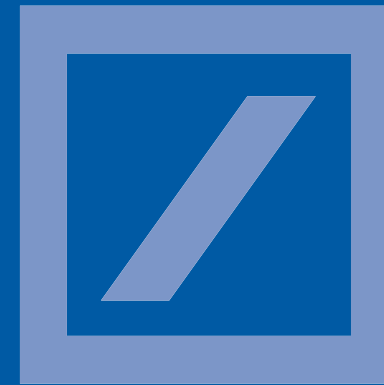


A Century of Deutsche Bank in Turkey An Illustrated History

Deutsche Bank engaged in international business from the outset. This book traces the most significant stages of Deutsche Bank's presence in Turkey, a story that could hardly be more colourful: the building of the legendary railway line from the Bosphorus to the Persian Gulf; the opening of Deutsche's Istanbul branch in 1909; its sequestration and reopening after the First World War; the branch's final closure and liquidation in the aftermath of the Second World War; the opening of a representative office in 1954 and the development of the present Deutsche Bank A.Ş. and other Deutsche Bank entities.

A Century of Deutsche Bank in Turkey



A Century of Deutsche Bank in Turkey



A Passion to Perform.

Deutsche Bank



A Century of **Deutsche Bank** in Turkey

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Deutsche Bank's business relations with Turkey date back to 1888, just 18 years after the Bank was founded in Berlin with the objective of promoting and easing "trade relations between Germany, the other European countries and overseas markets". In that year the Bank ventured into the vast and, in those days, still largely unknown Ottoman Empire. The concession for the Anatolian Railway, followed one and a half decades later by the Baghdad Railway concession, marked the beginning of Deutsche Bank's most important and most famous foreign investment before the First World War. The myth surrounding this legendary railway line, built with the intention of linking Istanbul with Baghdad and the Persian Gulf, is as much alive today as it ever was.

For two decades, these railway companies represented Deutsche Bank's interests in the region until its management decided to open the Bank's own branch in Constantinople, today's Istanbul. The crucial factors for this decision were the reforms launched by the so-called "Young Turks" and the growing presence of competitor banks on the Bosphorus. On August 16, 1909, Deutsche Bank Constantinople Branch opened its counters for business. The importance of this step lies in the fact that in many other European capitals, such as Paris, Vienna, Rome or St. Petersburg and even in New York the Bank did not yet have branches at that time - although many substantial capital investments were made there.

The branch had hardly become established when it was called upon, with the outbreak of the First World War, to serve as intermediary between Germany and its ally Turkey. Large amounts of German financial aid were channeled through Deutsche Bank's branch. 250 members of staff are reported to have been employed on the Bosphorus at this time. At the end of the war and with the occupation of Istanbul by allied troops the branch came under the control of the Allied Powers. Business remained dormant for five long years. When it was resumed again at the end of 1923, the Ottoman Empire had become the modern national state of Turkey.

In the years between the wars and during the Second World War, Istanbul branch still had the exclusive status of being one of Deutsche Bank's few direct foreign representations. It therefore received great attention from Berlin Head Office, even though business remained modest, constrained by political regulation. In 1944, the branch had to be closed when German-Turkish relations were broken off. This was followed by a long and laborious liquidation process that was not completed until 1972. In post-war Germany, the Bank's management could not reach a decision to re-open the branch. And so it was left to the representative office, which was opened in 1954, to serve Deutsche Bank's interests in Turkey for over four decades.

With the acquisition of the U.S. investment bank Bankers Trust in 1999, Deutsche Bank substantially enlarged its business base in Turkey. Bankers Trust A.Ş., domiciled in Istanbul, had emerged from Türk Merchant Bank A.Ş. which was founded in 1987. In 2000 the subsidiary was renamed Deutsche Bank A.Ş. the banking license was changed in 2004 from that of an "investment" bank to a full service, deposit taking commercial bank.

Today, Deutsche Bank A.Ş. offers a wide range of corporate banking products and is one of the leaders in the provision of custody services to international investors. Moreover, the Bank is one of twelve primary dealers in the auctions of government debt as well as one of the biggest intermediaries in the trading of the Turkish Lira and Turkish government debt. Based on its long history in Turkey Deutsche Bank is committed to the country's prospects and dedicated to a further strengthening of its presence.

Frankfurt am Main, August 2009
Jürgen Fitschen



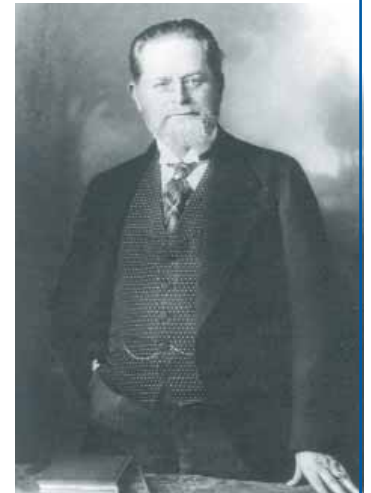
Istanbul around 1900: view from Galata over the Golden Horn and the historical city centre.

1. From the early days to the First World War

Deutsche Bank's business activities in Turkey started on August 16, 1909, with a branch in Constantinople, as Istanbul was usually called at that time.

After the London office, where Deutsche Bank had had a branch since 1873, and apart from a brief intermezzo in East Asia, Istanbul was the Bank's second branch outside Germany. Deutsche Bank, founded in Berlin in 1870 as a foreign trade finance bank, had long preferred to be represented at many centres worldwide through shareholdings in other banks and by reputable private individuals. London was an exception for more than three decades in that a direct presence at what was the world's leading financial centre at that time appeared necessary for the conduct of overseas business.

When the branch was opened in the capital of the Ottoman Empire, the country was by no means foreign to Deutsche Bank. It actually had more experience there than in many other parts of the world, having been active in the Ottoman Empire without interruption for more than 20 years. The focus was on railway construction, which will be looked at in detail later on. But it was knowledge of the political, economic and social conditions on the Bosphorus that caused Arthur Gwinner, management board member responsible for business in the Ottoman Empire, to refrain from establishing a direct presence earlier.



Arthur Gwinner, member of Deutsche Bank's management board from 1894 to 1919, from 1910 spokesman of the management board.



Deutsche Bank's Head Office in Berlin around 1910.

At the end of December 1908, however, Deutsche Bank had changed its opinion fundamentally, and its supervisory board resolved to open a branch in Istanbul. This step was explained to the editorial board of *Osmanischer Lloyd*, a daily paper published in Istanbul in German and French, and which had just been formed with the Bank's financial support, as follows: "Up to now the interests of Deutsche Bank have been represented by the management of the Anatolian Railway Company, as a side function, as it were. Deutsche Bank's decision to set up its own branch is connected with the political upheaval which has taken place in Turkey and which will undoubtedly be of great importance for the country's economic and financial situation. The new regime established by the introduction of the constitution has removed the pressure of unliberty which has burdened the development of commerce up to now. Deutsche Bank's step is a symbol of the hopes and good will felt by the German business world for the new regime."

Besides the political hopes placed in the new leaders, who had emerged from the Young Turk Revolution a few months earlier, the competition factor also played an important role in the opening of the branch in Istanbul. Deutsche Orientbank, attributable to Dresdner Bank Group, had been set up in 1906 with its headquarters in Berlin. Immediately after its formation, branches were opened in Hamburg and Istanbul. After a phase of rapid expansion, the Bank had 16 foreign branches in the Ottoman Empire and North Africa at the beginning of the First World War. In 1914 the branches of Deutsche Palästina-Bank were added. The Bank's business activity was centred on the Ottoman Empire and Egypt, which was under British protection.

Management board member, Gwinner made it quite clear that Deutsche Bank regarded this competition from Deutsche Orientbank as a threat to its own interests: "As far as Deutsche Orientbank is concerned, it must be seen as a hostile competitor. As the German press has reported often enough,



Map of Istanbul with the Stamboul, Galata, Pera and Scutari districts, around 1900.

Dresdner Bank has lived for years from imitating Deutsche Bank as much as possible, the big transactions and the small ones. The competition from Dresdner Bank has often been anything but decent and we must be prepared for permanent disturbances and harder working conditions as a result of Dresdner Bank becoming established in Constantinople.”

Frankfurter Zeitung aptly summed up this competition as follows: “Deutsche Bank, the main agent for Germany's substantial business interests in the Near East, has not so far been represented in the Turkish capital by a bank of its own, while Dresdner Bank-A. Schaaffhausenscher Bankverein together with Nationalbank für Deutschland created such a specific representation in Deutsche Orientbank at the beginning of 1906. Up to now, Deutsche Bank's business in Istanbul has been handled by the Anatolian Railway Company. That no longer seems to be enough for the Bank ...”



The Main Post Office situated on Rue Achir Effendi was directly adjacent to the newly opened branch of Deutsche Bank.

Deutsche Bank Constantinople Branch started business in its sub-branch's building in Istanbul on the Basmadjian Han, as the intended premises in Galata still had to be converted. The branch, managed by Aga Piedes, was situated on Rue Achir Effendi, Kütüphane, between the New Mosque and



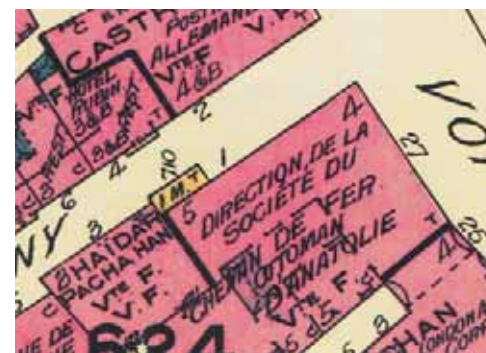
Site plan of Stamboul branch opened on Basmadjian Han in 1909 (marked in blue).



the Oriental Station, directly adjacent to the recently completed Main Post Office.

It had large storage rooms to house the consignments of goods financed by Deutsche Bank.

On April 1, 1910, the main premises were opened in Galata at Voyvoda Caddesi 27, where a bank building constructed around 1880 and used by Crédit Générale Ottoman until 1899 was shared with the affiliated Anatolian Railway Company. The railway company's management used the first floor, while the branch management occupied the ground floor, accounting and correspondent banking were on the second floor and the Bank's archiving department was on the third floor.



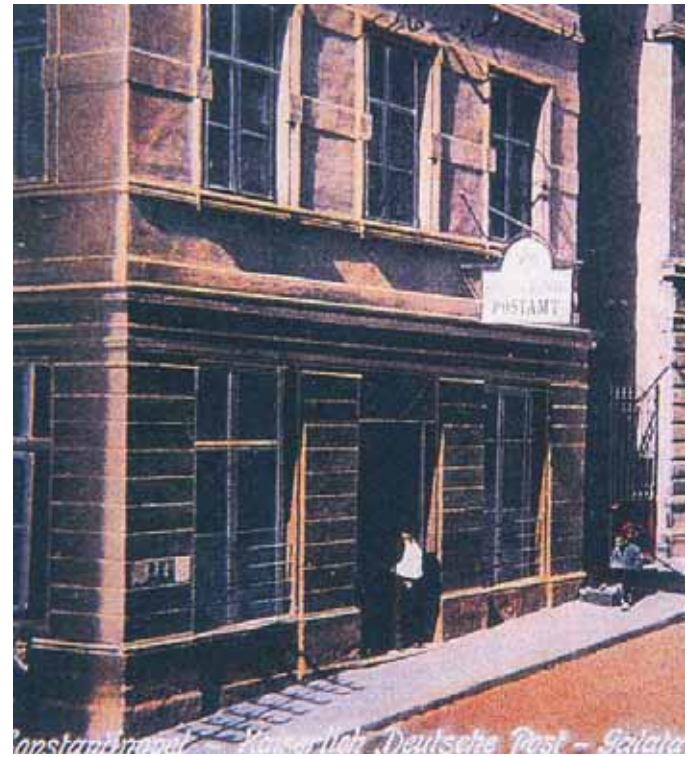
Site plan and front of the Anatolian Railway Company's building at Voyvoda Caddesi 27, which it shared with Deutsche Bank from 1910 onwards.



Plan of Galata from Baedeker, 1914 edition. It shows the banks situated on and near Voyvoda Caddesi, Deutsche Bank's premises are marked in blue.

At this time, the population of Istanbul was estimated at some 1.1 million. Roughly half of them were Muslims, the other half orthodox Christians and Jews. The city area at that time covered the roughly equilateral triangle between the Golden Horn, i.e. the natural harbour stretching roughly 7 kilometres inland, and the Marmara Sea. A century ago, this part of the city was known as Stamboul. But the city also included the Galata and Pera districts on the Eastern bank of the Golden Horn as well as Scutari (today's Üsküdar) on the Asian bank of the Bosphorus.

