307.112)	-
Taxation on current year profit	(2.307.112)	-

The taxation on income for the year ended 31 December 2010 and 2009 is summarised as follows:

	2010	2009
Current period tax expense	(2.307.112)	-
Deferred tax expense	(33.097)	(675.514)
Total taxes on income	(2.340.209)	(675.514)

Deferred taxes

The Company recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported for IFRS purposes and their statutory tax financial statements. In substance, temporary differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation. The Company uses 20% as the enacted tax rate (2009: 20%).

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NOTE 26 - TAXATION (Continued)

The movement on the deferred tax account is as follows:

	2010	2009
1 January	2.040.846	2.716.360
Current year deferred tax expense	(33.097)	(675.514)
31 December	2.007.749	2.040.846

The temporary differences giving rise to the deferred tax assets and deferred tax liabilities are as follows:

	Cumulative temporary differences		Deferred tax asset/(liability)	
	2010	2009	2010	2009
Deferred tax asset				
Deferred contract fee income				
from loan customers	(11.699.950)	(7.689.255)	2.339.990	1.537.851
Derivative financial instruments	(5.080.581)	(5.518.581)	1.016.116	1.103.716
Carry forward loss	-	(3.978.916)	-	795.783
Provision for personnel bonus payment	(1.450.000)	(1.106.015)	290.000	221.203
Provision for unused vacation	(340.584)	(260.484)	68.117	52.097
Reserve for employment termination benefits	(102.452)	(83.928)	20.490	16.786
Dealer bonus provision	(15.887)	(2.672)	3.177	534
Loan impairment provision	(994.013)	-	198.804	-
			3.936.694	3.727.970
Deferred tax liability				
Prepaid dealer commission expense	6.692.655	4.559.860	(1.338.531)	(911.972)
Effect of IAS 39 corrections for financial assets and liabilities	1.945.294	2.497.654	(389.059)	(499.531)
Difference between restated property and equipmnt and intangible assets and tax base of property and equipment and intangible assets	1.006.774	1.029.515	(201.355)	(205.903)
Loan impairment provision	-	348.592	-	(69.718)
			(1.928.945)	(1.687.124)
Deferred tax asset, net			2.007.749	2.040.846

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1.4**

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2010

(All amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

NOTE 26 - TAXATION (Continued)

Liability regarding tax disagreement:

The Ministry of Finance Revenue Administration of the Republic of Turkey (“Revenue Administration”) has initiated a review covering the entire consumer finance industry including the Company. Investigation has been executed for the Company in this framework and notification of tax / penalties has been received. The Company management has requested a settlement for notification of related tax/penalties from the tax authority and reconciliation is settled with the Revenue Administration at 30 December 2010. The Company has booked the tax penalty amounting to TL3.961.000 under the account “Tax Liability” in the balance sheet with regard to the settlement. According to act “Law on Restructuring of Certain Receivables and on Amending Social Security and General Health Insurance Law and Certain Other Laws and Statutory Decrees” enacted by the Grand National Assembly of Turkey at 14 February 2011, calculation of default interest of these tax penalties would be calculated on the basis of monthly changes of WPI/PPI rates starting from the due date of tax principals. In this context, the Company has calculated the default interest as TL725.402 in relation to the tax liability amounting to TL3.961.000 by taking into consideration the law mentioned above and booked it under the account “ Other Provisions” in the balance sheet.

NOTE 27 - EARNINGS PER SHARE

In Turkey companies can increase their capital and distribute their retained earnings by distributing common stocks (“Bonus share”) to the existing stockholders in proportion to the amount of shares they hold. In calculation of the earnings per share, these bonus shares are considered as issued stocks. Therefore the weighted average common stock number is obtained by considering the bonus shares are distributed for the whole period.

	2010	2009
Net profit /(loss) for the period	7.822.601	7.320.594
The weighted average number of the thousand stocks each cost 1 TL	30.000.000	30.000.000
Total earnings per thousand share in TL and relative gain/(loss)	0,260753	0,244020

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1.4**

VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş.

NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2010

(All amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

NOTE 28 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Cash and due from banks in related parties

	2010	2009
T. Garanti Bankası A.Ş.	9.080.564	4.628.870
	9.080.564	4.628.870

b) Loans and advances to related parties

Yüce Motor Motorlu Araçlar Ticaret A.Ş.	95.614	2.316
NTV Radyo ve Televizyon Yayıncılığı A.Ş.	13.494	39.694
NTV Haber Ajansı Reklam ve Ticaret A.Ş.	-	123.066
	109.108	165.076

c) Other receivables from related parties

Yüce Motor Motorlu Araçlar Ticaret A.Ş.	250.944	25.884
VDF Sigorta Aracılık Hizmetleri A.Ş.	153.140	38.512
Doğuş Otomotiv Servis ve Ticaret A.Ş.	132.998	517.418
VDF Faktoring Hizmetleri A.Ş.	15.699	8.884
VDF Servis Holding A.Ş.	5.017	4.442
Doğuş Oto Pazarlama ve Ticaret A.Ş.	2.194	-
Scania Tüketici Finansmanı A.Ş.	360	-
Ayhan Şahenk Vakfı	-	60
	560.352	595.200

d) Borrowed funds from related parties

Volkswagen Bank G.M.B.H	195.118.830	115.762.728
Garanti Bank International N.V.	65.000.000	103.348.492
Volkswagen Financial Services N.V.	48.729.280	256.977.736
Türkiye Garanti Bankası A.Ş.	25.000.000	45.475.871
Volkswagen International Finance	20.491.000	21.683.104
	354.339.110	543.247.931

e) Other liabilities with related parties

Doğuş Oto Pazarlama ve Ticaret A.Ş.	236.800	146.696
Volkswagen Bank Polska S.A.	133.391	-
Doğuş Otomotiv Servis ve Ticaret A.Ş.	18.819	29.491
VDF Servis Holding A.Ş.	12.823	7.050
Garanti Teknolojinet A.Ş.	2.110	-
Leaseplan Otomotiv Servis ve Ticaret A.Ş.	1.120	-
Volkswagen Bank G.M.B.H	-	184.314
Antur Turizm A.Ş.	-	4.455
VDF Faktoring Hizmetleri A.Ş.	-	991
	405.063	372.997