Galata, which was linked with Stamboul by two bridges over the Golden Horn, had been the centre of European merchants and bankers for centuries. International trade was still located here around 1900. The stock exchange and most international banks were domiciled in this district. The latter were concentrated mainly on Voyvoda Caddesi, also known for good reason as Rue des Banques. Not only was the imposing building of Imperial Ottoman Bank situated here, but also the offices of Deutsche Orientbank and German Post.



Deutsche Orientbank and German Post on Voyvoda Caddesi, around 1910.

From 1875 onwards, the underground funicular, still in operation today, linked Galata with Pera, a modern suburb which was situated on higher ground and had emerged in the course of the 19th century. This district housed not only the embassies of the powers represented at the Sublime Porte, but also European businesses of all kinds, hotels, churches, schools and hospitals. The German banks were not the first European



Galata Bridge over the Golden Horn looking towards Galata, around 1900.

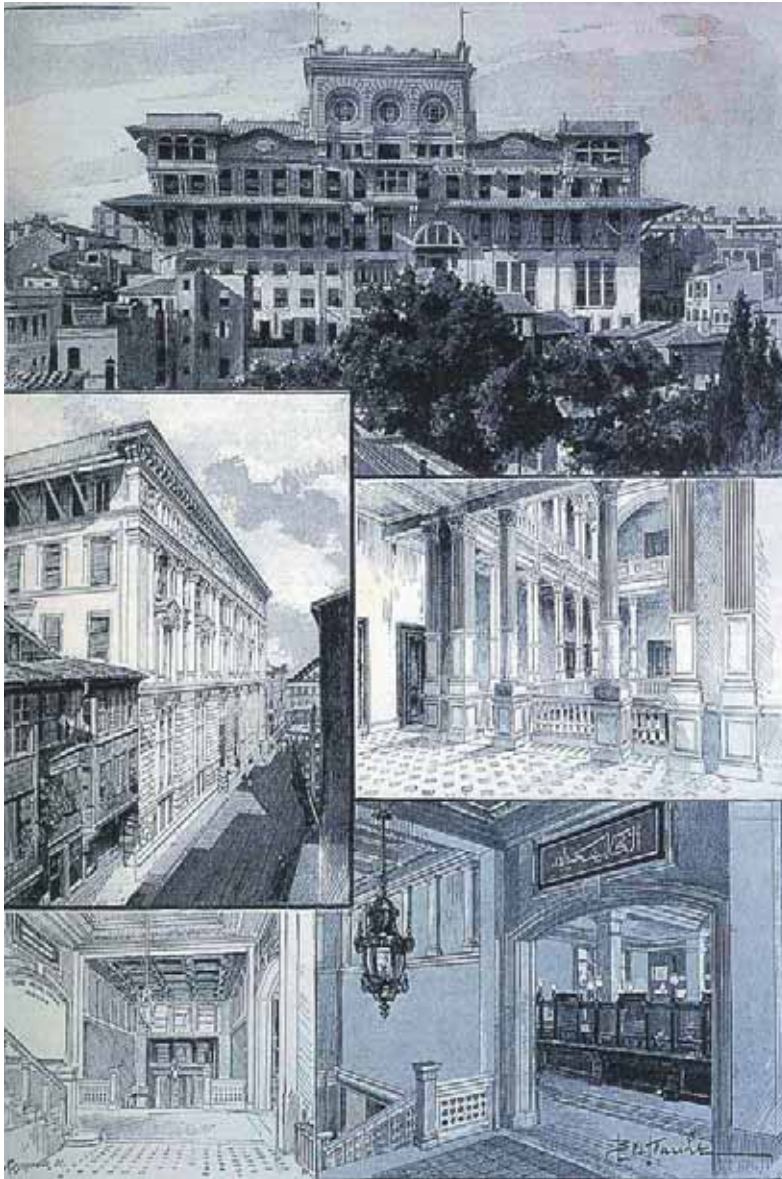
banks to open branches in Istanbul. In 1875, France's *Crédit Lyonnais* had established a branch on the Bosphorus and *Wiener Bank-Verein*, with which *Deutsche Bank* cooperated in many transactions in the country, had had a branch office there since 1906 and smaller branches in the Galata, Stamboul and Scutari districts.

The leading bank in the late phase of the Ottoman Empire, *Imperial Ottoman Bank*, mentioned earlier, was in the hands of foreign investors. Its

pre-eminent position was due primarily to its tasks on behalf of the state. *Imperial Ottoman Bank* was not only a commercial bank, it also functioned as a state central bank and de facto as the Treasury, in so far as it had the job of watching over public-sector revenues and expenditures. The Bank had come into being in 1863, when the British financial group which had already founded *Ottoman Bank*, the predecessor bank, in 1856, linked up with French investors. Sultan *Abdulaziz*, keen to improve the state finances after the Crimean War, supported the formation of



To the right of Galata Bridge was the branch of Wiener Bank-Verein.



Ottoman Bank's new building, occupied in 1892, on Voyvoda Caddesi in Galata.

the Bank, especially as a compromise was reached on the issue of location: the Bank's main domicile was Istanbul, but it was managed by a committee that met in Paris and London. Imperial Ottoman Bank gradually enlarged its branch network, and at the beginning of the First World War had 80 branches, mainly in the Ottoman Empire.

Besides Ottoman Bank, several other joint stock banks were founded, most of them partnerships between western financiers and the traditional bankers from Galata. Most of these joint stock banks, which arose before 1917, were unsuccessful and soon disappeared from the scene.



The stock exchange in Galata.

Another important institution in Galata was the stock exchange. The first stock exchange trading session that warranted the name was held in Havyar Han in 1853. An official stock exchange, the Dersaadet Tahvilat Borsası (Istanbul Bond Exchange), was set up in 1866 on the model of European stock exchanges. For this purpose, trading was relocated to the building of the Komisyon Han, which was also situated in Galata. Securities were traded in a big hall in the upper floor of the building in an open auction between traders (mubayaaci), brokers (dellal) and intermediaries (simsar). The proceedings were

monitored by a chairman of the stock exchange committee appointed by the Minister of Finance.

Despite reforms in the financial sector, of the kind observable with the foundation of Imperial Ottoman Bank and the stock exchange, the situation of the public finances in the Ottoman Empire in the second half of the 19th century steadily deteriorated to alarming levels. In 1875, the situation had become so critical that foreign debt service had to be discontinued. The liquidation of the country's liabilities was organized internationally, following a resolution of the Berlin Congress in 1878, by a group of experts representing the most important European creditor countries (with the exception of Russia). The so-called "Mouharrem Decree" bundled Turkish state debts in 1881 and transferred the performance of interest and debt service to the "Conseil d'Administration de la Dette Publique Ottomane" with its domicile in Istanbul. The Debt Administration Council had the task of collecting all the public revenues assigned for the service of external debt and distributing them among the creditors. Delegates from the principal creditor countries (Great Britain, Italy, France, Austria-Hungary and Germany) were represented here. They were nominated for five years at a time by the syndicate of foreign bondholders in London, the chamber of commerce in Rome and by the syndicates of those financial institutions from the other countries involved which had participated in the conclusion of the financial settlement with the Turkish government. Furthermore, a representative of Ottoman nationals who owned Turkish debt instruments as well as one of the directors of Imperial Ottoman Bank also took

part in the Debt Administration Council's deliberations.

In the year that Deutsche Bank's branch was opened in Istanbul, Carl Testa, member of a highly respected family of dragomen – as interpreters with knowledge of the country were called – was German representative at the Ottoman Public Debt Administration Council. The Bank intensified its relations with him by appointing him as member of the local committee set up to support and advise the new branch. Apart from Testa, the members of this local committee included Edouard Huguenin, general manager of the Anatolian Railway Company, and his deputy Ferdinand Kautz. Kautz was replaced in 1911 on the local committee by his successor in the management of the railway company, Franz J. Günther. In the same year, Karl Büntz joined both the advisory council of Deutsche Bank in Istanbul and the Ottoman Public Debt Administration Council in place of the deceased Carl Testa.

As Deutsche Bank's experience in the preceding decades had shown, the issue of personnel was crucial for the success of a foreign branch. After Ferdinand Kautz had refused to take on the double burden of a manager of a new branch and of the Anatolian Railway Company, Otto Kaufmann was appointed manager and Arthur von Haas deputy manager of the Constantinople branch.

Kaufmann, who was 36 years old when he took office in Istanbul, had already worked in banking for two decades, including many years for Deutsche Bank. In 1888, he began his career as apprentice at

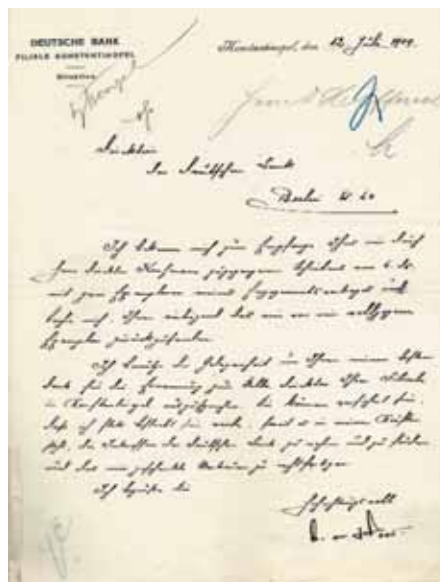


Edouard Huguenin, from 1890 deputy general manager, 1908-1917 general manager of the Anatolian Railway Company.

the branch of Bergisch Märkische Bank in his home city of Aachen, where he remained until 1892. He moved abroad after military service. In autumn 1893, he joined Deutsche Bank's London Branch, where he worked in various departments, received his limited power of attorney after four years, and was promoted to head of correspondent banking. At the beginning of 1904, he went to Barcelona on behalf of Deutsche Bank as manager of its subsidiary Deutsche Ueberseeische Bank, opened the branch there, and acquired in 1907, as a further branch, the private bank Guillermo Vogel & Cie., located in



Otto Kaufmann, manager of Constantinople branch 1909-1918.



Letter of thanks from Arthur von Haas for his appointment to deputy manager of Constantinople branch.



Advertisement of Deutsche Bank Constantinople Branch, published in the Annuaire Oriental in 1912.

Madrid and in which Deutsche Bank was limited partner. Up to 1909, he organized the branches in Barcelona and Madrid with great skill, and then moved, at Deutsche Bank's request, to Istanbul, which received a manager in the person of Kaufmann, who, as Arthur Gwinner put it, was "an excellent banker", but who came to Turkey "as a total stranger". This was particularly important because Gwinner regarded the "new task in Constantinople as not easy to handle".

In its choice of deputy manager, therefore, the Bank management was interested in recruiting someone with experience of Turkey. The choice fell on 32-year-old Arthur von Haas, who had not only worked in London, Brussels and Paris, but had also been in the service of Imperial Ottoman Bank when he

applied for the position of deputy manager, and was therefore familiar with the special features of banking business in the capital of the Ottoman Empire. Otto Kaufmann described him as skilful and self-confident, and added: "He appears to have good connections as well as practical experience of country and people as well as adequate knowledge of the current business in which we are primarily interested."

Other employees were taken over from the representations of Crédit Lyonnais and Deutsche Orientbank in Istanbul, as a result of which, when business opened, the branch had – in Kaufmann's words – an "assortment of staff" who still had to get used to each other and to Deutsche Bank's system.



Cheque form of Deutsche Bank Constantinople Branch.



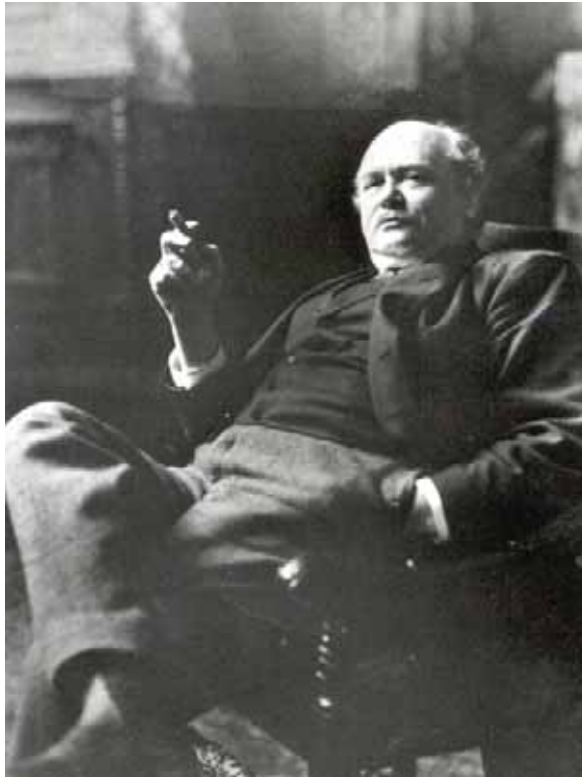
Notification dating 1911 – as usual in French – informing customers that Deutsche Bank's branch, like all banks in Istanbul, would be closed on Fridays.

There was great caution with respect to the new branch's general business prospects. The Annual Report for 1909 contained the laconic statement: "Our expectations concerning profits from the banking business in Turkey, remain extremely modest." In the following year - the premises in Galata had meanwhile been occupied - the tone was a little more optimistic: "As we expected, the business of our Branch at Constantinople is developing slowly, but on a sound basis." The first profit was made in 1911. To initiate business relationships, Otto Kaufmann made a lengthy trip in autumn 1910 across the Ottoman Empire, Egypt and Greece, taking him to the Baghdad railway building sites, and to the branches of Deutsche Palästina-Bank, Banque d'Orient and Ottoman Bank.

Little is known about Istanbul branch's business activities. Its financing operations concerned in particular large-scale projects pursued by Deutsche Bank in Turkey, and placement activities for Turkish

treasury bonds. These exposures were served in the so-called Secretariat, the heart of the branch. The large-scale projects included first and foremost the Anatolian railway, the Baghdad railway and the port of Haydar Paşa (Haidar Pasha). The department also processed the various Turkish bonds issued by Deutsche Bank. It was in permanent contact in this connection with the Ottoman Public Debt Administration. Similar to the established foreign branch in London, these were lines of business that would be referred to as "investment banking" today. In the course of time, they were augmented by very brisk foreign exchange business and business in listed securities.

The business and social vernacular in Istanbul and in the entire Ottoman Empire was French. This was the language in which the various nationalities represented by Deutsche Bank's staff conversed. Most bank forms were also printed in French.



Georg Siemens



Alfred Kaula

2. Deutsche Bank and railway construction in Turkey

When Deutsche Bank's branch in Istanbul was opened in 1909, the Bank looked back on two decades of business activity in the Ottoman Empire. The focus was on the construction and operation of railways. Due to the notoriously calamitous financial problems of the Ottoman sultans, they had to rely on foreign capital for the expansion of the railway network in their gigantic empire. The few existing railway lines had not only been built with foreign capital, but were also operated as companies subject to foreign law primarily by English and French investors.

Sultan Abdul Hamid II recognized the importance of railways for the development of his country and hoped for economic and strategic advantages from a railway link between Istanbul and Baghdad. To end his dependence on English and French capital, he turned to German financial circles for the realization of his far-reaching plans. One of the bankers he approached was Georg Siemens, spokesman of Deutsche Bank's management board in Berlin. Siemens recognized the many opportunities offered by a railway of this size, but judged the entrepreneurial and political risks to be just as great. However, he was soon to change his skeptical attitude. A Swabian colleague convinced him of the financial prospects.

Alfred Kaulla, member of the management board of Württembergische Vereinsbank in Stuttgart, a bank absorbed into Deutsche Bank in 1924, had visited Istanbul several times from 1886 onwards to negotiate arms deals for Mauser, an important industrial customer of his bank. Kaulla quickly made contact with Turkish government circles and was convinced of the prospects in railway construction. He succeeded in gaining the support of Siemens and Deutsche Bank for this project



Sultan Abdul Hamid II



Route plan of the Anatolian Railway and the Baghdad Railway around 1914.

which was much too big for Württembergische Vereinsbank.

First of all, though, approval had to be obtained from the political side. In response to an inquiry to the German Foreign Office, Otto von Bismarck, German Chancellor and Foreign Minister, wrote on September 2, 1888, "that there are no political objections to the tender". This meant that Deutsche Bank could go ahead, but Bismarck also made it perfectly clear that the entrepreneurial risk had to be borne by Deutsche Bank alone. He explicitly ruled out a liability on the part of the German state: "With capital investments in Anatolian railway construction projects, German companies are indeed assuming a risk which, first of all, lies in the difficulties of

obtaining judicial recourse in the Orient, but can also be intensified by warlike and other embroilments. The risks this harbours for German capital will be borne solely by the companies, and the latter cannot rely on the German Empire protecting them against the vicissitudes connected with risky enterprises abroad."

Finally, on October 4, 1888, Alfred Kaulla, acting on behalf of Deutsche Bank, signed the concession agreements for the construction and operation of a railway line from Haydar Paşa (Haidar Pasha) to Ankara. With this concession, Deutsche Bank first acquired the existing 92-kilometre line from Haydar Paşa to Ismid (Izmit) and also received the building and operating concession for the 486-kilometre

stretch inland from Izmit to Ankara. The term of the concession was 99 years; it was later extended in line with the concession for the Baghdad Railway.

To make sure the railway company generated an adequate yield, even in the difficult construction phase, and thereby make it possible to raise the necessary capital, the Turkish government gave the concessionaries a “kilometre guarantee”. This meant that it had to pay pre-agreed amounts annually for each completed kilometre, in so far as the railway's operating revenues did not reach those sums. As security for the guaranteed payments, the Turkish government pledged the grain tithes of the Izmit and Ankara provinces traversed by the railways.

The railway construction and operating concession was transferred to a Turkish-law joint stock corporation, the Anatolian Railway Company, founded on March 4, 1889, with its domicile in Istanbul. General manager of the Anatolian Railway Company was Otto von Kühlmann; he was followed by Kurt Zander, who held this office until 1905. Georg Siemens was chairman of the supervisory board.

The building costs were financed by the issue of bonds which were placed for the most part on the German capital market. The company's shares and bonds were, among other things, listed on the Istanbul stock exchange.

Construction work began once the financing was in place. The starting point was Istanbul. On the European side of the city, there was already the Orient Station, the terminal point for the legendary



Share of the Anatolian Railway Company from 1894.

Orient Express from Paris via Vienna and Budapest. The projected Abdul Hamid railway bridge was intended to cross the Bosphorus and link the European railway network with the Asian network.



Seal of the Anatolian Railway Company.



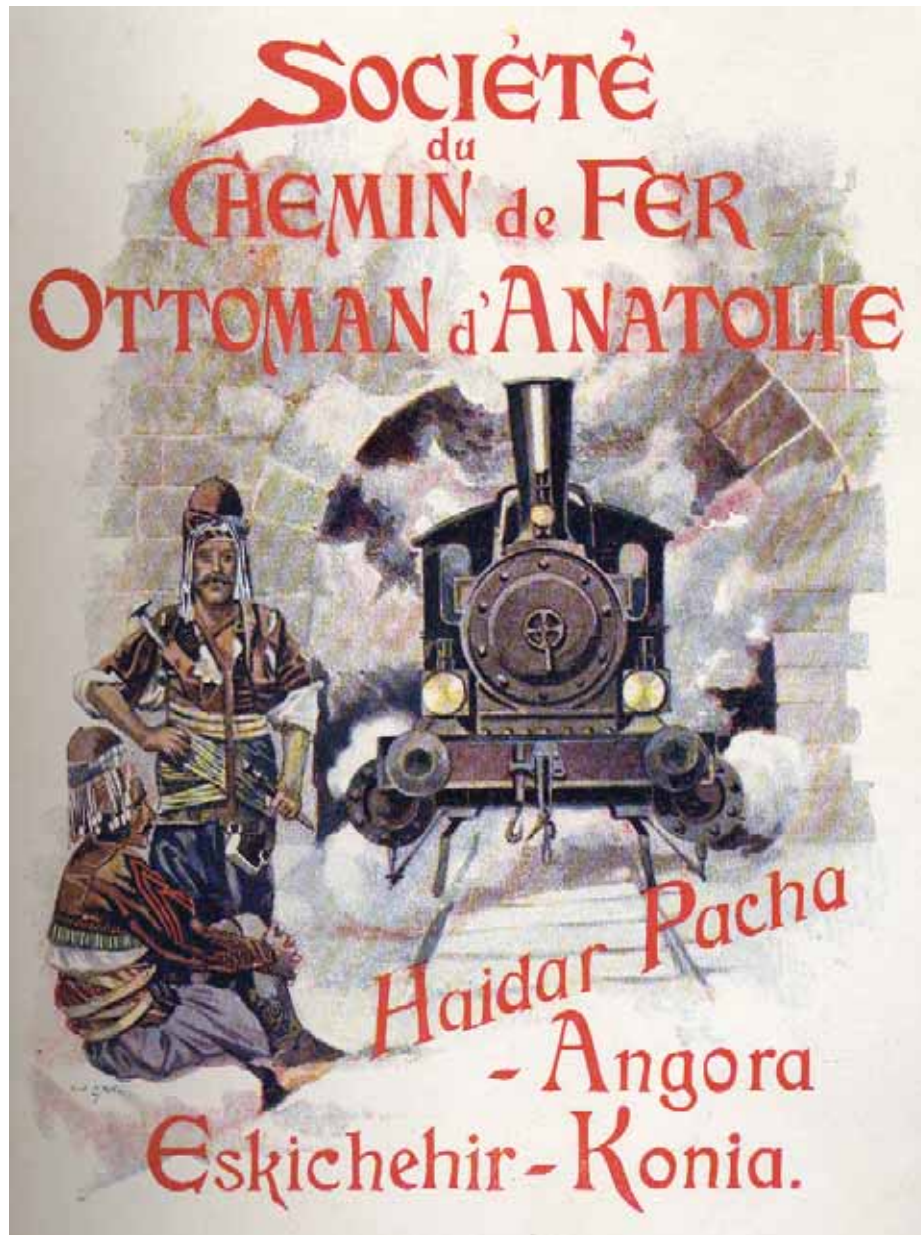
Haydar Paşa Station

The railway bridge was never built, the financing proved to be unfeasible. Passengers travelling in the direction of Anatolia had to cross the Bosphorus with ferries which took them over to the Asian side and the port of Haydar Paşa.

Haydar Paşa Station, directly adjacent to the landing stage for the ferry boats, was the starting point of the Anatolian railway. A monumental new building soon replaced the old station, which had become much too small. The building, often referred to as the "Gateway to Asia Minor", was built by Philipp Holzmann & Cie., the Frankfurt construction firm, in

the style of German architecture around the turn of the century, and was opened in 1909, the same year as Deutsche Bank's branch.

The railway line was also built to a large extent by Philipp Holzmann. Despite technical difficulties and problems in finding workers in a thinly populated region, the construction work made rapid progress. Ankara was reached in 1892 after just four years. But the line was not continued eastwards beyond Ankara, but was routed further south. In 1896, the railway already led to Konia, a centre of old Islamic culture. The annual report of Anatolian Railway



Advertisement of the Anatolian Railway Company in 1896,
the year the route to Konia was completed.



Reception of the German Emperor at Heréké Station on
October 20, 1898; in the centre: Georg Siemens.

Company reported for that year that the route network now had a total length of 1,022 kilometres, 452 metres and 80 centimetres.

The negotiations on the continuation of the railway line from Konia to Baghdad and on to the Persian Gulf took up the following seven years to 1903. Disputes with the other major European powers, whose spheres of political and economic influence were now more strongly affected, brought the Baghdad Railway more often into the public eye. On top of that, there were difficulties with the financing.

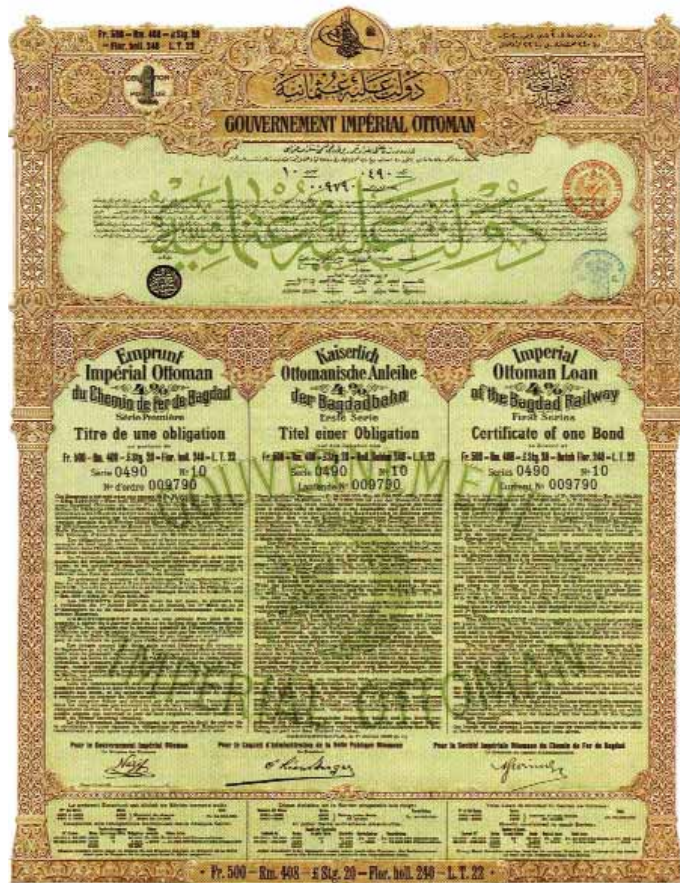
German diplomacy and Kaiser Wilhelm II, however, personally urged Deutsche Bank to continue the construction work. On the occasion of the Emperor's journey to the Orient in 1898, Georg Siemens was also in Istanbul and was one of the reception committees that met the Imperial train.

In 1899, Siemens commented sarcastically in letters to his management board colleagues in Berlin on the subsequent negotiations for the Baghdad concession: "You will think I'm mad if, despite our agreements, despite the panic at all European centres, despite my belief that I have been expressing since March in a stock market baisse, I want to give the Turks an advance of 3.8 million Marks at 7%, while you can buy bills on good German institutions at the same discount. The so-called Baghdad Agreement is just a piece of paper! And still I'm willing to pay for it! But the whole matter has taken on a somewhat political character. If I had left again without a signature on the Agreement, there would have been political

uproar and the Anatolian Railway would have been directly and permanently in trouble with the Sultan, who is driving the project very personally and very passionately. I therefore gave way to the pressure from the [German] Embassy. You can't expect the Anatolians to ruin their company because Deutsche Bank wants to keep their current account balance."



Georg Siemens as station manager of the Baghdad Railway, caricature dating from 1900.

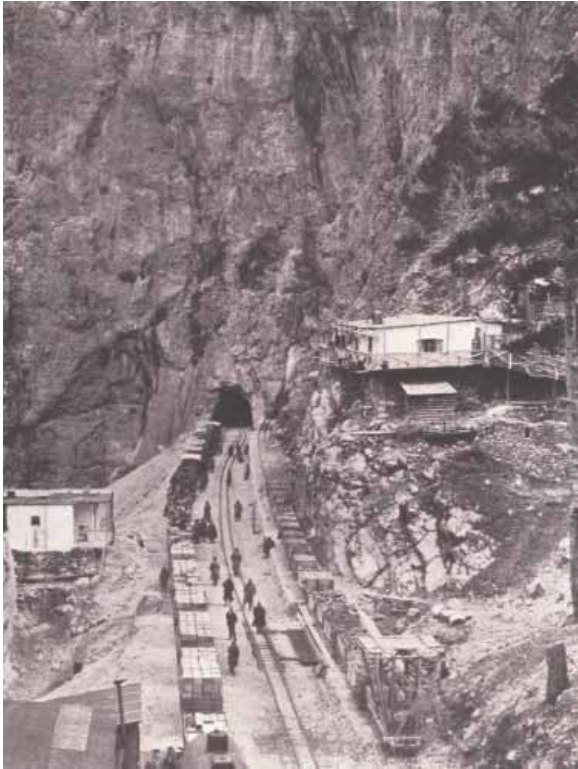


Baghdad Railway bond from 1903.

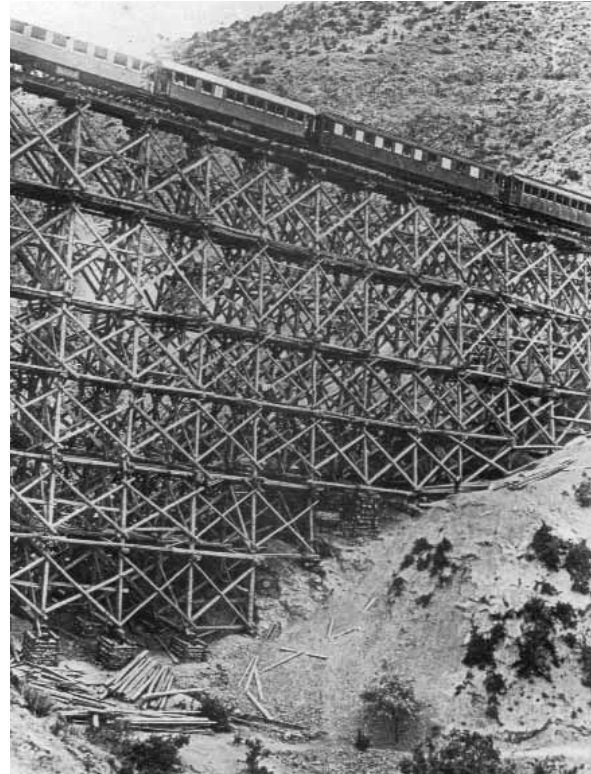
Business considerations had taken second place to politics. Deutsche Bank had gone out as a commercial enterprise; its projects had brought profitable work for German industry, and good investments for German capital. But these transactions had increasingly become an instrument of German politics.

In March 1903, Arthur Gwinner, who had taken over responsibility for Turkish affairs on Deutsche Bank's management board after Siemens left in 1900, and the Turkish Minister Zihni Pasha signed the Baghdad concession.

The railway line was to be continued from Konia across the Taurus and Amanus mountains to Adana, Mosul, Baghdad and Basra. The first part of the route, extending 200 kilometres from Konia to the Taurus mountains as far as Burgulu, was completed after only one and a half years and went into operation in October 1904. Construction work then started to falter. The Taurus and Amanus mountain ranges, with altitudes exceeding 3,000 metres, required substantial tunneling and bridge-building work. The sections between the mountain routes were built first, but the major engineering projects between the two mountain ranges took years and were not completed until 1916 for military transport.



Tunnel construction work in the Taurus.



Viaduct in the Taurus.

The building costs for the stretch from Konia to Basra were calculated at roughly 450 million Marks, a tremendous amount for those days. Georg Siemens, and later Arthur Gwinner, therefore tried repeatedly to internationalize the Baghdad Railway, in particular to bring in English and French capital. An agreement with the British was reached a few weeks before the beginning of the First World War. The treaties were not implemented.

The Baghdad Railway therefore remained unfinished for the time being. In 1914 there was still a gap of 650 kilometres. Building work came to a complete halt in connection with the break-up of the Ottoman Empire at the end of the First World War. It was not until the years from 1936 to 1940 that the Iraqi state completed the Baghdad Railway. The first train travelled from Istanbul to Baghdad on July 15, 1940.



Notebook from Deutsche Bank Constantinople Branch.

3. The branch in the First World War until its closure

The branch of Deutsche Bank in Istanbul had not been open for five years when summer 1914 saw the outbreak of the First World War, and the Ottoman Empire joined on the German side in October 1914. The partition of the world into two hostile camps shook banking businesses down to its foundations. The complex network of international financial relations collapsed within a few days, and capital flows dried up. A typical example of the effect this had on a multinational company was Imperial Ottoman Bank, which was in a particularly unpleasant situation at the beginning of the war. Its management in Istanbul and its shareholders were Anglo-French and therefore enemies of the Ottoman Empire, while the Bank itself was regarded in Paris and London as an Ottoman company and therefore as an enemy institution. The result was confiscation on both sides.

Imperial Ottoman Bank, which had de facto performed the functions of a non-existent Turkish central bank for decades, was replaced de facto by Deutsche Bank's branch in Istanbul, inasmuch as it served as the principal financial intermediary between Germany and the Ottoman Empire. Germany's aid payments to its alliance partners and the financing of the war from the Bulgarian border to the Suez Canal, on the one side, and Afghanistan, on the other, was in Deutsche Bank's hands. In this connection, there was daily, often hourly, contact between Constantinople branch and the German Embassy and the German military mission. It also provided the entire supply of cash needed by the latter.

A detailed description of Constantinople branch in the First World War years was given by Rudolph Brinckmann, who wrote his memoirs years later when co-proprietor of Hamburg banking house Brinckmann, Wirtz



Rudolph Brinckmann's card giving access to the strongroom at Deutsche Bank Constantinople Branch and his key to the safe.

& Co., as M.M. Warburg was called for several decades. Brinckmann came to Istanbul in 1915. He had been recruited by Paul Millington-Herrmann, member of Deutsche Bank's management board responsible for the branch, owing to his command of the Turkish and modern Greek languages. Brinckmann, born in 1889 in Smyrna, today's Izmir, had studied Oriental languages in addition to law and passed the examination as interpreter for Turkish in 1911 in Berlin.

When he arrived in Istanbul, the branch was still managed by Otto Kaufmann. His deputy, Arthur von Haas, had been drafted as Lieutenant of the Reserve into service with the German Navy, where he was

deployed as intelligence officer and deputy of the Naval Attaché at the German Embassy in Istanbul. His post at the head of the branch was taken by the Italian Italo Rossi and Franz Köbner, who became member of the general management of Prussian State Bank after the war. Holders of procuration at Deutsche Bank were Edmond Goldenberg, Mr. Streuber and Curt Gertig (Correspondent Banking), Mr. Naumann and Eugen Wachenheimer (General Secretariat), Mr. Gallipoliti (Cash), Mr. Rothenberg (Foreign Exchange), Mr. Rigaudias (Listed Securities Department) and Mr. Loos (Head of Accounting). Head of Secretarial was Gertrude Fiedler. The branch employed a total of about 250 staff.



Parcel card for a consignment sent in 1917 from Nürnberg to Constantinople branch.



Franz Köbner, deputy manager of Constantinople branch from 1914 to 1916.

During the war, a commodities section was set up with Rudolph Brinckmann in charge. The purchase of tobacco for the German army, for example, was handled by Deutsche Bank. Besides the buying side, Brinckmann also had to handle the very difficult task of transporting the tobacco. Since there was not enough shipping capacity and the journey across the Black Sea to the port of Constanza, where the goods were transhipped to the railway, was constantly threatened as a result of the war, tobacco transports were often carried out on the warship "Breslau" under his personal supervision. Dried fruit, almonds, etc. were also purchased for the German army. As

far as the transportation possibilities allowed, the goods reached Germany through the Balkans.

To keep the German civilian population in supply, Brinckmann, acting on behalf of Deutsche Bank, bought large quantities of wool and mohair that were stored all over Asia Minor at the branches of Ottoman Bank. Here, too, the difficult transport conditions impeded transshipment. At very distant locations, the goods often remained in storage, and then disappeared after the end of the war.



Transport during the war: Baghdad Railway locomotives in Baghdad.

Another task assigned to Deutsche Bank was to supply gold to the Turkish troops fighting in Mesopotamia. The branch set up in Baghdad in May 1914 shortly before war broke out played an important role in this connection. Since only silver coin was in circulation in northern Mesopotamia, Deutsche Bank's branch in Baghdad continuously bought for gold the silver money spent by pilgrims coming from Persia to the holy sites in Kerbela. The manager of the Baghdad branch was Timotheus Wurst, who became general manager of Bank of the Temple Society founded in Jaffa in 1923.

Brinckmann later recalled in particular the extreme diversity of business in Turkey, which enabled him to gather valuable experience for his later banking activity: "It's a well-known fact that the unexpected always happens in the Orient, and so it was excellent training and an outstanding opportunity to

gain experience for a young man in a relatively responsible position. I have always said that I learned more in four years with Deutsche Bank in Constantinople than perhaps in 20 years in Europe. This great experience and especially dealing with people of the most varied types and nationalities was a great help later on."

During the war, Constantinople branch also had to overcome critical situations, for example in the British attack on the Dardanelles at the end of 1915. In anticipation of a breakthrough of the Allied powers, the German branch management and the other German staff were ready to move at any time to the interior of Asia Minor.

In autumn of 1918, the First World War entered its closing phase in the Middle East, too. Following the major British offensive in Palestina in September

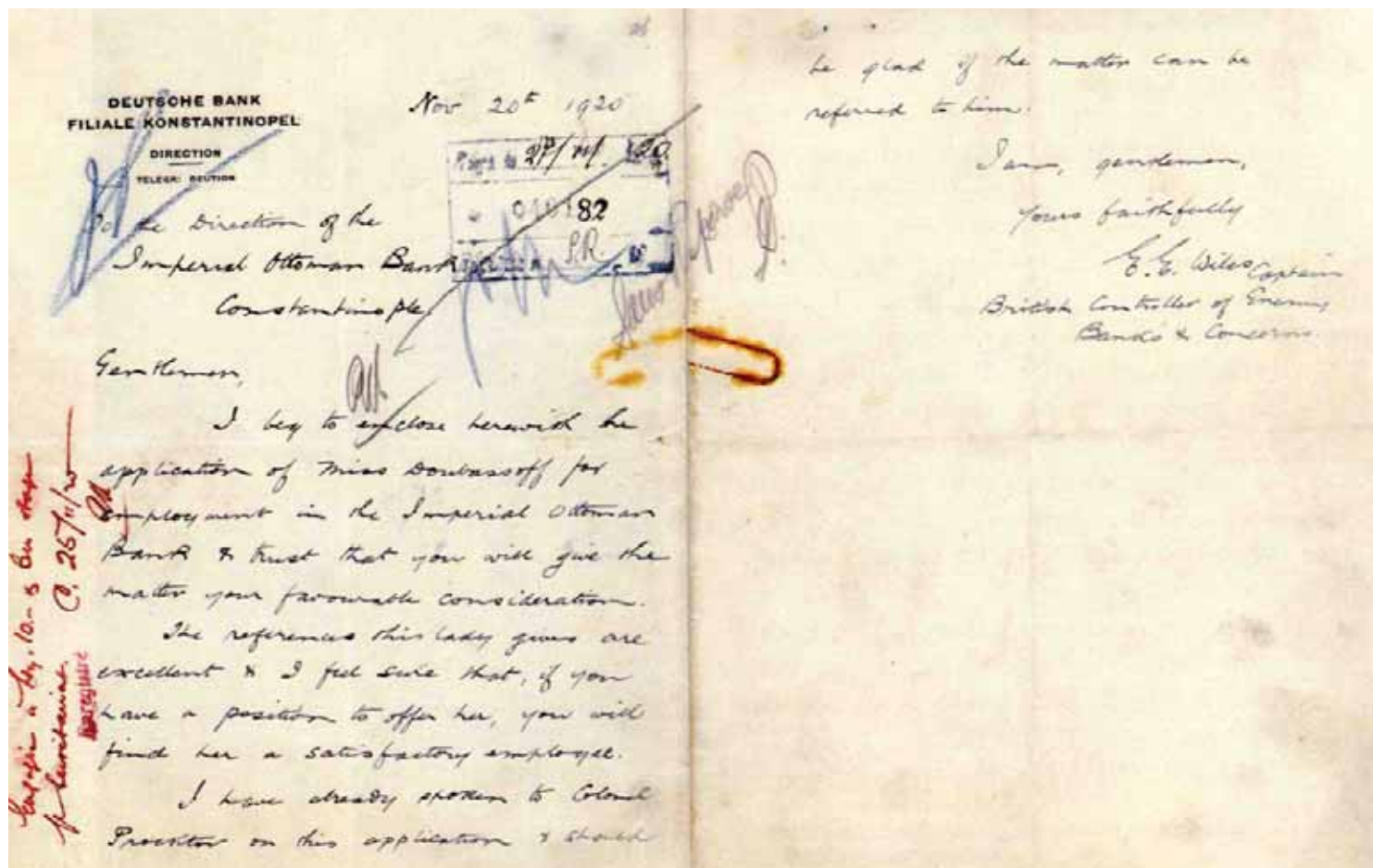
1918, reaching as far as Aleppo, the Sultan's government was forced to request a cease-fire which was signed on October 30. On November 13, the Allied fleet sailed into the Bosphorus and British and French troops occupied parts of Istanbul. Admiral Somerset Arthur Gough-Calthorpe was appointed High Commissioner for the occupied Turkish areas.

Deutsche Bank Constantinople Branch with its branches in Galata and Stamboul was placed under Allied military administration on January 25, 1919. For the first few months, Charles Furgusson took control of the Bank; he was replaced on May 1, 1919 by Captain Wiles. They were supported by two French nationals who examined the branch's cash operations and 704 safes very closely. Stamboul branch was closed immediately and its books, cash stocks and staff were taken to the branch in Galata. The German and Austrian staff members had to leave the Bank's buildings immediately and had to wait for instructions from the military authorities regarding their departure from Istanbul. Otto Kaufmann, the manager of the branch, had already returned to Germany in November 1918. The branch was then taken over by Italo Rossi, deputy manager, whose expulsion had been prevented by the Italian representative of the Entente. Rossi had managed

the Stamboul branch until 1915 and was then responsible for currency business in Galata as deputy branch manager.

In April 1919, Deutsche Bank in Berlin learnt via the German Foreign Office, which was represented in the Turkish capital by a Chargé d'Affairs from the Swedish Embassy, that the Military Inter-Allied Commission of Control had already given instructions for the closure of Deutsche Bank Constantinople Branch in mid-March 1919. This was part of a decision to close and liquidate all German and Austro-Hungarian banks in Istanbul. This resolution also stopped payment flows between Germany and Turkey, which meant that German customers could not close their accounts at Constantinople branch. Nor could the branch partake in any further lending that a good number of customers wanted beyond February 1919.

The British Controller of Enemy Banks intervened personally for some of the remaining Deutsche Bank employees, such as Tatiana Doubassoff, the daughter of a Russian admiral. She joined the Ottoman Bank in November 1920 on the recommendation of Captain Wiles.

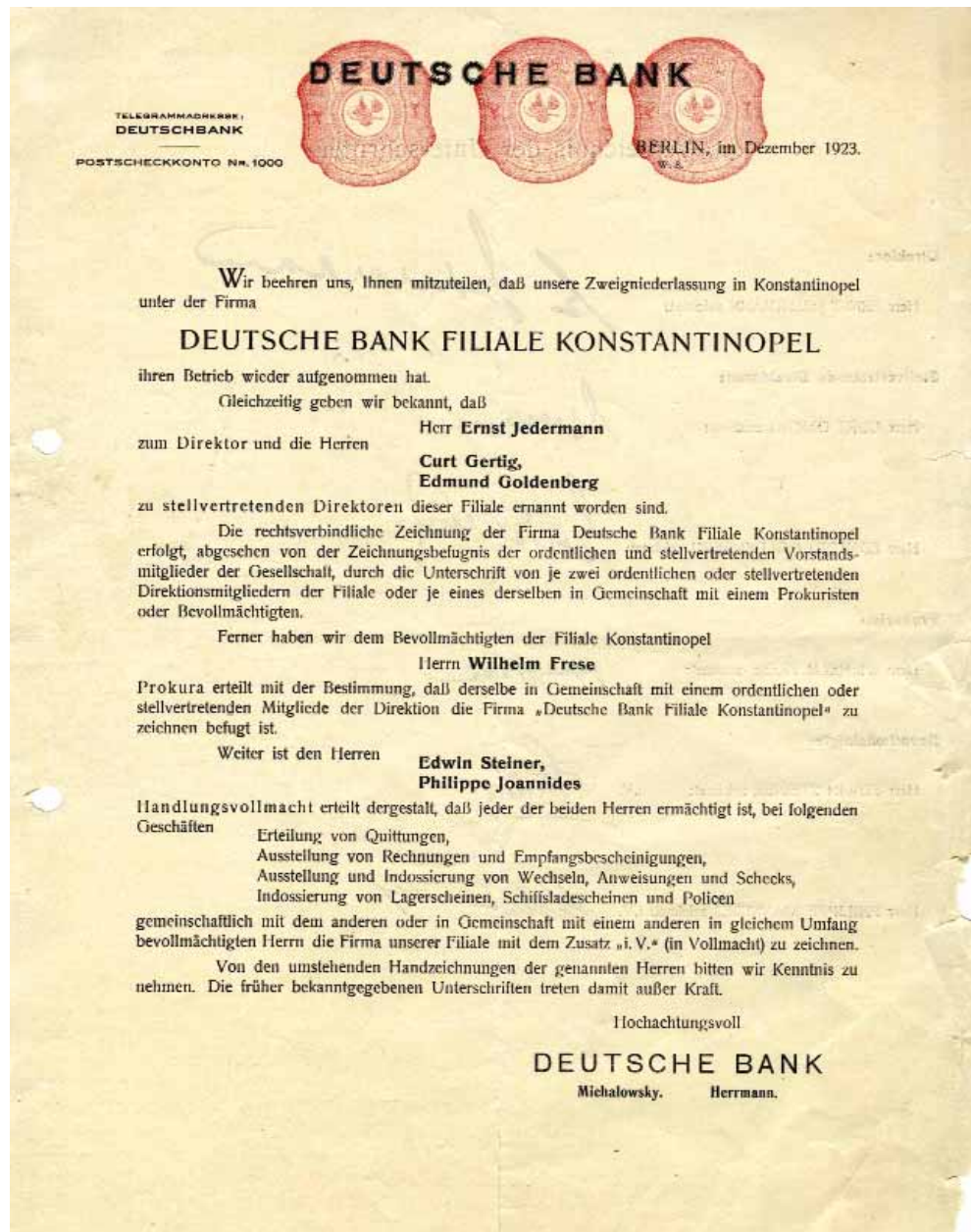


Recommendation letter for Tatiana Doubassoff.



Tatiana Doubassoff, employee at Deutsche Bank Constantinople Branch until November 1920.

At Deutsche Bank's Head Office in Berlin, a temporary office was set up for Constantinople branch at the beginning of 1919 to serve as a contact point for German customers and settle as much of the branch's business as possible. Otto Kaufmann, the first branch manager, also worked there initially. But since he had no firm prospects of a later activity for Deutsche Bank abroad, he accepted the offer from Freiherr S. Alfred von Oppenheim to join the private bank Sal. Oppenheim jr. & Cie. as partner. He worked for the Cologne Bank from 1921 to 1936.



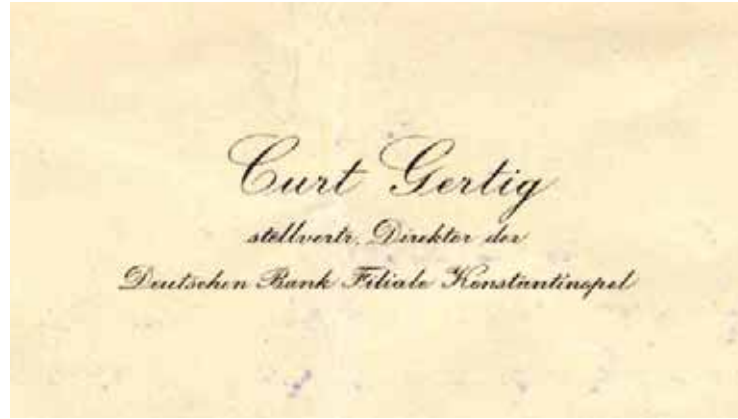
Circular from Deutsche Bank dated December 1923
on the re-opening of Constantinople branch.

4. From the re-opening of the branch until its closure in the Second World War

From 1922 onwards, there were growing signs, especially on the British side, that a resumption of business at Deutsche Bank's branch in Istanbul was to be expected. After Turkey had been recognized by the Allies through the Treaty of Lausanne, signed on July 24, 1923, as the successor state to the Ottoman Empire, and had regained complete independence, this objective came closer. At the end of August 1923, the Allied troops began to leave, and a month later the last units had left the city on the Bosphorus. At this time, the Military Inter-Allied Commission of Control informed the Deutsche Bank branch that it would not be exercising its right to liquidate the branch. On October 1, 1923, the High Commissioner lifted his control measures. The branch received the keys to its strongroom and again had unrestricted possession of its assets.

For the branch to resume its activity in full, the new Turkish government under Kemal Atatürk had to renew the concession for business operations. Until then, the branch restricted its activities to day-to-day business and did not participate in any financing transactions or make new loans and advances. However, it engaged in collection business and the buying and selling of foreign currency and listed securities.

At that time, there were 35 banks in Turkey with a total of 439 branches. 22 of these banks had Turkish proprietors, while 13, including the Deutsche Bank branch, were in foreign ownership. Most of the foreign banks engaged in foreign trade finance and served the international companies working in Turkey. There were hardly any



Curt Gertig, member of staff at Constantinople branch from 1914 to 1928, manager from 1926.

Turkish firms among their customers. Since the Turkish banks were relatively small with relatively modest capital resources, large state banks were founded which today still have the biggest market shares among Turkish commercial banks. The Central Bank of the Republic of Turkey was formed in 1931, a few years after the state commercial banks were set up.

Ernst Jedermann was appointed manager of Deutsche Bank's re-opened branch, but he only stayed in Istanbul until 1925. His deputies were Curt Gertig and Edmond Goldenberg. Both already had years of experience in Turkish business. A few details are known about Gertig's career, who headed

the branch from 1926 to 1928 as successor to Jedermann. He had started his career in 1905 at Disconto-Gesellschaft in Berlin and London and had moved in July 1910 to Deutsche Bank's new Brussels branch, where he worked until 1914. He was then transferred to Constantinople branch, where he received a limited power of attorney in 1916 and was promoted to holder of procuration in 1918. In the period under Allied control, he worked at the branch's temporary office in Berlin and returned to Istanbul in December 1923. He left in 1928 and moved to Shanghai to Deutsch-Asiatische Bank, in which Deutsche Bank had a major shareholding.



Letterhead of Constantinople branch dating from 1928.

Even after the re-opening of Constantinople branch, Deutsche Bank's foreign branch network still had only modest dimensions. The branches in London and Brussels, which existed before the First World War, were not re-opened in the entire period between the wars, which meant that, apart from Turkey, the Bank's only foreign branches were in the Netherlands and Bulgaria. This made the Bank's presence in Istanbul particularly important.

After the resumption of business operations, the office building in Galata, occupied in 1910, served as

the branch's domicile. At the end of 1928, however, Deutsche Bank used the closure of Ionian Bank's branch in Istanbul to take over their business premises in Stamboul, situated at Kütüphan Caddesi 42/44, nearby to the branch closed in 1919. Both management and business departments were accommodated in this building. Deutsche Bank's previous premises in Galata, which had been rented by Anatolian Railway Company, were maintained as a branch primarily serving the needs of people travelling to Istanbul. After the sale of this building to the Turkish alcohol monopoly, the branch was



Galata branch in Minerva Han, occupied in 1930. The word "Deutsche" was written "Doyçe" according to the rules of Turkish phonetics.

terminated as at October 1, 1930. A new location for the branch in Galata was found just a few metres away in Minerva Han at Voyvoda Caddesi 72. This small but beautiful office building with its blue tiles and its rounded façade was erected from 1911 to 1913 and previously used by Bank of Athens.

Ionian Bank, headquartered in London, had decided to close its branch, as business between England and Turkey and between Greece and Turkey was contracting. Crédit Lyonnais took the same step in 1932 and closed its branch in Istanbul after more than 50 years in operation. There was even speculation on the closure of the oldest and noblest Anglo-French bank in the Orient, Ottoman Bank.

In general, the situation of the foreign banks in Turkey was considered to be difficult, as the government exerted influence on the composition of their staff and insisted on bookkeeping in Turkish and on permanent control. The renaming of Deutsche Bank's branch at the end of 1929 was also the result of an official instruction. Through the changes to various place names in Turkey, including the official renaming of Constantinople as Istanbul, the branch changed its title to Deutsche Bank Istanbul Branch. All other units were instructed to use the new address, as required by the Turkish Post.

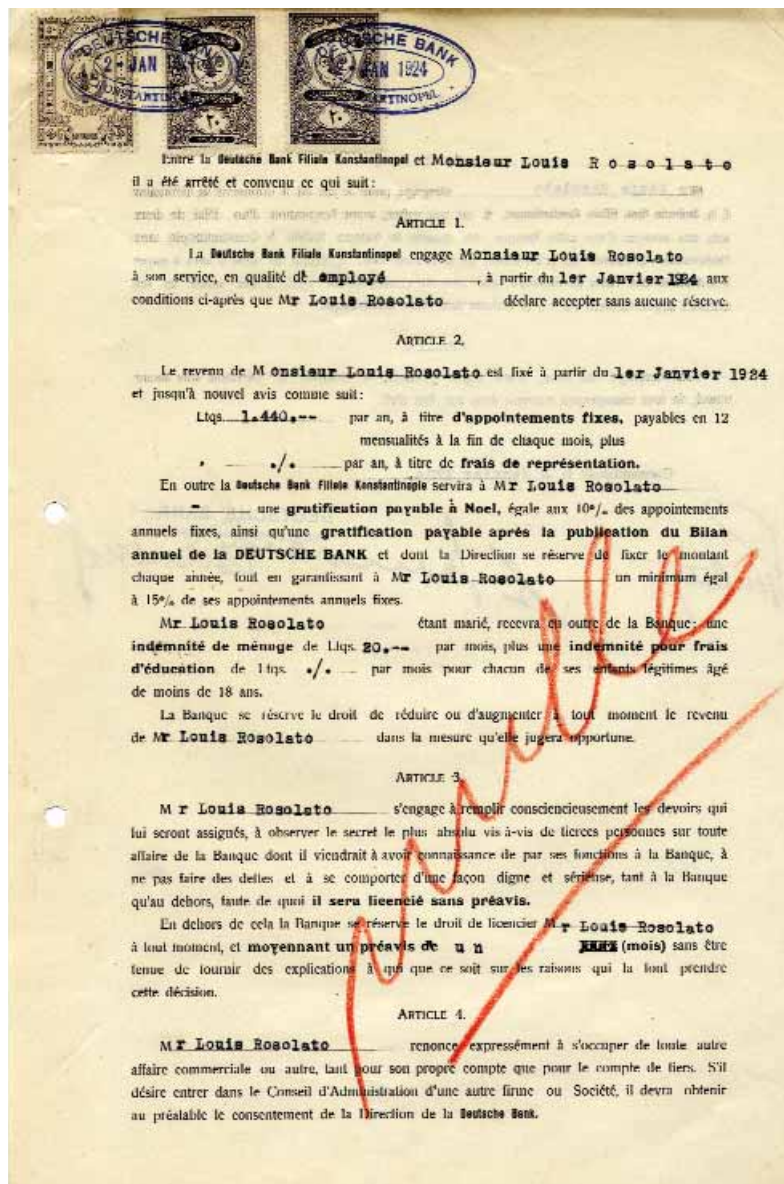


Circular on the renaming of the branch as "Deutsche Bank Istanbul Branch" in December 1929.

Despite these official changes, the branch's staff and customers continued to be highly international. Germans, Turks, Greeks and Italians worked hand in hand. Two employees can be mentioned here by way of example:

Louis Rosolato, stemming from an Italian family, was born in 1895 in Istanbul. His father was employed as chief accountant at the General Administration of Lighthouses in the Ottoman Empire. He first visited a French school, but moved to a German school in the fifth year. In 1916 he joined Constantinople branch as bookkeeper. When the branch was placed under Allied administration in 1919, he first left the service of Deutsche Bank at his own request, but, after the re-opening of the branch on the Bosphorus, was one of the first employees to return in 1924. After a few years, he was promoted to senior accountant. Until the branch was closed by the Turkish authorities at the end of the Second World War, Rosolato remained with Deutsche Bank, where his work as an accountant with sound knowledge of his business and familiar with Turkish tax law was highly appreciated.

Louis Rosolato was a long-established member of the branch's staff, when Hayri Atatop, thirteen years his junior, joined Deutsche Bank as an apprentice at



Louis Rosolato

the end of 1926. He came from a respected family of officers – his grandfather was an Admiral and his father, a General in the artillery – with a strong affinity for Germany. His father therefore wanted his son to work for a German firm and arranged a meeting with Edmond Goldenberg, the deputy manager of the branch. He began his training in the accounts department on the next day. Only six months later, Atatop was one of the branch's established members of staff. He first worked as cashier, but gradually worked through all departments. His managers described him as a "promising Turkish Moslem bank employee" with "good manners". After the internment of



Hayri Atatop, photographed on November 25, 1932.

German employees in September 1944, Atatop became head of the documents department. He was one of the Istanbul branch staff members whose experience the Bank benefited from in the post-war years. His advice was still sought in 1988, when he was 80 years old.

A report on the branch's business operations, published in the Deutsche Bank staff magazine in 1930, paints a pleasant picture of the lively international atmosphere that prevailed in the branch's business premises:

"The variety of customers matches the diversity of language. 'O for a thousand tongues' seems to have come true here. Look at the head of current

accounts. He was just talking to that venerable old gentleman in French when the telephone rang, and in the same breath he answered in Greek. He now turns back to the queue at his counter, where he tries to discuss with the local carpet dealer in Turkish why the customer has to sign the business conditions when opening an account, which is not a simple matter because the customer firmly refuses to read through a whole 'Bible book', as he calls it. [...] Take a look now at the foreign currency department, the 'Change Effendiler', the head of which is having to take strong criticism because of the latest cut in the London discount rate, which naturally caused a reduction in the interest rate on pound sterling balances. A German business traveler now appears on the scene, proudly holding a letter of credit from Head Office under which he wants to withdraw Reichsmark, and is naturally astonished when he learns that he can only obtain Reichsmark instead of Turkish Lira with the permission of the Foreign Currency Commissioner. [...] Finally, let us take a look at the correspondent banking department with a translation office, which has to confirm all transactions with customers in their languages. Briand's plan for peaceful cooperation between the European nations seems to have found a better reception here than in high politics, as the representatives of no less than seven different nations have been seated here side by side to work together. It's incredible that they can all understand each other in one language."

When Curt Gertig left, Edmond Goldenberg, the deputy manager until then, became branch manager. Little is known about Goldenberg. He was born in



Hans Weidtman, manager of Istanbul branch 1931-1944.

1890 in Istanbul and stemmed from a Jewish family. He had worked at Istanbul branch since the beginning of 1911, received his limited power of attorney during the First World War and had risen to become deputy manager, aged only 33, when the branch was re-opened. When the National Socialists came to power in Germany in 1933, pressure was applied repeatedly to have him replaced. This pressure finally prevailed in 1938, and Goldenberg had to leave the Bank.

Hans Weidtman was second manager at Istanbul branch from 1931. After completing his apprenticeship in banking (1911-1913) at the Aachen branch of Bergisch Märkische Bank – where, incidentally, the first manager of Istanbul branch,

Otto Kaufmann, had also received his training – he worked for a year at a bank in Brussels. He was a soldier during the First World War. He returned to his civilian career at the end of 1918 and worked at several domestic branches of Deutsche Bank before being transferred as deputy manager to Deutsche Bank's Sofia Branch in 1925, where he became manager in 1929. In March 1931 he moved to Istanbul branch.

Cooperation with the experienced Goldenberg was not free of tension, particularly as business was burdened by the Great Depression and the German banking crisis. After the German government had decreed two bank holidays in July 1931 in order to curb the run on banks, there were heavy withdrawals at Deutsche Bank and Deutsche Orientbank, lasting several days, in Istanbul. Thanks to the intervention by the Turkish government, however, the situation calmed down. The government provided both banks, especially Deutsche Orientbank, whose parent company – Dresdner Bank – was particularly affected by the crisis, with several million Turkish lira, which would have matured later under various liabilities of the government towards the banks. However, the situation of Deutsche Bank's Istanbul Branch remained critical. Management even was satisfied that the 1933 financial year could be closed with a profit of only 20,000 Reichsmark.

The branch's main field of activity was financing German-Turkish trade. the Bank obtained the necessary export documents, settled the collection of bills of exchange, and granted loans to German purchasing companies. One important customer was



Kurt Hausmann, manager of Istanbul branch from 1938 to 1944.

Philipp Reemtsma, the cigarette manufacturer, which had a tobacco-buying office in Turkey. The tobacco consumed in Germany stemmed primarily from Turkey, or was at least blended with Turkish tobacco.

The branch's business activity was hampered in particular by the German and Turkish foreign exchange regulations. One consequence of the foreign exchange controls introduced in Germany in 1931 was, for example, that German branch managers' salaries could not be paid out in full in "free Reichsmark". They could therefore only dispose over a considerable part of their income in Germany, which in view of the high cost of living in Istanbul gave rise to many complaints. The Turkish

foreign exchange regulations also made business relations more difficult. Unlike other branches beyond the Reich borders, the Istanbul branch could not transfer its profits to the Head Office.

Goldenberg's successor was Kurt Hausmann, who stemmed from a merchant family from Palermo. After military service in the First World War, he entered banking in 1920 with Disconto-Gesellschaft in Berlin. When Disconto-Gesellschaft merged with Deutsche Bank in 1929, he was transferred to Görlitz branch and later to Saalfeld in Thüringen. After five years in this small town, he expressed his interest in a change. Hermann J. Abs, Deutsche Bank management board member responsible for foreign business, considered Hausmann to be suitable for Istanbul owing to his good knowledge of Italian and French. Hausmann arrived there at the beginning of October 1938 to take up his new post.

The business situation remained difficult, and political tensions compounded the problem. On the eve of the Second World War, the management of Istanbul branch had the impression that Turkey was moving towards the English camp or was at least breaking off relations with Germany. Weidman reported to Abs in Berlin: "British Intelligence or Secret Service is not asleep here and the mood towards us Germans is conceivably negative. The Turkish press is atrocious." At the end of 1939, the Bank's employees had packed their bags and were ready to send the most important files to Sofia.

The political climate improved with the appointment of the former Reich Chancellor, Franz von Papen,



Deutsche Bank branch in Galata in 1943.

who had served in the Ottoman army in the First World War, as German Ambassador to Turkey. The German-Turkish non-aggression pact was signed on June 18, 1941 and was followed on October 9, 1941, by a German-Turkish trade agreement. Weidtman was proud of his excellent relations with Ambassador von Papen, who rejected Weidtman's secondment to the post of Military Attaché in Ankara, because he "was more important in his post at the Bank".

Ambassador von Papen also became customer of Deutsche Bank in Istanbul, as he had previously worked in Germany with the Bank and its branches. From August 1942, he also bought gold from Istanbul branch, which he deposited in its strongroom. These gold transactions of Deutsche Bank during the Second World War, about which as good as nothing was known for a long time, were the object of detailed research more than ten years ago by the Historical Commission Appointed to Examine the History of Deutsche Bank in the Period of National Socialism.

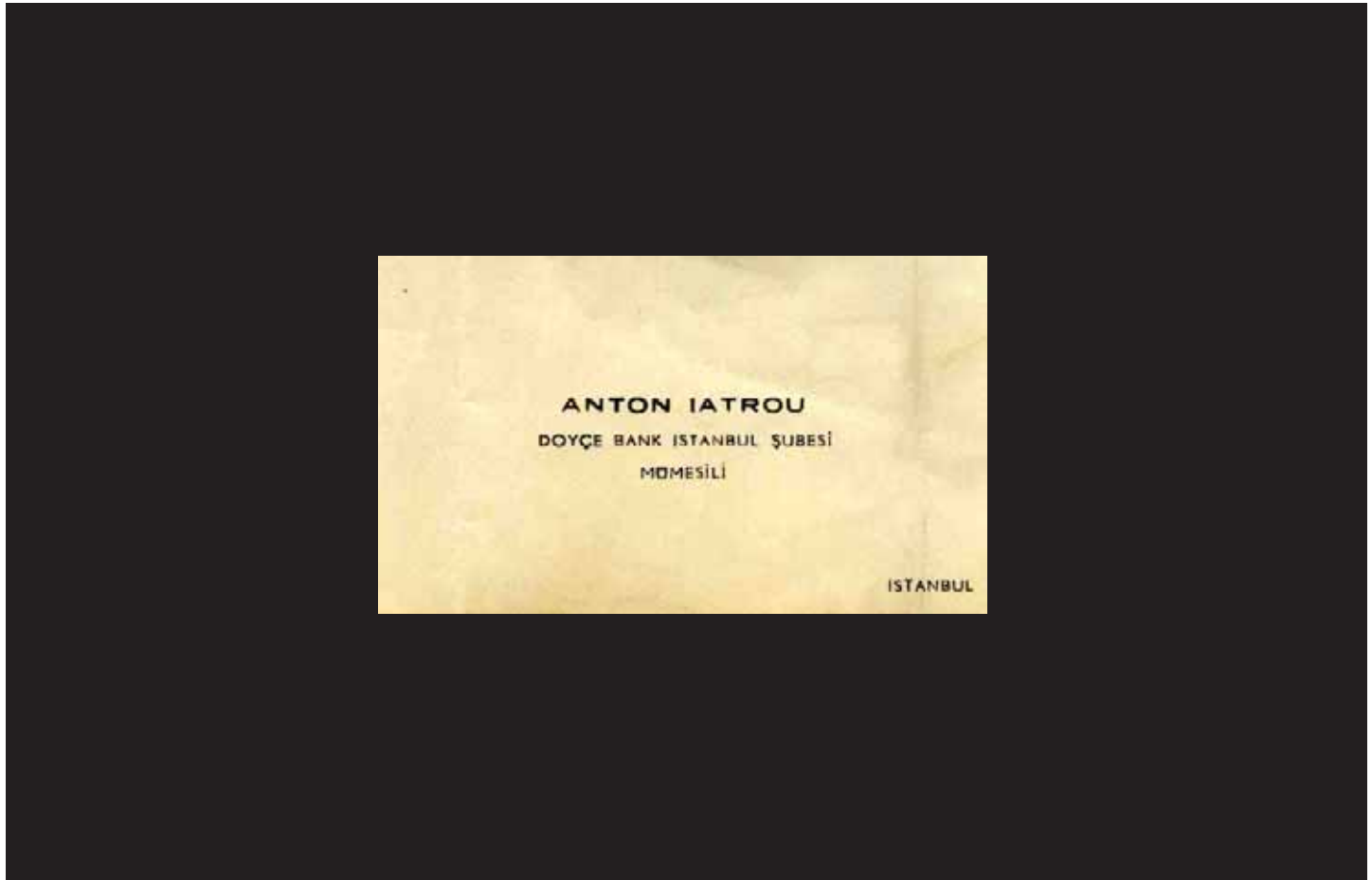
German-Turkish relations were broken off on August 3, 1944. As a direct result of this, the German branch management was interned by the Turkish authorities. Until April 1945, Weidtman and his family were in the Yeniköy internment camp, from where they were transferred to the "German School" camp. Weidtman was camp leader at both of

these locations. He later described the Turkish authorities as very accommodating. In July 1945, the “German School” camp was closed down and the occupants were spread over the provinces in three groups. The Weidtman family came to the provincial town of Kirşehir, where they enjoyed complete freedom of movement. While Weidtman’s wife and children returned to their former home in Istanbul in 1946, Hans Weidtman was turned over to the U.S. Forces, who transferred him and his colleague Kurt Hausmann in July 1946 by ship to an American camp near Pisa in Italy. From there, they were both brought to the Hohenasperg internment camp near Stuttgart, where they were interrogated in detail on Istanbul branch by the investigation branch of the OMGUS Finance Division. In December 1946, they were released from the internment camp. Since a return to Turkey was not possible to begin with, Weidtman took charge of the newly opened representative office of Belgium’s Société Générale in Frankfurt am Main until 1951. He subsequently returned to Istanbul, where he worked as commercial agent for various American firms and as a consultant to Turkish banks. He also helped in an advisory capacity with the liquidation of Deutsche Bank’s former Istanbul branch. In July 1948, Hausmann became deputy manager of Krefeld branch. He worked there until he retired in 1956.

After the two heads of Istanbul branch had been interned, management responsibility passed from the managers to the holders of procuration Antoine Iatrou and Feridun Vehbi Karacalar and to Celal Sofu, the branch’s attorney. An internal committee for the closing of the branch met under the latter’s chairmanship in November 1944. Sofu reported on a

meeting between the manager of Deutsche Orientbank, Sadi Bey, and the Turkish Minister of Finance in Ankara. It became known that the Council of Ministers had resolved to close all German companies following the break-off of relations with Germany. The task of closing commercial firms, insurance companies and representative offices was transferred to the Ministry of Trade, while the Ministry of Finance was given the job of closing the two German banks.

To satisfy the will of the government, the committee resolved a package of measures to close down the branch. The Galata branch, whose premises were leased, was returned to the owner of the building and the documents it housed were moved to the main business office in the centre of Istanbul. Customers with credit balances in their current accounts were asked to withdraw them. The same applied to customers with securities accounts. New safes were not rented out to customers. Existing customers with safes were asked to deposit their contents with other banks. The remaining employees were to be dismissed in accordance with a predetermined plan, and finally all the signs above the entrance to the Bank were to be removed. These measures were taken by the middle of July 1945. A large number of securities were handed over to the Turkish Central Bank; the remaining securities were locked away in the strongroom. An inspector delegated by the Ministry of Finance took stock of the securities and sealed all books, files, documents and guarantees. With that, Deutsche Bank Istanbul Branch had de facto ceased to exist, even though it was to lead a shadow existence for almost three more decades.



Business card of Anton/Antoine Iatrou, acting manager
of Istanbul branch.

5. Liquidation of Istanbul branch - Deutsche Bank's Representative Office in Istanbul

In the first few years after the Second World War, the continued existence of Deutsche Bank was basically in question. In the Soviet Occupation Zone, it had to end all activities in 1945, and in that part of Germany that was controlled by the three Western powers, it was broken up into ten smaller institutions. Under these circumstances, clarification of the uncertainty surrounding Istanbul branch could only appear to be of secondary importance.

A further point was that Turkey forbade the sending of business correspondence to Germany until the spring of 1947. It was only then that Antoine Iatrou, acting manager in place of Celal Sofu, holder of general power of attorney, who had died in the same year, was able to inform Deutsche Bank's top management in Hamburg about events since the end of the war. Iatrou, who had worked for Istanbul branch since 1924, soldiered on with his colleague Feridun Vehbi Karacalar and three other members of staff on the former main business premises in Istanbul (Kütüphane Caddesi, Ankara-Konya Han). They sat on the first floor, while the counters on the ground floor, their shutters lowered, were closed and no longer used. They went in and out through the back door.

The unused premises aroused great interest. Turkish banks tried everything to get the Bank to vacate its premises. Conflicts that were to last for years started when the expiring tenancy agreement was not extended at the end of 1947. Most of the furniture and office equipment went at this time to the newly founded Türkiye Kredi

Bankası, which bought it with the approval of the Bank's top management in Hamburg. Türkiye Kredi Bankası acquired not only Deutsche Bank Istanbul Branch's furniture, but also took on some of its employees. The new Turkish credit bank appointed Edmond Goldenberg, the former branch manager who had had to leave in 1938, as its deputy general manager. The same bank also recruited the members of staff İatro, Rosolato and Atatop, who from then on were in dual employment. Deutsche Bank tolerated this situation. It was clear that the Bank would have to rely on the support of these experienced members of staff in future and had no alternative. This state of affairs continued for years and produced bizarre results at times. Former branch manager Kurt Hausmann visited the branch in 1951 and reported that some of the seven employees left came to the Bank around lunchtime to make sure there was nothing to do, and then had lunch on the Bank's premises. Karacalar did not even make this gesture. He had set up his own business and was considering leaving Deutsche Bank.

In view of its staff problems, Deutsche Bank contacted Edmond Goldenberg again. A friendly relationship had been maintained with him, despite his forced departure. When İatro suddenly passed away at the end of 1952, leaving only Karacalar with signatory power for the branch, Goldenberg's power of attorney was renewed. The ongoing conflict with the owner of the business premises immediately required his attention. He soon had to contest proceedings for clearance instituted by the owner. At the beginning of 1954 there were signs that the tenancy dispute would go against the Bank.

Goldenberg therefore tried to obtain a settlement that would allow him to look for alternative premises in peace. However, the search for an office proved to be difficult, especially as there had to be room not only for the branch's voluminous files and business books, but also for the new representative office, which Deutsche Bank's West German successor institutions had meanwhile decided to set up. The idea of reviving the Istanbul branch had been abandoned.

Edmond Goldenberg was appointed the first head of the representative office and from then on he was responsible for the dormant branch and the new representative office in Istanbul. This dual function would also be exercised by Goldenberg's successors. In a circular to "customers interested in business with Turkey", Süddeutsche Bank, one of the three successor institutions, announced that its own representative office would be opened in Istanbul in September 1954. "At a time", the circular went on to say, "in which the processing of Turkish business was encountering certain difficulties", the intention was to carry on "an old tradition spanning decades of special coverage of Turkish business by Deutsche Bank and its successor institutions". Customers doing business in Turkey were offered the services of the Istanbul representative office and invited to contact the head of the representative office, especially on trips to Turkey.

At the end of April 1954, Goldenberg rented a floor with nine rooms and side rooms and a very spacious cellar in the Beyoğlu district of Istanbul (Asmalı Mescit, Kamhi Han N. 5) opposite the Pera Palace



Theodor Barth's business card as liquidator of Istanbul branch.

Hotel. The move into the new offices took place in mid-July 1954. Two officials from the Ministry of Finance, one of them in the old office and one in the new premises, monitored the transport, for which roughly 40 lorry trips were needed. When the archives were moved, it became apparent that water had got in and that most of the files were wet, some of them had even started to get mouldy. Goldenberg's request to destroy these files was turned down by the Ministry of Finance. As the new filing rooms were sealed off again immediately, there was no time to sort through the papers.

When the liquidation of Istanbul branch finally began at the end of 1959, and the rooms were opened, Goldenberg drew attention to the trouble it would take to restore the files to a usable condition and comply with the complicated Turkish provisions. He himself no longer experienced the liquidation process. Goldenberg died at the beginning of

December 1960, shortly before his 70th birthday, in Heidelberg, where he had received medical treatment. Only a few days earlier, he had been awarded the Grand Cross of the Order of Merit of the Federal Republic of Germany.

For a transitional period lasting several months, the entire correspondence was handled by a secretary, who was supported solely by former employee Louis Rosolato, who was also appointed liquidator of the branch on an interim basis. In April 1961, Theodor Barth arrived in Istanbul to take over Goldenberg's dual role as liquidator and representative. Barth was an Austrian, had served as a young officer in the First World War and had gone into banking after law studies. After three years with the Austrian Creditanstalt, he moved to Deutsche Bank in Istanbul in 1924. There he received his limited power of attorney in 1935 and was appointed deputy manager in 1938. He remained in Turkey until 1944, where he apparently had been in touch with American intelligence circles. His contacts did not pass unnoticed in Germany. When he returned to Vienna he was arrested. Barth survived arrest and interrogation by the Gestapo and in the post-war years he re-joined Creditanstalt until his career brought him back to Istanbul.

Barth was 72 years old when he retired in 1968 and handed over the management of the representative office to Wolfgang Arendt who was delegated to Istanbul by the foreign department at Frankfurt Head Office. Arendt was also appointed branch liquidator, but Barth supported him in this function during visits to Istanbul.



Wolfgang Arendt, head of the
representative office from 1965 to 1969.

Arendt was the first representative in Istanbul who had not worked for the branch before the war. His work from 1965 to 1969 focused on managing the representative office, especially as the liquidation process was approaching its conclusion. The Istanbul representative's tasks were diverse. His first job was to answer the many questions addressed to the representative by the Bank's three head offices in Frankfurt, Düsseldorf and Hamburg at that time. They covered a broad range of political and business matters. Information about Turkish business partners often had to be obtained for customers of the Bank.

The Istanbul representative was also available to Deutsche Bank customers travelling to Turkey. After Turkey had concluded an association agreement with the EEC (European Economic Community) in 1963, many German firms from industry and commerce began to show an interest in Turkish business. For those who were customers of Deutsche Bank, the Istanbul representative office was their first port of call.

The representative was also expected to maintain contact with the Turkish Central Bank and the headquarters of the leading Turkish commercial banks. This required regular visits to Ankara to obtain important information. Discussions were mostly conducted in German, as many persons in positions of administrative and business responsibility had studied in Germany in the 1920s and 1930s. At the major ports, the representative also visited the branches of Turkish commercial banks to obtain letters of credit for German firms. "As mouth and ear in both directions", was how Arendt summed up his function in Istanbul. At the end of 1969, Arendt returned to the Bank's Frankfurt Head Office, where he worked in export finance. He remained liquidator of the branch until the process was finally completed.

His successor as representative was Knut Witschel, who had previously worked at the Mainz and Koblenz branches. One of Witschel's first jobs in Istanbul was to find more suitable premises to house the



In 1971, the Istanbul representative office moved into new offices at Cumhuriyet Caddesi 283/3 and stayed there until 1986.



representative office. It had to be outside the entertainment district which the area around the Pera Palace Hotel had meanwhile become. A further point was that the existing office in Beyoğlu was used to a large extent for the still-ongoing liquidation work and for storing the branch's files. Suitable premises were found in Istanbul-Harbiye at Cumhuriyet Caddesi 283/3, a broad arterial road to the North East of Taksim Square. In May 1971, the representative office moved into an office on the 1st floor, measuring 180 square metres, and which was converted to suit the office's requirements. A few months later, two managers from the Bank's foreign department in Frankfurt, one of them Werner Blessing, who later became member of the management board, visited the new office and were full of praise for its elegant and practically appointed rooms, which were also admired by Turkish business friends.

The branch in liquidation remained at the previous office in Beyoğlu, and was designated externally by a sign reading "T.H. Doyce Bank İstanbul Şubesi". After settlement of all liabilities, liquidation was completed on October 15, 1972, with the Turkish closing balance sheet, and on August 16, 1973, the branch was finally deleted in the Istanbul commercial register. 29 years had passed since it was



Employees of the Istanbul representative office in 1988: seated: Hayri Atatop, retired; behind him from left to right: Erdinç Sayan, Çiğdem Aytan, Wolfgang Dresch and Mehmet Zengin.

closed in summer 1944. The office in Beyoğlu was shut down and vacated by the end of August 1973. The furniture was sold to a second-hand dealer for 7,000 Turkish lira. Hakkı Karamete, the attorney who had provided legal counsel, took over the telephone connection for 6,000 Turkish lira which he charged against future advisory fees.

The representative's work became more diverse when Turkey was discovered as an export market and production site. At the same time, the country was also seen by German industry as a springboard for entering other markets in the Middle East. The trade finance volume increased. Turkish industrialists also took an interest in Deutsche Bank's discretionary portfolio management. These initial contacts, established in the 1970s, led two decades later to Turkish direct investments in Germany.

Witschel stayed in Istanbul until 1974, and after that there was a succession of representatives. He was followed up to the end of the 1970s by Wolfgang

Hahn, Siegfried Brunnenmiller and Rolf Dieter Fasel. Besides the representative and an assistant, both of whom were delegated from Frankfurt, two secretaries, a chauffeur and an office messenger, all of them Turkish by nationality, worked at this time in the representative office. In the 1980s, a representative's tenure in Istanbul increased again. Axel Schuffenhauer was in charge of the representative office from 1980 to 1987. Holger Falke, who succeeded him, stayed in Turkey for four years.

During that decade, the representative office relocated once again. In view of the general condition of the building on Cumhuriyet Caddesi, Frankfurt Head Office gave its approval for a move to new premises when a suitable opportunity arose. At the beginning of 1987, the representative office relocated to a new office measuring 130 square metres in a central position on Taksim Square, on the 2nd floor of Mete Caddesi 34. The new seven-storey building was only about ten minutes' walk from the previous premises. Sheraton Hotel was

diagonally opposite. In the 1990s, Konrad Leipziger and Helmut Düker, who came to Istanbul in 1995, headed the representative office.

Deutsche Bank's acquisition of Bankers Trust, the American investment bank, which was concluded in 1999, determined the subsequent development of the representative office. Bankers Trust had a subsidiary in Turkey which passed to Deutsche Bank with the acquisition. The representative Helmut Düker and a secretary moved into an office in the subsidiary's building, which housed the Global Institutional Services (GIS) division. The representative office's license remained valid, Düker stayed in Istanbul until Markus Slevogt, who had come to Istanbul from Geneva in 1999, finally became the last representative of Deutsche Bank AG in Turkey. In 2007, Deutsche Bank's representative office was finally closed.



The first board of directors of Türk Merchant Bank in 1988, Vural Akışık in the middle.

6. From Türk Merchant Bank A.Ş. to Deutsche Bank A.Ş. and other Deutsche Bank entities

In 1987 Türk Merchant Bank A.Ş. (TMB) was established as a joint venture between New York-based Bankers Trust, holding 60% of the shares; Türkiye İş Bankası (İşbank), Turkey's leading private sector commercial bank, and its subsidiary Dışbank, together holding 35%, and Vural Akışık holding 5% of the shares. The Bank was one of the first so-called merchant-investment banks in Turkey. It aimed to combine Bankers Trust's global capability, reach and expertise with İşbank's local expertise under the leadership of Vural Akışık, one of the most experienced bankers at the time.

The Bank had a strong base in treasury and international banking and concentrated on capital markets, corporate finance, investment management and structured finance. It earned a reputation as a problem-solver through innovation, financial acumen, risk management skills and the high level of personal attention it devoted to clients.

The Bank had its first full year of operations in 1989 and from July that year operated out of its completely renovated premises in Bebek, an exclusive area of Istanbul. Facing the Bosphorus and surrounded by trees, this historic building provided a distinguished and elegant setting for the Bank, emphasizing the Bank's distinctive character and identity, setting it apart from other banks.



The building of Türk Merchant Bank in Bebek, Istanbul, an elegant suburb on the European side of the Bosphorus.

In 1992, Bankers Trust increased its stake to 95% by purchasing the stake of İşbank and Dışbank. At the same time, Bankers Trust downscaled the operations of its Istanbul representative office, transferring a large part of that office's functions to Türk Merchant Bank.

In late 1996, Vural Akışık stepped down as CEO and finished his term of office as chairman in September 1997. His shares were acquired by Bankers Trust and the name was changed from TMB to Bankers Trust A.Ş. Mete Başol, already a deputy general manager, executive board member and chairman of the credit committee, was made chief executive officer of the Bank, followed by his appointment as chairman of the board.

At the end of November 1998, Deutsche Bank announced its acquisition of Bankers Trust, founded in 1903 in New York. The acquisition, with a value of \$10 billion, was completed on June 4, 1999. Along with the parent company, the subsidiaries of Bankers Trust also passed to Deutsche Bank. The Turkish subsidiary was one of the particularly attractive acquisitions, as Deutsche Bank had not had an active business unit in Turkey since the end of the Second

World War. 35 members of staff headed by Mete Başol were now integrated into the acquiring company, with the name being changed in 2000 to Deutsche Bank A.Ş. In the areas of trading and capital markets client business, additional leadership was provided by Ahmet Arınç and Dalınç Arıburnu, respectively, who headed Deutsche Bank's existing Turkey markets business in London.

Following Mete Başol's resignation in May 2001, Dilek Yardım was appointed CEO. She became the first woman to head Deutsche Bank in Turkey. The Bank had been operating under an investment banking license which limited its ability to attract deposits from its corporate clients. The Bank applied to the Banking Regulation and Supervisory Agency for permission to conduct deposit-taking business and was granted a full "commercial banking" license in October 2004. The deposit-taking license considerably enhanced the Bank's portfolio of services. In the following year, the Bank introduced custody services for its clients. This was further expanded by the acquisition of Garanti Bank's custody business in July 2007.



Deutsche Securities Employees.

The Bank's client-based equities trading business was handled by a subsidiary company called Bankers Trust Menkul Değerler until 2000 due to regulations separating banking activities from equity brokerage. In order to take advantage of the growing participation by foreign investors in Turkish equities, in September 2000 Deutsche Bank AG acquired a 40% shareholding in Bender Securities, one of the most successful equity brokerage companies at the time, with an option to acquire the remaining 60% subsequently. Deutsche Bank was the first global bank to acquire a brokerage license in Turkey and the

size of the acquisition further signified the Bank's commitment to Turkey and its capital markets.

Following this transaction, Bankers Trust Menkul Değerler was liquidated and all client-based equities trading business was handled through Bender Securities. The cooperation with Bender Securities proved very successful and the Bank acquired the remaining 60% in 2005 and subsequently changed its name to Deutsche Securities Istanbul (DSI). It is currently headed by Ahmet Ünüvar, the founder of Bender Securities who has been with the firm since 1994.



The building of Deutsche Bank A.Ş. was taken over from Bankers Trust A.Ş.

In 2003, Deutsche Bank AG established a separate legal entity called Bebek Varlık Yönetimi A.Ş. (BVY) for the purpose of purchasing a portfolio of non-performing loans from the Savings and Deposit Insurance Fund (SDIF). This was the first so-called "asset management company" of its kind and its

purchase from the SDIF was the first such transaction involving non-performing loans by an asset management company. The establishment of BVY bears witness to Deutsche Bank's commitment to Turkey and its increasing strength in the intermediation of Turkish assets.



Reception at Deutsche Bank in Tekfen Tower.



Tekfen Tower

In 2005, Deutsche Bank A.Ş. moved into its current premises in Tekfen Tower on Büyükdere Avenue in Levent, Istanbul, where it currently occupies a space of over 3,600 square metres over three floors. With the recent move of DSI, Deutsche Bank now has all of its fully owned entities in the same building in Tekfen Tower. It is located at the heart of Istanbul's

modern day financial centre of Istanbul, within walking distance of almost all of the major private sector banks of Turkey. It satisfies all expectations of a modern office building in terms of efficiency, aesthetics, technology, safety and service and offers a unique working atmosphere.



DD Mortgage Employees.

In anticipation of declining interest rates, as well as the availability and affordability of mortgage finance, Deutsche Bank teamed up with the Doğan Group, the largest media group and one of the biggest industrial groups in Turkey, to establish DD Mortgage Company (DD Konut Finansman A.Ş.) in 2007.

The purpose of the company is to engage in mortgage lending to Turkish individuals. DD Mortgage (DDM) operates in a building opposite Tekfen Tower and employs 49 people. The operation is headed by Murat Aysan.



Mete Bařol



Dilek Yardım



Selçuk Yorgancıođlu

In 2007, Dilek Yardım resigned and was replaced as CEO by Selçuk Yorgancıođlu. Selçuk Yorgancıođlu had worked for Deutsche Bank in London since 2000 and had headed the Bank's coverage of Turkish clients for the provision of investment banking services, such as mergers and acquisitions and corporate finance. He left Deutsche Bank in February 2008 and was

succeeded by Ersin Akyüz. Following a career of almost two decades in investment banking in London, which started with Bankers Trust, Ersin Akyüz joined from Deutsche Bank AG London where he had headed the coverage of Turkish clients for their markets businesses since 2005.



Jürgen Fitschen
Member of the Management Board
Deutsche Bank AG
Chairman Deutsche Bank A.Ş.

Ersin Akyüz
Chief Country Officer
CEO & Executive Board Member
Deutsche Bank A.Ş.



Dalıń Arıburnu

Global Head
Emerging Markets
Deutsche Bank AG
Board Member Deutsche Bank A.Ş.

Roselyne Renel

Global Head, CRM GM Corps
Emerging Markets & GB
Deutsche Bank AG
Board Member Deutsche Bank A.Ş.

Ahmet Arıń

Head of Emerging Markets
Global Rates & GFFX
Deutsche Bank AG
Executive Board Member
Deutsche Bank A.Ş.



Kaya Didman

Vice Chairman Deutsche Bank A.Ş.
Chairman of Audit Committee DB A.Ş.

Sedat Eratalar

Board Member Deutsche Bank A.Ş.
Internal Systems

Dinkar Jetley

Global Head Trust & Securities
Services Deutsche Bank AG
Member of the Board Deutsche
Bank A.Ş. Member of the Audit
Committee DB A.Ş.



As of mid 2009 total of 200 Deutsche Bank Employees are based across the three entities at Tekfen Tower.

Today, in the year of its 100th anniversary in Turkey, Deutsche Bank's commitment to Turkey is stronger than ever. The Bank is one of the top banks in the intermediation of Turkey risk with foreign investors. The Bank is one of only twelve primary dealers in the Turkish government's domestic debt auctions. It is one of the top dealers in the trading of Turkish Lira against foreign currencies. It is one of the top two providers of custody services to international investors with a 42% market share. It supports the Turkish economy by offering lending and trade finance facilities to the leading Turkish corporates. It also supplies similar

facilities to the many subsidiaries of German companies in Turkey.

Through DSI, it is one of the leading brokers for foreign investors in Turkish equities. Through Bebek Varlık, it provides the Turkish banking system with liquidity by disposing of its non-performing loans. Through DDM, it provides mortgage financing to Turkish individuals. We look forward to Deutsche Bank's future in Turkey and to enlarging the Bank's commitment to the country.

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